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DEPARTMENT OF TAXATION AND FINANCE
Office of Budget & Management Analysis
Bureau of Fiscal Services
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**Response to Bidder Questions and Amendment #1
For Request for Proposals (RFP) 13-12 ELECTRONIC CHECK PROCESSING – CHECK 21 SERVICES**

To All Potential Bidders:

Attached are the Department's responses to Questions received for the above-referenced RFP.

The Department is issuing Amendment #1 as clarification for:

- Section III.A Functional Requirement 2.1 – Updated Industry Standard File Format from X9.37 to X9.100-187 for ICL processing.
- Section III.A Function Requirement 4.2 – Updated requirement to include the potential use of third party delivery services to transport Manual Deposits.

Replacement pages are attached after Question Responses. All changes made are in red.

All other requirements and conditions remain as indicated in the RFP.

New York State Department of Taxation and Finance
Request for Proposals (RFP) 13-12
Electronic Check Processing – Check 21 Services

Response to Questions

#	RFP Section	RFP Page #	Question	Answer
1	Section C – Program Overview	15	In the summary of volume projections (and in other sections of the document), the State references the production of IRDs, or Image Replacement Documents. Less than 1% of all imaged checks are converted to IRDs; all others are cleared/collected electronically. Doesn't the State mean imaged checks being cleared electronically?	1. As is stated in the RFP Glossary, we use the term IRD to mean “a digital reproduction of an original paper check used as a negotiable instrument, in lieu of the original check as authorized under the Check Clearing for the 21 st Century Act (P.L. 108-100) and conforms to the industry standard. “
2	Section A – General	17	Who is incumbent bank?	2. The incumbent bank is JP Morgan Chase.
3	Section III – Technical Requirements, Functional Requirements 2.0 ICL File Transmission	21	The State references use of the X9.37 file format. U.S. Bank does accept this format for ICL processing but prefers the industry standard X9.100 - 187 file format. Is the State considering migrating to X9.100 - 187?	3. Section III. Technical Requirements, A. Functional Requirements, 2.1 should read “... Use the ICL deposit exchange industry standard, X9.100-187 format...” Please see Amendment 1 to this RFP, posted to the Department’s Website, reflecting this change.
4	Section III Technical Requirements, Functional Requirements	22	The document references "agreed upon cut off time." Will the State require an exception cut off/deposit deadline other than U.S. Bank's standard 10:00 pm CT M - F	4. The cutoff time will be negotiated with the winning Bidder.

New York State Department of Taxation and Finance
Request for Proposals (RFP) 13-12
Electronic Check Processing – Check 21 Services

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	2.3.		deadline?	
5	Section III Technical Requirements, Functional Requirements 2.4.	22	The document references the Contractor providing ICL Help-Desk support 8:99 am ET to 8:00 pm ET Monday through Saturday. Is this requirement referencing file transmission support or more?	5. File transmission support and support for any Non-Conforming Image adjustments is required between 8:00 AM and 8:00 PM.
6	Section III Technical Requirements, Functional Requirements, 3.0 Acknowledgement and Rejection Files, 3.2.	22	A clarification concerning [the Bank's] capabilities in this matter: A daily Administrative Returns report is provided at 7:00 am CT the day following the deposit transaction but not within one half hour after the File Acknowledgement report is generated for the transaction. Is this acceptable?	6. No, this is not acceptable. As stated in the RFP, it is required that a file indicating failed IRDs be provided within one half hour after the Acknowledgement is generated.
7	Section III Technical Requirements, Functional Requirements, 4.0	23	Manual Deposits 4.1 Document references the "Contractor must process Physical Checks" (Manual Deposits). Is employing the use of a correspondent bank relationship acceptable to satisfy this requirement?	7. The Department does not specify how such work must be done, however, we do require that any subcontractors be named.
8	Section III Technical Requirements, Functional Requirements	23	4.0 Manual Deposits 4.1 Document references the "Contractor must process Physical Checks" (Manual Deposits). How would the State like to receive Returned Items; fax, mail, electronic?	8. The original Returned Items must be mailed to the originator of the ICL file.
9	Section III Technical Requirements,	24	6.0 Adjustments, 6.1. The document references the "Contractor should not notify DTF after initial dishonorment."	9. For the Dishonorment reason of insufficient funds only , the State does not want to be informed of the

New York State Department of Taxation and Finance
Request for Proposals (RFP) 13-12
Electronic Check Processing – Check 21 Services

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	Functional Requirements		Is this correct, meaning the State does not want to be informed of any returned deposited item?	<p>returned deposited item until they have been returned as Dishonored for a second time.</p> <p>For any other reason of Dishonorment, the state does want to be informed of the returned deposited item upon initial Dishonorment.</p>
10	Section 4.2 :		<p>The Contractor must receive and securely transport Manual Deposits Monday - Friday for same day credit from the DTF Albany, NY facility and/or DTF designee(s) site(s), including current designee sites in Binghamton, NY and Kingston, NY. If the Contractor is using a courier, the courier must be bonded.</p> <p><i>Can DTF provide an overview of what work is processed in each location and how these items are handled today?</i></p> <p><i>Would it be acceptable for the manual deposits to be made via FedEx or UPS as the Bank currently does for other manual deposits?</i></p>	<p>10.</p> <p>No, DTF cannot provide an overview of what work is processed in each location, as today's arrangement is not identical to what we are seeking in the future.</p> <p>This requirement has been amended to address this question. Please see Amendment #1 of this RFP at the bottom of this</p>

New York State Department of Taxation and Finance
Request for Proposals (RFP) 13-12
Electronic Check Processing – Check 21 Services

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				document.
11	C. Program Overview and EXHIBIT 1: VOLUMES: MANUAL ITEMS		<i>DTF appears to have a significant volume of manual items. Do the reasons for the manual processing vary by tax type? Can you provide some detail around some of the reasons for and classifications of the various types of manual items so that we can provide some potential solutions to reduce or accommodate this volume?</i>	11. Manual deposits result primarily from foreign checks, though some are also due to non-conforming images (NCI's). NCI's can result from dark or busy backgrounds, incorrect or hard to read back account information, or an occasional \$0 remittance.
12	Section 3.0 Collateral Requirements		<i>What level of deposits are expected to be maintained in connection with this contract on the average in a given year? If they are expected to be substantial would a Federal Home Loan Letter of Credit be an acceptable form of collateral? It does comply with NYS law and furthermore is currently accepted by NYS OSC as an acceptable form of collateral.</i>	<p>12. Below are the Monthly Average Amounts of Deposit for accounts exceeding \$250,000 monthly:</p> <p>Corp Tax - \$591 Million Personal Income Tax - \$364 Million Highway Use Tax - \$7.3 Million</p> <p>The monthly average collected balance for these accounts are expected be 100% collateralized in accordance with section 105 of State Finance Law. Accounts with an Average Monthly Deposit less than \$250,000 are covered through FDIC insurance.</p> <p>Also, in accordance with section</p>

New York State Department of Taxation and Finance
Request for Proposals (RFP) 13-12
Electronic Check Processing – Check 21 Services

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				105 of State Finance Law, the Federal Home Loan Letter of Credit is acceptable.
13	B. Program Development, page 32, 8. Cooperation with Department/State/Federal Investigations & the same clause is also noted in B. Administrative Contract Conditions, Page 65, Permission to Investigate		<p>(last sentence: “The State may interview the Contractor’s employees and/or agents in connection with an investigation during normal business hours.”)</p> <p><i>In all of our contracts with NYS Tax & Finance we have negotiated the above clause out of the contract as it is against our Human Resource Policy. Is NYS Tax & Finance once again agreeable to striking this sentence? Naturally, in compliance with laws affecting any investigation, the Bank will comply and be cooperative.</i></p>	13. The Bidder may propose extraneous terms with the submission of bid as indicated in Section V.B.19 – Proposed
14	Page 18, C., a., i. Publicly Traded Companies		<p><i>Can the audited and interim financial statements, which are voluminous, be provided via a web link in order to promote a green culture? If not, we recommend they be packaged in a separate binder; is that acceptable?</i></p>	<p>14. For financial stability reviews, we require the last three years of audited financial statements and the most recent interim statement.</p> <p>If the entity is a publicly held company, these documents can be obtained from the bidder's website. Web links provided by bidders with these documents would be</p>

New York State Department of Taxation and Finance
Request for Proposals (RFP) 13-12
Electronic Check Processing – Check 21 Services

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				<p>sufficient.</p> <p>For privately held entities, submission of the audited financial statements and most recent interim statement via CD is sufficient.</p>
15	E. Performance Standards and Liquidated Damages, Page 42, 1.2 Program Development & 1.3 Program Certification.		<p>1.2 Program Development All program development activities and deliverables required for implementation must be completed and operational according to the agreed upon dates in the Implementation Plan.</p> <p>1.3 Program Certification All program development activities and deliverables required for the Contractor to receive Certification must be completed and operational according to the agreed upon Certification dates in the Implementation Plan.</p> <p><i>We respectfully request that these standards be modified to note that the delay and any related liquidated damages must be due exclusively to delays caused by the Bank. That is, if the Department played a role, the Bank should not be penalized. This is a term we have successfully negotiated in the past with DTF for other contracts and would like to do</i></p>	<p>15. The Department respectfully declines to modify these Performance Standards.</p>

New York State Department of Taxation and Finance

Request for Proposals (RFP) 13-12

Electronic Check Processing – Check 21 Services

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			<i>the same for this bid.</i>	

Amendment #1

III. Technical Requirements

A. Functional Requirements

This section contains the specific service and response requirements. The Functional Requirements are critical to successful project implementation. Responses to these critical requirements are **mandatory**.

Each Bidder’s response will be evaluated to determine if it meets these Functional Requirements. Therefore, Bidders must provide the Department with all of the information requested to establish that they meet the minimums identified in the Functional Requirements. Failure to provide sufficient detail to the Functional Requirement topics of this section will result in the Bidder being determined non-responsive and removed from further consideration. Bidder responses that meet those minimums will gain evaluation points in the scoring process to the extent the response exceeds the requirement.

FUNCTIONAL REQUIREMENT	REQUIRED RESPONSE
1.0 Deposit Accounts	
1.1 The Contractor must establish bank accounts in the name of New York State for the deposit of remittances. A separate account will be established for each tax application.	1.1 Affirm understanding of, and agreement to comply with, this requirement. Provide a comprehensive description of your proposed solution demonstrating how it meets this requirement.
2.0 ICL File Transmission(s)	
2.1 The Contractor must be able to accept ICL file transmissions that: <ul style="list-style-type: none"> • Use the ICL deposit exchange industry standard, ANSI X9.37 X9.100-187 format (Specifications for Electronic Exchange of Check and Data Image) and will be expected to follow current industry standards. • Include images sent at a minimum of 200 DPI. • Include up to 25,000 items. • Include a deposit value of up to \$99,999,999.99 per ICL file transmission. 	2.1 Affirm understanding of, and agreement to comply with, this requirement.

New York State Department of Taxation and Finance
Request for Proposals (RFP) 13-12
Electronic Check Processing – Check 21 Services

<p>the processor and number of total items and the total dollar amount for each unique ICL file transmission to DTF and/or DTF designee(s).</p>	
<p>4.0 Manual Deposits</p>	
<p>4.1 The Contractor must process Physical Checks (Manual Deposits). Note: Certain Physical Checks require Manual Deposit because they are foreign checks or do not pass Check 21 business rules (Rejected Items).</p>	<p>4.1 Affirm understanding of, and agreement to comply with, this requirement. Describe the proposed process utilized for handling Manual Deposits.</p>
<p>4.2 The Contractor must receive and securely transport Manual Deposits Monday - Friday for same day credit from the DTF Albany, NY facility and/or DTF designee(s) site(s), including current designee sites in Binghamton, NY and Kingston, NY. If the Contractor is using a courier service, the courier must be bonded. If the Contractor is using a third party delivery service (e.g. Fedex, UPS, USPS, DHL, etc.), they must provide the Department with their account code and all supplies necessary for the shipment of checks. All costs associated with a third party delivery service must be a pass-through expense only and no additional fees may be added.</p>	<p>4.2 Affirm understanding of, and agreement to comply with, this requirement. Describe proposed method for obtaining Manual Deposits from DTF's processing site(s).</p>
<p>4.3 The Contractor must provide supplies necessary for DTF to process Manual Deposits:</p> <ul style="list-style-type: none"> • Three part deposit slips, with DTF defined pre-printed account information. • Secure, weather proof, tamper-proof numbered deposit bags/boxes. 	<p>4.3 Affirm understanding of, and agreement to comply with, this requirement. Describe proposed method of providing supplies.</p>