



**BUREAU OF FISCAL
SERVICES
PROCUREMENT UNIT**

September 16, 2020

**Request for Proposals (RFP) 19-100
Controlled Disbursement and Direct Deposit Services**

Response to Round Two Bidder Questions and Amendment #3

To All Potential Bidders:

Attached are the Department's Responses to Round Two of Bidder Questions received for the above referenced RFP.

Additionally, the Department is issuing Amendment #3 as clarification to:

- Amend the Schedule of Events
- Amend RFP Table 3.1, Requirements 2.2, 2.16, and 3.10
- Amend RFP Table 3.2, Requirement 3.1
- Amend RFP Table 3.4, Requirement 5.1

Corrected pages are attached to this document. All deletions are shown as **purple** strikethrough text and additions are made in **green** text.

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

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#	RFP Page # / Section	Question	Response
1	RFP Section 2. Qualifying Requirements Requirement 1.6 Page 14	Who is the custodian of the collateral?	The successful bidder will be the custodian of the collateral.
2	RFP Section 2. Qualifying Requirements Requirement 1.6 Page 14	Is there any opportunity to waive the collateral requirements as deposit amounts aforementioned (in Exhibit A) would be subject to FDIC coverage?	To the extent deposit amounts are covered by FDIC insurance, and only on the basis that the accounts are controlled disbursement accounts, such insurance may satisfy and is acceptable in lieu of pledged collateral, provided, however, that any deposit amount in excess of available FDIC insurance limits is subject to standard pledged collateral requirements. OSC's acceptance of FDIC insurance in lieu of pledged collateral shall not serve as precedent with respect to any other account for which pledged collateral is or may be required pursuant to NYS Finance Law.
3	RFP Table 3.1. Functional Requirements Requirement 2.2 Page 20	Do files created by bidder need to include checks presented from the prior day or current day presentment?	The file must include all checks presented from the prior day. The Department prefers no later than 7:00 a.m. ET delivery.
4	RFP Section 2. Qualifying Requirements Requirement 1.5 Page 14	<p>“...Bidder must participate as an ODFI in the State Tax Refund Return Opt-In Program.”</p> <p>Most banks do not currently comply with this requirement due to low demand by clients.</p> <p>The cost of developing this solution is not immaterial.</p> <p>Banks won't be willing to incur those development costs unless and until they have been awarded the contract because the custom indexing is of limited use to bank clients.</p> <p>Therefore, we request that the Department allow banks to agree to this term and the development of the solution conditioned upon, and only</p>	The Department is requiring the successful bidder participate as an ODFI in the Program upon award. The Department is requiring the successful bidder to pass the R-17 code received from the RDFI to the Department within the reject file.

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		<p>after, award and successful contact negotiations.</p> <p>Is this acceptable?</p> <p>Otherwise, the Department will surely lose the majority of the bidder population.</p>	
5	<p>RFP Table 3.1. Functional Requirements Requirement 2.14 Page 29</p>	<p>No bank other than the Department’s bank currently complies with this requirement custom check indexing requirement.</p> <p>The cost of developing this custom indexing approach is substantial.</p> <p>Banks won’t be willing to incur those development costs unless and until they have been awarded the contract because the custom indexing is of no use to any client other than the Department.</p> <p>Therefore, we request that the Department allow banks to agree to this term and the development of the solution conditioned upon, and only after, award and successful contact negotiations.</p> <p>Is this acceptable?</p> <p>Otherwise, the Department will surely lose the majority of the bidder population.</p> <p>As well, can the Department confirm it does not rely on Image Viewer type software provided by its current bank in order to access and manipulate the transmitted custom indexed check images? We think not, but want to confirm. If you are and plan to use bank provided software, additional development and customization would need to occur leading to further costs for non-incumbent banks.</p>	<p>The Department understands that Banks will need to perform development work on this approach after contract execution. We expect the cost of this development work to be included in the transaction fees. The Department's multiple processing systems are reliant on this indexing approach.</p> <p>Correct, the Department does not rely on image viewer type software provided by the vendor for any reason</p>
6	RFP	<p>The requirement indicates the outstanding list must be provided electronically. Please confirm a file transmission is required and not an emailed report or one that is accessed through an online portal.</p>	<p>This is provided by file transmission, using the same File Format as shown in Exhibits B and C.</p>

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	Table 3.1. Functional Requirements Requirement 2.7 Page 24		
7	RFP Table 3.1. Functional Requirements Requirement 3.10 Pages 34-35	<p>Regarding requirement 3.10, the NACHA standard return item format includes the return item code and return type code, as opposed to the return item description and return type description – is this NACHA standard agreeable to NY Tax Department?</p> <p>As well we recommend the Department strike “Check Payment Date” from this requirement as this section has to do with ACH payments not checks. Is that acceptable?</p> <p>We would be unable to alter our NACHA standard return format and of course would not be able to include check information in our ACH return file. This would be true for all bidders.</p>	<p>Yes, Return item Code and Return Type Code are agreeable to the Department.</p> <p>The Department agrees to strike Check Payment Date.</p> <p>See Amendment #3.</p>
8	RFP Table 3.1. Functional Requirements Requirement 1.5 Page 18	<p>In what context is DTF requesting the average time to report failed transactions to the Department? We are unclear to which the Department is referring and how this requirement is associated with a CONUS requirement. Please provide further details.</p>	<p>The Department is requesting information regarding the average time it takes the ODFI to process and transmit information to the Department regarding failed transactions (anytime an ACH deposit cannot be completed by the RDFI) received from the RDFI.</p> <p>The process to work with the Department is through Customer Service, therefore, the Customer Service provided must be within CONUS.</p>
9	RFP Table 3.1. Functional Requirements Requirement 1.5 Page 19	<p>Regarding the question as to the bidder acting as an intermediary between financial institutions. Can you please provide an example so we ensure understanding of context of question?</p>	<p>An example would be if an RDFI returned funds without a reject code. DTF would expect the bidder to act as an intermediary and assist DTF in acquiring the necessary information.</p>

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#	RFP Page # / Section	Question	Response
10	RFP Table 3.1. Functional Requirements Requirement 2.1 Page 19	How many check files are expected on an annual basis?	The Department expects 150-200 check files on an annual basis.
11	RFP Table 3.1. Functional Requirements Requirement 2.1 Page 19	How many accounts will have ARP Full Reconciliation?	Three
12	RFP Table 3.1. Functional Requirements Requirement 2.1 Page 19	For checks that are future dated, when are those checks distributed/mailed? The same day the issue file is sent to the bank or on the actual issue date?	Depending on processing volumes, checks can be mailed as early as two days prior to the issue date and up to one day after the issue date. The majority of checks will be mailed one day before or day of issue date.
13	RFP Table 3.1. Functional Requirements Requirement 2.14 Page 29	Please confirm our understanding is correct: DTF will provide an issue file daily for controlled disbursement items and DLN will be one of the values included in the Check Issue File (page 5 of Exhibits document. Once items have posted, DTF would like an "image file" for those items. Will the "image file" have an index file as well?	Correct, the "image file" will have an index file as shown in Exhibit D - PIT Refund Image 90 File. Note: The Department will provide a replacement Exhibit D by end of day Friday, September 18, 2020
14	RFP Table 3.1. Functional Requirements Requirement 2.15 Page 29	Is there a correlation between the "image file" and Exhibit D and if so, please explain the correlation?	Exhibit D is the index file for the "image file". Note: The Department will provide a replacement Exhibit D by end of day Friday, September 18, 2020
15	RFP Table 3.1. Functional Requirements	How many account will need Positive Pay?	Three

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#	RFP Page # / Section	Question	Response
	Requirement 2.4 Page 22		
16	RFP Table 3.1. Functional Requirements Requirement 2.4 Page 22	How many accounts do you have that will have no checks written and will need a check block so no checks are paid against the account?	Two
17	RFP Table 3.1. Functional Requirements Requirement 2.6 Page 23	What is your monthly volume for voids and cancels?	5,000
18	RFP Table 3.1. Functional Requirements Requirement 2.6 Page 23	Please describe a scenario for which you would send a cancel? A void?	Cancels are done anytime the Department needs to reissue a check, a taxpayer is found to be not entitled, or for escheatment during the Abandoned Property Process.
19	RFP Table 3.1. Functional Requirements Requirement 2.7 Page 24	Please confirm the Department will provide instructions to remove outstanding checks and cancelled items via a file transmission.	The Department requests the list of outstanding checks, which is provided via file transmission using the same file format as shown in Exhibits B and C. Once the Department verifies the list, the Department provides direction to the bank via email for all items in that list to be removed.
20	RFP Table 3.1. Functional Requirements Requirement 3.1 Page 30	How many accounts will have ACH Direct Origination? How ACH File IDs and Company IDs will be needed?	One account will have ACH Direct Origination. The Department requires one Company ID.
21	RFP	Please define systemically as it pertains below? Are you uploading a document received by your current bank? "Department ACH entries will	The successful Bidder must respond to any "NOC" received and proactively correct/change subsequent Department ACH entries with

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	Table 3.1. Functional Requirements Requirement 3.2 Page 31	be systematically corrected/changed in response to any Notification of Change (“NOC”) received by the ODFI”	no Department involvement. No, DTF does not upload a document received by the current bank.
22	RFP Table 3.1. Functional Requirements Page 16	How will the main account be funded? How often will the account be funded?	The PIT Special Refund Account is typically funded once each business day with a domestic wire transaction. The PIT Exchange Account is only funded by bank credits given after a forgery claim is found to be valid.
23	RFP Table 3.1. Functional Requirements Page 18	Debit and credit memos are typically associated with deposited items. Can the Department please confirm if this requirement relates to deposited items or is it for encoding errors on check disbursements?	The Department is using the term "debit and credit memos" to mean notifications for adjustments made to any of our bank accounts. For example, if a serial number of a check was incorrectly typed when it was cashed, the Department will ask the bank to make the update. The debit or credit memo is then used to notify the Department of the adjustment made. These notifications could be related to payments or deposits.
24	RFP Table 3.1. Functional Requirements Page 30	Will NYS DTF be originating ACH Addenda? If so, what is the annual volume?	Yes, the Department will be originating ACH Addenda. There will be one Addenda item per ACH transaction. The annual volume is approximately 5.8 million (Exhibit A).
25	RFP Table 3.2. Development/Support Service Requirements Requirement 3.1 Page 41	<p>Regarding paragraph #2: “Such report will cover the design and effectiveness of controls and may include a SOC 2 report. The Department will request the control domain(s) to be covered in the report”</p> <p>Will the SOC 2 report meet the Department’s requirements?</p> <p>Is the Department willing to enter into a mutually agreed upon Information Security NDA to receive the SOC 2 report?</p>	<p>Yes.</p> <p>The State would be willing to sign an NDA in order to receive the SOC 2 report.</p>

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		Is the Department saying that they will dictate what domains will be included in the SOC 2 report?	No, the Department clarifies the Requirement as follows: <i>The Department will <u>may</u> request the control domain(s) to be covered in the report.</i> See Amendment #3.
26	RFP Table 3.2. Development/Support Service Requirements Requirement 3.1 Page 41	This appears to be an anti-offshoring language. Can we receive clarification? Are you saying that they will dictate what control domains we will include in our report?	No, the Department clarifies the Requirement as follows: <i>The Department will <u>may</u> request the control domain(s) to be covered in the report.</i> See Amendment #3.
27	RFP Table 3.2. Development/Support Service Requirements Requirement 12.1 Page 51	Please provide further explanation on “Detailed System Design (“DSD”) documents and procedures for services covered under this RFP”. Would User Guides/Product Manuals be sufficient?	Detailed System Design documents should be available for any customized development to satisfy the Requirements in this RFP. Procedures should be available for any customized processes to satisfy the Requirements in the RFP. No, User Guides/ Product Manuals are not sufficient.
28	RFP Table 3.2. Development/Support Service Requirements Requirement 12.1 Page 51	<p><u>12.1 The Bidder must develop accurate and complete Detailed System Design (“DSD”) documents and procedures for services covered under this RFP. Such documentation must be made available to the Department.</u></p> <p>We do not think this term applies but seek clarification from the Department please.</p> <p>The services being contemplated here – primarily outgoing checks and ACH along with online banking, reporting and fraud protections are used by countless clients across the country. That is, the Department is not purchasing product made for its exclusive use.</p> <p>We do have user guides for each product and we will be providing a Terms & Conditions Booklet that goes over some of the rules for use of each of the products. Does the Department agree these items are what this requirement seeks?</p>	This Requirement is new for these Services. Detailed System Design documents should be available for the limited customized development needed to satisfy the Requirements in this RFP. The Department is not seeking user guides and Terms and Conditions booklets. The Department does not expect to receive DSD documents for development that was not a direct result of this Agreement, including those referenced in the Question.

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		<p>Aside from these we would look to the Department to further clarify what it wants. Perhaps the Department can inform bidders how the incumbent bank meets this requirement? Examples are always instructive.</p> <p>FYI, for security purposes we would not be willing to share any “Detailed System Design documents and procedures” related to CashPro, Fraud Protections, Check Processing, ACH Processing etc. Is this acceptable to the Department?</p>	
29	RFP Table 3.2. Development/Support Service Requirements Requirement 13.1	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p>13.1 The Bidder must cooperate fully with the Department, or its designees, in all performance reviews. Cooperation includes; but is not limited to, the provision of all necessary documents in a timely manner and scheduled site visits provision of adequate working space (e.g., private office, conference room or work stations, access to phone and data lines, high speed connections, photocopier, file cabinet with locks) to conduct such reviews.</p> <p>In addition to reviews by the Department, the Bidder must cooperate fully with OSC, or its designee(s), or any other appropriate New York State or federal oversight entity, for all aspects of audits, reviews, etc.</p> </div> <p>This requirement seems to be written in a way that would be more appropriate for an involved custom solution that only the Department or perhaps a couple of clients utilize.</p>	The Department declines to amend this Requirement. The Department requires adequate working space, which may include the examples provided in the Requirement.

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		<p>We can't envision the need to provide the Department with private offices, locked file cabinets, etc.</p> <p>Would the Department consider scaling the clause back, again, given the products in scope are used by large numbers of clients including small business, large corporate, public sector clients and more.</p> <p>We recommend the above red-line edits above. Is this acceptable?</p>	
30	RFP Table 3.2. Development/Support Service Requirements Requirement 17.1	<p>17.1 The Bank has independent obligations under law and regulations to retain records. Client records are retained in accordance with the bank's retention policy and schedule and then securely destroyed in satisfaction of legal and regulatory requirements and/or best practices.</p> <p>There is no process in place to track such destruction by client or specific record in the realm of general banking services such as check processing and ACH processing.</p> <p>We do not generally ask our associates to make attestations under penalty of perjury.</p> <p>Generally we are looking to discuss and negotiate this clause post award. Is this acceptable?</p>	No, the Department is unable to negotiate requirements post-award.
31	RFP Table 3.2. Development/Support Service Requirements Page 52	Could the Department please elaborate on what data would be requested and an example of how you would use an ad hoc reporting tool?	The Department may request data which already exists and is collected by the bidder, but that the Department may not have a useable way to view or search. For example, the Department may request information on checks issued in a certain date range, if the ability to search for that specific date range does not already exist on the Bidder's website.
32	RFP Table 3.3. Implementation Requirements Requirement 1.1	<p>Can DTF please provide further clarification as to the applicability of the requirement that the activities below be including in the implementation plan?</p> <p>End-User and computer location preparation, including:</p>	The Department stated that these key milestones would need to be provided only if applicable to the services supporting the solution.

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	Page 62	<ul style="list-style-type: none"> - Processing location selection - Procurement completion - Location preparation - Equipment procurement, installation and testing - Certification <p>Given the scope of the RFP we are not clear how these requirements apply.</p>	
33	RFP Table 3.4. Cash Management Requirements Requirement 5.1	<p>As a follow up to Q&A 117 from round 1.</p> <p>Requirement 5.1 indicates:</p> <p>The Bidder must agree that:</p> <ul style="list-style-type: none"> • Funds availability provided to the Department is equivalent to the funds availability provided to a Bank by the Federal Reserve for checks processed through the Federal Reserve; and • Funds availability to the Department is equivalent to the funds availability provided to the Bank by financial institutions for checks processed through direct send programs. <p>The Bidder must inform the Department of any changes that affect individual check end-point and availability schedules. Any changes and/or revised availability schedules must be transmitted to the Department in a timely manner.</p> <p>To us, what is written here has to do with how quickly we give the Department the use of checks that are deposited. We often refer to the time line for availability as check float or check float charts.</p> <p>Before we go too much farther on this topic we want to point out that the Department noted in Round 1 Q&A question 95, that “There are no checks</p>	See Amendment #3.

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		<p>being deposited into the accounts for these services”. If this is true, this requirement may be moot? Please advise?</p> <p>If the Department wishes to keep the requirement in case there are a few check deposits we would offer this information:</p> <ol style="list-style-type: none"> 1) We cannot comply with 5.1 as written. If Tax stands firm on this requirement we will not be able to bid. We would imagine that many banks would not be able to fully comply...their float charts would come close but not be an exact match to the requirement. 2) Funds availability is immediate for cash, wires and ACH of course and for checks there will be float (a delay between when a check is deposited and when the Department can have full use of the check value). 3) As a <u>very close alternative to DTF’s requirement 5.1</u>, we can offer a few choices: <p>For Remote Deposit:</p> <p>Our best schedule is 23, which is 0 days of float for checks drawn on our Bank and 1 day for domestic checks drawn on other banks and two days for Canadian checks in US Dollars which can now be processed via Remote Deposit.</p> <p>Two strong choices for branch and vault deposits:</p> <ul style="list-style-type: none"> • Option 1: Schedule 9 which <u>is very much in line with the Federal Reserve Schedule</u>. 0 days checks drawn on our Bank, and heavily 1 day for other domestic checks drawn on other banks, with a limited number of checks drawn on remotely located banks taking 2 days. Foreign are always 4 days. • Option 2: Schedule 31 which is one day float for all checks 	

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		<p>excluding foreign which are 4 days.</p> <p>If the Department wants to retain its requirement, even though it is expected that checks will not be deposited, will the department modify its requirement to allow for “Funds Availability” schedules as I have described? One option would be to change the requirement to “preferred”. FYI, NYS OSC was willing to modify its check float requirement in its recent RFP.</p> <p>FYI, in the recent NY OSC RFP, they relaxed their check float requirement in response to questions posed.</p>	
34	RFP Table 3.4. Cash Management Requirements Requirement 2.1 Page 64	Will the accounts receive incoming Wire Transfer? If so, how many are expected per month?	Yes, the main account will receive incoming Wire Transfers. Approximately 21 per month are expected.
35	RFP Table 3.6. Financial Stability Requirements Page 68	<p>We would like to clarify that you do not want our financial statements unless and until you specifically request them as discussed in the Financial Data paragraphs 1, 2, 3 and 4.</p> <p>The RFP response should be limited to including Attachment #6 only (Financial Stability Response), with the ability to submit proof of financial stability as outlined, if requested.</p>	Confirmed.
36	RFP Section 4.3. Method of Compensation Page 74	How has DTF historically been paying for the services over the past 5 years? Via direct fee, or via compensating balances?	Direct Fee

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37	RFP Section 6.1. Proposal Submission Page 92	Are you interested in learning about innovative solution to enhance current processes? If so, where should these services be discuss in the RFP?	Bidders should focus their proposal responses to address the current Requirements.
38	RFP Section 6.1. Proposal Submission Page 92	Can the Bidder use a landscape (horizontal) format for our printed submission of Volume One?	Yes.
39	RFP Attachments Attachment 22 Page 37	Note 3 indicates the NACHA – unauthorized entry fee is not eligible for CPI-U increase and may not exceed the current NACHA fee. Bidder understands this requirement however, if NACHA increases the fee the awarded bank will be unable to raise this fee during the entire term of the contract. We respectfully request this requirement be softened given the extended nature of the RFP process, transition period and contract term.	Future unauthorized entry fee increases are acceptable as a pass-through cost with adequate proof of the amount.
40	RFP Attachments Attachment 6 Page 10	Please confirm no signature is required on form.	Confirmed.
41	RFP Exhibits Exhibit B Page 5	If submitting stop payments on your check issue file, do you have the ability to send a value of “Q” in the Record Type field?	The Department does not currently submit stop payments on the check issue file.
42	RFP Exhibits Exhibit D Page 7	Can DTF please provide a sample file for Exhibit D?	The Department will provide a sample as well as replacement Exhibit D by end of day Friday, September 18, 2020
43	RFP Exhibits Exhibit D Page 7	Exhibit D references several fields as being “determined within the TMS program”. It is our assumption that references SFS. How does this factor into what a provider would create if this is indeed an index file?	The Department will provide a replacement Exhibit D by end of day Friday, September 18, 2020

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44	RFP Exhibits Exhibit K Page 30	Regarding EEO Contract Goals on page 2 of Exhibit K: Does the Department have EEO Contract Goals for: • % Minority Labor Force Participation • % Female Labor Force Participation If so, what are they?	There are no contract goals associated with this RFP.
45	RFP Exhibits Exhibit N Page 31	Which vendor employees does DTF envision needing to complete this form, and at which stage?	After contract award, Contractor or Subcontractor staff who may view or access tax secret Confidential Information must execute the form.
46	RFP Exhibits Exhibit O Article XI.A Page 47	What is the need for prior approval for a change in location for services rendered in this contract in particular?	A Contractor's site change could impact the services to the Department.
47	RFP Exhibits Exhibit O Article XII.B Page 48	Is this section open to modification?	The Department is open to negotiating non-material changes to the base contract with the successful bidder after the Notification of Intent to Award.
48	RFP Exhibits Exhibit O Article XII.C Page 48	Is this section open to modification?	The Department is open to negotiating non-material changes to the base contract with the successful bidder after the Notification of Intent to Award.

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49	RFP Exhibits Exhibit O Article XIII	The Bank has extensive COB Plans in place. These plans are global in nature and go through Board Review/Approval. Is DTFS open to reviewing these plans in place of DTFS requirements?	The Bank's COB Plans must meet the DTF requirements. See Table 3.2, Requirement 16.
50	RFP Exhibits Exhibit O Article XVII Page 52	<ul style="list-style-type: none"> • Please help us understand need for unfettered access to employees for the provision of these services? • Please define conflict of interest? • Please help us understand need for additional audit rights for the provision of these services? 	<p>The Department is reserving its rights in the event of a State investigation. This is a standard and routine practice.</p> <p>Conflict of Interest is defined as a situation where the Bank has financial interests adverse to the State.</p> <p>The Department assumes the question is in reference to Article XVII.E. This reserved right does not only apply to audit rights.</p>
51	RFP Exhibits Exhibit O Article XVIII Page 52	<ul style="list-style-type: none"> • We are currently providing these services, are we deficient at this time? • What is the reimbursement amount? • This is a contract for services, not a staffing agreement, please help us understand the need for access to Bank employees? • What is the need for “cover” with ACH services? 	<p>The Potential Bidder that submitted this question is not the current service provider for controlled disbursement and direct deposit services.</p> <p>The reimbursement amount is direct damages as further described in Article XVIII.B. The actual amount of the reimbursement will be situational.</p> <p>The Bank's employees will have access to taxpayer information provided by the Department. In the event of criminal activity, the Department must have access to Bank employees for investigation purposes .</p> <p>Cover is a remedy in the event that the Contractor's performance results in the Department's operations being materially interrupted.</p>

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		<ul style="list-style-type: none"> • What are the mechanisms to trigger other remedies? 	This would be dependent upon the situation.
52	RFP Exhibits Exhibit O Article XX Page 54	<ul style="list-style-type: none"> • Are cure periods acceptable? • Is there a standard transition plan? 	<p>The Contractor is afforded a Notice of Deficiency/Corrective Action process under Article XVIII, however not all situations would be afforded a cure period.</p> <p>No there is not a standard transition plan.</p>
53	RFP Exhibits Exhibit O Article XXI Page 56	<ul style="list-style-type: none"> • Please helps us understand the need for such a broad indemnity in this contract for services? • Why is an indemnity for personal injury or death necessary? 	This is standard State Contract language that has been approved for use in all State Contracts by the NYS Attorney General.
54	RFP Exhibits Exhibit O Article XXII Page 57	Given the current environment, how will force majeure as drafted here work?	The Department is assuming the question is in relation to the current COVID-19 environment. We anticipate no change as COVID protocols are in place.
55	RFP Exhibits Exhibit O Article XXVI Page 61	Is the definition of sub-contractor meant to cover employees that are not full time?	A Subcontractor shall be defined as any firm or person who is not an employee of the Bank engaged or assigned to perform work under the Agreement.
56	RFP Exhibits Exhibit O Article XXVII Page 63	Please help us understand expectations here, are we prohibited from hiring former NY State Employees for two years?	This provision applies to former DTF employees only. As stated in Article XXVII.A: " <i>The Contractor, and any Subcontractors, may hire former DTF employees. However, former employees of DTF may neither appear nor practice before DTF, nor receive compensation for services rendered on a matter before DTF, for a period of two years following their separation from DTF service. In addition, former DTF employees are subject to a "lifetime bar" from appearing before DTF or receiving compensation for services regarding any transaction in which they personally participated or which was under their active consideration during their tenure with DTF.</i> "

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57	RFP Exhibits Exhibit O Article XXIX Page 64	Is self-insurance acceptable?	Yes.
58	RFP Exhibits Exhibit O Article III Page 36	Please provide clarification regarding the need for this requirement, as this may be in conflict with Employment Laws. Is the State open to receiving information on Self Insurance?	The submitted question references Exhibit O, Article III, Contractor Responsibilities. The Department is unclear what requirement is being referred to in the submitted question.
59	RFP Exhibits Exhibit O Article XXX Page 65	A. Is the expectation that the terms identified survive in perpetuity? B. How do you align the requests made here with employee privacy rights?	A. As stated in Article XXX.E, <i>"Appendix A, Standard Clauses for NYS Contracts; Article VII. Secrecy Provisions; Article XXI. Indemnification and Limitation of Liability; and subsection H. of this Article XXX, General Terms and Conditions, Evidence/Litigation Support; shall survive the expiration or termination of this Agreement."</i> These terms shall survive in perpetuity. B. If the Department has any reasonable cause to believe that any Bank employees have engaged in fraud, or other criminal misconduct, the Department has the right to investigate.
60	RFP Exhibits Exhibit O Article VII Page 42	<ul style="list-style-type: none"> • Can you please explain why NYS requires Citi employees to be subject to Public Officers Law? • Article 7C&D : Please provide clarification regarding the need for this requirement • Citi staff is not currently required to complete the Department's Annual Access and Disclosure Training on DTF's website. Upon reward, is this requirement negotiable? • Would the State be opposed to changes to Article 7 to include carve-outs for those portions of state law that do not apply to the Contractor? 	<p>The Contractor must be aware of situations with the State that cause the appearance of impropriety</p> <p>The contractor's systems will contain, and employees will have access to, Confidential Information.</p> <p>The services currently being provided to the Department by this potential Bidder are not the same as the Services described in this Contract. This Requirement is not negotiable.</p> <p>The Bank must be in compliance with all applicable State Laws.</p>

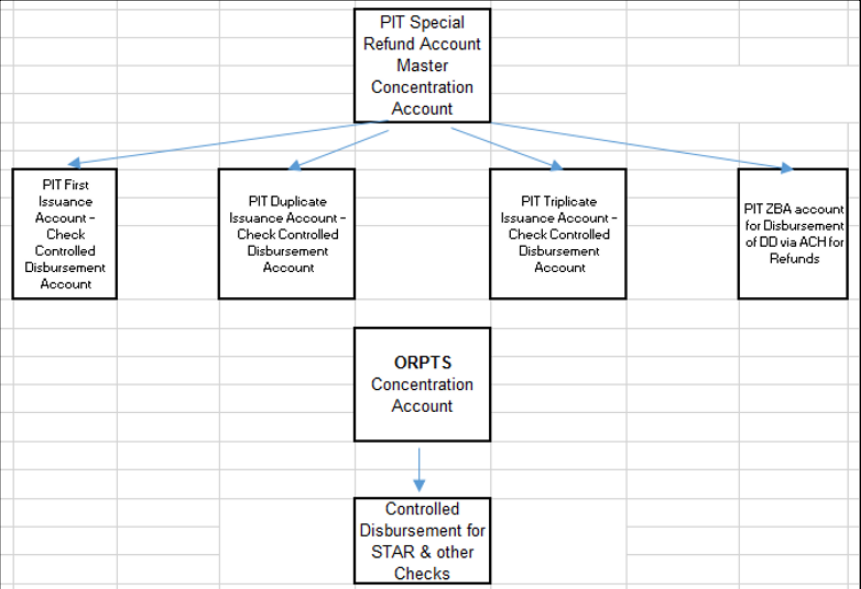
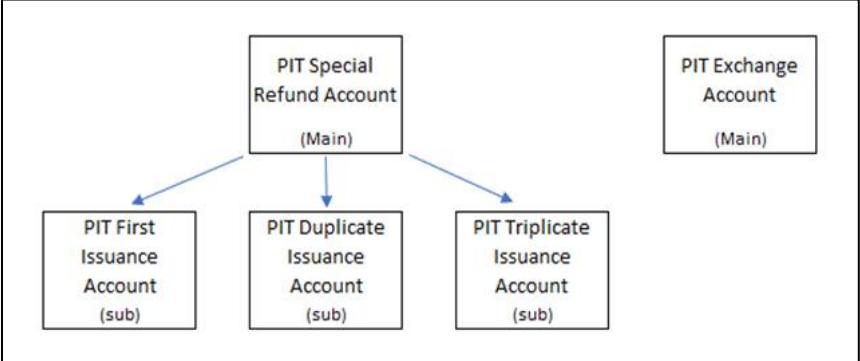
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61	RFP Exhibits Exhibit O Article IX Page 45	Please provide clarification regarding this requirement	The Department will be monitoring the contractor's performance under this Contract.
62	RFP Exhibits Exhibit O Article XIV Page 50	Is this section open to modification?	The Department is open to negotiating non-material changes to the base contract with the successful bidder after the Notification of Intent to Award.
63	RFP Exhibits Exhibit O Article VI.C.3 Page 38	Post award, we would want to remove "in its sole discretion". Is this acceptable?	The Department is open to negotiating non-material changes to the base contract with the successful bidder after the Notification of Intent to Award.
64	RFP Q&A Follow Up to Round One Question 149	How many addenda items are typically included with an outgoing ACH?	Volumes vary greatly throughout the year. The largest files could have up to 500,000.
65	RFP Q&A Follow Up to Round One Question 15	<p>Would the Department extend the due date please by one week to provide responders time to evaluate the final answers to round 2 questions?</p> <p>The amount of time between when round 2 answers are scheduled for release and the proposal due date is lean in normal times, but especially challenging considering the context of the COVID environment. Many things must happen once all information is gathered from the Q&A, including final pricing approval, risk approvals, final proposal proofing and production.</p>	The Department is extending the proposal due date by one week. See Amendment #3.
66	RFP Q&A Follow Up to Round One Question 37	Please explain the difference between the 3 disbursement accounts (First Issuance, Duplicate, Triplicate).	When the Departments reissues checks, the check information must remain the same - check number and issuance date specifically. To accomplish this we reissue checks from a different account using the same check number and issuance date, with the first instance of a

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			reissue coming from the duplicate account and the second instance from the triplicate account.
67	RFP Q&A Follow Up to Round One Question 37	How are Main Accounts (1& 5) funded? Are excess funds swept out of main accounts daily? How do you conduct cash forecasting today?	The PIT Special Refund Account is funded each business day by wire, with the exact amount of funds to cover the ACH payments and the presentment of checks. The Pit Exchange Account is funded by bank credits for valid forgery claims. No. There are no excess funds. This is handled by knowing the scheduled daily ACH payment amounts and the presentment of checks provided per Table 3.1, Requirement 2.3.
68	RFP Q&A Follow Up to Round One Question 37	What is a forgery claim?	A forgery claim is what the Department will file with the bank when the taxpayer does not believe they were the one who cashed their check.
69	RFP Q&A Follow Up to Round One Question 37	What legal entities will these 5 bank accounts be opened under?	The Office of the State Comptroller.
70	RFP Q&A Follow Up to Round One Questions 36 & 37	Looks like the same answer was inadvertently placed in response to Q 36 and 37. Can you provide an answer to question 36? Also a few follow up questions regarding number and organization of accounts. Before we get into the questions and incorporating what was in the RFP with your answer to Q 37, we are thinking your account structure would look like this:	The main PIT Special Refund account is a zero balance account and will be funded by an incoming domestic wire, once each business day. The three subaccounts are controlled disbursement accounts funded by the PIT Special Refund account each day based on the check presentment (including ORPTS checks). The PIT Exchange account is funded by forgery reimbursements from the bank. The accounts receive very few, if any, incoming ACHs.

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		 <p>Do you concur the above chart is correct? If not would you kindly correct our understanding?</p> <p>In your answer to Q 37 you don't reference ORPTS? Do you need a Main/Concentration Account and a Controlled Disbursement Account to support that program which in 2019 issued approximately 2.7 million checks?</p>	
71	RFP Q&A Follow Up to Round One Questions 5, 6, 14, 24, 25, 98	In attachment 19-100 of Q&A Responses Round 1, you shared the monthly average net ledger balances. In Exhibit A of the RFP, you shared the Average Monthly Deposit Balances. Can you please confirm if there are differences between the net ledger balances and average monthly deposit balances. If differences, can you please share the monthly average available balances?	RFP 19-100 Exhibit A Average Monthly Deposit Balances represents a summary of bank accounts 1-4. The attachment provided in response to Q&A Round 1 - Response to Questions 5,6,14,24,25, and 98 represents the individual account balances that tie out to the summary of all accounts in RFP 19-100 Exhibit A Average Monthly Deposit.

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#	RFP Page # / Section	Question	Response		
72	RFP Preface H. Contract Term Page 8	<p>A. Contract Term The initial term will commence upon OSC approval and be effective through 12/31/2026. The Contract may be renewed, at DTF's sole discretion, for one (1) two-year extension through 12/31/2028.</p> <p>We request that the renewal option be at the mutual agreement of Bank and DTF.</p>	The Department is willing to discuss this modification during contract negotiations with the awarded Bidder.		
73	RFP General Account Analysis Statement	Account Services. Statement cycles enhanced. can the State define this line item?	Statement Cycles Enhanced is a line item included on the Account Analysis Statement from the current incumbent, but not a line item the Department pays for individually.		
74	RFP General Account Analysis Statement	Automated Clearing House Artificial Intel Maintenance and Artificial Intel Item Scanned. Can the State define these line items?	The incumbent systematically fixes NOCs received and these line items reflect the current charges for that service. This functionality is addressed in Table 3.1, Requirement 3.2 and should be reflected in the Direct Deposit unit cost in the Bidder's response to Attachment 22.		
75	RFP Table 3.1. Functional Requirements Requirement 2.2	<table border="1" style="width: 100%;"> <tr> <td style="width: 5%; text-align: center; vertical-align: top;">2.2</td> <td> <p>The Bidder must create and send a file of presented checks daily, containing all checks presented for payment since the last file of presented checks daily cut-off.</p> <p>The Bidder must create and send a daily file of paid checks, including images, for each account, containing all checks that have been presented, matched, and approved for payment.</p> <p>The Bidder must notify the Department of file delivery. The Department prefers no later than 7:00 a.m. ET delivery.</p> </td> </tr> </table>	2.2	<p>The Bidder must create and send a file of presented checks daily, containing all checks presented for payment since the last file of presented checks daily cut-off.</p> <p>The Bidder must create and send a daily file of paid checks, including images, for each account, containing all checks that have been presented, matched, and approved for payment.</p> <p>The Bidder must notify the Department of file delivery. The Department prefers no later than 7:00 a.m. ET delivery.</p>	<p>This Requirement is requesting one daily file of checks paid, with preferred delivery no later than 7:00 a.m. ET. The file transmission is the notification that the Department is requiring.</p> <p>See Table 3.1, Requirements 2.13-2.16, for image requirements, including transmission.</p> <p>See Amendment #3.</p>
2.2	<p>The Bidder must create and send a file of presented checks daily, containing all checks presented for payment since the last file of presented checks daily cut-off.</p> <p>The Bidder must create and send a daily file of paid checks, including images, for each account, containing all checks that have been presented, matched, and approved for payment.</p> <p>The Bidder must notify the Department of file delivery. The Department prefers no later than 7:00 a.m. ET delivery.</p>				

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		<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p>The Bidder must follow file layouts determined during implementation.</p> <p>For formats used by the Department, refer to:</p> <ul style="list-style-type: none"> • Exhibit C, Check Clear File Layout, Check Clear File – Sample; and • BAI2 standard file format. </div> <p>We have a number of questions about this section:</p> <p>For the first paragraph, please confirm the Department asking for a data file and not an image file. We think you are looking for what we refer to as:</p> <p>Daily Paid File – This file is described as a “dirty” file because it excludes miscellaneous debits and reconciliation rejects associated with paid items which are included instead on the next business days file with the original paid date. The file is typically available by 6:00 a.m., on the day after the checks post to the demand deposit account system.</p> <p>Is our understanding correct?</p> <p>If not please clarify.</p> <p>For the second paragraph we believe the Department is looking for two things:</p> <ol style="list-style-type: none"> 1) Daily Clean Paid File (Positive pay with full reconciliation) – the Department can receive an optional file that provides a daily file of “clean” paid check information. Output transmission of paid item file is available in standard or Electronic Data Interchange (EDI) formats. <p>The Daily Clean Paid File enables you to receive fully matched and reconciled paid check data daily for further posting to an internal</p>	

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		<p>accounting system that validates entries and expedites your reconciliation cycle. This file can be available by 7 p.m., on the day after the checks post to the demand deposit account system; and</p> <p>2) Transmission of the images of posted checks with the Department's custom indexing. Daily posted image files are available no later than 8 a.m. local time on the second business day following the posting date</p> <p>Is our understanding correct?</p> <p>Does the yellow above highlighted requirement mean that the Department wants notification for each of the above 3 files? We would like to let you know that most banks do not send daily notifications for the delivery of these types of files. Though we would very much like to accommodate this requirement for the Department to do so would require that we make a system wide change which would be cost prohibitive. We will be unable to bid if this requirement is not modified. If this goes unchanged the qualifying bidder pool will be diminished. Will the Department consider changing the notification requirement to preferred? FYI, the delivery time of these files is very consistent making a notification process of little to no value.</p> <p>As it related to the teal highlight, the Department has a single preferred time line yet several different requirements each with its own standard time line. Can the Department clarify its time line preference please?</p>	
76	RFP Table 3.1. Functional Requirements Requirement 2.16	<p>2.16 Bidder must bundle images and their header records into a fileand transfer the file via the Internet to the Dept.</p> <p>The data is to be provided to the Department the following business day after payment.</p> <p>Daily posted image files are available no later than 8 a.m. local time on the second business day following the posting date. Our timeline for this file is consistent with peer banks. Would NYS change this requirement please?</p>	See Amendment #3.

Schedule of Events

Issuance of RFP	07/07/2020
Deadline for Submission of Round One of Bidder Questions and Deadline for Submission of Attachment 1, Offerer Understanding of, and Compliance with, Procurement Lobbying Guidelines	07/29/2020
Department Response to Round One of Bidder Questions	08/19/2020
Deadline for Submission of Round Two of Bidder Questions	09/02/2020
Department Response to Round Two of Bidder Questions	09/16/2020
Deadline for Submission of Attachment 2, Notification of Intent to Bid	09/30/2020
Proposals Due	10/07/2020 10/14/2020 By 2:00 p.m. ET
Anticipated Notification of Intent to Award	01/06/2021
Anticipated Approval of Contract	06/30/2021
Development Begins	07/01/2021
Certification Date	01/03/2022
Anticipated Production	01/03/2022

TABLE 3.1: FUNCTIONAL REQUIREMENTS

#	REQUIREMENT	REQUIRED RESPONSE
	<p>The Bidder must process all issuance files the same day as received, regardless of future check date.</p> <p>The Bidder must follow file layouts determined during implementation.</p> <p>For file layouts, currently in use, refer to: Exhibit B, Check Issue File Layout, Check Issue File – Sample.</p>	<p>agreement to comply with, this Requirement.</p> <p>Describe how this Requirement will be met.</p> <p>The description should include:</p> <ul style="list-style-type: none"> its method for processing the check issuance files ensuring that next day presentments are matched. Include issuance file receipt cut-off time and the retention period; and the impact of future dated checks on the processing of an issuance file and associated reporting. <p>Describe: <i>The space will expand as you type. Provide additional pages as necessary.</i></p>
2.2	<p>The Bidder must create and send a file of presented checks daily, containing all checks presented for payment since the last file of presented checks daily cut-off.</p> <p>The Bidder must create and send a daily file of paid checks, including images, for each account, containing all checks that have been presented, matched, and approved for payment since the last file of presented checks daily cut-off.</p> <p>The Bidder must notify the Department of file delivery. The Department prefers file transmission no later than 7:00 a.m. ET delivery.</p> <p>The Bidder must follow file layouts determined during implementation.</p>	<p>The Bidder must affirm understanding of, and agreement to comply with, this Requirement.</p> <p><input type="checkbox"/> Yes, the Bidder affirms its understanding of, and agreement to comply with, this Requirement.</p> <p>Describe how this Requirement will be met.</p> <p>The description should include the method and timing of file delivery and Department notification, as well as the content of each.</p> <p>Describe: <i>The space will expand as you type. Provide additional pages as necessary.</i></p>

TABLE 3.1: FUNCTIONAL REQUIREMENTS		
#	REQUIREMENT	REQUIRED RESPONSE
	See Exhibit D, PIT Refund Image 90 File.	<p>Describe the reconciliation process that will guarantee that each check is imaged and that each image file is included on the image index file.</p> <p>Describe: <i>The space will expand as you type. Provide additional pages as necessary.</i></p>
2.16	<p>The Bidder must bundle the images and their associated header records into a file formatted archive, encrypted public PGP key and transfer the files (FTP put) via the Internet to the Department. The images must reconcile to the number of images included in the image index file.</p> <p>The images and related index data must be provided to the Department on the Business Day following payment.</p> <p>The Department prefers that the images and related index data be provided to the Department on the Business Day following payment.</p>	<p>The Bidder must affirm understanding of, and agreement to comply with, this Requirement.</p> <p><input type="checkbox"/> Yes, the Bidder affirms its understanding of, and agreement to comply with, this Requirement.</p> <p>Specify the time of delivery of the image files.</p> <p>Time of Delivery of the Image Files:</p>
3.	DIRECT DEPOSIT SERVICES AND PROCESSING	
3.1	<p>The Bidder must be able to accept a direct deposit file in an acceptable format designated by the Department and authorized by NACHA. The file must be processed completely and accurately by the Bidder, reflecting the data transmitted in the file to the Bidder from the Department.</p> <p>The Bidder must ensure direct deposit files received from the Department by the daily cut-off time will be processed the next Business Day.</p> <p>See Exhibit E, Direct Deposit Initiation File Layout, Direct Deposit Initiation File – Sample.</p>	<p>The Bidder must affirm understanding of, and agreement to comply with, this Requirement.</p> <p><input type="checkbox"/> Yes, the Bidder affirms its understanding of, and agreement to comply with, this Requirement.</p> <p>Identify the daily cut-off time necessary to process direct deposit files by the next Business Day.</p> <p>Daily cut-off time necessary to process direct deposit files by the next Business Day:</p>

TABLE 3.1: FUNCTIONAL REQUIREMENTS

#	REQUIREMENT	REQUIRED RESPONSE
	<ul style="list-style-type: none"> • Account number and name on the account does not match the name provided for the account number. <p>When an item is rejected:</p> <ul style="list-style-type: none"> • Provide a rejected items file to DTF for every transaction on any date that has activity. This includes any monetary or non-monetary debit or credit origination submitted pursuant to NACHA Rules. The file must include the following details: <ul style="list-style-type: none"> ○ Company ID ○ Name ○ Taxpayer ID ○ Bank Routing Number ○ Bank Account Number ○ Bank Account Type ○ Credit Amount ○ Debit Amount ○ Return Type Description Code ○ Return Reason-Description Item Code ○ Date Returned ○ Check Payment Date <p>See Exhibit H, Direct Deposit Change Reject Summary Report File – Sample.</p>	
3.11	The Bidder must credit ACH Credit rejections to the issuing account within one Business Day of receipt of the returned items.	<p>The Bidder must affirm understanding of, and agreement to comply with, this Requirement.</p> <p><input type="checkbox"/> Yes, the Bidder affirms its understanding of, and agreement to comply with, this Requirement.</p>

TABLE 3.2: DEVELOPMENT/SUPPORT SERVICE REQUIREMENTS

#	REQUIREMENT	REQUIRED RESPONSE
3.1	<p>The Bidder and any Subcontractor must utilize generally accepted industry standards and procedures to minimize the risks associated with physical and logical access, the availability of systems, confidentiality of information, processing integrity, and the privacy of personal information.</p> <p>At the Department’s request, the Bidder will directly provide the Department with an independent service auditors’ report, for the Bidder’s company and any Subcontractor company, on operational controls that focus on one or more control domains including security, availability, confidentiality, processing integrity and privacy. Such report will cover the design and effectiveness of controls and may include a SOC 2 report. The Department will may request the control domain(s) to be covered in the report.</p> <p>The Bidder will provide such reports to the Department as a searchable document in a format agreeable by both parties. PDF using a secure communication channel, e.g., using IBM Aspera Sendvault or other secure electronic file transfer method, encrypted with a password to open the file, with the password provided separately.</p> <p>The Department will agree to keep confidential and restrict access to such reports to only those of its employees, agents and external auditors who have a need-to-know for the Authorized Purpose, and to those parties to whom disclosure is required by law (“Authorized Persons”). The Bidder will ensure that in the performance of the services under this Agreement, the Bidder, its employees, directors, officers and Subcontractors who may receive or have access to confidential information:</p>	<p>The Bidder must affirm understanding of, and agreement to comply with, this Requirement.</p> <p><input type="checkbox"/> Yes, the Bidder affirms its understanding of, and agreement to comply with, this Requirement.</p> <p>Describe how this Requirement will be met.</p> <p>The description should include:</p> <ul style="list-style-type: none"> the approach used to present the Bidder’s secrecy, security and confidentiality provisions to employees for signature; the Bidder’s existing confidentiality procedures; the screening process, including background check policies, for staff to be hired by the Bidder, as well as any other persons having access to the processing area; and identification and designation of high risk areas (e.g., data transmission areas) and any unique internal control and security procedures used to mitigate this risk. <p>Describe: <i>The space will expand as you type. Provide additional pages as necessary.</i></p>

3.4. Cash Management Requirements

This section contains the specific Cash Management Requirements.

TABLE 3.4: CASH MANAGEMENT REQUIREMENTS		
#	REQUIREMENT	REQUIRED RESPONSE
1.	UNDERTAKING FOR BANK DEPOSITS AND ASSIGNMENT OF SECURITIES	
1.1	The Bidder must agree and sign (subsequent to award and prior to implementation) the Undertaking for Bank Deposits and Assignment of Securities Agreement (see Attachment 9).	<p>The Bidder must affirm understanding of, and agreement to comply with, this Requirement.</p> <p><input type="checkbox"/> Yes, the Bidder affirms its understanding of, and agreement to comply with, this Requirement.</p>
2.	WIRE, ACH AND BANK TRANSFERS	
2.1	The Bidder must wire, ACH or transfer funds from any accounts associated with the services as directed by the Department and provide an online system for the Department to initiate/release such transactions from the Department's account(s).	<p>The Bidder must affirm understanding of, and agreement to comply with, this requirement.</p> <p><input type="checkbox"/> Yes, the Bidder affirms its understanding of, and agreement to comply with, this Requirement.</p>
3.	DEBIT BLOCK	
3.1	The Bidder must ensure the prevention of unauthorized debits, both paper remittance and EFT, presented against a Department account, and must report any such unauthorized debits to the Department.	<p>The Bidder must affirm understanding of, and agreement to comply with, this requirement.</p> <p><input type="checkbox"/> Yes, the Bidder affirms its understanding of, and agreement to comply with, this Requirement.</p>
4.	FRAUD PROTECTION	
4.1	<p>The Bidder must ensure that each account has associated fraud protection service options. These options must include:</p> <ul style="list-style-type: none"> • Positive Pay; • Reverse Positive Pay; • post no checks; and • a fraud filter with debit blocks and account filters. 	<p>The Bidder must affirm understanding of, and agreement to comply with, this requirement.</p> <p><input type="checkbox"/> Yes, the Bidder affirms its understanding of, and agreement to comply with, this Requirement.</p>
5.	FUNDS PROCESSING AND AVAILABILITY	

TABLE 3.4: CASH MANAGEMENT REQUIREMENTS		
#	REQUIREMENT	REQUIRED RESPONSE
5.1	<p>The Bidder must agree that:</p> <ul style="list-style-type: none"> • Funds availability provided to the Department is equivalent to the funds availability provided to a Bank by the Federal Reserve for checks processed through the Federal Reserve; and • Funds availability to the Department is equivalent to the funds availability provided to the Bank by financial institutions for checks processed through direct send programs. <p>The Bidder must inform the Department of any changes that affect individual check end-point and availability schedules. Any changes and/or revised availability schedules must be transmitted to the Department in a timely manner.</p>	<p>The Bidder must affirm understanding of, and agreement to comply with, this requirement.</p> <hr/> <p><input type="checkbox"/> Yes, the Bidder affirms its understanding of, and agreement to comply with, this Requirement.</p>
6.	AUTOMATED CLEARING HOUSE NETWORK (“ACH”) RULES AND REGULATIONS	NETWORK (“ACH”) RULES AND REGULATIONS
6.1	<p>The Bidder must notify the Department of NACHA rule changes that impact the processing of the Department’s transactions through the ACH network as soon as practicable prior to the change becoming effective.</p> <p>The Bidder must also provide the Department on an annual basis, the NACHA Rules, with periodic updates, as appropriate.</p>	<p>The Bidder must affirm understanding of, and agreement to comply with, this requirement.</p> <hr/> <p><input type="checkbox"/> Yes, the Bidder affirms its understanding of, and agreement to comply with, this Requirement.</p>
END OF TABLE 3.4: CASH MANAGEMENT REQUIREMENTS		

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