

**REQUEST FOR RESPONSE**

**COMMONWEALTH OF MASSACHUSETTS**

**OFFICE OF THE TREASURER AND RECEIVER GENERAL**

**BANKING SERVICES RFR 2016**

**RFR #: TRE RFR CASH BANKING 2016**



## **Request for Response Office of the Treasurer and Receiver General**

**Address:** One Ashburton Place, 12<sup>th</sup> Floor, Boston, MA 02108

**Internet Address:** <https://www.commbuys.com>; <http://www.mass.gov/treasury/about/procurements>

**RFR File Name/Title:** Banking Services

**RFR File Number:** TRE RFR CASH BANKING 2016

**RFR Contact Person:** Jameel Moore, email address: [procurements@tre.state.ma.us](mailto:procurements@tre.state.ma.us)

### **I. SUMMARY AND PURPOSE**

The Commonwealth of Massachusetts Office of the Treasurer and Receiver General (“Treasury”) operates a cash management model, which concentrates cash for collection purposes and tracks disbursements primarily through controlled disbursement in an effort to maximize its cash position. Cash flows in from a variety of sources (such as: federal drawdowns, Lottery, agency fees, Department of Revenue, income taxes and other tax accounts). Cash is transferred through various means, described in Attachment A1 – Banking and Cash Management System Overview, to the Treasury’s main account, which acts as a cash concentration account. Based on daily cash needs, funds in the concentration account are either invested or used to fund daily needs for disbursements or cash outflows. The Commonwealth maintains a series of lockboxes for collection, which transfer to the core depository account. The Treasury also maintains a series of agency advance checking accounts for various emergency purposes, as outlined in the attachments (Attachment A3) by the Office of the Comptroller.

This Request for Response (“RFR”) is a comprehensive solicitation for the following five components for banking and lockbox services:

- Component 1: Core Depository/ Disbursement Services
- Component 2: Lockbox Operations
- Component 3: Agency Advance Checking Accounts
- Component 4: Trial Court Checking
- Component 5: Registry of Deeds Depository Accounts

The objective of this RFR is to establish a partnership with the awarded Contractor(s) to deliver quality banking services to agencies, citizens and local governments.

**A financial institution may choose to submit a proposal on one or more of these components. Each will be considered separately. However, the Commonwealth of Massachusetts reserves the right to award a contract(s) to the selected Bidder(s) of any or all of the components.**

The Contractor must agree to cooperate with such other Contractors, and must not commit or permit any act that may interfere with the performance of work by any other Contractor.

## **II. GENERAL INFORMATION**

To the maximum extent possible, in this RFR the Treasury follows the rules and regulations set forth in 801 Code of Massachusetts Regulations (“CMR”) 21.00: Procurement of Commodities and Services in this Request for Response (“RFR”). All terms, conditions, requirements and procedures included in this RFR must be met for a response to be qualified as responsive. A response that fails to meet any material term, condition, requirement or procedure of this RFR may be deemed unresponsive and disqualified. The Treasury reserves the right to waive or permit cure of nonmaterial errors or omissions. **The Treasury and the subject Procurement Management Team (“PMT”) reserves the right to modify, amend or cancel the terms of the RFR at any time.** Unless otherwise specified, all communications, responses and documentation regarding this RFR must be in English, all measurements must be provided in feet, inches and pounds and all cost proposals or figures in U.S. Currency. All responses must be submitted in accordance with the specific terms of this RFR.

Copies of this RFR may be obtained electronically at COMMBUYS at <https://www.commbuys.com> and on the Treasury website at <http://www.mass.gov/treasury/about/procurements>.

## **III. RFR CALENDAR, INSTRUCTIONS AND EVALUATION PROCESS**

### **A. RFR CALENDAR/TIMELINE**

The following is the tentative time schedule for the Treasury’s selection of qualified Bidders under this RFR. All dates are subject to change by the Treasury with notice on COMMBUYS.

- Issuance of RFR May 24, 2016
- Bidder Question Deadline June 20, 2016
- Post Answers to Bidder Questions June 27, 2016
- Posted on COMMBUYS at <https://www.commbuys.com> and <http://www.mass.gov/treasury>
- RFR Bidder Submission Deadline July 19, 2016
- RFR Bidders Conference June 10, 2016
  - Ashburton Café – 1 Ashburton Place, Boston, Massachusetts, at 11 A.M.
- Interviews/Oral Presentations (at the option of the PMT) TBD
- Approximate Notification of Apparent Successful Bidder TBD

**NOTE:** Questions concerning the RFR must be submitted to the RFR Contact Person in writing:

Jameel Moore, Procurement Analyst/Associate General Counsel  
Office of the Treasurer and Receiver General  
ATTN: TRE RFR CASH BANKING 2016  
One Ashburton Place, 12<sup>th</sup> Floor  
Boston, Massachusetts 02108  
Email Address: procurements@tre.state.ma.us

No other employee or agency may be contacted, and responses from such other person shall have no effect on this solicitation.

**B. RFR INSTRUCTIONS**

1. **Response Submission:** The original, and eight (8) USB Flash Drives (or equivalent USB storage device) of the Bidder's responses and attachments must be delivered in the same sealed package no later than **1 P.M. EST, July 19, 2016.**

**THE COST PROPOSAL(S) MAY BE SUBMITTED IN THE SAME PACKAGE AS THE REST OF THE RESPONSE, BUT MUST BE SUBMITTED UNDER SEPARATE COVER IN A SEPARATE SEALED ENVELOPE(S) LABELED "COST PROPOSAL – [INSERT COMPONENT]". DO NOT INCLUDE ANY COST PROPOSALS ON THE MEMORY STICKS OR WITHIN THE ORIGINAL PROPOSAL SUBMISSION. FAILURE TO MEET THIS REQUIREMENT MAY RESULT IN DISQUALIFICATION OF THE BID.**

Responses and attachments received after this deadline date and time will not be evaluated. A facsimile or email response will not qualify as a "submission" for deadline purposes in advance of or in lieu of a hard copy submission. Facsimile and email responses will not be accepted.

**Responses and attachments are to be delivered to:**

Jameel Moore  
Procurement Analyst/Associate General Counsel  
Office of the Treasurer and Receiver General  
ATTN: TRE RFR CASH BANKING 2016  
One Ashburton Place, 12<sup>th</sup> Floor  
Boston, MA 02108

2. **Response Format:** Failure to follow these formatting requirements may result in the disqualification of the Bidder's response. Bidders are required to use the Response Template, which can be downloaded from COMMBUYS. The Response Template contains all required elements of a valid proposal response as indicated below:

- (a) Cover Letter

- (b) Executive Summary
- (c) Legal and Other Requirements
- (d) Representations and Warranties
- (e) Disclosure Statement
- (f) Phase Two Questionnaire(s)
- (g) Mandatory Attachments
- (h) **Cost Response(s) (Separate Envelopes)**

**NO COST INFORMATION SHALL BE INCLUDED ANYWHERE IN THE RESPONSE, EXCEPT IN A SEPARATE SEALED ENVELOPE(S).**

3. **Cost Proposal:**

- a. MAY BE SUBMITTED IN THE SAME PACKAGE AS THE REST OF THE RESPONSE, BUT MUST BE SUBMITTED UNDER SEPARATE COVER IN A SEPARATE SEALED ENVELOPE LABELED “COST PROPOSAL – [INSERT COMPONENT]”.
- b. NO COST INFORMATION SHALL BE INCLUDED ANYWHERE IN THE RESPONSE EXCEPT IN A SEPARATE SEALED ENVELOPE. FAILURE TO MEET THIS REQUIREMENT MAY RESULT IN DISQUALIFICATION OF THE BID.
- c. ELECTRONIC COPIES OF THE COST PROPOSAL MUST BE ON SEPARATE USB FLASH DRIVES.

*(i.e., Core Banking, Lockbox and Automatic Clearing House (“ACH”) credit, Agency Advance Checking, Trial Court, and Registry of Deeds). (See Response Template Pages 30-37 for the Cost Proposal Submission Format).*

4. **Response Provisions:** When responding to this RFR, Bidders should take note of the following provisions:

- a. The Treasury reserves the right to request additional information from Bidders responding to this request. Additionally, upon reviewing the responses the PMT may decide to have certain Bidders make oral presentations.
- b. The Treasury reserves the right to reject any and all responses to this request, to waive any minor informality in a response and to request clarification of information from any Bidder responding. The Treasury reserves the right to amend or cancel this RFR at any time. All responses and their contents will become the sole property of the Commonwealth upon receipt by it.
- c. All responses and their contents will become the sole property of the Commonwealth/Treasury upon receipt by it and will not be returned to the Bidder.

- d. The Treasury will not reimburse any Bidder for any costs associated with the preparation or submittal of any response to this request or for any travel and/or per diem incurred in any presentation of such responses.
- e. The narrative response should address all items included in each section of the Technical Proposal.
- f. The written response to the Scope of Services shall be limited to replies **totaling no more than 60 pages, double-sided** (a total of 120 single-sided page equivalents) per Questionnaire. The mandatory attachments and other supporting documentation are excluded from the 60 double-sided page maximum. Any response over 60 double-sided pages excluding the requested attachments and exhibits may not be considered. The 60 double-sided pages must be single spaced; submitted in 12-point font; with at least three-quarter inch margins left and right and one-inch margins top and bottom.

5. **Disqualification of Responses:**

- a. Late Proposals: Proposals that are received after the deadline date and time shall be automatically disqualified.
- b. Nonresponsive Proposals: A response that fails to meet any material term, condition, requirement or procedure of this RFR may be deemed unresponsive and disqualified. The PMT reserves the right to waive or permit cure of nonmaterial errors or omissions. Nonresponsive proposals shall include, but not be limited to those, which fail to address or meet any mandatory item, and those submitted in insufficient number, or in incorrect format.
- c. Collusion: Collusion by two or more Bidders agreeing to act in a manner intended to avoid or frustrate fair and open competition is prohibited and shall be grounds for rejection or disqualification of a proposal or termination of this contract. Bidders will be required to complete a “Certificate of Non-Collusion” as one of the mandatory attachments to this RFR.
- d. Debarred Bidders or Subcontractors: A Bidder, who is currently subject to any Commonwealth or federal debarment order or determination, shall not be considered for evaluation by the PMT. If a Bidder’s proposal is dependent upon the services of a named subcontractor and the disqualification of this named subcontractor would materially alter the proposal, then that proposal shall be deemed unresponsive if the named subcontractor is found to be debarred. Proposals that indicate that subcontractors will be used but do not rely on any specifically named subcontractor shall not be deemed unresponsive if the disqualification of a proposed subcontractor will not materially alter the proposal.

**C. RFR EVALUATION PROCESS**

1. **Evaluation Process:** The RFR Evaluation Process will be conducted in three phases. A review team will complete the Phase I Review for all proposal submissions. The purpose of the Phase I Review is to eliminate any bids that are nonresponsive to the requirements of the RFR. Bids that are deemed to be qualified based on the Phase I Review will be submitted to the PMT for additional review. The PMT will consist of staff from the Treasury, the Department of Revenue, and the Office of the Comptroller, Trial Court and Secretary of State. The PMT will make a recommendation to the Treasurer who will then accept or reject the recommendation. The Treasurer will make the final selection decision. **(Phase I, Phase II and Phase III of this RFR will be evaluated separately.)**
  - a. **Phase I Review:** Bidders' responses will be reviewed based on listed criteria and completeness of response, including mandatory attachments and compliance to submission criteria. Bids that do not comply with these components will be rejected and will not proceed to the Phase II Review. The Treasury reserves the right to waive or permit cure of nonmaterial errors or omissions.
  - b. **Phase II Review:** Qualified bids, based on the Phase I Review, will be considered for additional review in Phase II by the PMT. The Phase II Review will also include any oral presentation/interview as may be requested by the PMT; the PMT may adjust a Bidder's score based on any clarification of the Bidder's response at any such oral presentation/interview. (See Section III.C.2). The Phase II Review will count for 65% of each Bidder's score.

The Phase II Review for each component of the banking services RFR (Core Banking, Lockbox and ACH credit, Agency Advance Checking, Trial Court, and Registry of Deeds, respectively) will be evaluated separately and scored on the basis of the criteria listed below:

- **55% Availability of Core Services** will include an assessment of services to be provided, time schedules and reporting options. Certain required services are mandatory, as noted. Failure to provide these services that meet the requirements of the Commonwealth could result in a determination of disqualification and failure to proceed to the next step of review. Scoring of these services will pay particular attention to the integration of the required services into an effective banking services relationship for the Commonwealth.

What is considered to be a "Mandatory Service" for each component of this bid is further specified within each Component.

- "Core Services" for Component 1 are found at pages 21-44.
- "Core Services" for Component 2 are found at pages 44-54.
- "Core Services" for Component 3 are found at pages 55-56.
- "Core Services" for Component 4 are found at pages 57-58.
- "Core Services" for Component 5 are found at pages 59-60.

Please be advised that there are also applicable attachments for each Component of this bid, which must be consulted when Bidders are preparing a response or responses to this RFR. There is a table of contents that is included with the attachments that directs you to the appropriate attachments for each component of the bid.

- **10% Availability of Optional Services** the Treasury is open to new ways to conduct business. Following the PMT's evaluation of a Bidder's response as to the availability of core services, which are required for the Commonwealth to conduct its business, it will conduct a review of any Optional Services that a Bidder chooses to include in its bid. "Optional Services" are not specifically delineated within this RFR, but are those that a Bidder considers would be a cost-efficient, expedient and/or innovative service(s) that would assist the Commonwealth to effectively conduct its business as outlined in each component of this RFR.
- **10% Quality Control** will include: a) an assessment of the financial institution's disaster recovery plan and contingencies and past performances in either real or test environments; b) an assessment of industry standards including but not limited to BAI Critical Quality Indicators; and c) an assessment of the current auditor's report of internal control.
- **10% Financial Strength** shall be measured based on financial reports submitted and analyses to be completed by the PMT based on data provided in these reports, as well as bank ratings.
- **5% Treasury Supplier Diversity Program** the Treasury is committed to developing and strengthening Minority and Women-Owned Business Enterprises (M/WBEs) and expanding equal opportunity in the primary and any secondary industries affected by this RFR. Consequently, the Treasury requires all responsive Bidders to submit a *Treasury Supplier Diversity Program Plan Form* ("TSDP Plan Form") with its response. Bidders that clearly demonstrate the intent to further the development of M/WBEs or the existence of a relationship, which does further these goals, will receive favorable consideration from the PMT. Additionally, a Bidder, which is a Massachusetts SDO certified vendor, may be found "Advantageous", based on the Bidder's Massachusetts certification status.
- **5% Invest in Massachusetts** the Treasury encourages investment in our local economy and is committed to advancing the creation and preservation of jobs in the Commonwealth. Consequently, all responsive



Bidders/Proposers **must** submit with their bids an *Invest in Massachusetts Data Form* (“IMD Form”).

- **5% CRA, Credit Card Rates and Community Services** will include a review of CRA ratings by various oversight agencies (state and federal), as well as the financial institution’s provision of basic banking services. Other factors include: fees associated with EBT and ATMs, geographic distribution of branches, compliance with M.G.L. c 140 s 114B, and current open ended credit card rates.

c. **Phase III Review:** With respect to each component sought by the Treasury under this RFR, cost will be evaluated in relationship to the Phase II Review and scoring of Bidders' responses. The Phase II score will represent 65% and Cost will represent 35% of the Bidder’s score in order to determine “best value”. The successful bid will be determined based on the one that represents the "best value" overall and achieves the procurement goals.

- **35% Cost Proposal:** Cost will be evaluated across all service categories on a unit basis-using fee for services subsequent projection of monthly service costs. These cost factors will be evaluated in concert with the provision of services and the stated objectives of the RFR to evaluate proposals in terms of best value. **Please note that your cost response must include both an unbundled and a bundled price for each service requested.**

Bidders submitting a bid for Component 2 of this RFR, “Lockbox and ACH Credit/Debit Services” are advised that there are specific requirements applicable to the Department of Revenue for its lockbox and ACH Credit/Debit Services. Bidders are advised that they must comply with all of the requirements noted therein and complete and provide the required forms noted.

The Bidders are also required to submit the pricing information requested by the Department of Revenue. This should be submitted as part of the Bidder’s sealed cost proposal. This information will not be scored separately for purposes of Phase Three Review, but a Bidder’s response will be considered when determining the Bidder’s overall score for Phase Three.

All of the information noted above can be found in Attachment B2, the attachments for the Department of Revenue that are applicable to Component 2 of this RFR.

- **65% Phase Two Criteria:** The total Phase Two score will represent 65% of the Phase Three score.

2. **Oral Presentations/Interviews:** After completion of Phase I and Phase II, but prior to Phase III, the PMT shall have the option to invite all or some Bidders to make oral presentations/come in for interviews. Oral presentations/interviews provide the PMT with an opportunity to evaluate the Bidder through the presentation of their proposal. The PMT will make the decision on whether or not to have Bidders in for oral presentations/interviews. The decision to engage in oral interviews will solely be in the purview of the PMT. Based upon scores determined during the initial Phase II evaluations of Bidders responses to the Phase II technical questions, it will be within the full discretion of the PMT to determine the cutoff for top scoring Bidders to move onto the oral presentations/interviews. Only Bidders that receive an invitation to participate in oral presentations/interviews will proceed to cost evaluation and Phase III. Bidders that do not receive an invitation to oral interviews will be eliminated from further consideration under this RFR. Bidders will not be informed of their rank at the time of the oral presentation/interview. Additionally, the PMT reserves the right to adjust any Phase II score following any oral presentation/interview, and before proceeding on to Phase III.

The time allotments and the format shall be the same for all oral presentations/interviews. The PMT will give the Bidder at least five (5) business day's prior notice regarding the date of an oral presentation/interview. The PMT may waive the location and medium requirements of an oral presentation/interview upon the written request of a Bidder due to special hardships, such as a Bidder with disabilities or limited resources. In these circumstances the PMT may conduct oral presentations/interviews through an alternative written or electronic medium (e.g., telephone, videoconference, TTY or Internet). The PMT may require the Bidders assign key personnel to conduct the oral presentation/interview.

A Bidder is limited to the presentation of material contained in its proposal, with the limited exception that a Bidder may address specific questions posed by the PMT or provide clarification of information contained in its proposal. Any other correction or modification of the proposal or the presentation of supplemental information shall be considered prejudicial to the interests of other Bidders and fair competition and shall not be permitted. A Bidder's attempt to submit such corrections, modifications or supplemental information during an oral presentation/interview may subject the Bidder's proposal to disqualification. A Bidder's failure to agree to an oral presentation/interview may result in disqualification from further consideration. Oral presentations/interviews may be recorded by the Treasury as a matter of public record.

**On-Site Visits (Optional)** the PMT reserves the right to conduct on-site inspections of any or all Bidder locations at any time prior to the awarding of this contract to verify the Bidder's ability to perform the services required. The PMT shall schedule the time of these site visits and shall provide notice of at least five (5) business days before a visit. Failure to agree to a site visit may result in disqualification of a Bidder's proposal. Only those firms that were evaluated in Phase II and were invited for an oral presentation/ interview will be the subject of an on-site inspection, in the event the PMT elects to conduct such an on-site inspection.

#### **IV. SPECIFICATIONS, REQUIREMENTS AND COMPONENTS**

**By submitting a Response to the RFR, the Bidder agrees to comply with all of the RFR required specifications, components and requirements listed below in Sections A and B.**

**A. RFR REQUIRED SPECIFICATIONS**

1. **Alternatives.** A response, which fails to meet any material term or condition of the RFR, including the submission of required attachments, may lose points or be deemed unresponsive and disqualified. Unless otherwise specified, Bidders should submit responses proposing alternatives that provide equivalent, better or more cost-effective performance than achievable under the stated RFR specifications. These alternatives may include related services that may be available to enhance performance during the period of the contract. The response should describe how any alternative achieves substantially equivalent or better performance to that of the RFR specifications. The Treasury will determine if a proposed alternative method of performance achieves substantially equivalent or better performance. The goal of this RFR is to provide the best value of commodities and services to achieve the procurement goals of the Treasury. Bidders that propose discounts, uncharged commodities and services or other benefits in addition to the RFR specifications may receive a preference or additional points under this RFR as specified.
2. **Best Value Selection and Negotiation.** The PMT and/or the Treasury may select the response(s) that demonstrates the “Best Value” overall.
3. **Bidder Communication.** Bidders are prohibited from communicating directly with any employees of the Treasury, including any Treasury departments and divisions and affiliated commissions, boards and trusts,<sup>1</sup> or any member of the PMT regarding this RFR and may be disqualified for doing so at the determination of the PMT, except as specified in this RFR, and no other individual Commonwealth employee or representative is authorized to provide any information or respond to any question or inquiry concerning this RFR. Bidders may communicate with the contact person for this RFR in the event this RFR is incomplete or the Bidder is having trouble obtaining any required attachments electronically through COMMBUYS (<https://www.commbuys.com>).
4. **Brand Name or Equal.** Unless otherwise specified in this RFR, any reference to a particular trademark, trade name, patent, design, type, specification, producer or supplier is not intended to restrict this RFR to any manufacturer or proprietor or to constitute an endorsement of any service. The Treasury will consider clearly identified offers of substantially equivalent services submitted in response to such reference.

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<sup>1</sup> For purposes of this RFR Section IV.A.3, “Treasury” includes the following departments, divisions, boards, trusts, and commissions: 457 SMART Plan, Unclaimed Property Division, the Cash Management Department, Debt Management Department, Veteran’s Bonus Division, Massachusetts State Board of Retirement (which administers the Massachusetts State Employees Retirement System (“MSERS”)), Massachusetts State Lottery Commission (“MSLC”), Massachusetts Clean Water Trust (formerly known as the Water Pollution Abatement Trust), Alcoholic Beverage Control Commission (“ABCC”), and Office of Economic Empowerment.

5. **COMMBUYS Market Center.** COMMBUYS is the official source of information for this RFR and is publicly accessible at no charge at <https://www.commbuys.com>. Information contained in this document and in COMMBUYS, including file attachments, and information contained in the related Bid Questions and Answers (Q&A), is all components of the RFR, as referenced in COMMBUYS, and is incorporated into the RFR and any resulting contract.
6. Bidders are solely responsible for obtaining all information distributed for this RFR via COMMBUYS. RFR Q&A supports Bidder submission of written questions associated with a RFR and publication of official answers.

It is each Bidder's responsibility to check COMMBUYS for:

- Any amendments, addenda or modifications to this RFR, and
- Any RFR Q&A records related to this RFR.

The Commonwealth accepts no responsibility and will provide no accommodation to Bidders who submit a response based on an out-of-date RFR or on information received from a source other than COMMBUYS.

Bidders may not alter (manually or electronically) the RFR language or any RFR component files. Modifications to the body of the RFR, its specifications or terms and conditions, which change the intent of this RFR, are prohibited and may disqualify a response.

7. **COMMBUYS Subscription.** Bidders may elect to obtain a free COMMBUYS Seller subscription, which provides value-added features, including automated email notification associated with postings and modifications to COMMBUYS records.

All Bidders submitting a response to this RFR agree that, if awarded a contract: (1) they will maintain an active seller account in COMMBUYS; (2) they will, when directed to do so by the procuring entity, activate and maintain a COMMBUYS-enabled catalog using Commonwealth Commodity Codes; (3) they will comply with all requests by the procuring entity to utilize COMMBUYS for the purposes of conducting all aspects of purchasing and invoicing with the Commonwealth, as added functionality for the COMMBUYS system is activated; and (4) in the event the Commonwealth adopts an alternate market center system, successful Bidders will be required to utilize such system, as directed by the procuring entity. Commonwealth Commodity Codes are based on the United Nations Standard Products and Services Code (UNSPSC).

The COMMBUYS system introduces new terminology, which bidders must be familiar with in order to conduct business with the Commonwealth. To view this terminology and to learn more about the COMMBUYS system, please visit the COMMBUYS Resource Center.

8. **Conflict of Interest.** Prior to award of any contract, the Bidder shall certify in writing to the procuring agency that no relationship exists between the Bidder and the procuring or contracting agency that interferes with fair competition or is a conflict of interest, and no relationship exists between the Bidder and another person or organization that constitutes a conflict of interest with respect to a state contract. No official or employee of the Commonwealth who exercises any function or responsibility in the review or approval of the undertaking or carrying out of this project shall, prior to the completion of the project, voluntarily acquire any personal interest, either directly or indirectly, in this contract or proposed contract.

The Bidder shall provide assurance that it presently has no interest and shall not acquire any interest, either directly or indirectly, which will conflict in any manner or degree with the performance of its services hereunder. The Bidder shall also provide assurances that no person having any such known interests shall be employed during the performance of this contract.

9. **Costs.** Costs that are not specifically identified and defined in the Bidder's response, and accepted by the Treasury, will not be compensated under any engagement pursuant to this RFR. The Commonwealth will not be responsible for any costs or expenses incurred by Bidders in responding to this RFR.

10. **Electronic Communication/Update of Bidder's/Contractor's Contact Information.** It is the responsibility of the prospective Bidder and qualified Firm to keep current the email address of the Bidder's contact person and prospective contract manager, if awarded a contract, and to monitor that email inbox for communications from the PMT, including requests for clarification. The PMT and the Commonwealth assume no responsibility if a prospective Bidder's/awarded Contractor's designated email address is not current, or if technical problems, including those with the prospective Bidder's/awarded Contractor's computer, network or Internet service provider (ISP) cause email communications sent to/from the prospective Bidder/awarded Contractor and the PMT to be lost or rejected by any means including email or spam filtering.

11. **Environmental Response Submission Compliance.** In an effort to promote greater use of recycled and environmentally preferable products and minimize waste, all responses submitted should comply with the following guidelines:

- All copies should be printed double sided.
- All submittals and copies should be printed on recycled paper with a minimum post-consumer content of 30% or on tree-free paper (i.e., paper made from raw materials other than trees, such as kenaf). To document the use of such paper, a photocopy of the ream cover/wrapper should be included with the response.
- Unless absolutely necessary, all responses and copies should minimize or eliminate use of non-recyclable or non-reusable materials such as plastic report covers, plastic dividers, vinyl sleeves and GBC binding. Three-ringed binders, glued materials, paper clips, and staples are acceptable.

- Bidders should submit materials in a format that allows for easy removal and recycling of paper materials.
  - Bidders are encouraged to use other products that contain recycled content in their response documents. Such products may include, but are not limited to, folders, binders, paper clips, diskettes, envelopes, boxes, etc. Where appropriate, bidders should note which products in their responses are made with recycled materials.
  - Unnecessary samples, attachments or documents not specifically asked for should not be submitted.
12. **Estimated Provisions.** The Treasury makes no guarantee that any commodities or services will be purchased from any qualification resulting from this RFR. Any estimates and/or past or current procurement volumes referenced in this RFR are included only for the convenience of Bidders, and are not to be relied upon as any indication of future purchase levels.
  13. **Minimum Bid Duration.** Bidder responses made in response to this RFR must remain in effect for 150 days from the date of bid submission and thereafter until either the Bidder withdraws the response in writing, a contract is executed or the procurement is canceled, whichever occurs first.
  14. **Public Records.** All responses and information submitted in response to this RFR are subject to the Massachusetts Public Records Law, Massachusetts General Laws (“M.G.L.”), Chapter 66, Section 10, and Chapter 4, Section 7, Subsection 26. Any statements in submitted responses that are inconsistent with these statutes will be disregarded. Bidders are advised that all proposals are deemed sealed, and therefore their contents will be treated as confidential and will not be disclosed to competing Bidders until the evaluation process has been completed, the contract has been awarded and negotiations are finalized.
  15. **Reasonable Accommodation.** Bidders with disabilities or hardships that seek reasonable accommodation, which may include the receipt of RFR information in an alternative format, must communicate such requests in writing to the RFR contact person. Requests for accommodation will be addressed on a case-by-case basis. A Bidder requesting accommodation must submit a written statement that describes the Bidder’s disability and the requested accommodation to the contact person for the RFR. The PMT reserves the right to reject unreasonable requests.
  16. **Restriction on the Use of the Commonwealth Seal.** Bidders and contractors are not allowed to display the Commonwealth of Massachusetts Seal in their response package or in any subsequent marketing materials if they are awarded a contract. Use of the Coat of Arms and the Great Seal of the Commonwealth for advertising or commercial purposes is prohibited by law.

17. **Prohibition against Selling or Distributing Information.** Any Bidder awarded a contract under this RFR is prohibited from selling or distributing any information collected or derived from the contract and/or procurement process, including lists of participating or eligible Commonwealth of Massachusetts employee names, telephone numbers, email addresses or mailing addresses.

## **B. COMPONENTS OF PROCUREMENT**

1. **Duration and Renewal Options.** The Treasury intends to enter into a three (3) year contract with the option of two one (1) year extensions with the selected Bidder(s) for the services solicited in this RFR. The Treasury may, at its option, extend the contract for additional period(s) for a maximum contract term not exceeding five (5) years, under the same or better terms and conditions as negotiated if deemed in the best interest of the Treasury. Bidders who offer price guarantees for the life of the contract will be held to that offer or such better terms as negotiated.
2. **Acquisition Method.**
- ☐ Outright Purchase
  - ☐ License
  - ☒ Fee for Service
  - ☐ Tax-exempt Lease Purchase
  - ☐ Term Lease
  - ☐ Lease Purchase
  - ☐ Rental (not to exceed 6 months)
  - ☒ Other (specify) – Compensating Balance/Earnings Credits (pages 19 – 21)
3. **Single or Multiple Contracts.** The Treasury reserves the right to award any contract to a single institution or multiple institutions, in the best interest of the Treasury. The Bidder must agree to cooperate with such other Bidders, and must not commit or permit any act that may interfere with the performance of work by any other Bidder.
4. **Contract Guidelines.** (Those that apply are checked.)
- ☐ RFR
  - ☒ Only the Office of the Treasurer and Receiver General may contract under RFR
  - ☐ Option to allow other Departments/political subdivisions to contract under RFR
  - ☐ Statewide Contract
  - ☐ Multi-Treasury User Contract
  - ☐ Pre-Qualification List
5. **Contract Performance and Additional Business Specifications.**
- a. **Evaluation and Selection of Contractor.** The Treasury shall have sole authority to evaluate and make the final selection of Bidder(s) for contract negotiation(s)

pursuant to this RFR. The selection will be made after evaluation of both technical (Phase I and II) and cost proposals (Phase III) by the PMT and final approval by the State Treasurer.

- b. **Change in Terms.** The Treasury reserves the right to modify the specifications identified in the RFR at any time prior to the closing date. The Treasury reserves the right to negotiate with the selected Bidder(s) as to any element of cost or performance, including without limitation, elements identified in the RFR and/or the selected Bidder's response in order to achieve the best value for the Commonwealth. The Treasury reserves the right to request from any Bidder a "best and final offer" as to the Bidder's proposal or cost proposal. The Treasury reserves the right to procure some, all or none of the services specified in this RFR.
- c. **Termination or Suspension.** Once retained, a Firm's service may be terminated or suspended from the Treasury's contract for poor performance, failure to perform, fraud or other cause at any time without prior notice. Firms may be terminated from the contract without cause with sixty (60) days prior written notice. The Firm may not terminate the contract or performance except upon a minimum of 120 days written notice to the Treasury.
- d. **Permits and Compliance.** The Firm shall procure and pay for all permits, licenses and approvals necessary to perform the services solicited in this RFR. The Firm shall comply with all applicable laws, ordinances, rules, orders and regulations related to the performance of the services solicited. The Treasury may, at its option, request documentation evidencing the Firm's compliance.
- e. **Rejection of Proposals.** The Treasury reserves the right to reject any and all proposals submitted under this solicitation.
- f. **Fees Subject to Office of the Treasurer and Receiver General Signatory Authorization.** All fees must be approved by the Treasurer or her designee and are subject to verification of performance.
- g. **Confidentiality Policy Regarding Bidder's Support Staff and/or Vendors.** The Treasury may require Bidders' support staff or outside vendors to sign a confidentiality agreement for the confidential information they will have or have access to.
- h. **Subcontracting Policies.** The legal services to be procured under this RFR shall not be subcontracted or performed under any joint-venture agreement or similar arrangement without the specific written approval of the Treasurer.
- i. **Concurrent Contracts Running (Renewals and Transitions).** The Treasury shall cancel the contract if funds are not appropriated or otherwise made available to support continuation of performance in any fiscal year succeeding the first year or if satisfactory performance by the contractor does not ensue. The Treasury will



also have the right to sole discretion in exercising an option to renew, which will not be subject to contractor acceptance or agreement. Any assistance required for this transition must be provided in a smooth and timely manner. If at any time the contract is canceled, terminated or expires, and a contract is subsequently executed with a firm other than the contractor, the contractor has the affirmative obligation to assist in the smooth transition of contract services to the subsequent contractor.

- j. **Pricing: Price Limitation.** The Bidder must agree that no other state or public entity customer within the United States of similar size and with similar terms and conditions shall receive a lower price for the same commodity and service during the contract period, unless this same lower price is immediately effective for the Commonwealth. If the Commonwealth believes that it is not receiving this lower price as required by this language, the Bidder must agree to provide current or historical pricing offered or negotiated with other state or public entities at any time during the contract period in the absence of proprietary information being part of such contracts.
- k. **Submission of Proposal Materials and Oral Presentation.** All materials, representations and submissions made within the proposal and at the oral presentation/interview are subject to becoming part of the contract binding the selected Bidder to uphold the materials, representations and submissions made by the selected Bidder within the proposal and at the oral presentations/interviews.
- l. **Fiduciary Status of the Bidder/Firm; Chapter 268A.** With respect to the performance of its duties and responsibilities hereunder, if awarded the contract, the Bidder/Firm acknowledges that it is a fiduciary, and that the Bidder/Firm will discharge its duties and responsibilities under this Agreement in accordance with the fiduciary standards of conduct and other requirements as they apply to the Bidder/Firm. The Bidder/Firm is advised of the existence of Massachusetts General Laws, Chapter 268A (the Massachusetts "Conflict of Interest" statute), and is required to act and perform its duties in accordance with such provisions.
- m. **Security Breach Law, M.G.L. c. 93H.** The Bidder hereby acknowledges and agrees to comply with the requirements and responsibilities, including those of providing notice and response, as set forth in G.L. c. 93H concerning Security Breaches and any regulations implemented to effectuate security of "personal information" as defined in § 1 of G.L. c. 93H.

## **V. PHASE ONE REQUIREMENTS**

Compliance with all criteria listed below is **required** for a bid to be accepted for further review. Lack of compliance with the Phase I criteria may disqualify the Bidder. Phase I of Bidder's response should demonstrate compliance with each of the conditions qualifying an institution to propose as outlined below.

### **A. LEGAL AND OTHER REQUIREMENTS**

As required in the Response Template pages 6-9.

## **B. MANDATORY ATTACHMENTS AND ENCLOSURES**

Phase One of the Bidder's response shall include the completed mandatory attachments listed in the Response Template pages 27-34. The Response Template and the subject forms can also be found on COMMBUYS with this RFR. All mandatory attachments must be signed by an individual with the authority to bind the Bidder Firm, and the "originals" should have an original signature in blue ink and the signatory must be listed on the *Contractor Authorized Signatory Listing* form, provided in the RFR Response Template.

## **VI. SCOPE OF SERVICES**

### **A. FINANCIAL STRENGTH**

1. **Audited Financial Statements.** Required financial reports must be submitted with this proposal. Each Bidder must submit with their proposal, one copy of their annual report with financial statements for the last three years, including balance sheets and profit and loss statements and any related notes and the Auditor's Report. The successful Bidder shall continue to furnish to the Treasury updated issues of this report in a timely manner. A copy of the last four (4) quarterly call reports must also be submitted with the proposal. When filed, one copy of the most recent SEC 10K report must also be submitted. **Please note, that financial statements that are submitted to Treasury fall under the public records law.**
2. **Bank Ratings.** Please provide the following bank rating information for your financial institution:

<b><u>Rating Agency</u></b>	<b><u>Most Recent Ratings</u></b>	<b><u>Date of Last Rating</u></b>
Fitch/Thompson's BankWatch		
Moody's		
Standard and Poors		

Attach any ratings analyses and reports prepared by any of the above agencies as well as the name(s) of the analyst(s).

Bidders are advised that their overall score for Financial Strength accounts for 10% of the Phase Two score.

### **B. CRA, CREDIT CARD RATES AND COMMUNITY SERVICES**

1. **Community Reinvestment Act (CRA) and Community Services.** Bidders are advised that their overall score for "Community Reinvestment Act and Community Services" accounts for 5% of the Phase Two score.

- a. Your financial institution must meet the requirements as outlined in the M.G.L., Chapter 29, Section 34. You must include the certification from the appropriate state and/or federal agency documenting your CRA rating.
- b. Outline your financial institution's continuing commitment to the credit needs of your communities.

## **C. QUALITY CONTROL**

**Quality Control.** Bidders are advised that their overall score for "Quality Control" accounts for 10% of the Phase Two score.

### **1. Disaster Recovery**

- a. What type of back-up facility does the financial institution/vendor have for all primary systems used in providing services outlined in this proposal?
- b. If a third party provides disaster back-up systems, state the contractual guarantees for service.
- c. In the event of a disaster that disables all primary and back-up systems does the financial institution/vendor have a recovery capability?
- d. How long will it take and what are the basic procedures used to recreate a day's activity?
- e. What plans does the financial institution/vendor have in place to ensure communication with clients in the event of a disaster?
- f. How often is the disaster recovery plan tested? Is there an annual report? Describe results or include a copy of findings.

### **2. Industry Standards**

- a. Provide a report showing system downtime for the past year.
- b. Describe your financial institution/vendor's quality assurance program.
- c. Describe your back-up procedures for times when the system is unavailable to us.
- d. Please describe any limitations on your financial institution/vendor's customer service, such as hours of availability or special emergency procedures.

### **3. Internal Controls.** Please provide a copy of your SSAE 16 Audit Report.

## **D. EARNINGS CREDITS**

1. **Excess Earnings Credits and Compensating Balances.** The Bidder must submit a statement acknowledging that excess earning credits are usable for the life of the contract.
  - a. Earnings shall be credited to the Commonwealth's accounts at the rate of 60 basis points or the combination of Three-Month Libor plus 25 basis points, whichever is higher.
  - b. The earnings credit rate shall be reset on the first business day of each month.
  - c. Three-Month Libor will be determined from the Bloomberg Professional Service.
  - d. Earnings credit will be credited to the Commonwealth's account on the last business day of each month.
  - e. If the Commonwealth chooses to have accounts set up as interest bearing, the rate used will be the Three-Month Libor.
  - f. Can we compensate your financial institution for services by explicit fees, collected balances or a combination of the two? Describe any limitations or policies related to compensation methods.
  - g. What is your financial institution's compensation horizon for fee compensation? How frequently must any under compensation be resolved? How regularly must full compensation be made? Does this also apply to fee-balance combinations?
  - h. If compensating balances are used, how long can excess balances be rolled over to be used for future compensation? Does this also apply to fee-balance combinations?
  - i. If we pay by fees, describe how fee payments are made, including acceptable payment methods and timing.
  - j. Provide the formula for conversion of fee for service charges to balance requirements for compensation. Use the minimum earnings credit rate of 60 basis point in preparing the compensating balance estimate for the proposal? Note that the compensating balance formula should use an average daily ledger balance without further adjustment for float. If another, methodology is used, or float factored in to arrive at a tiered earnings credit (see below), please show adjustments for float/funds availability.
  - k. Explain all financial institution policies on passing FDIC charges and rebates. Are FDIC charges passed on explicitly? If so, provide the unit charge and explain how the charge is calculated.
  - l. If the service charge used in the calculations are different for fee for service and balance compensation, please explain.

- m. Does your financial institution charge for daily ledger and /or collected balance overdrafts if the average ledger and/or collected balance in the account for the month is positive? If so, what rate is used?
- n. How does the financial institution calculate charges related to cash overdraft positions? Are charges assessed based on the aggregate position of the accounts or combination of accounts or on an individual basis? Please specify any aggregation of accounts proposed by the financial institution.
- o. How long will your financial institution guarantee the prices shown in the proposal? Describe historical pricing levels, annual price changes and any other aspects of your financial institution's pricing policies that are appropriate.
- p. If we were to pay by compensating balances instead of fees, would your per unit cost be different? If yes, please explain.

**E. CERTIFICATION OF COMPLIANCE WITH CHILD SUPPORT REQUIREMENTS**  
 Certification on the Bidder's letterhead that the Bidder meets the child support requirements of the Commonwealth. (These requirements are generally set forth in G.L. c. 119A.)

**F. FIVE COMPONENTS FOR BANKING AND LOCKBOX SERVICES**

**COMPONENT 1: CORE BANKING/DISBURSEMENT SERVICES**

**SECTION I. SUMMARY**

The Treasury seeks qualified Bidders interested in providing core banking and disbursement services. Core depository accounts are used for the concentration of various sources of revenue collected. The Treasury uses them for sweeping all agency bank accounts, funding source for controlled disbursement checking accounts, and funding source for electronic fund transfers along with collection of Department of Revenue over-the-counter deposits. The disbursement services consist of delegated agency controlled disbursement checking accounts and the electronic transfer (PPD, CTX, etc.) of funds for all purposes. The Treasury will prioritize those vendors that demonstrate a commitment to preventing fraud and abuse and have high security standards.

A financial institution responding to this component must be able to handle significant daylight overdrafts. Generally, the financial institution must be able to accommodate daylight overdraft positions of up to \$600 million. On the last business day of each month, local aid payments are made to cities and towns. On those days, the daylight overdraft may approximate \$1.2 billion. This added daylight overdraft capacity is to support local aid payments to Massachusetts' municipalities and school districts. These monthly payments are almost exclusively made by ACH with a two-day settlement period. The cash position management and projection protocols used by the Commonwealth provide adequate cash deposits into the float account on the month-end date to support these disbursements. Sufficient short-term investments are scheduled to mature on these days to support funding requirements. These may be supplemented, if needed, by a short-term commercial paper program supported by negotiated lines of credit and a letter of credit. The Commonwealth typically presents a funding plan to the financial institution for month-end activity to assist the financial institution in planning daily disbursements. Questions in this section are designed to ascertain the ability of the proposing financial institution to meet daylight overdraft requirements.

Attachment A1 – Banking and Cash Management System Overview, provides an overview of the current cash management model and planned initiatives.

## **SECTION II. EVALUATION PROCESS**

Please refer to the Evaluation Process beginning on page 7 to review the evaluation criteria to be applied in evaluating this component of the RFR.

### **A. PROPOSAL SUBMISSION**

1. Does the financial institution wish to submit a proposal for core depository and disbursement services?  
  
Yes \_\_\_\_\_ No \_\_\_\_\_
2. If the response directly above is yes, please continue with the core depository and disbursement services questionnaire and include the applicable attachment in the sealed cost proposal. Included are yearly volumes for CDR accounts and electronic fund transfer (“EFT”) transactions. If the response is no, please continue with Component 2 (page 44).
3. Include three (3) references in the Attachment that use this or a similar service. If a bid is submitted for multiple components, references can be combined where multiple services are provided.

### **DAYLIGHT OVERDRAFT CAPACITY**

The term "Mandatory Services" (sometimes noted under the heading "Mandatory") as used in this RFR refers to those requirements that must be provided to the Commonwealth as part of the services provided under the contract(s) that may be awarded pursuant to this RFR.

Generally, the financial institution must be able to accommodate daylight overdraft positions of up to \$600 million. On the last business day of each month, local aid payments are made to cities and towns. On those days, the daylight overdraft may approximate \$1.2 billion.

**Please answer each question below describing how your financial institution currently deals with or is proposing to deal with this particular component of the RFR.**

1. Can the responding financial institution meet the daylight overdraft levels listed above?  
  
Yes \_\_\_\_\_ No \_\_\_\_\_
2. Describe any increased levels that can be supported by the responding financial institution in excess of the above limits.
3. Describe the effects of Federal Reserve daylight overdraft controls on customer wire transfers, identifying any periods during the business day when transfers can be delayed to any degree.

4. How will your financial institution measure our daylight overdraft status throughout the day? Will we be able to receive this information in a real-time, on-line mode?

5. Describe how a net debit cap would affect our services.

## **C. CORE DEPOSITORY**

The term "Mandatory Services" (sometimes noted under the heading "Mandatory") as used in this RFR refers to those requirements that must be provided to the Commonwealth as part of the services provided under the contract(s) that may be awarded pursuant to this RFR.

### **1. MANDATORY**

The financial institution shall notify the Commonwealth of availability of funds based on prior day ending balances no later than 7 A.M. every day. The financial institution shall offer mid-day notification or real-time update of deposit and wire activity. At a minimum, the Commonwealth expects the following availability schedule:

- Same day for items on depository, ACH deposits, wire transfer and cash
- Next day on items from local institutions
- Federal Reserve schedule on other items

### **2. MANDATORY**

The financial institution must provide daily account statements for the previous day's activity via secure on-line system to include the following but not limited to balance forward, daily debit and credit items, adjustments made that day, and ending balance (with statements to be forwarded monthly).

To include the following formats:

- Excel
- Word
- BAI2
- PDF

### **3. MANDATORY**

The financial institution shall give all deposits received by closing credit as good ledger balance funds for the same day. The financial institution shall identify the time and branches where final daily deposits will be accepted. The closing time(s) of the available branch(es) will also be identified. All funds wired into the Commonwealth's account will be credited to that day's deposit and considered collected funds. The financial institution shall identify their cut off time for processing on-site check deposit.

### **4. MANDATORY**

Deposit slips will not be altered. Any errors will be brought to the attention of the Treasury and the designated agency if applicable, immediately. Overages will be credited; shortages will be debited and back-up for all transactions will be forwarded to the Commonwealth daily through the financial institutions secure on-line system. The financial institution will deposit all returned checks twice before being returned to the Commonwealth for collection. NSF checks returned a second time will be debited against the depository account unless otherwise specified. An agency identification number on the bank account statement should identify each item. The actual returned items will be delivered the following day to the account addressee. In a few cases (primarily DOR accounts) NSF debits will be directed to accounts other than the depository account.

## 5. MANDATORY

Daily the Treasury will transmit electronically an ACH file to debit various state agency bank accounts. The financial institution must be able to strip and post the transactions that are in their bank for same day settlement.

The term "Mandatory Services" (sometimes noted under the heading "Mandatory") as used in this RFR refers to those requirements that must be provided to the Commonwealth as part of the services provided under the contract(s) that may be awarded pursuant to this RFR. Bidders whose companies cannot provided the mandatory services in the manner requested in this RFR (would check "No" as the designated answer in this grid) may still have their response considered by the PMT. However, the Bidder must check off "No" and then provide a description of the "Equivalent Service Provided" for that service requirement. Bidders are advised that the corresponding score awarded to their bid on each component in Phase Two for the category "Availability of Core Services" will reflect that they are able to provide an equivalent service rather than the specified mandatory service requested.

Bidders are advised that they are required to provide narrative answers to the questions posed following the grid of "Mandatory Service Requirements".

**For the following Mandatory Services, please indicate availability by your financial institution by marking the appropriate column. If "the Equivalent Service Provided" column is marked, please provide a narrative explanation.**

<b><u>Mandatory Service Requirements:</u></b>	<b><u>YES</u></b>	<b><u>NO</u></b>	<b><u>EQUIVALENT SERVICE PROVIDED</u></b>
1. Notification of availability of funds no later than 7 A.M. every banking day through a secure on-line system.	<input type="checkbox"/>	<input type="checkbox"/>	
• Same day availability for items on depository, ACH deposits, wire transfers and cash.	<input type="checkbox"/>	<input type="checkbox"/>	
• Next day availability on checks from local institutions.	<input type="checkbox"/>	<input type="checkbox"/>	
• Federal Reserve schedule availability on all other items.	<input type="checkbox"/>	<input type="checkbox"/>	



2. Provide daily balance information and detail on debit and credit items and adjustments via secure Internet browser.	<input type="checkbox"/>	<input type="checkbox"/>	
• Excel	<input type="checkbox"/>	<input type="checkbox"/>	
• Word	<input type="checkbox"/>	<input type="checkbox"/>	
• BAI2	<input type="checkbox"/>	<input type="checkbox"/>	
• PDF			
3. Financial institution to give all deposits received by closing credit as good ledger balance funds for the same day.	<input type="checkbox"/>	<input type="checkbox"/>	
4. Meet depository and NSF requirements.	<input type="checkbox"/>	<input type="checkbox"/>	
5. Ability to strip bank accounts and give same day credit on the daily ACH debit transmission.	<input type="checkbox"/>	<input type="checkbox"/>	

**Please answer each question below describing how your financial institution currently deals with or is proposing to deal with this particular component of the RFR.**

1. What types of concentration methods does your financial institution offer? Are comparisons of the various methods available? If so, provide them with your response.
2. Does your financial institution offer concentration services as stand-alone products, or does it require the use of other banking services? If the use of other services is required, list these services and describe their required use.
3. Describe any special control features that are appropriate for us to consider in selecting a concentration method.
4. What back-up procedures does your financial institution recommend for our concentration system?
5. Please describe additional services including imaging, ad-hoc reporting and download capability to Excel, Word and PDF.
6. Can your financial institution group accounts in the core depository as a “family” in regards to balances in the event an account goes overdrawn?
7. What is the rate charged for overdrawn accounts?
8. Describe your financial institution’s ability to do late day repo investments. Where can the rates be located? What is the time cut off?

#### **D. CONTROLLED DISBURSEMENT**

The term "Mandatory Services" (sometimes noted under the heading "Mandatory") as used in this RFR refers to those requirements that must be provided to the Commonwealth as part of the services provided under the contract(s) that may be awarded pursuant to this RFR.

##### **1. MANDATORY**

Full account reconciliations and electronic bank statements must be provided monthly. Cut off is the last business day of the month.

## **2. MANDATORY**

The selected financial institution shall establish controlled disbursement accounts. The financial institution shall report to the Commonwealth daily by 10 A.M. with the final check presentments. Notification must be through secure on-line system. The check presentments shall appear on the bank statement as the total paid for the day. The outstanding checklist will be reduced by the same amount each day. The Commonwealth will then transfer sufficient funds to cover these clearances daily. The earliest notification time frames possible, consistent with accurate and efficient cash management, will be required. The account will be funded every morning to satisfy Federal Reserve and clearinghouse presentments. The method of funding the disbursement accounts can vary. The Commonwealth will consider ACH and other options that do not provide for same day settlement. Priority, however, will be given to options that emphasize same day settlement and reduce interest or minimum funding requirements. Checks presented at the financial institution for over-the-counter payment shall be included in the next business day presentment.

## **3. MANDATORY**

Issue files are transmitted daily by the Treasury and delegated agencies (see attachments page 14) in the format listed below. This format must be available on all outstanding check, stop/delete and paid check reports, electronic transmissions. The paid check file must be updated and transmitted the next business day by the financial institution to the Treasury or delegated agency.

- Name
- MMARS or HR/CMS (state accounting and payroll systems) payee ID number if available and provided
- If delegated system, agency identifier
- Payee name (not truncated)
- Amount
- Account
- Check number
- Date of check
- Presentment date

## **4. MANDATORY**

Checks will generally be honored for one year from date of issuance. On an exception basis other account situations exist, 120 days, 30 days, etc. These will be listed on the checks and the financial institution providing disbursement services will be directed to apply these rules to the specific accounts.

## **5. MANDATORY**

On a monthly basis, the Commonwealth will direct the disbursing financial institution to delete stale-dated checks of one year or more from the account(s) and forward the information electronically, in

a format that can be uploaded into an access data file used to generate data for the unpaid check fund, an escrow account established by statute. Certain accounts (retirement, child support) will be excluded from this requirement. The Executive Office of Health and Human Services (MassHealth) vendor accounts will require purging on a 180-day basis.

**6. MANDATORY**

All of the accounts will be managed on a positive pay basis. Items must be matched to an issuance file. The financial institution must notify the Commonwealth when an item is presented that is inconsistent with the issuance file. These include: 1) paid, no issue; 2) issue amount does not agree with presented amount; and 3) presented, stop payment issued. Notification must be available through on-line systems. All Commonwealth accounts will be managed on a notification/reject basis. If the Commonwealth does not clear presented items not matching the issuance file through on-line update, the financial institution will reject the item. The Commonwealth will require a noon deadline to review and authorize/reject items through the on-line positive pay facility. Images of checks that are inconsistent with the issue file must be available on-line. On-line ability to retrieve images of positive pay exception items is also required.

**7. MANDATORY**

Due to the urgency of stop payments, on-line, real-time processing of stop pays (stop authorized at time of entry), it is essential that the financial institution be able to post these immediately. The Commonwealth requires a system that permits Commonwealth authorized personnel access to inquire using an account number and a check number. Additional inquiry options are also encouraged. The Commonwealth requires, at a minimum, 24-hour (overnight batch update) execution of all stop payment requests.

**8. MANDATORY**

On-line ability to retrieve images, front and back, of paid items is required. For items not available on-line, the financial institution must provide expeditious processing of check photocopy requests.

**9. MANDATORY**

Checks for the Treasury checking accounts are produced using generic laser printed stock. The financial institution will provide check stock. They shall provide these services at cost. Any cost reductions in these services during the course of the contract shall be passed on to the Commonwealth. The financial institution shall also supply checks for all specialized accounts. Again, these will be provided at cost. In all cases, the Commonwealth will approve the vendor and the design of the check(s) or laser stock.

**10. MANDATORY**

An outstanding checklist must be supplied in check number sequence.

**11. MANDATORY**

The financial institution must be able to accept secure portable hard drive devices (flash drives) and provide an alternative delivery mechanism for all files if the internet is down.

**12. MANDATORY**

CDA detail presentment data available by item on day of presentment.

**13. MANDATORY**

Electronic transmission of canceled checks.

**For the following Mandatory Services, please indicate availability by your financial institution by marking the appropriate column. If the “Equivalent Service Provided” column is marked, please provide a narrative explanation. Bidders are advised that they should review the instructions and scoring information provided on page 7 prior to completing this grid.**

<b><u>Mandatory Service Requirements:</u></b>	<b><u>YES</u></b>	<b><u>NO</u></b>	<b><u>EQUIVALENT SERVICE PROVIDED</u></b>
1. Provide full account reconciliation.	<input type="checkbox"/>	<input type="checkbox"/>	
• Provide electronic bank statements.	<input type="checkbox"/>	<input type="checkbox"/>	
2. Report the final check presentments to the Commonwealth by 10 A.M. daily.	<input type="checkbox"/>	<input type="checkbox"/>	
3. The financial institution will transmit the issue files daily in the following format:			
• Name	<input type="checkbox"/>	<input type="checkbox"/>	
• MMARS or HR/CMS Payee ID Number	<input type="checkbox"/>	<input type="checkbox"/>	
• Agency Identifier	<input type="checkbox"/>	<input type="checkbox"/>	
• Payee Name	<input type="checkbox"/>	<input type="checkbox"/>	
• Amount	<input type="checkbox"/>	<input type="checkbox"/>	
• Account	<input type="checkbox"/>	<input type="checkbox"/>	
• Check Number	<input type="checkbox"/>	<input type="checkbox"/>	
• Date of Check	<input type="checkbox"/>	<input type="checkbox"/>	
• Presentment Date	<input type="checkbox"/>	<input type="checkbox"/>	
Note: In an attachment, please provide maximum field lengths.	<input type="checkbox"/>	<input type="checkbox"/>	
4. Ability to provide variable rules for honoring checks from date of issue for specific accounts.	<input type="checkbox"/>	<input type="checkbox"/>	
5. Automatic purge of stale-dated checks and transmission of data electronically with disk back up to the Commonwealth based on specific account instructions.	<input type="checkbox"/>	<input type="checkbox"/>	
6. Minimum noon deadline for reject/approval of positive pay items.	<input type="checkbox"/>	<input type="checkbox"/>	
• On-line imaging available for positive pay system investigation of suspect checks.	<input type="checkbox"/>	<input type="checkbox"/>	

7. On-line check inquiry and stop payment orders with minimum of overnight processing of stop pays.	<input type="checkbox"/>	<input type="checkbox"/>	
8. On-line ability to retrieve images of paid items.	<input type="checkbox"/>	<input type="checkbox"/>	
• On-line ordering of canceled checks copies (photocopy).	<input type="checkbox"/>	<input type="checkbox"/>	
9. Supply check stock for all accounts.	<input type="checkbox"/>	<input type="checkbox"/>	
10. Provide an outstanding checklist in check number sequence.	<input type="checkbox"/>	<input type="checkbox"/>	
11. Must be able to accept secure portable hard drive devices (flash drive) and provide an alternative delivery mechanism for all files if the internet is down.	<input type="checkbox"/>	<input type="checkbox"/>	
12. CDA detail presentment data available by item on day of presentment.	<input type="checkbox"/>	<input type="checkbox"/>	
13. Electronic transmission of canceled checks.	<input type="checkbox"/>	<input type="checkbox"/>	

**Please answer each question below describing how your financial institution currently deals with or is proposing to deal with this particular component of the RFR.**

- Based on the last business day of the month cut-off, when will we receive bank statements and the reconciliation?
- How long will your financial institution keep images of paid checks available on-line?
- How long does it take to provide a copy of a paid check?
- Describe your financial institution's approach to controlled disbursement for general expense/payable. Include a flow chart of the process and time frames.
- Identify the site(s) of controlled disbursement operation for the Commonwealth. Include location and whether it is a branch, affiliate or a correspondent financial institution.
- For each applicable location, identify date operation began, the number of active customers and volume data. Volume data should include daily clearing (dollars and items) and its percentage of current system total capacity.
- If the location is an affiliate or correspondent, what service guarantees are in place? Provide a financial assessment.
- If the controlled disbursement location is an affiliate or a correspondent, how does your financial institution guarantee it will be able to pay all of our checks?
- Is any part of your controlled disbursement service outsourced to third parties? If so, describe.
- What is the average length of time required to process checks after presentment?
- If rejected or damaged checks are cleared after notification, how is the resulting overdraft handled?
- How are rejected items, including damaged checks, reprocessed? How long does it take?

13. Describe the check presentment process, including the time frames for check presentment and notification to the Commonwealth. Please provide the following check presentment information. Include the following:
- The time you receive notification from the Federal Reserve and clearinghouses.
  - The time of first notification to the Commonwealth.
  - The percentage of daily clearings included in first notification for your financial institution's customers.
  - The time frame for other notifications during the day and your financial institution's percentage of daily clearings associated with these.
14. Explain your financial institution's policy for accepting over-the-counter presentments, including the latest time they will be accepted.
15. Explain your financial institution's policy for accepting direct sends, including the latest time they will be accepted.
16. For each time your financial institution has missed the first notification deadline during the past 90 days, please provide the dates, circumstances and the time frame when notification was subsequently made. If no deadline has been missed in the past 90 days, when was the last occurrence?
17. In addition to the on-line balance reporting system, what back-up systems are available to report presentments?
- Secure Email
  - Telephone/Fax
  - Other: \_\_\_\_\_
18. How are rejected items reported in the notification of total clearings?
19. Provide a complete explanation of your financial institution's requirements for ACH or other next-day funding methods.
20. Provide the locations of each branch that would cash "on us" checks (see Attachment B1 for the Lottery). In the event your financial institution does not have branch capability, provide written agreements that would allow checks drawn on your financial institution to be cashed fee free. Provide your financial institution's check cashing policy in detail.

## **E. ELECTRONIC COMMERCE**

The term "Mandatory Services" (sometimes noted under the heading "Mandatory") as used in this RFR refers to those requirements that must be provided to the Commonwealth as part of the services provided under the contract(s) that may be awarded pursuant to this RFR.

### **1. MANDATORY**

The Commonwealth will provide an input file in ACH format, which will be sent to the financial institution electronically usually no later than one day prior to the settlement date. Files will include direct deposit transmissions for the State Teachers Retirement and the State Retirement systems (both monthly), the Commonwealth's Human Resources Compensation Management System (HR/CMS), which generates payrolls bi-weekly, Department of Revenue tax refunds, and Department of Transitional Assistance benefits which are generated daily. The Commonwealth's systems do not permit generation of payments where appropriation/funding is not in place. Direct deposits must be processed so that they meet the ACH requirements permitting deposit in the appropriate financial institution and accounts by opening of business. Emergency situations may occur when the Commonwealth cannot have the file 24 hours prior to settlement. The Commonwealth makes payments on daily warrants to vendors using CTX X12 820 and CCD+ Transactions set format payments. The daily files will include pre-notes for vendors' payments and two payroll pre-note files will be sent. The Commonwealth expects to increase participation in ACH by vendors. The funding to meet these needs is moved as needed from the float account to the ACH/EFT account to cover payments on settlement date. All EFT transmissions are self-settling.

**2. MANDATORY**

ACH files will be transmitted throughout the business day and evening as the Treasury runs a services operation from 6 A.M. to 10 P.M. The financial institution must be able to process all ACH files, each business day, meeting the Federal Reserve's window deadlines, for the settlement as prescribed in the file. Services shall include removal of the items drawn on the service financial institution and transfer of remaining items to the Automated Clearing House.

**3. MANDATORY**

The Commonwealth will provide this information by electronic transmission. The financial institution must provide an FTP server to send/receive encrypted files over the Internet. The Treasury prefers HTTPS to send and receive files. If FTP is used, the financial institution must use GNUPG/PGP. Encryption software used by the financial institution must be compatible with GNUPG/PGP ([www.gnupg.org](http://www.gnupg.org)). The files can be large and consist of up to 120,000 direct deposit transactions. The financial institution must have a back-up system in the event of primary system failure. The financial institution must provide all file formats and schedule information.

**4. MANDATORY**

Direct deposit and EFT deletions and rejections will not be handled by fax notifications. The Treasury and selected delegated agencies will require a secure internet browser to initiate these corrections for either direct deposit or EFT transactions.

**5. MANDATORY**

In addition to electronic transmission of files from the central computer operations in Chelsea, the financial institution must provide a secure internet system enabling the Treasury to create ACH transactions on site and in selected agencies. This browser must have the capability to create both debit and credit transactions with addenda records. The financial institution will process and forward the file to the ACH for automatic settlement on the date the Treasury specifies. The

financial institution must provide reports that include, but are not limited to: individual profiles (individual and financial institution account information), individual transactions, transactions by settlement date, pre-release transactions, repetitive items by individual, settlement report by effective date, and end-of-month summary reports. The on-line system must be able to import data from the current provider's secure internet system and transfer this data to the successful Bidder's system.

**6. MANDATORY**

The financial institution must provide an automated ACH transfer facility (secure internet system) to enable the Treasury to receive reports that include data (including addenda information) on all ACH credit and debit items to post each day to the Treasury's accounts. The information must be able to be exported to excel. This information should be available no later than opening of the business day. All other ACH debits and credits that are presented at a later Federal Reserve window time for same day settlement should be provided on subsequent reports, available that same day, on an "on demand," interim basis.

**7. MANDATORY**

The financial institution must establish security procedures for the transmission and confirmation of ACH files between the Treasury and the financial institution (i.e., confidential test code calculations or passwords). Verify total debit and credit amounts, entry counts, and the effective entry date of the transmittal. ACH schedules/calendars will be provided by this office to assist in this procedure.

**8. MANDATORY**

The ability to back value bank-related errors is required.

**9. MANDATORY**

Future value dating must be available on all direct deposit and EFT transactions.

**10. MANDATORY**

Back value will take place on all bank-related errors.

**11. MANDATORY**

Rejections and Notifications of Change can be downloaded to Excel/Access formats.

**12. MANDATORY**

On-line adjustments (deletes, reversals, reclamation) can be initiated through financial institution system.

**13. MANDATORY**



In addition to SFTP/FTP, other back-up medium can be supported.

**For the following Mandatory Services, please indicate availability by your financial institution by marking the appropriate column. If the “Equivalent Service Provided” column is marked, please provide a narrative explanation. Bidders are advised that they should review the instructions and scoring information provided on page 7 prior to completing this grid.**

**Please answer each question below describing how your financial institution currently deals with or is proposing to deal with this particular component of the RFR.**

<b><u>Mandatory Service Requirements:</u></b>	<b><u>YES</u></b>	<b><u>NO</u></b>	<b><u>EQUIVALENT SERVICE PROVIDED</u></b>
1. Files can be received through electronic transmission.	<input type="checkbox"/>	<input type="checkbox"/>	
2. Financial institution must provide processing in multiple Federal Reserve windows on a daily basis.	<input type="checkbox"/>	<input type="checkbox"/>	
3. Files are authenticated and encrypted.	<input type="checkbox"/>	<input type="checkbox"/>	
ACH transmissions accepted in following formats:			
CCD	<input type="checkbox"/>	<input type="checkbox"/>	
CCD+	<input type="checkbox"/>	<input type="checkbox"/>	
CIE	<input type="checkbox"/>	<input type="checkbox"/>	
CTX X12 820 Transaction set	<input type="checkbox"/>	<input type="checkbox"/>	
PPD	<input type="checkbox"/>	<input type="checkbox"/>	
4. Financial institution must provide a daily file transmission, in NACHA format, of all notifications of direct deposit and ACH credit returns and rejections, ACH pre-note rejections and notifications of change.	<input type="checkbox"/>	<input type="checkbox"/>	
Return notifications (Rejections, Notification of Changes) must be made available.	<input type="checkbox"/>	<input type="checkbox"/>	
5. The direct deposit and EFT calendar is maintained by financial institution.	<input type="checkbox"/>	<input type="checkbox"/>	
Confirmation of all transmissions of direct deposit and EFT files per Commonwealth instruction.	<input type="checkbox"/>	<input type="checkbox"/>	
6. The ACH system will support the following report options:			
• Individual profiles (individual and financial institution account information)	<input type="checkbox"/>	<input type="checkbox"/>	
• Individual transactions	<input type="checkbox"/>	<input type="checkbox"/>	
• Transactions by settlement date	<input type="checkbox"/>	<input type="checkbox"/>	
• Pre-release transactions	<input type="checkbox"/>	<input type="checkbox"/>	
• Repetitive items by individual	<input type="checkbox"/>	<input type="checkbox"/>	
• Settlement report by effective date	<input type="checkbox"/>	<input type="checkbox"/>	
• End-of-month summary reports	<input type="checkbox"/>	<input type="checkbox"/>	
7. In addition to mainframe transmission, the on-line bank system will permit ACH initiation.	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	

On-line reports must be capable of being exported to Excel.			
8. Financial institution can process ACH debit transactions and interface with the Commonwealth's web-based electronic payment programs.			
9. Security procedures for the transmission and confirmation of ACH files.	[ ]	[ ]	
10. Back value will take place on all bank-related errors.	[ ]	[ ]	
11. Future value dating is available on all direct deposit and EFT transactions.	[ ]	[ ]	
12. Rejections and Notifications of Change can be downloaded to Excel/Access formats.	[ ]	[ ]	
13. On-line adjustments (deletes, reversals, reclamation) can be initiated through financial institution system.	[ ]	[ ]	
14. In addition to SFTP/FTP, other back-up medium can be supported, including (specify): _____	[ ]	[ ]	
	[ ]	[ ]	

- Does your financial institution provide acknowledgments when it receives a file transmission? If so, describe the level of detail, the information required and the reconciliation procedures involved. Is notification of transmission incumbent on the Commonwealth?
- Describe the financial institution's process for pre-notification? Include time frames and exceptions. What is the recommended, best value, policy use of pre-notifications? Are pre-notifications ever performed on the same day as actual transfers? If so, explain your financial institution's rationale for doing this.
- Describe how your financial institution handles returned pre-notifications.
- Describe how returned money items are handled.
- Will your financial institution provide any assistance in marketing direct deposit to our employees or EFT to our vendors? If so, describe what your financial institution offers.
- Does your financial institution provide on-line access to a master database of ABA transit routing codes? If so, describe how this can be accessed, whether there are any limitations on its use and how updates to the database are handled.
- How can your financial institution help correct ABA transit routing numbers for closed or merged institutions?
- Describe your financial institution's process for reversing and deleting items.
- Can your financial institution provide an ACH warehousing capability? If so, indicate the maximum warehousing periods (by ACH transaction type) and how long changes can still be made before release from warehouse status?

10. Please list your Federal Reserve windows and the time you require the file to be received and balanced in your system.
11. For each of the ACH formats, by what methods can the financial institution deliver remittance information to the vendor? Please attach a sample of each type of report you send.

Delivery Method	ACH Format			
	CCD	CCD+	CIE	CTX X12 820
Transmission to SFTP/FTP				
Transmission to PC				
Bank information reporting service				
Secure on-line system				
Secure portable hard drive (flash drive)				
Email				
Fax				
Hard copy report				
Other (Describe)				

12. Does the financial institution report payment and remittance information to the vendor:
  - a. On the day it is received?
  - b. On settlement date?
  - c. On the day following settlement?
13. Are there a maximum number of characters that the financial institution can report in a reference number, e.g., invoicing number, purchase order number, contract number? If yes, how many characters can be reported?

## F. WIRE TRANSFER CAPABILITIES

The term "Mandatory Services" (sometimes noted under the heading "Mandatory") as used in this RFR refers to those requirements that must be provided to the Commonwealth as part of the services provided under the contract(s) that may be awarded pursuant to this RFR.

### 1. MANDATORY

The financial institution must provide a secure internet system that will allow the Treasury and selected agencies to initiate one-time and repetitive outgoing transfers, including EFTPS Tax Wires with subcategory breakdowns – **secondary authorization is required on all outgoing wire transfers** – and receive information on incoming wire transfers. This system must provide on-line reports detailing daily incoming/outgoing wire transfer activity on demand; all data will be displayed in real time.

### 2. MANDATORY

The system must provide reasonable security procedures for the initiation of wire transfers, including a security feature that prevents a single individual from entering, approving and releasing funds from the Treasury's accounts. The system must have the ability to provide details of each wire transfer to verify account information (account number, dollar amount, comment fields, etc.) before secondary authorization is given. The system must also include the capability to view all wires (repetitive and non-repetitive) initiated on a given day and their current status (pending, approved, released, Fedwire or internal control number) so that all wire activity can be verified.

**3. MANDATORY**

All financial institution wires, including intrabank transactions, will be posted to the account upon receipt; all such transactions must be posted no later than 5 P.M. on any business day. This information should be available through on-line reports detailing incoming activity in real time. On special occasions, the financial institution may be asked to expedite the transfer of funds in order to meet extraordinary requirements (i.e., debt service payments, investment purchases, Electronic Benefit Transfer ("EBT") settlement payments).

**4. MANDATORY**

The wire transfer system should support various report options including sort by:

- Account Number
- Log-On ID (for outgoing wire transfers only)
- Day
- Amount (minimum and maximum)
- Time
- Pending items requiring action

Reports must include:

- Account number and account title being debited/credited
- Time the wire was sent
- Status of wire: "DONE", "CANCELED", "IN PROGRESS"
- Amount of wire
- Sender of wire (account information of sender - financial institution, financial institution account, name)
- Federal Reserve reference number
- Total wire amounts to be credited and/or debited summarized by account number.

**5. MANDATORY**

Future value dating must be available on all wires.

**6. MANDATORY**

Files must be authenticated and encrypted.

## 7. MANDATORY

The ability to back value bank-related errors is required.

**For the following Mandatory Services, please indicate availability by your financial institution by marking the appropriate column. If the “Equivalent Service Provided” column is marked, please provide a narrative explanation. Bidders are advised that they should review the instructions and scoring information provided on page 7 prior to completing this grid.**

**Please answer each question below describing how your financial institution currently deals with or is proposing to deal with this particular component of the RFR.**

<b><u>Mandatory Service Requirements:</u></b>	<b><u>YES</u></b>	<b><u>NO</u></b>	<b><u>EQUIVALENT SERVICE PROVIDED</u></b>
1. Dual Authorization for wire release.	[ ]	[ ]	
2. The following (domestic U.S.) funds transfer initiation capabilities are available through the on-line system:	[ ]	[ ]	
• Automated, repetitive	[ ]	[ ]	
• Automated, non-repetitive	[ ]	[ ]	
• Manual, repetitive	[ ]	[ ]	
• Manual, non-repetitive	[ ]	[ ]	
• Drawdown transfers	[ ]	[ ]	
• Freeform transfers	[ ]	[ ]	
• Internal bank (book) transfers	[ ]	[ ]	
All of the above must be available through back-up systems, including:	[ ]	[ ]	
• Phone authorization	[ ]	[ ]	
• On-line authorization	[ ]	[ ]	
3. On-line inquiry on status of wires is available on demand through on-line systems.	[ ]	[ ]	
4. All properly executed wires, including intrabank and interbank, will be posted upon receipt.	[ ]	[ ]	
5. Wire transfer system reports. Provide samples/outlines of reporting options in an attachment.	[ ]	[ ]	
6. Future value dating is available on all wires.	[ ]	[ ]	
7. Files are authenticated and encrypted.	[ ]	[ ]	
8. Back value will take place on all bank-related errors.	[ ]	[ ]	

1. Describe your financial institution's controls to prevent file loss, duplicate transmissions and acceptance of duplicate returns and whether these controls differ by type of application.
2. Describe your financial institution's security system in general, indicating any procedures that are required for specific transactions. Do you incorporate tokens in the wire release process?

3. Does your financial institution operate its own money transfer system or does it operate through a correspondent financial institution or a third-party vendor? Please describe your system, including the interface to the Federal Reserve.
4. What are the deadlines associated with each form of wire initiation by type (intradistrict, interdistrict, book, drawdown) and method?
5. For future value dating, how long can these be established from date of entry?
6. What are the hours of operation of the money transfer division or department? Is there an emergency contact?
7. Describe the steps necessary to establish repetitive and non-repetitive funds transfer (set up, steps and notification time).
8. How often does the financial institution update the file for financial institution confirmation and Fedwire reference numbers?
9. Do we have the ability to change, add or delete an item after transmission to your financial institution? If yes, describe the procedures.
10. To what extent is there financial institution personnel direct intervention in wires? Are wires automatically released or is there manual review prior to release? How is the Commonwealth notified of problems? How is the Commonwealth notified of returned items?
11. In the event of an error, how are back value adjustments handled?
12. Provide data for the past year showing the amount of downtime for your financial institution's processing system.
13. Describe how you will deal with a wire request after 5 P.M., but prior to the Fedwire network shutting down?
14. What other methods do you have for same day settlement?
15. Describe the internet website, is the site built by the bidding financial institution or outsourced? How often is the site updated to meet user requests? Does the financial institution take ownership of all issues related to the website?

## **G. INFORMATION REPORTING AND SYSTEM REQUIREMENTS**

The term "Mandatory Services" (sometimes noted under the heading "Mandatory") as used in this RFR refers to those requirements that must be provided to the Commonwealth as part of the services provided under the contract(s) that may be awarded pursuant to this RFR.

### **1. MANDATORY**

The ability to retrieve on-line data outlined in numerous parts of the RFR must be achieved by using a secure internet system.

2. **MANDATORY**

At a minimum, the financial institution must have a password-protected secure on-line system that provides:

- Daily reporting of ledger, collected and available balances in aggregate for all linked accounts and for individual accounts;
- Account detail for a minimum of sixty (60) days, ninety (90) days preferable;
- For the pooled concentration account, daily interaction reporting to linked accounts;
- Wire transfer initiation and authorization;
- For controlled disbursement accounts: daily information as to presentments, items paid, stop payments, stop payment removals, manual adjustments to the issuance file, and exception items;
- Upload/transmission of ACH transactions and files;
- Commonwealth originated stop payments of checks; and
- Detailed listing of all returned ACH items.

3. **MANDATORY**

The daily statement will indicate an ID field next to each deposit. The MICR encoding on the deposit slips will provide this ID field. The account statement should summarize deposit activity by this ID field (agency number). The daily statement should identify electronic deposit/withdrawal activity; i.e., distinguish between ACH and wire items, for both debits and credits and on-site check deposits.

4. **MANDATORY**

The Commonwealth will require monthly statements on all accounts. The cut-off date shall be the last business day of the month. Electronic submission is preferable, but not mandatory.

5. **MANDATORY**

All disbursement accounts included in this section require full reconciliation services. It is the Commonwealth's intent to input electronically to the financial institution by direct transmission (with PC Treasury system update of items as well) and to obtain reconciliation services including a listing of paid and outstanding checks, paid no issues, exception processing and stop payment reconciliation. The Commonwealth will ask respondents to make full descriptions of the reconciliation services available in the questionnaire and may adopt alternative methodologies as deemed appropriate. The Commonwealth would require reconciliation by electronic transmission of the account reconciliation (o/s listings by electronic transmission).

6. **MANDATORY**

Any credit deposits that are subjected to a back value will be reported monthly on a back value log.

7. **MANDATORY**

The financial institution will provide an Item Tracking System or Item Detail Report of all checks deposited, listed by deposit. Preferably, this report should be available on-line for prior day deposits and be available for download. Data should also be sent by electronical format and include trace number, deposit date, dollar amount, deposit amount, and transit routing number. If a check copy is necessary, the Treasury will provide the deposit date, check amount, and trace number of the check within the deposit.

8. **MANDATORY**

The financial institution shall provide a monthly float and check clearance report to the Treasury for each disbursement account and in summary.

9. **MANDATORY**

Detailed listing of all returned ACH items.

**For the following Mandatory Services, please indicate availability by your financial institution by marking the appropriate column. If the “Equivalent Service Provided” column is marked, please provide a narrative explanation. Bidders are advised that they should review the instructions and scoring information provided on page 7 prior to completing this grid.**

<b><u>Mandatory Service Requirements:</u></b>	<b><u>YES</u></b>	<b><u>NO</u></b>	<b><u>EQUIVALENT SERVICE PROVIDED</u></b>
1. The ability to retrieve on-line data by using a secure internet browser.	[ ]	[ ]	
2. Password-protected system operating via secure internet browser that provides:			
• Daily reporting of ledger, collected and available balances in aggregate for all linked accounts and for individual accounts.	[ ]	[ ]	
• Account detail for the current month and one-month prior.	[ ]	[ ]	
• For the pooled concentration account, daily interaction reporting to linked accounts.	[ ]	[ ]	
• Wire transfer initiation and authorization.	[ ]	[ ]	
• For controlled disbursement accounts: daily information as to presentments, items paid, stop payments, stop payment removals, manual adjustments to the issuance file, and exception items.	[ ]	[ ]	
• Upload/transmission of ACH transactions.	[ ]	[ ]	
• Commonwealth originated stop payments of checks.	[ ]	[ ]	
3. The MICR encoding on deposit slips will be cross-referenced to the system, which will report this as an identifier on the daily report.	[ ]	[ ]	
ACH and wire debits and credited must be separated.	[ ]	[ ]	



4. Monthly statements of accounts must be available.	<input type="checkbox"/>	<input type="checkbox"/>	
5. Electronic transmission will be used to transmit full reconciliation data on all disbursement accounts. A hard copy is also required.	<input type="checkbox"/>	<input type="checkbox"/>	
6. All credit deposits that are subjected to a back value will be reported on back value log.	<input type="checkbox"/>	<input type="checkbox"/>	
7. Item tracking system is available on all deposits.	<input type="checkbox"/>	<input type="checkbox"/>	
8. Provide a monthly float and check clearance report.	<input type="checkbox"/>	<input type="checkbox"/>	
9. Detailed listing of all returned ACH items.	<input type="checkbox"/>	<input type="checkbox"/>	
10. The system needs to have the ability to download Microsoft Excel/Access files.	<input type="checkbox"/>	<input type="checkbox"/>	
11. On-line imaging is required for:			
• Canceled checks	<input type="checkbox"/>	<input type="checkbox"/>	
• Positive pay pending items	<input type="checkbox"/>	<input type="checkbox"/>	
• Deposits	<input type="checkbox"/>	<input type="checkbox"/>	

**Please answer each question below describing how your financial institution currently deals with or is proposing to deal with this particular component of the RFR.**

- Describe your information system product, including optional modules. Describe what current and historical information is kept in the system and what transactions can be implemented through this system.
- Provide a sample copy of a concentration account and other related reports. Indicate which reports are accessible on-line. Data on presentation and method of calculation of cash balances and cash position should be included.
- How long is information maintained? Is the full history accessible on-line? If not, describe the procedures for accessing the information.
- Will the postings from controlled disbursement accounts and other accounts linked to the main account be accessible through a detailed report of the main account or must we access each account separately? Provide a sample or describe the level of detail available in both cases.
- Provide your financial institution's minimum and recommended hardware and software requirements.
- Describe the system security alternatives your financial institution offers, including whether passwords, authentication and/or encryption techniques are available and how sophisticated and flexible they are. Include any appropriate comparisons.
- Describe your financial institution's security measures and their performance in comparison to industry benchmarks.
- Describe financial institution's contingency plans for cases where your system is inaccessible on-line. Also indicate the number of occasions and amount of system downtime over the past year.
- Describe the procedures for adding, modifying or eliminating a reporting (collection) location.

10. Where are master file and transaction information maintained? How can this information be accessed?
11. Are there different controls for repetitive, non-repetitive and freeform wire transfers? If so, describe them.
12. Can an ACH concentration and/or paper DTC be changed after it has been reported but before it has been cleared? If so, describe the procedures, including deadlines, liabilities (for changes) and other limitations.
13. Are there specific times during the business day or during the month when wire transfers are more likely to be delayed?
14. Describe how returned items for checks, ACH transactions and DTCs are handled. How and when will we be notified about returned items?
15. On-line access to returned items, including images of the front and back of checks.
16. Are there dollar limits on any concentration transactions? If so, describe these limits.
17. Can we establish controlled disbursement accounts that can be tied to our main concentration account? Are there any limitations on the type; e.g., depository account vs. disbursement account? Describe any limitations.

## **H. COMMUNICATIONS AND SECURITY**

**Please answer each question below describing how your financial institution currently deals with or is proposing to deal with this particular component of the RFR. A response to each question is mandatory.**

1. Can the system provide output reports in various formats? List all formats offered and describe any special features or limitations.
2. Is there an ad-hoc reporting capability or report writer software?
3. Does the system use encryption and authentication techniques? If so, describe their features.
4. Describe how system and/or individual program passwords are handled.
5. Are additional (optional) security features available? Describe any such options.
6. Can we restrict system users to a set list of programs or specific functions within an individual program? If so, describe how these features work.

## **I. BANK DOCUMENTATION, TRAINING AND SUPPORT**

**Please answer each question below describing how your financial institution currently deals with or is proposing to deal with this particular component of the RFR. A response to each question is mandatory.**

1. Does the system provide for a master list of authorized signers by account? If so, describe the system security associated with maintaining and reviewing this list.
2. Does the system permit restrictions on individual authorized signers, such as maximum dollar limit or type of transaction? Describe all options.
3. Does the system automatically generate an audit report on any changes to the master list of authorized signers?
4. How long does a typical installation take? What factors might alter that time period?
5. Describe the testing procedures, including the time involved for implementing the services requested.
6. Are any third parties involved in training or system development? If so, describe their respective roles.
7. Does your financial institution provide written user manuals for all services? How many copies does it provide? How often are the manuals updated? Is there a cost to receive updates routinely?
8. Is there an on-site training facility at the service provider's location? If so, describe how it is used.
9. How many active user companies are there for your product?
10. Is there a user group for your system? Describe the membership and frequency of meetings or other communication.

#### **J. IMAGING AND CD-ROM TECHNOLOGY**

**Please answer each question below describing how your financial institution currently deals with or is proposing to deal with this particular component of the RFR. A response to each question is mandatory.**

1. Can check imaging data be stored digitally for archive purposes?
2. Is electronic transmission of check images available?
3. Can archived files be accessed using multiple indices? Please specify.
4. Describe any additional imaging services and features.

#### **K. OTHER ITEMS**

**Please answer each question below describing how your financial institution currently deals with or is proposing to deal with this particular component of the RFR. A response to each question is mandatory.**

1. Does your system offer customizable dashboards? If so, describe the options.
2. Does the system offer the capability of importing and exporting files in standard (e.g., Microsoft Office) spreadsheet or database formats? If so, list all formats and versions supported.
3. Does the system provide word processing capabilities? If so, describe all packages offered and/or versions supported.
4. Does the system offer electronic mail capabilities? If so, describe all options available.
5. Does the system offer a general ad hoc report generation capability? If so, describe how this works.
6. In the event of a major EBT/EFT failure, the Department of Transitional Assistance and/or the Department of Unemployment Assistance would be required to issue checks. Please describe your check cashing policy for these items.
7. Will EBT transactions at your ATM's be surcharge free?
8. The Treasury is open to new ways to conduct business. If you have an innovative way to provide the services requested, please include a response delineating your business idea. Your response will be scored as part of Phase Two Optional Services. Please note you must bid on the specifications outlined in this section.

## **COMPONENT 2: LOCKBOX AND ACH CREDIT/DEBIT SERVICES**

### **SECTION I. SUMMARY**

The Treasury seeks qualified Bidders interested in providing Lockbox and ACH credit/debit services. The Commonwealth, through individual agencies, utilizes Lockboxes to streamline the collection of fees that are swept into its core depository account. The process consists of both retail and wholesale operations. Agencies also utilize ACH credit and debit transactions to move funds into their depository accounts.

The objective of this component is to establish a partnership with the awarded Contractor to deliver quality Lockbox and ACH credit/debit services to agencies, citizens and local governments.

### **SECTION II. EVALUATION PROCESS**

Please refer to the Evaluation Process beginning on page 7 to review the evaluation criteria to be applied in evaluating this component of the RFR.

#### **A. PROPOSAL SUBMISSION**

1. Does the financial institution wish to submit a proposal for lockbox and ACH credit/debit services?

Yes \_\_\_\_\_ No \_\_\_\_\_

2. If the response directly above is yes, please continue with the lockbox and ACH credit/debit services questionnaire and include the applicable attachment in the sealed cost proposal. Included are yearly volumes for CDR accounts and EFT transactions. If the response is no, please continue with Component 3 (page 55).
3. Include three (3) references in the Attachment that use this or a similar service. If a bid is submitted for multiple components, references can be combined where multiple services are provided.

## **B. SERVICE OVERVIEW AND DATA REQUIREMENTS**

The term "Mandatory Services" (sometimes noted under the heading "Mandatory") as used in this RFR refers to those requirements that must be provided to the Commonwealth as part of the services provided under the contract(s) that may be awarded pursuant to this RFR.

Attachment C2 provides details on current Lockbox operations, including item volumes and total dollars processed. The summary also provides information on special requirements. These sections constitute the scope of work for each agency. Proposers will be required to provide a detailed review of plans to accomplish this work.

## **C. AGENCY OVERVIEW**

The term "Mandatory Services" (sometimes noted under the heading "Mandatory") as used in this RFR refers to those requirements that must be provided to the Commonwealth as part of the services provided under the contract(s) that may be awarded pursuant to this RFR.

Each agency has unique formalities relative to the efficient operation of Lockbox services. Please refer to the designated attachments for a better understanding of processing requirements.

Cash Management Central Remittance ("CMCR") – Attachment A2  
Department of Revenue ("DOR") – Attachment B2  
Other Agencies – Attachment C2

## **D. MANDATORY SERVICES**

Please indicate Vendor's availability to provide these services by marking the appropriate column. If the "Equivalent Service Provided" column is marked, please provide a narrative explanation. Individual Lockbox requirements can be found in Attachment C2. Bidders are advised that they should review the instructions and scoring information provided on page 7 prior to completing this grid.

<u>Mandatory Service Requirements:</u>	<u>YES</u>	<u>NO</u>	<u>EQUIVALENT SERVICE PROVIDED</u>
--	------------	-----------	--

1. Lockbox processing facility is/will be located in Massachusetts.	<input type="checkbox"/>	<input type="checkbox"/>	
2. Provide both wholesale and retail Lockbox services that can be customized to meet Commonwealth needs.	<input type="checkbox"/>	<input type="checkbox"/>	
3. Data from all payments must be captured by either a combination of OCR and manual entry, EFT, or entirely by manual entry.	<input type="checkbox"/>	<input type="checkbox"/>	
4. Process all receipts and documents received within twenty-four hours of mail pick-up.	<input type="checkbox"/>	<input type="checkbox"/>	
5. Make mail pick-ups daily at the South Postal Annex in Boston prior to 8 A.M.	<input type="checkbox"/>	<input type="checkbox"/>	
6. Unique post office box numbers will be established for all accounts as requested by the Commonwealth.	<input type="checkbox"/>	<input type="checkbox"/>	
7. Accommodate specific priority processing instructions issued by the Commonwealth based on types of processing and dollar amounts.	<input type="checkbox"/>	<input type="checkbox"/>	
8. Must have the ability to accommodate scanline technology.	<input type="checkbox"/>	<input type="checkbox"/>	
9. Batches will not consist of more than 50 transactions validated in numerical order from 00 through 50. Batches will be limited to types of items per instructions provided by the Commonwealth.	<input type="checkbox"/>	<input type="checkbox"/>	
10. Receipts can be transmitted to the Commonwealth by the following methods:			
• Internal Book Transfer	<input type="checkbox"/>	<input type="checkbox"/>	
• Fedwire	<input type="checkbox"/>	<input type="checkbox"/>	
• ACH	<input type="checkbox"/>	<input type="checkbox"/>	
• Zero balance concentration	<input type="checkbox"/>	<input type="checkbox"/>	
11. A validation tracking number must be assigned to all checks and supporting documentation to provide a full audit trail.	<input type="checkbox"/>	<input type="checkbox"/>	
12. All checks and money orders must be restrictively endorsed and imaged.	<input type="checkbox"/>	<input type="checkbox"/>	
13. Balance all batches to ensure that all physical forms that have been processed are included in physical batches when returned to the agency.	<input type="checkbox"/>	<input type="checkbox"/>	
14. A daily deposit cycle will commence at 8:01 A.M. and close at 8 A.M. of the next business day. All work presented during that time will be considered the work of the date closing.	<input type="checkbox"/>	<input type="checkbox"/>	
15. On the last day of the fiscal year the cut-off can be amended so that receipts received through the end of that day can be segregated from other receipts for the cycle.	<input type="checkbox"/>	<input type="checkbox"/>	
16. The Treasury and other participating agencies must receive the total funds collected, one- and two-day float by 9 A.M. every morning. The selected financial institution/Vendor must have a secure on-line system to provide the following information daily:			
• Dollar amount deposited			

<ul style="list-style-type: none"> <li>• Dollar amount to be transferred</li> <li>• Account number(s) to which credit was applied</li> <li>• Number of deposit transactions</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	
17. Good funds will be determined, at a minimum, based on the Federal Reserve availability schedule.	<input type="checkbox"/>	<input type="checkbox"/>	
18. Good funds will be transferred daily.	<input type="checkbox"/>	<input type="checkbox"/>	
19. On-us checks drawn against the selected bank shall have zero floats.	<input type="checkbox"/>	<input type="checkbox"/>	
20. Checks that are not collected and are returned unpaid must be redeposited twice.	<input type="checkbox"/>	<input type="checkbox"/>	
21. The selected financial institution/Vendor will comply with NACHA rules and regulations for honoring ACH transactions.	<input type="checkbox"/>	<input type="checkbox"/>	
22. Provide detailed disaster recovery and business continuity plans.	<input type="checkbox"/>	<input type="checkbox"/>	
23. Provide an analysis of each depository account monthly, with a copy delivered to the contract manager and the Treasury .	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	

**Please answer each question below describing how Vendor currently handles Lockbox processing or is proposing to handle this RFR.**

1. How long has Vendor been providing wholesale and retail Lockbox services?
2. Are processing facilities owned, managed or operated by a third party? If so, what provisions are made to guarantee service quality and continuance?
3. For both retail and wholesale Lockbox operations (list separately), what is your current volume processed through the financial institution/Vendor?
4. How does the current level of service relate to your overall capacity?
5. Provide a flow chart and narrative to describe your proposed method of Lockbox processing from receipt of mail at the Lockbox through assignment of availability. Include a description of each key task/function, the provider of the service (financial institution or third party) cut off times and associated time frames for completion. Commonwealth specific variances to general financial institution processes must be outlined here.
6. List the type and quantity of equipment to be used for Lockbox processing for the Commonwealth. This listing should be comprehensive and include specific equipment used for opening, extraction, sorting, data capture, MICR encoding, endorsement (if used), remittance processing and data transmission.
7. If the same equipment is used for other clients, both wholesale and retail processing, how is the work prioritized?

8. List your peak processing periods and describe the method of accommodating these volume fluctuations.
9. For each site and work shift, provide the number of proposed full- and part-time employees to be involved in the following Lockbox functions in operations servicing Commonwealth accounts. This may be submitted as an attached schedule.

Supervision

Processing

Customer Service

Support (mailroom, proof/encoding, computer operations and other clerical tasks)

10. What are the average years of experience of staff assigned to Lockbox operations and the average turnover percentage for supervisory, processing, customer service and support staff?
11. List all holidays, inactive weekend hours, or any other days and times when receipts will not be processed. Describe how these will impact funds availability.
12. Describe your Lockbox customer service support function, including the number of accounts each representative handles and the average turnaround time on inquiries.
13. Is there a specific service representative assigned to each account?
14. Are there standard turnaround times for customer service requests? If so, specify for specific tasks (i.e., check photocopies, fax copies, Lockbox transmissions). Does the financial institution/Vendor measure its performance against these standards? Specify results.
15. List the key quality and quantity control measures or techniques used to monitor and evaluate processing. Describe error control procedures that are employed.
16. Do you participate in the Phoenix-Hecht Survey? If so, please provide your report on primary quality indicators (error rates) for the past year. Also, include any additional error reports or service quality measures you provide to your Lockbox customers. If your financial institution does not participate in the quality forum, please provide service quality reports using other benchmarks.
17. Will an audit trail be printed as a cross-reference on each check and remittance document?
18. Describe your contingency plans for equipment, power or other failures that could affect Lockbox services or information reporting of Lockbox data.
19. What is the anticipated lead-time necessary to transition the Commonwealth? What is the required lead-time for changes in processing requirements?
20. The Treasury is open to new ways to conduct business. If you have an innovative way to provide the services requested, please include a response delineating your business idea. Your response will be scored as part of Phase Two Optional Services. Please note you must bid on the specifications outlined in this section.



## **E. PROPOSED SERVICES**

The term "Mandatory Services" (sometimes noted under the heading "Mandatory") as used in this RFR refers to those requirements that must be provided to the Commonwealth as part of the services provided under the contract(s) that may be awarded pursuant to this RFR.

### **1. OVERVIEW**

Based on the proposing Vendor's review of the Attachments, please provide an overview of the proposed plan and arrangements to complete the scope of work. This plan should include any recommended alternatives or approaches to meeting service needs. The ability to respond to this question and analyze the delivery of these services and provide recommendations is considered essential to the provision of Lockbox services. Attach three (3) references that use this or a similar service. **It is a requirement that the lockbox processing facility must be located within the Commonwealth of Massachusetts.**

### **2. POSTAL SERVICES**

- a) Do you offer 5- or 9-digit unique zip codes?
- b) Is your zip code included in the first sort at the post office?
- c) Do you or the post office perform the fine sort by box number?
- d) If you perform the fine sort, describe the equipment used and its capability (e.g., can it read bar codes?).
- e) How long does it take from mail pick up at the post office to delivery at the Lockbox department?
- f) Does your personnel or contract courier pick up mail? Describe any contractual requirements with a third party that could impact the Commonwealth's processing.
- g) List your post office processing hours for each day of the week.
- h) List your post office pick up schedule for each day of the week.

### **3. LOCKBOX PROCESSING**

- a) What are the scheduled deposit times and, for each, indicate estimated percent of daily mail received and percent of daily deposit completed?
- b) Describe how checks that are received after our deposit cut-off time will be handled.
- c) What is the average processing time (from receipt time at Lockbox to point of deposit) for a Lockbox item?

- d) Do you guarantee that all checks will be processed within a specific time after they are received by you? If so, what is the maximum time you guarantee and what happens if you fail to meet the deadline? If not, please provide an estimate of how long processing should take.
- e) List all barcode types that can be accommodated.
- f) Where are checks MICR encoded?
- g) How is availability assigned? Is it done on an item-by-item basis? Is a “float factor” used? Describe in detail.
- h) Will our checks be assigned availability continuously as they are released for collection, or will assignment be made periodically on a batch basis during the day?
- i) Provide a copy of the availability schedule that will be used for our account.
- j) How frequently will your financial institution/Vendor update our availability schedule? What factors are used to analyze this?
- k) Can you provide an availability end-point analysis on a periodic basis? If so, explain how this report can be obtained. Any charges for such a report should be included in an attachment of the sealed dollar cost bid as an optional service. Provide the number of drawee financial institution/Vendors in the geographic area serviced by our Lockbox for which we will receive immediate availability on weekdays.
- l) Provide the number of direct sends in the geographic area served by our Lockbox that will be made on normal weekdays:

Direct sends to: Number/day  
 Correspondent banks  
 Federal Reserve Bank  
 Regional Check Process Centers (RCPCs)  
 High dollar group sorts

#### 4. **IMAGING**

- a) Indicate which of the following imaging features you offer and describe your capabilities:
  - Image lift
  - Image captures
- b) Provide document/check-imaging features for wholesale and retail Lockbox services.
- c) Has your legal counsel provided assurance that this is a legal copy acceptable by state and federal tax authorities? If so, please provide a copy of this opinion.

- d) How long have you been offering imaging services?
- e) How many customers use your imaging services? If your financial institution/Vendor uses image processing, provide the image retention period for customer service purposes.
- f) Do you include accompanying documents as part of the imaged file or only copies of the checks?
- g) What are the options for receiving the images? How is it accessible? What indices are used?
- h) Are you able to SFTP images?

## 5. **LOCKBOX INFORMATION REPORTING**

- a) What mechanisms are available to transfer funds from the Lockbox depository account to the Commonwealth's concentration account? Please specify any financial institution/Vendor internal requirements? What are the time frames associated with transmission?
- b) What time are DDA balances available?
- c) Can you combine multiple deposits into one daily ledger credit and provide separate information as to the amount and time of each deposit?
- d) List the electronic payment formats your Lockbox can accept, along with the timing of ledger credit and the transfer of payment information to us.
- e) Describe any special or priority processing services you offer for key customers.
- f) Do you separate ledger credits and related information for remittances processed on weekends and holidays?
- g) Does your financial institution/Vendor's processor have the capability to transmit in PDF? Does it have the capacity to provide other types of media? If so, please specify all types.
- h) Can your financial institution/Vendor's system accommodate multiple batch numbers for different types of processing (e.g., paid-as-billed, paid differently, etc.)?
- i) How are out-of-balance problems detected and corrected?
- j) Is an audit trail maintained for all items processed, linking them to output reports? What documentation or audit trail is provided for corrections made by the operator?
- k) Will images of remittance documents and back-up information processed by the Lockbox be available to the Commonwealth the next day? How will this be accomplished?
- l) Describe any plans you have for modifying your Lockbox services, such as acquiring new hardware, over the next year. How will these impact the Commonwealth?

## **F. QUALITY CONTROL/DISASTER RECOVERY**

The term "Mandatory Services" (sometimes noted under the heading "Mandatory") as used in this RFR refers to those requirements that must be provided to the Commonwealth as part of the services provided under the contract(s) that may be awarded pursuant to this RFR.

### **1. QUALITY CONTROL INDICATORS**

- a) Provide a report showing system downtime for the past year. This attachment is not included in the sixty- (60) page maximum limit.
- b) Provide a report showing customer response time (telephone queuing, other) for the past year. This attachment is not included in the sixty- (60) page maximum limit.
- c) Do you have a system that provides data on posting errors by your organization? If yes, provide results for the past three years.
- d) Describe your quality assurance program.
- e) Provide analysis of trends in quality performance (including any SSAE 16 and ADV Forms 1 and 2 reports), incorporating quantitative benchmarks or ratings, if available. If such data is not available, what steps are taken to monitor trends?

### **2. DAILY AND MONTHLY REPORTS**

- a) Will statements be made available to each individual account through the mail, internet, paper, electronic transmission, or other medium? Please indicate yes/no and in what medium, including paper, electronic transmission and attach samples. The samples will not be included in the sixty- (60) page limit.
- b) When will reports be available to participants following the end of the month? How many calendar days? It is the expectation of the Treasury that these statements will be available on line within five (5) business days of month-end and hard copy statements within ten (10) business days. Will reports include rating information of each security contained in the portfolio?

### **3. DISASTER RECOVERY**

- a) What type of back-up facility does the Bidder have for all primary systems used in providing Lockbox services?
- b) If a third party provides disaster back-up systems, state the contractual guarantees for service.
- c) In the event of a disaster that disables all primary and back-up systems does the Bidder have a recovery capability?
- d) How long will it take and what are the basic procedures used to recreate a day's activity?

- e) What plans does the Bidder have in place to ensure communication with clients in the event of a disaster?
- f) How often is the disaster recovery plan tested? Is there an annual report? Describe results or include a copy of findings.
- g) During the last three tests, how long did it take to switch over to the recovery site? Provide test dates.
- h) Describe your Disaster Recovery Plan and its interrelationship with key business partners. To the extent any of your data processing and information technology operations are provided through outside Vendors, please describe how you intend to assure quality delivery of these services.
- i) What type of back-up facility or “hot site” does the organization have for all primary systems used in providing services outlined in this proposal? Include location(s).

4. **INDUSTRY STANDARDS**

- a) Provide a report showing system downtime for the past year.
- b) Describe your financial institution/Vendor’s quality assurance program.
- c) Please provide analysis of trends in quality performance, incorporating, using quantitative benchmarks or ratings, if available. If not available, what steps are taken to monitor trends?
- d) If Phoenix-Hecht Survey data is available, include the following data for the last survey period and previous two measurements:
  - Information Reporting Missed Deadline Rate
  - Information Reporting System
- e) Describe your back-up procedures for times when the system is unavailable to us.
- f) Please describe any limitations on your financial institution/Vendor’s customer service, such as hours of availability or special emergency procedures.

5. **INTERNAL CONTROLS**

- a) Provide the most recent auditor’s report for internal controls.
- b) Compliance/Internal Control:
  - i. Are there or have there been any material litigation, arbitration or regulatory proceedings, either pending, adjudicated or settled, that your organization has been subject to within the last five years related to Lockbox processing? If yes, please provide an explanation. For

the purposes of this question, proceedings are material if your independent accountant, applying generally accepted accounting principles, determines that such proceedings required disclosures on your financial statements. In addition, please include a list of all litigation or administrative proceedings that have involved the Commonwealth as a party or administrative adjudicator (this shall not include lawsuits in the Courts of the Commonwealth in which the Commonwealth was not a party and are not appeals from administrative determinations by Commonwealth agencies), notwithstanding materiality, and explain the nature of each dispute.

- ii. Provide a detailed summary of the Bidder's compliance regime. Identify senior or key personnel in the Bidder's compliance process.
- iii. Does the Bidder maintain a code of ethics? If so, please attach.
- iv. During the past five years, has the Bidder been subject to any governmental regulatory or law enforcement agency's investigation, examination or other proceeding directly involving the firm, its owners or employees other than such examination or other proceedings as are routinely conducted in the ordinary course of the firm's business?
- v. During the past five years, has the Bidder been subject to any litigation alleging fraud, breach of fiduciary duty or other willful misconduct?
- vi. Provide a detailed summary of the Bidder's internal control structure. Does the Bidder conduct periodic risk assessment? Provide a copy of ADV (Parts I and II) and/or SSAE16, if applicable, or other internal control review documentation, preferably prepared by an independent third party. Have you had a material breach of internal control procedures over the past five years? If yes, how was it discovered and by whom? What corrective steps were taken?
- vii. Provide copies of the Bidder's most recent audited financial statements and auditor's management letter.
- viii. Have you ever violated a client guideline? If so, please describe the violation and the resolution.
- ix. Has the Bidder ever been dismissed and/or terminated prior to the end of the term of a contract? If yes, please explain.
- x. Please place a "Y" by each regulatory agency that your organization is examined by and for which your organization is subject to its rules and regulations. Include any identifying registration numbers.

<u>Agency</u>	<u>Y</u>	<u>Registration Numbers</u>
FDIC		
SEC		
NYSE		

OCC	_____
FRB	_____
Other (specify)	_____
	_____
	_____

### **COMPONENT 3: AGENCY ADVANCE CHECKING ACCOUNTS**

#### **SECTION I. SUMMARY**

The Treasury, seeks qualified Bidders interested in providing Agency Advance-checking Accounts, also known as Commonwealth DYNACASH Accounts. The Commonwealth, through individual agencies, utilizes these accounts to provide a variety of payments to employees, citizens and vendors of the Commonwealth.

The Commonwealth maintains revolving accounts to support various administrative expenditures at the agency level. The number of accounts varies. Current volumes are included in Attachment A3. The service requested includes check stock, maintenance of these accounts, including disbursement, receipt and reconciliation, both at the aggregate and for each disbursing account. Each disbursing account will have separate signature authority.

#### **SECTION II. EVALUATION PROCESS**

Please refer to the Evaluation Process beginning on page 7 to review the evaluation criteria to be applied in evaluating this component of the RFR.

##### **A. PROPOSAL SUBMISSION**

1. Does the financial institution wish to submit a proposal for Agency Advance-checking accounts?  
Yes \_\_\_\_\_ No \_\_\_\_\_
2. If the response directly above is yes, please continue with the Agency Advance-checking Account mandatory service requirements matrix and include the applicable attachment in the sealed cost proposal. If the response is no, please continue with Component 4 (page 57).
3. Attach three (3) references that use this or a similar service. If a bid is submitted for multiple components, references can be combined where multiple services are provided.

##### **B. MANDATORY SERVICES**

The primary disbursing activity for the Commonwealth is centralized in the Treasury and is fully integrated with the Office of the Comptroller's statewide accounting system, Massachusetts Management Accounting Reporting System (MMARS). Some disbursement systems are delegated to specific agencies with summary data recorded in MMARS. In addition to these check issuance systems, small balances currently reside in agency revolving accounts to provide for the emergency needs of the agencies. At present, roughly 130 such accounts are in place although this number may vary.

**For the following Mandatory Services, please mark the appropriate column to indicate availability by your financial institution. If “Equivalent Service Provided” column is marked, please provide a narrative explanation. Bidders are advised that they should review the instructions and scoring information provided on page 7 prior to completing this grid.**

<b><u>Mandatory Service Requirements:</u></b>	<b><u>YES</u></b>	<b><u>NO</u></b>	<b><u>EQUIVALENT SERVICE PROVIDED</u></b>
1. Provide ability to manually enter issues by secure on-line system.	<input type="checkbox"/>	<input type="checkbox"/>	
2. Provide statement cut-off date as of the last business day of each month.	<input type="checkbox"/>	<input type="checkbox"/>	
3. On-line and phone/fax check inquiry and stop payment orders with minimum overnight processing of stop pays.	<input type="checkbox"/>	<input type="checkbox"/>	
4. On-line and image transmission for canceled check research.	<input type="checkbox"/>	<input type="checkbox"/>	
5. Provide same day notice of checks presented that do not match issues of file.	<input type="checkbox"/>	<input type="checkbox"/>	
6. Provide detail reports at the aggregate and individual department level.	<input type="checkbox"/>	<input type="checkbox"/>	
7. Ability to provide variable rules (30, 90, 120 days) for honoring checks from date of final presentment for specific accounts.	<input type="checkbox"/>	<input type="checkbox"/>	
8. Automatic purge of stale-dated checks and transmission of data to Commonwealth based on specific account instructions.	<input type="checkbox"/>	<input type="checkbox"/>	
9. Process deposits received via Bank-by-Mail.	<input type="checkbox"/>	<input type="checkbox"/>	
10. Accept remote deposit capture to accounts.	<input type="checkbox"/>	<input type="checkbox"/>	
11. Reconcile paid items daily.	<input type="checkbox"/>	<input type="checkbox"/>	
12. Provide an outstanding report as of each month end.	<input type="checkbox"/>	<input type="checkbox"/>	
13. Provide special reports as requested.	<input type="checkbox"/>	<input type="checkbox"/>	
14. Push notifications by email, SMS text.	<input type="checkbox"/>	<input type="checkbox"/>	

**For the following Desirable Services, please indicate availability by your financial institution by marking the appropriate column. If “Equivalent Service Provided” column is marked, please provide a narrative explanation. Desirable services will be included in the core services evaluation.**

1. Real time balance reporting.	<input type="checkbox"/>	<input type="checkbox"/>	
2. Previous day reporting information available longer than sixty (60) days.	<input type="checkbox"/>	<input type="checkbox"/>	

The Treasury is open to new ways to conduct business. If you have an innovative way to provide the services requested, please include a response delineating your business idea. Your response will be scored as part of Phase Two Optional Services. Please note you must bid on the specifications outlined in this section.

#### **COMPONENT 4: TRIAL COURT SERVICES**



## **SECTION I. SUMMARY**

The Treasury , seeks qualified Bidders interested in providing banking services for the Trial Courts and Probation Offices of Massachusetts.

The objective of this component is to establish a partnership with the awarded Contractor to deliver quality banking services to agencies, citizens and local governments.

## **SECTION II. EVALUATION PROCESS**

Please refer to the Evaluation Process beginning on page 7 to review the evaluation criteria to be applied in evaluating this component of the RFR. For purposes of Component 4, all services discussed below should be considered mandatory. The term "Mandatory Services" (sometimes noted under the heading "Mandatory") as used in this RFR refers to those requirements that must be provided to the Commonwealth as part of the services provided under the contract(s) that may be awarded pursuant to this RFR.

### **A. PROPOSAL SUBMISSION**

1. Does the financial institution wish to submit a proposal for Trial Court checking accounts?  
  
Yes \_\_\_\_\_ No \_\_\_\_\_
2. If the response directly above is yes, please continue with The Trial Court mandatory service requirements matrix and include the applicable attachment in the sealed cost proposal. If the response is no, please continue with Component 5 (page 59).
3. Attach three (3) references that use this or a similar service. If a bid is submitted for multiple components, references can be combined where multiple services are provided.

### **B. TRIAL COURT AND PROBATION ACCOUNTS**

The Commonwealth maintains accounts to support various expenditures at The Trial Court Clerk and Probation offices. The number of accounts varies. Current volumes are in cost proposal (Response Template pages 30 – 37). The service requested includes check stock, maintenance of these accounts, including disbursement, receipt and reconciliation, both at the aggregate and for each disbursing account. Each disbursing account will have separate signature authority. The selected financial institution will provide these services in a controlled disbursement, positive pay configuration with a master zero balance account. A centralized disbursement account will be maintained. The financial institution will notify the Office of the Treasurer and Receiver General by 10 A.M. of all check presentments to the individual accounts. The Office of the Treasurer and Receiver General will then transfer necessary funds to the centralized account. The financial institution must make an automatic transfer each day from the centralized account to the disbursement account to cover daily presentments.

The financial institution must have an on-line banking system that allows each Clerk or Probation office to issue checks, obtain the status of a check issued, place a stop payment and receive confirmation that the

check has not been paid, review pay not issued items. The on-line banking system must allow for multiple users based on a single account administrator for each Trial Court Office locations.

## **MANDATORY SERVICES**

The primary disbursing activity for the Commonwealth is centralized in the Treasury and is fully integrated with the Office of the Comptroller's statewide accounting system, Massachusetts Management Accounting Reporting System (MMARS).

**For the following Mandatory Services, please mark the appropriate column to indicate availability by your financial institution. If “Equivalent Service Provided” column is marked, please provide a narrative explanation. Bidders are advised that they should review the instructions and scoring information provided on page 7 prior to completing this grid.**

<b><u>Mandatory Service Requirements:</u></b>	<b><u>YES</u></b>	<b><u>NO</u></b>	<b><u>EQUIVALENT SERVICE PROVIDED</u></b>
1. Provide full-customized account reconciliation.	[ ]	[ ]	
2. Provide statement cut-off date as of the last business day of each month.	[ ]	[ ]	
3. On-line check inquiry and stop payment orders with minimum overnight processing of stop pays.	[ ]	[ ]	
4. On-line ordering of canceled check copies (photocopy).	[ ]	[ ]	
5. Provide detailed reports at the aggregate and individual department level.	[ ]	[ ]	
6. Automatic purge of stale-dated checks and transmission of data to Commonwealth based on specific account instructions.	[ ]	[ ]	
7. Reconcile paid items daily.	[ ]	[ ]	
8. Provide an outstanding report as of each month end.	[ ]	[ ]	
9. Provide special reports as requested.	[ ]	[ ]	
10. Provide a daily transmission of total checks paid by account to the Treasury.	[ ]	[ ]	
11. Web-based product for Courts to report daily checks issued.	[ ]	[ ]	

The Treasury is open to new ways to conduct business. If you have an innovative way to provide the services requested, please include a response delineating your business idea. Your response will be scored as part of Phase Two Optional Services. Please note you must bid on the specifications outlined in this section.

## **COMPONENT 5: REGISTRY OF DEEDS**

## SECTION I. SUMMARY

The Registry of Deeds, under the Secretary of the Commonwealth, provides services at various locations throughout the state. The purpose of this procurement is to enhance cash management and depositary service at each location.

Checks and cash are received daily, over-the-counter at each Registry of Deeds office for the transaction of business. The deposits are made daily, in person or by courier, at various financial institutions. The Registries collect an excess of \$250,000,000 each year.

The goal of this component is to continue the process of using remote deposit capture. To accomplish this, we are requiring bidders to:

1. Outline in detail the use of Remote Deposit Capture to allow checks to be scanned, transmitted and deposited electronically at a site other than the financial institution.
2. Describe in detail the steps needed to add this feature to multiple computers in a single office.

Daily, cash is also received and needs to be deposited:

Outline your proposal for the daily deposit of cash.

We are also interested in, as an optional service, the use of Remote Cash Capture utilizing Secure Smart Safes. Note: Do not include any cost information in this section.

1. Describe in detail your experience with Secure Smart Safes and approach used to retrieve the cash. It is important to note that cash must be credited daily to the account, even if the cash is not picked up.
2. Outline your policy of provisional credit and how it will appear on the monthly bank statement. All cost related items must be submitted in Section III, a separately submitted document.
3. Your proposal must include sample reports for both Remote Capture and Remote Cash Capture.
4. As an alternative to Remote Cash Capture, outline the steps you will take to pick up a cash deposit daily.
5. Since some deposited are received by ACH credit, also include a sample report that shows the credit amount, bank reference, originator and addenda record.

Secure On-line system:

1. Please describe your financial institutions secure on-line system.
2. Since this is a strictly depositary service, outline the availability of viewing daily transactions, returned checks and bank statements.

3. Please describe the security system(s) in place to prevent unauthorized access to banking data.
4. Mandatory Requirement – Daily BAI2 file reporting capability
5. Mandatory Requirement – Monthly Analysis 822 file

**A. AVAILABILITY OF ADDITIONAL OPTIONAL SERVICES**

The Treasury and the Secretary of the Commonwealth are interested in additional optional ways to conduct business. Please submit, under this section, any items not mentioned in the RFR that you think would help us achieve our goal by using new or innovative products or services.