



OFFICE OF THE
ARIZONA STATE TREASURER



KIMBERLY YEE
 TREASURER

RFP 21-02 Servicing Bank Bidder Questions & Answers

Questions are listed as submitted in no particular order. State’s responses are in **BLUE**.

1. What is the State’s historical ledger balance for the last 12 months (for all accounts combined)?

Month	Average Ledger Balance
Mar-20	115,206,257.07
Apr-20	272,761,042.33
May-20	376,244,331.75
Jun-20	424,376,983.02
Jul-20	874,067,418.26
Aug-20	1,146,886,716.66
Sep-20	1,187,196,298.18
Oct-20	977,561,302.05
Nov-20	975,816,594.90
Dec-20	1,009,903,143.21
Jan-21	851,601,800.56
Feb-21	587,792,069.50

2. (Page 45) “2. Remote deposit capture service”. Is this a service the State is currently using? Please provide volumes.

Yes.

Month	Service	Number of Units
Mar-20	IMAGE DEPOSITED ITEMS-RDSO	39,526
Apr-20	IMAGE DEPOSITED ITEMS-RDSO	26,956
May-20	IMAGE DEPOSITED ITEMS-RDSO	27,574
Jun-20	IMAGE DEPOSITED ITEMS-RDSO	35,016
Jul-20	IMAGE DEPOSITED ITEMS-RDSO	38,607
Aug-20	IMAGE DEPOSITED ITEMS-RDSO	48,058
Sep-20	IMAGE DEPOSITED ITEMS-RDSO	37,491
Oct-20	IMAGE DEPOSITED ITEMS-RDSO	32,955
Nov-20	IMAGE DEPOSITED ITEMS-RDSO	32,836
Dec-20	IMAGE DEPOSITED ITEMS-RDSO	36,209
Jan-21	IMAGE DEPOSITED ITEMS-RDSO	34,756
Feb-21	IMAGE DEPOSITED ITEMS-RDSO	32,667



OFFICE OF THE
ARIZONA STATE TREASURER

KIMBERLY YEE
TREASURER



3. *(Page 46) – “The servicing bank shall act as the clearing bank for all warrants drawn against the State Treasurer. There are 14 distinct warrant types (Exhibit A – Supplement 2).”*

Please describe the warrant process and provide samples. Do each one of the 14 districts have their own corresponding warrant account?

Warrants are issued from different agencies for different purposes. They are printed and mailed by the specific agency. Warrants are cleared through the corresponding warrant account nightly. Every business day, the State Treasurer sends a request to the servicing bank to transfer the amount to cover the cleared warrants from the previous day. Also, the State Treasurer performs a reconciliation on cleared warrants and sends a request to the bank for correction or return of warrants with issues.

Yes, each warrant has their own corresponding warrant account.

Is the State using an “on-us” warrant model with the current financial institution’s routing number on the warrants? Or is the State using a “transit” warrant model with utilizing the State’s own routing number processing with a Fed file delivery to the State?

The State is using its own routing number for warrant processing.

4. *The state’s servicing bank shall cash all state warrants at no cost to payee. All state warrants paid by the servicing bank must be presented to the State Treasurer’s Office prior to the void date on the face of the warrant. The servicing bank may be required to provide a monthly listing by EDT of all expired warrants.*

Does the State have an estimated volume with your current provider on how many warrants are cashed for non-banking clients at the current provider’s branch on a monthly basis? Does the State place stop payments on all expired warrants?

Between March 2020 – February 2021, there were 10,365 warrants cashed at bank branches by non-relationship customers. The State does not place stop payments on expired warrants.

How many payroll warrants are issued by each type of District warrant per month?

There are three distinct warrant accounts that are used for payroll purposes.

Does the State have a check validation service for the institution to verify the warrants?

No.



OFFICE OF THE
ARIZONA STATE TREASURER

KIMBERLY YEE
TREASURER



5. (page 46-47) – *“The servicing bank will be required to handle the daily cancellation and sorting of all warrants. The following procedures must be strictly adhered to in the processing and returning of warrants...”*

Does the State provide an approximate number of items and/or amount of fraud and administrative returns?

From March 2020 - February 2021, there was about 215 counterfeit/fraudulent warrants.

6. Please provide specifics regarding your account number (length, number of characters, all numeric or mixed).

Currently, our account numbers are all numeric and are 12 digits.

7. Is the warrant type code included in your warrants?

Yes.

8. Please provide samples of warrant for each warrant type (if they are different).

Warrant types 21 and 22 are identical. Warrant types 23 and 24 are identical. All others are different; samples will not be provided for security reasons.

9. (Page 48 & Appendix I) – *“The state will send through secure FTP (SFTP) to servicing bank (following a processing schedule) a file containing these ACH transactions. The file will also include CTX and CCD+ format records. The servicing bank will verify the data is readable and will either send a confirmation file (Appendix I or equivalent) back to the state or notify the state of problems within 15 minutes of the transmission via SFTP. The servicing bank is responsible for converting the transmitted data into proper format and processing the transactions through the ACH network.”*

Is the intent of the State to send a Nacha formatted CTX using ANSIX12 standards in the addenda, or does the State desire to send an 820 file to the bank and have the bank translated the file to a Nacha formatted file?

There are several different types of ACH files that the State submits. Most commonly is the NACHA file format, but there are others.

10. (Page 49) – *“If the bank accesses the State’s file prior to 5:00 p.m., the disbursements can be posted to the State’s bank account the next banking day. If the bank accesses the State’s file*



OFFICE OF THE ARIZONA STATE TREASURER



KIMBERLY YEE
TREASURER

after 5:00 p.m., the posting of the disbursements must be delayed one additional banking day."

Will the State provide the effective date for the disbursements in the file? For example, will the files transmitted after 5:00 p.m. have the effective date reflecting the desired delay of one additional banking day?

Yes, the State will provide the effective date. If a file is submitted after the cutoff time, the file should be sent on the next available business day.

11. (Page 51) - "Debit ACH Requirements. Provide debit ACH touch-tone collection of payments due to the State to be deposited in a separate account. Allow the addition of new remittance processing as required statewide for state agencies through the State Treasurer's Office."

Please describe types of payments collected through the touch tone collection method and the information collected for the remittance.

Payment cards and ACH.

Payment card will be covered in RFP 21-03 Merchant Services RFP to be issued in April 2021.

12. (Appendix I) -

Table with 7 columns: 9, 77-78, 2, Alphanumeric, Bank Draft Indicator, Use this field only if you are setup to create paper drafts and only if the Transaction Codes are "27" or "37". If you plan on using this feature, please contact Customer Service. Values are: "1?" = Bank to choose best way - Electronic or preauthorized check. "bb" = Electronic only. "1*" = Preauthorized check only. Leave this field blank for all other entries. M

The ACH format information contained in the RFP has information that seems very specific to the current ODFI. If this is the case, can we have an the current ODFI outline any specific



OFFICE OF THE
ARIZONA STATE TREASURER

KIMBERLY YEE
TREASURER



requirements? In addition, is the State requesting bidders to provide the ability to produce pre-authorized checks originated through the ACH files?

If there are any specific ACH format, they would be per agency. No, the state is not requesting bidders to provide the ability to produce pre-authorized checks originated through the ACH files.

13. (Page 61) – “Banking Center Deposits (Volume 1,200)”

How many separate State locations utilize the banking branches for their deposits?
We have state agencies located throughout Arizona that will utilize banking branches.

14. (Page 62) – “Returns – ERIN (Volume 163)”

Please elaborate on “ERIN”.

The ERIN file is an electronic file we receive from the servicing bank with payor check information for checks negotiated by the State that are returned unpaid. The file contains the Deposit Account, Deposit Date, Charge Account, Return Date, Return Reason, Maker Name, Maker Address, Check Number, ABA Number, and Account Number.

15. (Page 64-65) – “WLBX”

Does the State require an in-state PO Box? Is the lockbox a requirement to bid on the banking services proposal?

Each agency has different requirements for lockbox services. The lockbox is an option service and is not required to bid.

Please provide a description of payments collected for each lockbox.

Many agencies are using lockbox for processing of payments that are collected by the agencies.

Are automated lockbox remittances used for any of the lockboxes? (OCR scanline, barcodes)

Yes.

Please provide samples or remittance coupons for each lockbox.



OFFICE OF THE
ARIZONA STATE TREASURER

KIMBERLY YEE
TREASURER



Agencies setup requirements for remittance coupons.

16. (Page 64) – “WLBX STD Mailout per Item (Volume 7,534)”

17. What is driving this volume? (Return of original documents, exceptions (define exceptions), correspondence....)?

Lockbox requirements by the agencies.

18. (Page 64) – “WLBX Scannable Sort Per Item (Volume 2.634)”

Please provide sorting instructions.

Sorting instructions varies by agency and purpose of payment.

19. (Page 64) – “WLBX Walk In Courier Pkg Deposit (Volume 352)”

Please clarify if these items are courier delivered or delivered through an overnight courier such as FedEx or UPS. Where are these payments coming from?

Courier delivered.

20. (Page 65) – “WLBX Image CD ROM per Disc (Volume 36)”

Would the State be open to the extended image retention online or an image transmission in lieu of CD-ROMs?

The State will consider any and all items that are deemed to be in the best interest of the State.

21. (Page 65 -66) – “Currency Supplied/\$100 NonStandard – Vault (Volume: 1,013)”

This line item is listed twice. Was this intentional?

It was not listed twice, however, the volume for the “Currency Supplied/\$100 NonStandard – Vault” should be ‘0’.

22. (Page 70-71) – “CPO Biller”

Is this service billed through Account Analysis?

Yes.



OFFICE OF THE
ARIZONA STATE TREASURER

KIMBERLY YEE
TREASURER



Is the State using government convenience fees to offset merchant fees related to the CPO Biller Services?

[This will be covered in RFP 21-03 Merchant Services RFP to be issued in April 2021.](#)

Is this service used for both web/mobile and IVR payments?

Yes.

23. (Page 70) – “Payables Thru Draft”

There are no volumes in this category except for the Monthly Maintenance. Is the volume for this service the same as the General Check Paid volume located on page 61? Please clarify.

[Payable Thru Draft is now included in the “General Disb Cks Paid – Trunc” \(checks/warrants paid, truncated\).](#)

24. (Page 70) – “CPO Biller GTW Maintenance (Volume: 83)”

Please provide an overview of how the State uses the CPO Biller service (IVR & Web).

[This will be covered in RFP 21-03 Merchant Services RFP to be issued in April 2021.](#)

25. (Page 71) – “CPO Biller GTW Transaction (Volume: 76,645)”

What payments types do you accept (card, ACH....)?

[This will be covered in RFP 21-03 Merchant Services RFP to be issued in April 2021.](#)

26. (Page 71) – “CPO Biller GTW IVR (Volume: 3,472)”

What payments types do you accept (card, ACH....)

[This will be covered in RFP 21-03 Merchant Services RFP to be issued in April 2021.](#)

27. Would the State consider awarding portions of the servicing bank contract to more than one Financial Institution?

[The state will consider any and all items that are deemed to be in the best interest of the State.](#)

28. Are you using a state owned or bank owned routing number?



OFFICE OF THE
ARIZONA STATE TREASURER

KIMBERLY YEE
TREASURER



State owned.

29. Would you consider using a bank owned routing number?

The state will consider any and all items that are deemed to be in the best interest of the State.

30. Would the State entertain using a controlled disbursement account for warrants? If no, could the State elaborate why?

The state will consider any and all items that are deemed to be in the best interest of the State.

31. For volumes, your 2016 RFP seemed to provide the warrant volume under 'PTD Per Item', which had a total of 117,848 items. Looking at the 2021 version, the volumes seem to be missing. Can you provide what line item provides the warrant volumes?

General Disb Cks Paid - Trunc

32. Would the State consider providing a positive pay file as warrants are issued (i.e. before they are presented for payment)?

The state will consider any and all items that are deemed to be in the best interest of the State.

33. Your 2016 RFP included merchant processing. We did not see that component in the current version. Will the State be submitting a separate RFP for this business?

That is correct. RFP 21-03 Merchant Services will be issued in April 2021.

34. Is the state using any type of procurement card today? If so, can you share the # of cards, yearly spend, and the uses of the card program?

1,532 purchase cards, \$24,007,598 yearly spend, the purchase card is used to facilitate the purchase of goods and services by State agencies.

35. Given the environment, will electronic signatures on the "original"/print of the RFP response be allowed?

Yes.

36. Regarding Exhibit A – Supplement 1: State Facility Locations, can you please provide the names of the Facilities located in these cities and their physical street address?



OFFICE OF THE
ARIZONA STATE TREASURER

KIMBERLY YEE
TREASURER



There are many State facilities throughout the entire state.

37. Also relating to Exhibit A – Supplement 1, can you share which State facilities are not using remote deposit scanners (if any)? Can we assume all others are?

There are several facilities with the State agencies that are not using remote deposit.

38. Relating to Exhibit A – Supplement 3: Armored Car Pickup Locations, can you please provide the current vault location(s) used for the various pick-up locations listed?

This is determined by the current servicing bank.

39. Which armored car service provider is the State currently using?

Loomis.

40. On page 1 of the RFP it states that the term of the contract will run for three years, with two possible one-year extensions by mutual agreement. On page 18 (Section 6 – Term of Contract) it states in bullet point 3 that the two one-year renewals will be at the sole option of the State. Would you please confirm which statement is correct?

By mutual agreement.

41. You mention that all state warrants shall be cashed at no cost to payee. Can you share any volumes of warrants cashed at bank branches?

Between March 2020 – February 2021, there were 10,365 warrants cashed at bank branches by non-relationship customers.

42. If we were to require the use of a bank owned ABA routing number for the warrant accounts would this disqualify our bid from consideration?

The state will consider any and all items that are deemed to be in the best interest of the state.

43. Are there any other entities who would be accessing online banking?

Yes. All of the agencies.

44. Will each of the 14 different warrant types will be drawn against its own account or out of one general account?

Currently, they are drawn against its own account.



OFFICE OF THE
ARIZONA STATE TREASURER



KIMBERLY YEE
TREASURER

45. Please confirm the warrant #'s are functionally equivalent to a check # and can be provided where a check # would normally be provided in all online banking and information reporting applications.

That is correct.

46. Appendix G looks like a standard BAI file. Has the State Treasurer's Office incorporated any custom modifications?

No customizations that we are aware of.

47. On page 53, ACH Payments, please clarify your requirement. Are you asking for notification by 5:00am MT of all ACH credits that posted to your accounts the previous day?

The RFP states 8:00 a.m. MST. Yes.

48. What departments and sources are lockbox payments processed?

There are several agencies currently using lockbox.

49. Can we get a set of processing requirements for the lockbox, including scanline definitions and file output?

The process is at the agency's discretion, so it will vary.

50. Can you expand on what you mean by advanced lockbox services on page 28 of the RFP?

Lockbox services that offer acceptance of a coupon and a negotiable item, in addition to scanning of complex documents that can be sent electronically to the agencies.

51. Can you expand on what you mean by Digital real time payment options?

A system that offers an instant, 24/7, interbank electronic fund transfer payment to the State for payments that can be initiated through many channels.

52. Are you looking for an armored carrier transportation proposal?

Armored carrier transportation proposal can be included but is not required.

53. Expected/Actual Travel Card

a. Annual Charge Volume? \$4,060,535

b. Credit Limit? Varies depending on Traveler, normally \$1,000 to \$5,000 per cardholder.

54. Expected/Actual Purchasing Card –



OFFICE OF THE
ARIZONA STATE TREASURER

KIMBERLY YEE
TREASURER



- a. Annual Charge Volume? \$24,007,598
- b. Credit Limit? Varies depending on the agency, most are in the \$5,000 to \$10,000 range.

55. Estimated Annual B2B Spend Targeted for an Electronic Payment Solution?
We are not currently using so we are unable to provide an estimate.

56. Which ERP is being utilized?
The Statewide accounting system is CGI Advantage.

57. Which Expense Management System is being utilized?
N/A

58. Which reconciliation tools are being utilized?
Internal reconciliation process and statewide accounting system.

59. Is the Invoice-to-Pay process automated electronically today?
No.

60. Please explain specific billing preferences and/or payment option requirements.
We are currently invoiced quarterly for our analysis account in which the accounts are grouped under.

61. Is there a current provider? If so, whom?
Bank of America

62. Can you please provide the ERP used by the State?
The Statewide accounting system is CGI Advantage.

63. Do all agencies utilize the same ERP? Or do they have their own individual system and have to report their transactions to the State's ERP?
Both. Some agencies use only the statewide ERP and some use their own and the State's ERP.

64. In the past, has the State explored moving away from the current warrant process?
No.



OFFICE OF THE
ARIZONA STATE TREASURER



KIMBERLY YEE
TREASURER

65. Has the State explored converting particular warrants to electronic payment? If so, can you briefly provide the process of conversion?

The State encourages electronic payments but not all recipients were responsive or consented.

66. Would the State entertain outsourcing the printing and mailing of their warrants by the servicing bank?

The state will consider any and all functions that we deem to add value, efficiency and effectiveness to our line of business.

67. During the pre-bid conference, it was provided the state had an average ledger of \$8.8 Billion. Is it the state's intention to keep all balances in their operating DDA accounts?

This was a misstatement. The amount provided was the total of the monthly average balances for the year (see questions #1) which should have been divided by 12.

68. Can you confirm what models (or common models) of desktop scanners used today?

TS240-75

69. How are bank fees handled between the Treasurer's office and the agencies?

Bank fees for most accounts are charged through the analysis and paid for by the Treasurer's Office.

70. For Warrant Account funding, would the State consider automated funding of the warrants that are presented?

The State will consider any and all items that are deemed to be in the best interest of the state.

71. Can the State provide an image example of a warrant utilized today?

There are 10 different warrant images used across the 14 warrant types. Warrant images will not be provided for security reasons.

72. Can the State provide more details on the 5pm cut-off time for ACH? Does the State notate one day vs. two day ACH so that the disbursement of funds follows the desired schedule?

Vendor ACH payments are generated nightly, after 5pm on Day 1. The ACH payments will have an issued date of Day 1, with a settlement day on Day 3.



OFFICE OF THE
ARIZONA STATE TREASURER

KIMBERLY YEE
TREASURER



73. For touchtone ACH, are you requiring the servicing bank to provide IVR services? If so, will this just be for ACH or will there be a need for card acceptance?
[No. We will need the servicing bank to have the ability to establish a file that can be used for IVR services even if this service is established with another vendor.](#)
74. For lockbox, is the State utilizing a scannable coupon with an OCR scanline? If so, can the State provide a copy?
[The coupons are at the agency's discretion and can differ between agencies.](#)
75. Can the state provide example invoices that are received at the lockbox for processing?
[The invoices are at the agency's discretion and can differ between agencies.](#)
76. Can the State provide more details on the lockbox requirements, possibly the agencies using the service, the type of lockbox each agency utilizes, and if there are any unique processing requirements?
[There are several agencies using this service. The process is at the agency's discretion.](#)
77. During the pre-bid conference, advanced remittance lockbox was discussed. Can you elaborate on what types of advancements the State would be interested in?
[We are interested in any advancements that would be beneficial to the state and provide added value.](#)
78. For the Reconciled Warrant Transmittal, can the State provide how they utilize this report? Is it uploaded into your ERP or simply viewed by the Treasurer's Office for a summary of the day's activity?
[This report is used to reconcile the bank with ASTO's GL system and the statewide accounting system. The report is also used to fund the bank for the warrants previous day's activities.](#)
79. On the question around output media for transactions reporting, are you referring to transmission's options for reporting or image delivery?
[We are wanting to know any and all available methods that can be provided to us for transactions reporting.](#)
80. Can our response provide pricing in your desired format along with attaching our Financial Institution's format showing how fees are charged for services rendered?
[Yes.](#)



OFFICE OF THE
ARIZONA STATE TREASURER



KIMBERLY YEE
TREASURER

81. If the State were to change their warrant process to utilize controlled disbursement, can you estimate the cost and resources required to make the change?

This cannot be estimated as we do not know what is required to utilize controlled disbursement.

82. Would converting to controlled disbursement necessitate any statutory change?

This depends on what is required to convert.

83. For the many reports required for Warrant Reconciliation (Appendix B, C, and G), are they custom reports and are they from the Fed system or are they from your current bank provider?

They are reports/files provided by our current servicing bank.