

**DIVISION OF MEDICAL ASSISTANCE AND
HEALTH SERVICES (DMAHS)
MEDICAL ASSISTANCE DISBURSEMENT SERVICES
REQUEST FOR PROPOSAL**

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DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES (DMAHS) MEDICAL ASSISTANCE DISBURSEMENT SERVICES REQUEST FOR PROPOSAL

I. BACKGROUND

This Request for Proposal (RFP) has been prepared by the Department of the Treasury, Office of Management and Budget, Cash Management Unit on behalf of the New Jersey Department of Human Services, Division of Medical Assistance and Health Services (DMAHS). DMAHS through its Fiscal Agent issues payments to medical providers for services rendered for multiple assistance programs including Medicaid, Pharmaceutical Assistance for the Aged and Disabled, Senior Gold and others. During calendar year 2010, the Division of Medical Assistance and Health Services (DMAHS) issued 102,957 checks totaling \$319,431,700 and 575,992 ACH transactions totaling \$9,016,603,838 in reference to these programs.

Checks and electronic ACH payments are processed and mailed weekly to medical providers. Currently, participation in the electronic ACH payment is voluntary, but it is the Division's intention to mandate electronic ACH payments for all providers within this contract period. Currently, there are approximately 34,000 active providers. These providers can receive up to 52 payments per year.

II. PURPOSE AND INTENT

The purpose of this request is to solicit proposals from qualified New Jersey banks for the placement of **three (3) State Accounts** for the daily banking needs of the Department of Human Services, Division of Medical Assistance, and the accurate and timely processing of all services associated with these accounts. The required accounts are as follows:

1	General Treasury Medical Assistance Master Account
2	Medical Assistance Zero Balance Check Disbursement Account
3	Medical Assistance Zero Balance ACH Disbursement Account

The State reserves the right to consolidate these accounts or increase the number of accounts, as the need arises, during the course of this contract term.

For all **three (3) accounts**, the vendor must provide the State with access to a Web-based Inquiry/Communication System.

Below is the summary list of banking services, not necessarily all inclusive, that will be required for consideration of an award. The detailed specifications are delineated in **SECTION VI., SCOPE OF WORK**, of this RFP.

1	Controlled disbursement, ZBA, and positive pay account capability and reporting
2	Electronic data transmission and receiving capability
3	Web-Based Inquiry/Communication System for checks and ACH inquiry, stop payments, positive pay, wire transfers, reports, etc.
4	Full account reconciliation services
5	Monthly bank statements and reconciliation reports
6	ACH sending capabilities (CCD, CCD+, PPD and CTX formats)
7	Wire transfer with daylight overdraft coverage capabilities
8	Daylight overdraft coverage up to \$505 million
9	ACH exposure line up to \$500 million per day for electronic payments, with the possibility of occasionally exceeding this amount
10	Automated daily balance reporting (prior day and intraday) via the web
11	Detailed intra-day reporting capabilities

12	Timely reports per RFP specifications
13	Timely, reliable customer service, including technical support and training
14	Paid check imaging, document destruction and data confidentiality
15	Contingency plan and reliable backup in case of system failure
17	Paid check image retention for seven (7) years from imaging date
18	ACH debit block and ACH select debit block capabilities

III. TERMS AND CONDITIONS

A. Applicable Rules and Regulations

The vendor must be a state or nationally chartered bank, with a presence in the State of New Jersey, employ New Jersey residents, and be in compliance with all federal and/or New Jersey State laws governing all services to be awarded.

The vendor must be a member of an automated clearing house association and be in compliance with all rules and regulations set forth by the National Automated Clearing House Association (NACHA), local automated clearing house (ACH) association(s) and ACH operators.

The State of New Jersey agrees to comply with all current NACHA Operating Rules and regulations. The entire content of this RFP, all addenda and the bank's proposal will become the basis for award and contract and serve as the contractual agreement between *Originator* (State of New Jersey) and *Originating Depository Financial Institution* (bank), as required by NACHA and its Governing Regulators.

The entire content of this RFP, all addenda and the bank's proposal will become the basis for any award and contract. These documents, serving as the agreement between the State of New Jersey and the bank, shall, whenever possible, be construed in harmony except in instances when a governing regulatory agency's rules are in conflict; in which case the governing regulatory agency's rules and regulations would apply. If there is a conflict between the terms contained in these documents, the order of precedence shall be: (1) the rules of the governing regulatory agency; (2) the addendum(s); (3) the RFP; and (4) the bank's proposal.

All services must be the responsibility of the primary vendor. The State will not enter into any agreements with subcontractors.

It is agreed and understood that any contract placed as a result of this proposal shall be governed and construed and the rights and obligations of the parties

hereto shall be determined in accordance with the laws of the State of New Jersey.

The TERMS AND CONDITIONS, OTHER MANDATORY PROVISIONS and PAYMENT METHOD AND TERMS of this Request for Proposal (RFP) will supersede any and all conflicting terms and conditions, including bank agreements, submitted by the bank/contractor. The State of New Jersey will not modify its terms and conditions or execute separate bank agreements.

Proposals that do not conform with or take exception to the State of New Jersey's terms and conditions, other mandatory provisions and payment methods and terms, as set forth in this RFP, will be considered non-responsive and therefore rejected.

B. Project Management

The Department of Human Services, Division of Medical Assistance will be responsible for the administration of the contract and will be the contact agency after contract award.

The Project Manager for this program for the State of New Jersey is:

Karen Hammitt
State of New Jersey
Department of Human Services
7 Quakerbridge Plaza
P.O. Box 712
Trenton, New Jersey 08625-0712
Phone: (609) 588-2674
E-mail: Karen.Hammitt@dhs.state.nj.us

The Cash Management Unit will be responsible for any contract related issues.

C. Timetable of Events

The State reserves the right to modify any of the cited dates upon notification to vendors.

EVENT	DATE
Issuance of Request	July 21, 2011
Deadline to Submit Questions	August 9, 2011
Mandatory Bidders' Conference	August 17, 2011
Proposal Due Date	September 14, 2011
Anticipated Award Date	November 22, 2011
Implementation and System Testing with Fiscal Agent	November 23, 2011
Contract Commencement	July 1, 2012

D. Mandatory Bidders' Conference

Attendance at the following pre-bid conference is a prerequisite for proposal submission.

DATE: August 17, 2011
TIME: 10:00 a.m. E.S.T.
PLACE: Department of the Treasury
Purchase Bureau Bid Room – 9th Floor
33 West State Street
Trenton, New Jersey 08608

During the conference, the RFP requirements will be reviewed and questions from interested bidders addressed.

Any deferred questions arising from the bidders' conference will be responded to in writing and distributed only to those vendors in attendance at the conference. Responses will be provided by hardcopy, e-mail or via the Office of Management and Budget's Banking Services website. Oral explanations given anywhere but at the bidders' conference shall not be binding.

E. RFP Questions from Bidders

Before the mandatory bidders' conference, interested bidders should submit written questions regarding this document to the Cash Management Unit, on or before **August 9, 2011** to the following address:

Ron Tani, Cash Management Supervisor
State of New Jersey

Department of the Treasury
Office of Management and Budget
33 West State Street
P.O. Box 221
Trenton, New Jersey 08625-0221

Or questions can be e-mailed to the following address:

ROMEO.TANI@treas.state.nj.us

NOTE: All questions submitted to the addresses listed above, prior to 4:30 PM E.S.T. on **August 9, 2011**, will be answered at the scheduled bidders' conference.

F. Revisions to the Request for Proposal

If it becomes necessary to revise any part of this RFP prior to the mandatory conference, time permitting, revisions will be made in the form of a written addendum and made available on the Office of Management and Budget's Banking Services website. Also, that same addendum will be provided in hardcopy to all vendors who attend the conference.

If revisions are necessary after the mandatory conference, the revisions will subsequently be provided either in hardcopy to the conference attendees, e-mailed to the attendees or through a notice to the attendees that the revisions are on the Office of Management and Budget's Banking Services website.

Acknowledgment of the receipt of all the amendments/revisions will be required to accompany any proposal submitted.

G. Proposal Due Date

In order to be considered for selection, one original proposal, clearly marked "ORIGINAL", signed by an officer who is authorized to bind the respondent contractually, and **four (4) copies** of the proposal must arrive on or before the date specified in the **Timetable of Events** and addressed as follows:

Ron Tani, Cash Management Supervisor
State of New Jersey
Department of the Treasury
Office of Management and Budget
33 West State Street
P.O. Box 221
Trenton, New Jersey 08625-0221

H. Oral Presentation and Vendor Site Visitation/Inspection

Vendors who submit a proposal may be required to give an oral presentation to the evaluation committee. This will provide an opportunity for the vendor to clarify or elaborate on its proposal. However, an oral presentation does not provide the vendor the opportunity to change the original bid or correct any deficiencies in its proposal. Vendors should not construe the invitation for an oral presentation to imply any acceptance or rejection of bids.

The Department of the Treasury, Office of Management and Budget, Cash Management Unit, will schedule the presentations.

At the time of proposal evaluation, the State reserves the right to inspect the vendor's facilities, including any and all subcontractors' facilities. Any time after award, the State reserves the right to inspect the vendor's facilities, including any and all subcontractors' facilities, without prior notice by the State. However, if circumstances warrant prior notice because of security or proprietary considerations, please include an explanation of such reservation in your response. Failure to comply with this request may result in disqualification or termination of the contract.

At all times, (1) travel by State personnel to the vendor's site will be at the State's expense; (2) travel by vendor personnel to the State of New Jersey will be at the vendor's expense.

Prior to contract award, the oral presentation and vendor site inspection may be combined.

I. Contract Award

The entire contents of this RFP, all addenda and the bank's proposal will become the basis for any award resulting from this solicitation.

The State of New Jersey reserves the right to reject any or all proposals, to award to other than the low bidder, to award in whole or in part, and to waive any minor informalities not in compliance with the specifications or terms and conditions of the request if deemed in the best interest of the State to do so.

Any statistics or values shown in the RFP are either based on past history, or best estimates. The future quantities, values or activities may be more or less than those noted herein and could change during the course of the contract term. The State will make no allowances or concessions to a bidder for any alleged misunderstanding because of quantity, character or other conditions.

J. Length of Contract

The contract will be for a **four (4) year term**. The bank may not close any accounts until officially notified by the Department of the Treasury, Office of Management and Budget, Cash Management Unit. The Department of the Treasury, Office of Management and Budget, Cash Management Unit will be responsible for opening and closing of all accounts.

K. Contract Extension

The State will have the option to extend the contract for **four (4) one-year periods**, or any portion thereof, if deemed in the best interest of the State to do so. The vendor will be notified of the State's intent at least **90 days** prior to the expiration date of the existing contract. The vendor will have **15 calendar days** to respond to the State's request. If the vendor agrees to the extension all terms and conditions of the original contract and any mutually agreed to changes will apply.

At the time of contract extension, an increase in price will be considered. The unit prices during the extension periods may be adjusted utilizing the Consumer

Price Index unadjusted for All Urban Consumers, New York-Northern New Jersey Region and Philadelphia-South Jersey Region using a 2/3 to 1/3 weight respectively, as published by the Bureau of Labor Statistics of the United States Department of Labor. For price adjustments during the option periods, the prices may be increased by the same percentage as the percentage of increase shown in the Index for January of the extension year compared to the Index for January of the prior year or for the most recent reported twelve-month period. At the time of the extension option, the vendor must include in their response to the State the price increases, from and to, for each of the line item charges, along with supporting Labor Statistics documentation. The State will then independently verify the price adjustment.

L. Vendor Right to Protest

A vendor's right to protest RFP specifications and intent of contract award is governed by N.J.A.C. 17:12-3.

For all Cash Management contract protests, although N.J.A.C. 17:12-3 references the Director of the Division of Purchase and Property, the Treasurer (or designee) shall be the individual authorized to decide the protests.

M. Termination of Contract

The State reserves the right to terminate any agreement entered into as a result of this RFP providing written notice has been given to the bank at least **30 days** prior to such proposed termination date unless otherwise provided herein.

At contract termination, the vendor must cooperate fully with the State and the new contract vendor to affect a smooth transition, which would include transferring all necessary databases, files and other information needed for the continued operation of the application.

N. Contract Continuity/Transitional Period

In the event the service or services are scheduled to end by contract expiration or be terminated by the State (at the State's discretion), and if requested by the

State, the bank must continue the service(s) until new services can be completely operational. At no time shall this transitional period extend more than **180 days** beyond the expiration date of the existing contract. The bank will be reimbursed for this service at the rate in effect when this transitional period clause is invoked by the State.

O. Unanticipated Services

Should additional State initiated work be required which is beyond the initial scope of this RFP, the State of New Jersey reserves the right to negotiate with the awarded vendor reasonable fees for services unanticipated or not existing at the time of the contract award. If required, the State will request a written cost estimate and a schedule of the work plan. The State must approve the fees and/or work plan prior to initiation of the work. Upon failure to arrive at a negotiated fee schedule and work plan, the State may, at its option, contract the services through a competitive process.

If additional programming is required, the vendor must be able to provide additional programming services and make system changes to their internal system within **90 days** after State approval. The cost estimate will be based on the hourly rates included in the vendor's response as specified in **SECTION IX., COST SCHEDULE** of this RFP.

P. Prime Contractor Responsibilities

The selected vendor, and any successor vendor (in the event of merger/acquisition or other change in operating status), will be required to assume sole responsibility for the complete effort of any contract(s) awarded to the vendor subsequent to its bid submission, and assume all cost incurred by the State, directly or indirectly, in connection with or as a result of the transition. If a merger/acquisition has been announced prior to or during the vendor's proposal preparation period, identify all relevant or emerging dates surrounding the merger relative to official name change, system changes, account changes, etc. if known at the time of bid submission.

The State will consider the prime contractor to be the sole point of contact with

regard to contractual matters. The prime contractor is responsible for the professional quality, technical accuracy, timely completion of any and all services awarded to the vendor as a result of the solicitation; and shall without additional compensation, correct or revise any errors, omissions, or other deficiencies in their products, services, reports, equipment, information, etc. in order to meet the requirements as specified herein.

The successful vendor must furnish the names of the officers and management personnel who will be utilized in the fulfillment of any agreement resulting from this RFP.

Q. Subcontracting

All subcontractors must be approved by the State. If the bank has knowledge prior to proposal submission date that any part of the work covered by this request will be subcontracted, the bank shall identify the subcontracting organization, its officers and the contractual arrangements made therewith, and state what services are to be subcontracted.

If, during the contract term, the bank desires to employ or replace any subcontractor, the bank must provide **90 days** written notice to the State. The State will evaluate the replacement firm's qualifications. No replacement firm shall begin work without prior State approval.

The prime contractor is totally responsible for adherence by the subcontractor to all provisions of the contract between the bank and the State. Nothing contained in these specifications or subsequent specifications shall be construed as creating any contractual responsibility between the subcontractor(s) and the State.

R. Assignment

The vendor is prohibited from assigning, transferring, conveying, subletting or otherwise disposing of this agreement or its rights, title or interest therein or its power to execute such agreement to any other person, company or corporation without the previous consent and approval, in writing, by the State. Any

attempted assignment without consent shall be null and void. Unless otherwise agreed to by the State in writing, the assignee shall bear all cost incurred by the State, directly or indirectly, in connection with or as a result of such an assignment.

S. Cost Liability

The State of New Jersey assumes neither responsibility nor liability for cost incurred by banks prior to issuance of an agreement, contract or purchase order.

T. Ownership of Material

Ownership of all data, material and documentation originated and prepared exclusively for the State pursuant to any contract shall belong exclusively to the State and shall be delivered to the State upon **30 days** notice by the State.

U. File Transfer / Data Confidentiality

The State of New Jersey can utilize several protocols for file transfers: HTTPS, FTPS (FTP over SSL) and SFTP (FTP over SSH). See **EXHIBIT A State of New Jersey OIT Transmission Capabilities Guide (05/16/2011)** for a detailed description of the protocols supported. A bank(s) ability to support as many of these file transfer methods as possible, thus providing the State with maximum flexibility, will be a positive factor considered during the proposal evaluation

The Standard Entry Class (SEC) Codes that may be used by the various accounts are CCD, CCD+, PPD or CTX. The State plans to take advantage of all advancements offered by the ACH Network. The bank must be able to demonstrate that they have the ability to support these updates to the electronic funds transfer system.

The bank and all subcontractors will be required to use reasonable care to protect the confidentiality of the data. All data contained in the documents or files supplied by the State are to be considered confidential and shall be solely for the use of the State. The chosen bank must protect State data and ensure that all State information remains confidential.

Any use, loss, sale or offering of this data in any form by the prime contractor, its employees, subcontractors, or assignees may cause termination and legal action to be taken, with all cost of any such legal action to be absorbed by the vendor.

V. Promotional Use Prohibited

The vendor and any subcontractors will be prohibited from advertising or promoting any trade or business by reference to any agreement or services performed hereunder, including the issuance of news releases, resulting from any award.

W. Accounting Records

The vendor is required to maintain records and other documentation needed for the execution of any and all contracts. These records must be made available to the State at all reasonable times during the contract term and for a period of **seven (7) years from the date of final payment.**

Vendor-generated transaction records, including but not limited to, copies of checks, deposit slips, bank statements and invoices must be made available to the State for a period of **seven (7) years from the date of transaction.**

The State reserves the right to have either its personnel, its designated representatives or its auditors, monitor and audit as often as the State deems necessary, the activities and related processing and accounting records of the bank and all subcontractors, to ensure proper compliance to the terms as specified within this document.

The vendor(s) must provide adequate facilities for the State auditors to use when they perform their regular and random audits.

X. Severability Clause

In the event that any provision of this RFP or any agreement executed in accordance herewith shall be held invalid or unenforceable by any court of

competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision, and the agreement shall continue in effect without the invalid provision.

Y. Indemnification and Vendor Liability

1. Indemnification for Third Party Claims

a. Indemnification for other than Intellectual Property Claims

The Vendor expressly agrees to assume all risk of and responsibility for, and agrees to indemnify, defend and save harmless the State of New Jersey and its officials and employees from and against any and all third party claims, demands, suits, actions, losses, damages, liabilities, recoveries, judgments, costs, attorney fees and expenses of any nature whatsoever (collectively Third Party Claims), resulting from, arising out of or relating, directly or indirectly, from the Deliverables (services, goods, intellectual property and work) supplied under this contract.

b. Intellectual Property Minimum Obligations and Indemnity

The Vendor expressly agrees to assume all risk of and agrees to indemnify, defend and hold the State of New Jersey and its officials and employees harmless from any and all third party claims, demands suits, actions, losses, damages, liabilities, recoveries, judgments, costs, attorney fees and expenses of any nature whatsoever resulting from, arising out of or relating to any claim(s) that a Deliverable under this contract or use thereof infringes Intellectual Property Rights (any intellectual property right including, but not limited to copyright, patent, trademark, trade secret, trade dress) of any third party (IP Third Party Claims).

If Vendor believes at any time that the Deliverables infringe a third party's Intellectual Property Rights, Vendor may, upon receipt of the

State's prior written consent, which the State shall not unreasonably withhold, (i) replace an infringing item with a non-infringing item that meets or exceeds the performance and functionality of the replaced item; or (ii) obtain for the State the right to continue to use the infringing item; or (iii) modify the infringing item to be non-infringing, provided that, following any replacement or modification made pursuant to the foregoing, the replacement or modification not cause the other deliverables under this contract, or the State's other existing systems and processes, fail to operate or to operate in an unsatisfactory manner. Vendor's failure or inability to accomplish foregoing shall be deemed a material breach of this Contract, and State may pursue any rights and remedies available to it under this Contract, including termination. Such a material breach by the Vendor shall not relieve the Vendor of the obligation to indemnify the State for Third Party IP Claims.

c. State and Vendor Obligations in the Event of Third Party Claims or IP Third Party Claims

The State shall promptly notify the Vendor of any Third Party Claim or IP Third Party Claim or potential Third Party Claim or IP Third Party Claim of which the State becomes aware that may be the subject of this Section. Vendor shall promptly notify the State of any Third Party Claims or IP Third Party Claims or potential Third Party Claims or IP Third Party Claims of which it becomes aware or for which it provides indemnification under this section.

Vendor shall have control of the defense of any Third Party Claim or IP Third Party Claim, however, neither Vendor nor any attorney engaged by Vendor shall undertake to defend the Third Party Claim or IP Third Party Claim in the name of the State of New Jersey or any agency of the State of New Jersey, nor purport to act as legal representative of the State of Jersey or any of its agencies, without the prior approval of the State, nor shall Vendor settle any Third Party Claim or IP Third Party Claim on behalf of the State of New Jersey

without the prior approval of the State. The Vendor shall keep the State informed of the status of all such Third Party Claims and IP Third Party Claims. The State shall not unreasonably withhold its approval under this paragraph.

The State may, at its election and expense, assume its own defense and settlement of a Third Party Claim in the event that the State determines that an important governmental principle is at issue, or for any other reason as determined solely by the State.

The indemnification obligations in this Section shall survive the expiration or termination of the Contract.

2. Vendor Liability

The Vendor's liability to the State for any and all claims, demands, suits, actions, recoveries, judgments or costs, regardless of the legal theory under which such liability may arise, which may arise from or result directly from the Deliverables supplied under this contract is unlimited, except that the Vendor shall not be liable to the State for special, consequential or incidental damages.

3. Indemnification and Liability Not Limited by Insurance Obligations

The Vendor's indemnification and liability is not limited by, but is in addition to the insurance obligations contained in this RFP.

Z. Insurance

The vendor will furnish to the State such evidence of insurance as the State may require at the time of award and for all periods during the term of the agreement and any extensions to the agreement.

For all coverage and renewals, the documents must contain the proviso that the insurance provided shall not be canceled for any reason except after **30 days**

written notice to the State of New Jersey, Department of the Treasury. All insurance shall be written for not less than any limits of liability herein specified or required by law, whichever is greater.

1. Comprehensive General Liability policy as broad as the standard coverage forms currently in use in the State of New Jersey which shall not be circumscribed by any endorsements limiting the breadth of coverage. The policy shall be endorsed to include:

- Broad Form Comprehensive General
- Liability Products/Completed Operations
- Premises/Operations

The limits of liability for bodily injury and property shall not be less than \$1 million per occurrence as a combined single unit.

2. Automobile Liability Insurance which shall be written to cover any automobile used by the insured. Limits of liability for bodily injury and property damage shall not be less than \$1 million per occurrence as a combined single limit.
3. Worker's Compensation Insurance applicable to the laws of the State of New Jersey and Employers Liability Insurance with limits not less than:
 - \$100,000 Bodily Injury Each Occurrence
 - \$100,000 Disease Each Employee
 - \$500,000 Disease Aggregate Limit

AA. Conflict of Interest

No award will be made to a vendor who, in the opinion of the Department of the Treasury, has interest, business ventures, proprietorships, employment, or public office, which would create a conflict of interest. The State reserves the right to question vendors with respect to actual or potential conflicts of interest.

BB. Public Records - Contents of Bid Proposals

Be advised that generally bid proposals are public documents under the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 to -13, (NJOPRA), however,

certain sections may be confidential under the statutory exceptions to NJOPRA. A bidder may designate specific information that is part of its bid proposal as not subject to disclosure when the bidder has a good faith legal/factual basis for such assertion. The State reserves the right to make the determination and will advise the bidder accordingly. The location in the bid proposal of any such designation should be clearly stated in a cover letter. The State will not honor any attempt by a bidder either to designate its entire bid proposal as proprietary and/or to claim copyright protection for its entire proposal. In the event of any challenge to the bidder's designation of confidential/proprietary materials, the bidder shall be solely responsible for defending its designation and the State shall have no responsibility therefore.

By signing the cover sheet of this RFP, the bidder waives any claims of copyright protection set forth within the manufacturer's price list and/or catalogs. The price lists and/or catalogs must be accessible to State using agencies and cooperative purchasing partners and thus have to be made public to allow all eligible purchasing entities access to the pricing information.

All bid proposals, with the exception of information determined by the State or the Court to be proprietary, are available for public inspection after the Letter of Intent to Award is issued. At such time, interested parties can make an appointment with OMB, Cash Management to inspect bid proposals received in response to this RFP.

CC. Single Response

A single response to this RFP may be deemed a failure of competition and at the option of the Treasurer, the solicitation may be canceled. Alternatively, receipt of only one response may allow the Treasurer to claim it as a valid sole source acquisition of services.

IV. OTHER MANDATORY PROVISIONS

A. Financial Statements

As part of the proposal the prime vendor and any subcontractors directly involved with providing any part of the services, must submit their latest audited financial statements, or financial comments if a privately held company.

B. Ownership Disclosure Form

The vendor and all its known subcontractors must complete the enclosed Ownership Disclosure Form and submit it with the proposal. See **EXHIBIT B** for the **Ownership Disclosure Form**.

C. Non-discrimination Law

All parties to any contract with the State of New Jersey agree not to discriminate in employment and agree to abide by all anti-discrimination laws including those contained within N.J.S.A. 10:2-1 through N.J.S.A. 10:2-4, N.J.S.A. 10:5-1 et seq., N.J.S.A. 10:5-31 through 10:5-38 and N.J.A.C. 17:27-3.4, and all rules and regulations issued hereunder. For additional information on the non-discrimination law, you may call the Law Reference Library at (609) 292-6230 or visit: <http://www.njleg.state.nj.us/> and select "Statutes" under "Laws and Constitution" in the left column.

D. Collateralization of Deposits

The State Treasurer shall require from this bank a deposit of bonds, notes, certificates of indebtedness or bills or other obligations of or guaranteed by the United States; or other obligations of or guaranteed by the State of New Jersey; or any other obligations now or hereafter authorized by law as security for public deposits. In addition, a current Security Agreement should be on file with the State of New Jersey.

For the total bank balances resulting from the account, the collateralization requirement must adhere to **EXHIBIT C Policy Statement: Department of the Treasury Collateralization Requirements for State Held Deposits.**

E. Proof of Registration Requirements

Public Law 2001, Chapter 134 requires all contractors and subcontractors providing goods/services to State agencies and authorities to provide the contracting agency with proof of registration with the Department of the Treasury, Division of Revenue.

The Division of Revenue's Client Registration Bureau provides proof of registration certificates to all registrants. Business Registration Certificates (BRC) list basic business identification information and unique registration sequence numbers that can be verified by the Client Registration Bureau.

Pursuant to an amendment to NJSA 52:32-44, State and local entities are prohibited from entering into a contract with an entity unless **the contractor has provided a copy of its Business Registration Certificate as part of its bid submission.** As mandated by this bill, failure to submit a copy of the Business Registration Certificate within the bid proposal will be deemed non-responsive and therefore will result in disqualification of the bid proposal.

This statute also requires that all contract vendors also submit a copy of the Business Registration Certificate for each subcontractor they intend to use prior to contract implementation. The law prohibits contractors from entering into a contract with a subcontractor who has not provided the contractor a copy of its Business Registration Certificate.

The basic registration process involves filing Form NJ-REG. An overview of the NJ-REG process is found on <http://www.state.nj.us/njbgs/bgsclientreg.htm>. This page contains links to instructions and paper forms. NJ-REG may be filed online, from <http://www.state.nj.us/njbgs/services.html>, by selecting "Online Services, One-Stop Business Filing and Registration" and then "Register a Business for Tax and Employer Purposes".

Any questions in regard to business registration requirements can be directed to the Division of Revenue at (609) 292-9292.

F. N.J.S.A. 52:34-13.2 Certification

1. Under N.J.S.A. 52:34-13.2 Certification, the State shall not award a contract to a vendor that submits a bid proposal to perform services, or have its subcontractor[s] perform services, outside the United States, unless one of the following conditions are met:
 - a. The vendor or its subcontractor provide a unique service, and no comparable, domestically provided service can adequately duplicate the unique features of the service provided by the vendor and/or its subcontractor; or
 - b. A significant and substantial economic cost factor exists such that a failure to use the vendor's and/or the subcontractor's services would result in economic hardship to the State; or
 - c. The Treasurer determines that a failure to use the vendor's and/or subcontractor's services would be inconsistent with the public interest.
2. Source Disclosure Requirements

Pursuant to N.J.S.A. 52:34-13.2, all vendors seeking a contract with the State of New Jersey must disclose:

- a. The location by country where services under the contract will be performed; and
- b. The location by country where any subcontracted services will be performed.

State prefers the vendor submit with its bid proposal **EXHIBIT D N.J.S.A. 52:34-13.2 Certification**, completed with the sourcing information required for itself and any proposed subcontractor, identified in its proposal.

If the certification is not submitted with the bid proposal, it shall be submitted within five (5) business days of the State's request for the information. Failure to submit sourcing information when requested by the State shall preclude award of a contract to the vendor.

3. Breach of Contract of N.J.S.A. 52:34-13.2

A shift of outsourced services during the term of the contract shall be deemed a breach of contract.

If, during the term of the contract, the contractor or subcontractor, who had on contract award declared that services would be performed in the United States, proceeds to shift the performance of the services outside of the United States, the contractor shall be deemed in breach of the contract, which contract shall be subject to termination for cause, unless the Treasurer shall have first determined in writing that extraordinary circumstances require a shift of services or that a failure to shift the services would result in economic hardship to the State.

It is important to note that N.J.S.A. 52:34-13.2 applies to all service contracts.

G. Two-Year Chapter 51 / Executive Order 117 Vendor Certification and Disclosure of Political Contributions

In order to safeguard the integrity of State government procurement by imposing restrictions to insulate the award of State contracts from political contributions that pose the risk of improper influence, purchase of access, or the appearance thereof, Public Law 2005, Chapter 51 was signed into law on March 22, 2005 (this law supersedes Executive Order 134 (2004)).

On September 24, 2008, Governor Jon S. Corzine issued Executive Order No. 117 to further enhance the State of New Jersey's efforts to protect the integrity of the procurement process.

Pursuant to the requirements of Public Law 2005, Chapter 51 / Executive Order No. 117 (2008) the terms and conditions set forth in this section are material

terms of any contract resulting from this RFP:

1. Vendor Certification and Disclosure

Prior to awarding any contract or agreement to procure services or any material, supplies or equipment from, or for the acquisition, sale, or lease of any land or building from or to, any business entity, the State or any of its purchasing agents or agencies, as the case may be, shall require, as part of the procurement process, the business entity to report all contributions the business entity made during the preceding four years to any political organization organized under section 527 of the Internal Revenue Code that also meets the definition of a “continuing political committee” within the meetings of section 3 of P.L. 1973, c.83 (C.19:44A-3).

Instructions for completing the Vendor Certification and Disclosure are detailed in **EXHIBIT E Information and Instructions for Completing the Two-Year Vendor Certification and Disclosure of Political Contributions Forms.**

The submission of **EXHIBIT F Two-Year Chapter 51 / Executive Order 117 Vendor Certification and Disclosure of Political Contributions** will be required **five (5) business days** from the date on the “Intent to Award” letter issued by the Office of Management and Budget, Cash Management Unit.

2. State Treasurer Review and Approval

The State Treasurer or his designee shall review the Certification and Disclosure submitted pursuant, as well as any other pertinent information concerning the contributions or reports thereof by the intended vendor, prior to award, or during the term of the contract, by the contractor. If the State Treasurer determines that any contribution or action by the contractor constitutes a breach of contract that poses a conflict of interest in the awarding of the contract under this solicitation, the State Treasurer shall disqualify the Business Entity from award of such contract.

Please access the Purchase and Property website for additional information on Public Law 2005, Chapter 51 at the following site: <http://www.state.nj.us/treasury/purchase/execorder134.shtml>.

Upon approval by the State, the Certification and Disclosure of Political Contributions form is valid for a two (2) year period. Thus, if a vendor receives approval on January 1, 2009, the certification expiration date would be December 31, 2010.

3. Ongoing Vendor Responsibility

All business entities awarded a State contract on or after October 15, 2004, in an amount in excess of \$17,500, have a continuing obligation to disclose any changes in the vendor's ownership status and/or political contributions made during the term of such contract, and any extensions thereof.

NOTE: Vendors are contractually obligated to report all ownership changes and political contributions to the OMB, Cash Management Unit by submitting updated Vendor Certification and Disclosure forms. All changes and forms are subject to review by the Treasurer.

If the State Treasurer determines that any such contribution poses a conflict of interest, such contribution shall be deemed a material breach of such contract or agreement.

H. Disaster Recovery Plan

As part of any contract award, the vendor(s) must maintain a disaster recovery plan designed to minimize any disruption to the services being performed. The bank's disaster recovery plan, contingency and backup procedures should be made available for review by the State, within **ten (10) days** of a request by the State. As part of the State's Disaster Recovery Exercises, these items will be subject to annual review.

The bank must be able to demonstrate, during an inspection of operations and a review of documented procedures that in the event of a system breakdown or catastrophic event, State operations will be minimally affected and State records recovered intact. Given the worst case scenario, the vendor must be completely functional within **24 hours** of a major disaster.

The bank must fully cooperate during any and all disaster recovery testing operations initiated by the State. It must be ready to receive and validate test files transmitted or delivered from a State of New Jersey disaster recovery exercise.

For disaster and recovery purposes, the bank must be able to receive and process data files from the State in the following formats: electronic transmission or CD ROM. In addition, the bank must be able to demonstrate that sufficient safeguards are in place to prevent test files from being loaded into a production environment.

I. Image Processing of Public Records & Certification of Image Processing Systems

The Division of Archives and Records Management (DARM) has set forth the standards, procedures and rules for image processing of public records for the preservation, examination and use of such records, including indexing and arrangement thereof as required by Public Law 1953, c. 410 N.J.S. 47:3-26 et al., and P.L. 1994, c.140 (N.J.S. 47:3- 26 as amended).

Please access the following Department of State, Division of Archives and Records Management websites for standards, procedures and rules for image processing of public records and certification of image processing systems:

<http://www.state.nj.us/state/darm/links/njac-15-3-4.html>

<http://www.njarchives.org/links/njac-15-3-5.html>

Also see **EXHIBIT G Electronic Images – System Certification, Storage, Backup and Disaster Prevention/Recovery** for paid check imaging system certification description and requirements. The bank will also be responsible for

the storage of canceled/paid checks until authorized for destruction by the State. See **EXHIBIT H Destruction Requirements for State Records, Canceled Checks and Electronic Images** for paid check destruction requirements.

V. PAYMENT METHOD AND TERMS

The State will pay for vendor services primarily with fees and compensating balances when they exist. It is the State's intent to maintain compensating balances at a minimum and to pay for services primarily with fees. However, at the discretion of the Department of the Treasury, cumulative excess balance credits, if available from other State demand account balances, may be used as compensation for the services rendered under this contract.

A. Compensating Balances

The compensating balance must be considered as the total average collected balance of the account(s) less the non-earning Federal Reserve requirement in effect during the course of the contract term. The basis for the earnings rate will be determined from the average of each month's 13-week Treasury bill yield auction results. All auctions for which the settlement date falls in that month will be included in the month's simple average. At a minimum, the **coupon yield** of each auction will be used.

The earnings rate developed will be applied each month against the average daily net collected balance of the account(s) to determine the value of bank services earned that month with compensating balances. If the earnings of the compensating balances exceed the value of total bank services provided in any month, the excess will be applied to subsequent monthly analyses on a continuous basis without regard to calendar year end.

B. Payment Terms

If necessary, the bank will invoice the State monthly. The bank must provide the invoice within **30 days** after the close of each month (on a calendar month basis) for which services were provided. One combined invoice and analysis will be required for all **three (3) accounts**.

C. Monthly Analysis

Together with the invoice, the bank must provide a monthly analysis that will contain on one page of the analysis report, the monthly average collected balance and average daily ledger balance for the account. On the same page, the total monthly activity for each billable category will be presented so that every category of activity appears on one line of the report. The balance and each category of billable activity will be totaled and then carried to the summary page of the analysis. On the summary page, the reserve requirement, if one is required by the Federal Reserve, will be applied against the total collected balance of the account, with the monthly average Treasury Bill **yield** used to calculate the compensating balance earnings for the month. The contract prices will be applied against the total volumes for each billable category in order to establish the total billing for the month. The State will be invoiced for the total billing less the compensating balance earnings for that month. All applicable costs are to be billed in this manner. No charges can be directly debited against the account(s).

See **EXHIBIT I** for the **Division of Medical Assistance and Health Services (DMAHS) Monthly Analysis Sample** format.

The invoice and analysis are to be sent to:

State of New Jersey
Department of the Treasury
OMB, Cash Management Unit
33 West State Street, 6th Floor
P.O. Box 221
Trenton, New Jersey 08625-0221

VI. SCOPE OF WORK

A. General Account Requirements

The State's requirements include the establishment and maintenance of three (3) accounts and the accurate and timely processing of all banking services related to these accounts, including, but not limited to, controlled disbursement, positive pay, zero balance (ZBA), ARP services, wire and book transfers, ACH services, paid check imaging services, full bank reconciliation for all disbursement accounts, document destruction, Web-based inquiry and processing (i.e., stop payments and paid check imaging) along with a variety of reporting and communication needs.

The State reserves the right to consolidate existing accounts or establish additional accounts as needed during the contract term. If at any time during the contract term new bank accounts are added to this account structure, all new accounts should mirror these original three (3) accounts in basic set-up.

It should be noted that the Master Account and any other State of New Jersey General Treasury accounts in the vendor bank are related accounts. Balances in these accounts are to be considered offsetting; therefore, positive balances in other General Treasury accounts can offset any negative balances. Overall, the State will strive to maintain a positive balance in the General Treasury Medical Assistance accounts.

The accounts must be established as "Preferred Status" accounts; that is, to establish a credit line that will be sufficient to cover all daylight overdrafts without penalty or additional charge to the State, and honor all checks presented for payment regardless of the current balance in the accounts. In the rare situation that an overnight overdraft occurs, the State requests that the bank honor all checks, book transfers and wires without penalty or additional charge to the State. In particular, the bank will cover overdrafts on those occasions when there is a non-bank holiday (i.e. State holidays, State/Agency closings or mandatory State furlough days). Some of the State holidays listed below are not bank holidays.

New Year's Day
Martin Luther King Jr. Day
President's Day
Good Friday
Memorial Day
Independence Day
Labor Day
Columbus Day
Election Day
Veteran's Day
Thanksgiving Day
Christmas Day

B. Summary of Accounts to be Established

The Department of the Treasury, Office of Management and Budget, Cash Management Unit is solely responsible for the opening and closing of all accounts. **Except as otherwise noted in the RFP, all the check disbursement accounts will be established as controlled disbursement, positive pay, full ARP accounts.**

The State will establish **three (3) accounts** in the vendor bank as follows:

1	General Treasury Medical Assistance Master Account
2	Medical Assistance Zero Balance Check Disbursement Account
3	Medical Assistance Zero Balance ACH Disbursement Account

See **EXHIBIT J**, the **Division of Medical Assistance and Health Services (DMAHS) Account Structure and Funds Flow Chart**.

NOTE: ALL accounts must be protected against unauthorized ACH debit activity.

The State does not anticipate that there will be any significant average collected balance in any of these three (3) accounts.

C. Account Data Information and Requirements

1. General Treasury Medical Assistance Master Account

A daily wire transfer from the State's working bank, which sits outside of this contract, will fund this account. Based upon the information received from the bank's controlled disbursement reporting system, the State will make a determination each morning of the total funds requirement for the Medical Assistance Zero Balance Check Disbursement Account. Also, once weekly, ACH settlements will be added to the daily checks paid controlled disbursement total for that day's total funds requirement.

There will be no checks written against the Master account.

The Master account funding from the daily State wire transfer will equal 100% of the money needed to fund the two (2) Medical Assistance disbursement accounts. The Master account will automatically fund, at the end of each day, both the ACH and check disbursement zero balance accounts.

2. Medical Assistance Zero Balance Check Disbursement Account

The Medical Assistance Zero Balance Check Disbursement Account will be established as a controlled disbursement, zero balance, and positive pay account. All checks must be "payable if desired" at all New Jersey locations of the vendor bank. This account will be automatically funded daily by the bank from the General Treasury Medical Assistance Master Account.

In Calendar Year 2010, **102,846 checks** were issued totaling approximately **\$319.0 million**. See **EXHIBIT K** for the **Medical Assistance Zero Balance Check Disbursement Account Monthly Transaction Summary Information for Calendar Year 2010**.

Items initiated by Cash Accounting, such as adjustments, stop payments, cancellations, issues, etc., must be processed as they are received.

a. Check Issue File Transmission Requirements

When data is received, delivered manually or transmitted electronically to the bank or by the bank, the bank must utilize adequate security techniques in order to ensure the protection of the data and the integrity of the system.

The State of New Jersey can utilize several protocols for file transfers: HTTPS, FTPS (FTP over SSL) and SFTP (FTP over SSH). See **EXHIBIT A State of New Jersey OIT Transmission Capabilities Guide (05/16/2011)** for a detailed description of the protocols supported. A bank(s) ability to support as many of these file transfer methods as possible, thus providing the State with maximum flexibility, will be a positive factor considered during the proposal evaluation.

The State's Fiscal Agent will electronically transmit the check issue file to the bank once a week, prior to 11:00 AM EST, generally on Wednesday. The following Friday will be the issue date and the mail date of the checks. See **EXHIBIT L** for the **Check Issuance File Layout**.

Upon successful receipt of the file, the bank must send an e-mail followed by fax confirmation to the Fiscal Agent and State personnel indicating that the file was received. The confirmation should indicate the number of records and dollar amounts that were included in the transmission.

If there is a discrepancy between the summary information and the transmission data, the bank must immediately notify the Fiscal Agent and State personnel of this discrepancy via e-mail by **3:00 p.m. E.S.T.**, and follow up with a fax. The State requires notification from the Fiscal Agent by **3:00 p.m. E.S.T.** in the event of a discrepancy.

The bank will be notified immediately in the event of a transmission failure; likewise, the bank must notify the Fiscal Agent and State personnel if the transmission is not received in the timeframe established between the agent and the bank.

In the event of a faulty transmission, it is the State's intent to re-send the full transmission until the file is successfully transmitted.

For each weekly cycle, the Fiscal Agent will both transmit to the bank and produce a hard copy report, which will include the following information:

- Customer I.D. number
- Number of checks issued
- Beginning and ending check numbers
- Total dollar amount of transmission
- Check issue date

b. Checks

All presented checks must be processed through the bank's positive pay system. With positive pay service, paid no issue, debit/credit items or rejects should not exist on the bank reconciliation. If these conditions exist, they must be researched by the bank and if found to be valid items, they are to be stripped and re-entered into the system or corrected as required.

Checks that are not bank errors and do not exactly match to the issue file are exception items. If the exception cannot be corrected by the bank, the check image **must** be available online for review by the Cash Accounting Unit. After review, a "pay/no pay" determination will be made. The bank must reject all exception items unless Cash Accounting indicates otherwise.

All check debit postings that appear on DDA bank statements must be fully documented with the check number and a copy of the check. If the State rejects the charge and notifies the bank,

the bank should issue a conditional credit of reversal until the bank can identify the item as a State outstanding check. This correction has to be made within the next reconciling period

c. Check Specifications

The Fiscal Agent will print the checks using the following check specifications:

- Paper 16 lb. to 24 lb.
- Length from 6.00 to 8.75 inches
- Height from 2.75 to 3.67 inches
- Thickness from 0.003 to 0.005 inches
- Stiffness is 30 to 100 MB (Gurley)
- Smoothness is 70 to 250 (Sheffield Flow units)

Check stock will be furnished by the Fiscal Agent. Checks may have up to a ten (10) digit check number printed on the upper right hand corner of the check which will be MICR encoded on the bottom of the check.

The State retains the right to change the check specification requirements upon 90 days prior written notice to the bank.

d. Check Testing

Initially and as new accounts are added, or as existing checks are modified, the State will provide the bank between ten (10) and twenty-five checks per account for testing purposes. If the bank requires more than twenty-five checks, please stipulate the quantity required in your proposal submission. Test checks will be made available to the bank when requested. The State should not incur cost for MICR testing services. MICR testing results should be available to the State within five (5) working days.

e. Stop Payments

The State must be able to issue stop payments and remove stop payments on checks. The stop payment and remove stop payment order will be placed by Cash Accounting via a Web-Based Inquiry/Communication System to be provided by the bank. See **Section VI., SCOPE OF WORK, Letter D., Web-Based Inquiry/Communication System** for information on the Web-based system requirements.

Cash Accounting must be able to place range stops and batch input multiple stop payments without requiring the user to refresh the screen after each entry or transmission. Stop payments must be effective immediately upon receipt by the bank and continue in effect until released by the State. The bank must confirm all stop payment orders via the bank's Web-based Inquiry/Communication System no later than **8:30 a.m. E.S.T.** the following day.

Stop payments must not reduce any outstanding balance by the amount of the stopped check. Outstanding checks will be reduced only if paid or the State requests a check be cancelled. The State requests that stop payments not be labeled or treated as cancellations or voids on bank reports or on the Web-based Inquiry/Communication System. Rather, the stop payment items should clearly be labeled as a "stop payment".

In the event of a web server failure, a back-up stop payment procedure (e-mail, telephone or facsimile transmission) should be maintained. The stop payment order will be considered effective for that day's clearances and continue in effect until released by the State.

In the event of a TELEPHONE stop payment order, the bank should record the date, the time, the name of the bank representative receiving the order, and the name of the State

representative placing the stop order. The bank should confirm all telephone and facsimile stop payment orders by facsimile transmission no later than **8:30 a.m. E.S.T.** the following day.

There were **111** stop payments placed in Calendar Year 2010.

f. Outstanding Checks

The check issue information will be processed on the bank's computer to establish an outstanding check file. Each day as the checks are cleared by the bank, a computer match will be made against the outstanding file by check number and dollar amount. The bank will be required to reconcile the accounts and maintain a daily outstanding check file for the account.

All paid items must remain on the bank's check status/stop payment inquiry system for **five (5) full calendar months**, plus the current month, before the earliest month's paid items are purged. The paid item and outstanding check information must immediately be made available to Cash Accounting through the bank's Web-Based Inquiry/Communication System.

Outstanding check information should remain on the bank's systems until the bank is advised to remove it by the State. Checks that have stop payments placed on them by the State should be identified on the bank's system and on bank ARP reports. If an item is canceled with a stop, the check should be removed from the outstanding file totals but the stop must remain on the system until notified by the State otherwise.

g. Check Cancel and Replacement Checks

Check cancel and replacement check information will be sent by the Fiscal Agent via file transmission or by Treasury, Cash Accounting via the bank's Web-based Inquiry/Communication System. See **Section VI., SCOPE OF WORK, Letter D., Web-**

Based Inquiry/Communication System for information on the Web-based system requirements.

In the event the replacement check issue and cancellation information cannot be entered on the file transmission, the bank should also be able to receive the replacement check and cancellation data via the Web-Based Inquiry/Communication System.

The system should be able to accept multiple check issues and multiple check cancellations on a single screen without requiring the user to refresh the screen after each entry or transmission. The State also requires a manual back-up system be established in case of system failures.

The bank's Web-Based Inquiry/communication system should have the capability to import replacement check and original check cancellation data to the bank system. This method of importing check data will be performed occasionally by Treasury, Cash Accounting.

Cash Accounting places stop payments and forwards the stop payment confirmation to the Fiscal Agent who in turn issues the replacement checks and provides Cash Accounting with the replacement check number. The replacement check issue information and original check cancellation information is supplied to the bank on the regular check issue file transmission.

All replacement checks will utilize a new check number and will contain up to a ten (10) digit check number. Each replacement check issued will be preceded by a check stop and subsequent check cancel. There were **111** replacement checks issued in Calendar Year 2010, totaling **\$376,375.93**.

h. Forgery Investigation

The vendor bank is responsible for the investigation of all forgery claims and the subsequent payment to the agency of all resolved issues. Those claims, which cannot be resolved through payment, must have an accompanying "Letter of Denial" stating the reasons for non-payment of the claim. The cause for denial of claim must be consistent with the general law of negotiable instruments and accepted by the State.

The State will initiate forgery investigations by forwarding to the vendor bank, the original notarized forgery affidavit - and an imaged copy of the original check to the bank. The bank will assign a unique case/reference number to each investigation and forward an acknowledgement via e-mail upon receipt of the forgery claim to Treasury, Cash Accounting with case/reference number, name of payee, and check number included in the e-mail correspondence. If the claim is honored, the vendor bank will notify the State via e-mail and subsequently credit the respective account of the State. The forgery affidavit and image copy of canceled check will not be returned to the State. If the claim is denied, the original forgery affidavit, image copy of canceled check, and "Letter of Denial" will be forwarded to Treasury, Cash Accounting.

Improperly endorsed (not endorsed as drawn) checks, returned to the vendor bank for redeposit by Division of Medical Assistance, Human Services are not to be considered forged checks. Credit for these checks must be given within **ten (10) working days** of receipt.

The vendor bank must resolve forgery claims within **60 days** of receipt of the forgery affidavit. If the forgery claim cannot be cleared within the aforementioned time frame, the vendor bank will issue a cashier's check made payable to the claimant.

For each outstanding forgery claim, the following information must be provided:

1	Payee Name
2	Bank Account Number
3	Check Issue Date
4	Check Number
5	Check Amount
6	Receipt Date of Forgery Affidavit
7	Status of Claim
8	Name of Cashing Bank
9	Response of Cashing Bank
10	Date Check was cashed
11	Bank-assigned Case Number

There were **no** forgery investigations initiated in Calendar Year 2010.

3. **Medical Assistance Zero Balance ACH Disbursement Account**

A Medical Assistance ACH Disbursement Account will be established as a zero balance account. ACH transactions will be issued once a week against this account. The bank will automatically fund the account from the General Treasury Medical Assistance Master Account.

In Calendar Year 2010 there were approximately **567,000 ACH transactions** totaling **approximately \$9.0 billion**. See **EXHIBIT M** for the **Medical Assistance Zero Balance ACH Disbursement Account Monthly Transaction Summary Information for Calendar Year 2010**.

NOTE: Due to a change in legislation the Department of Human Services, Division of Medical Assistance and Health Services estimates that by the start of this contract term total ACH volumes will be approximately 65% less than Calendar Year 2010 volumes, and will continue at or near that level forward.

a. ACH Issue File Transmission Requirements

The bank must be a member of the National Automated Clearing House Association (NACHA) and follow the rules outlined in the latest published ACH manual. The bank must have electronic transmission sending and receiving capabilities.

When data is received, delivered manually or transmitted electronically to the bank or by the bank, the bank must utilize adequate security techniques in order to ensure the protection of the data and the integrity of the system.

The State of New Jersey can utilize several protocols for file transfers: HTTPS, FTPS (FTP over SSL) and SFTP (FTP over SSH). See **EXHIBIT A State of New Jersey OIT Transmission Capabilities Guide (05/16/2011)** for a detailed description of the protocols supported. A bank(s) ability to support as many of these file transfer methods as possible, thus providing the State with maximum flexibility, will be a positive factor considered during the proposal evaluation.

The State's Fiscal Agent will electronically transmit the ACH payment file, in a standard NACHA format (CCD, CCD+, PPD or CTX) weekly, prior to 11:00 AM EST, generally on Wednesday for settlement on Friday. The Fiscal Agent will make every effort to transmit on Wednesday, two days prior to settlement date. However, if an ACH file transmission is sent to the bank one day prior to settlement date, the bank must process the transmission to meet the standard one day settlement schedule. The regular transmission may include re-issuances and pre-note information.

Upon successful receipt of the file, the bank must send an e-mail followed by fax confirmation to the Fiscal Agent and State personnel indicating that the file was received. The confirmation should indicate the number of records and dollar amounts that were included in the transmission.

If there is a discrepancy between the summary information and the transmission data, the bank must immediately notify the Fiscal Agent and State personnel of this discrepancy via e-mail by **3:00 p.m. E.S.T.**, and follow up with a fax. The State requires notification from the Fiscal Agent by **3:00 p.m. E.S.T.** in the event of a discrepancy.

In the event of a faulty transmission, it is the State's intent to re-send the full transmission until the file is successfully transmitted.

The bank will be notified immediately in the event of a transmission failure; likewise, the bank must notify the Fiscal Agent and State personnel if the transmission is not received in the timeframe established between the agent and the bank.

b. Pre-notification

The State will maintain individual ACH authorization agreements throughout the life of the payments and for a minimum of two (2) years after the termination or revocation of such authorization. The bank will process pre-note information on the day of transmission as part of the regular file. In Calendar Year 2010 there were **2,884** pre-notes.

c. ACH Fails and Notification of Changes (NOC's)

An ACH fail may be due to a number of reasons; the more common reasons are:

- Account closed or frozen
- Incorrect account number
- Incorrect bank ABA number

As a result of a fail, Treasury, Cash Accounting will issue a check to the provider. A credit advice with full detail information must be

sent by the bank and received by the Fiscal Agent within two working days of the fail notification.

For Calendar Year 2010, **69** checks were issued against the Medical Assistance Zero Balance ACH Disbursement Account as a result of an ACH fail.

All ACH fails and NOC's, regardless of the dollar value, must be sent to the Fiscal Agent via e-mail followed by a fax within **three (3) business days**. In the event of a system failure, a fax containing the ACH fails and/or NOC's must be mailed to the Fiscal Agent within **three (3) business days** as a back-up for reporting purposes:

The ACH fail notification must contain the following information:

- Payee ABA number
- Payee Bank account number
- Date of fail
- Debit/credit amount
- Payee I.D. number
- ACH trace number
- Reason for fail with a description of the return reason code(s)

D. Web-Based Inquiry/Communication System

The bank must provide representatives from Human Services and Treasury, Cash Accounting with direct access to its Web-based Inquiry/Communication System. Only authorized State personnel will be permitted to initiate inquiries. The authorized personnel from Human Services and Treasury, Cash Accounting will be identified after contract award.

The bank's system must grant users the ability to enter search parameters and qualify search parameters via additional drop down menus. Search qualifiers for numeric fields must include equals, ranges, greater than, greater than or equal to, less than, less than or equal to. Search qualifiers for alpha fields must include equals, begins with, ends with or contains.

The search parameters must allow the user to drill down to view the daily details of any given month. In addition, all data must be accessible in detail and summary form by calendar year and fiscal year to view monthly and year to date totals.

It is estimated that approximately 1,200 Web-based bank account inquiries will be made by Human Services and Treasury, Cash Accounting personnel across all three (3) accounts during a calendar year.

The bank must provide the proper security measures to prevent other bank clients from accessing the State information and conversely, to prevent State personnel from accessing other than their own information.

Prior to contract commencement, the bank must properly train representatives from Human Services and Treasury, Cash Accounting in all its system applications and security features. A system manual must be provided to each department and updated as system enhancements occur. *All major service modules should be included.

The bank must have a viable disaster and recovery plan in place to back up all account data. Given the worst case scenario, the vendor must be completely functional within twenty-four hours of a major disaster.

See **Section IV., Letter H., Disaster Recovery Plan** for additional details.

The bank's Web-based Inquiry/Communication System must provide the following features:

1	7-year paid check image archive (front & back) both paid & rejected
2	View most recent eighteen months of account activity
3	View most recent eighteen months of outstanding items
4	View most recent six (6) months of paid activity
5	Multiple search functions (<, >, =)
6	Ability to issue stop payments and remove stop payments

7	Ability to download data to be used in Excel and PDF formats
8	View ACH details (including fail/rejects) same day as settlement
9	Web-based positive pay capabilities

1. Check Inquiry System

Direct access to check account activity is required. Data must be stored and available for Web inquiry covering a minimum of **18 months** of the most recent outstanding items, and a minimum of **six (6) months** of paid activity.

State personnel must have the ability to view all check disbursement activity for all accounts listed in this RFP or added in the future. The Web-based Check Inquiry System must be updated daily to reflect new issues, paid items, rejected items, canceled items and stop payments. All search inquiry results on check number must include, but not limited to, bank account number, check number, check issue/paid date and check amount. The user must have the ability to print this information.

The transaction search screen must include check number, check issue date and current check status regarding the following classifications:

- Paid (showing the paid date)
- Not Paid (Outstanding with issue date)
- Stop (with date of stop payment)
- Paid, No Issue (Not applicable for Positive Pay Accounts)
- Canceled (with cancel date)
- Not Found

If required, the Web-Based Check Inquiry System must also grant authorized users the ability to enter check issue and cancellation information of the original check. The bank is required to be able to receive and process replacement check information via the Web-Based Check Inquiry System.

a. Check Imaging, Storage, Retrieval and Destruction Services

The State requires that the vendor provide the following services: imaging, storage, retrieval and destruction services for paid, canceled checks as it offers efficient use of State and bank resources. Checks are required to be imaged, stored on computer media, and retrieved via the Internet. See **EXHIBIT G Electronic Images – System Certification, Storage, Backup and Disaster Prevention/Recovery**. The bank will also be responsible for the storage of any canceled checks until authorized for destruction by the State. See **EXHIBIT H Destruction Requirements for State Records, Canceled Checks and Electronic Images**.

The State prefers that imaging, retention (electronic or paper), retrieval and destruction services be reviewed by the New Jersey Division of Archives and Record Management (NJDARM) and certified by the New Jersey State Records Committee (SRC), as per New Jersey Administrative Code (N.J.A.C.) 15:3-4 Image Processing of Public records and 15:3-5 Certification of Image Processing Systems. See **EXHIBIT G** and **EXHIBIT H** for certification and record destruction requirements, respectively.

Following contract award the successful bidder should plan to commit the necessary resources to secure certification. The process requires the using State Agency, in partnership with the successful bidder, to submit an application for “Certification of Imaging Process System” to NJDARM. NJDARM representatives may require a site inspection of the image processing system and a review of system maintenance, operation and administration, backup, disaster recovery, and data migration.

The bank must store the electronic image and canceled checks (or its legal equivalent) until authorized for destruction by the State. Essentially, the bank’s image storage system becomes the repository for official State records; and, therefore, the bank is

responsible for retaining and disposing of public records.

Images should be stored in a manner that allows **immediate** retrieval by State personnel, via the Internet, for paid checks imaged.

In Calendar Year 2010, the State retrieved **739 paid check images** via the bank's Web-based Inquiry/Communication System for the Medical Assistance check disbursement account.

i. Retrieval

The front and back of a check constitutes one (1) image. The majority of image retrieval activity usually occurs within **one (1) year** from check issue date; however, the State occasionally needs to retrieve images dating back up to **seven (7) years** from the date of check imaging. Internet retrieval of documents should be through a Web-based application.

Only authorized State or bank personnel should be permitted to initiate inquiries. In order to adequately protect State records security features should be built into the application; including a secure Internet connection between vendor and State servers, password access to bank's website and user access limitation capability by bank account.

Images retrieved should display both front and back of check, print locally as a single document, and include a certification of authenticity statement such as: *"This is a legal copy of your check. You can use it the same way you would use the original check."*

The bank's paid check image retrieval web application should provide the State the ability to perform successful

searches based on the following criteria:

Individual and multiple check searches;
Information contained in MICR line including:
a. Bank Account Number
b. Check Amount
c. Check Number and Check Number Range
d. Date and Date Range

ii. Image Retrieval Performance

The State recognizes that Internet usage and bandwidth between the State and Bank impact response times; however, the State expects the following processing time performance once an inquiry has been received by the bank system:

- For search inquiries of checks(s) imaged (paid) within 90 days of the inquiry date, the bank system should return the first image within **20 seconds** for the request.
- For search inquiries of check(s) imaged (paid) greater than 90 days from the inquiry date, the bank system should return the image within **40 seconds** of receiving the request.
- If at any time the bank system projects retrieval times greater than above specifications, bank system should present option to batch process with completion no later than **9:00 a.m. E.S.T.** the next business day.

If during the course of retrieval, the bank is unable to produce a legible copy of an image, the bank, at no additional cost to the State, should obtain a copy of the check from the bank of first deposit within **five (5) business days**.

2. ACH Inquiry System

The bank must provide an ACH Web-Based Inquiry/Communication System for the reporting of all ACH fails, NOC's, pre-notes and other ACH transactions.

The ACH fail information (pre-note or ACH) must contain the following information:

- Account number
- Amount
- Incorrect account number
- Effective date
- Reason for fail with a description of the return reason code(s)
- Individual I.D.
- Individual name
- ACH trace number

3. Web-based Training

The bank must train **eight (8)** State personnel relative to online system applications and its security features. At least one training session will take place at the Department of Treasury, Office of Management and Budget. A minimum of two (2) operation manuals for each online system (ACH and Check) must be provided to both Human Services and Cash Accounting and upgraded and revised as required at no additional cost to the State.

The bank must provide adequate training both initially and ongoing to ensure that, wherever applicable, State and Fiscal Agent personnel thoroughly understand all report information and can identify the codes indicated on all reports. The State should have access to a telephone hotline "help desk" during normal State working hours (8:00 a.m. to 5:00 p.m. E.S.T.) with a 24 hour turnaround timeframe for problem resolution. The bank must provide ongoing maintenance and emergency service when necessary at no cost to the State.

Only authorized State personnel will be permitted to initiate inquiries. The authorized personnel will be identified for each account after contract award. The bank must provide the proper security measures to ensure the protection of the data and to maintain the integrity of the system from other bank clients accessing State account information.

E. Report Requirements

The State requires a monthly bank statement be provided for each account on a “calendar month basis” via the bank’s Web-based Inquiry/Communication System. The state must have the ability to search online by check number, amount and date; and print, download and save the monthly statements in a PDF format. This information must be accessible for a **minimum of six (6) months** via the bank’s Web-based Inquiry/Communication System. Treasury, Cash Accounting should have access to this report by **3:00 p.m. E.S.T. three (3) business days** after the end of the calendar month.

All transaction types must be clearly identified on the bank statement (i.e. ACH credits, check deposits, checks paid, returned items, debit items, credit items, etc.). All credit and debit transactions must be supported by debit and credit memos, with detailed explanations.

All bank statements must include the following information:

1	Bank Account Number
2	Account Name
3	Opening Balance
4	Closing Balance
5	Total of each deposit
6	Total number of deposited items
7	List of all debits and credits
8	Checks Paid
9	ACH Trace Number
10	Grand Total

The types of reports provided must include, but are not limited to, the following:

1. Daily Automated Balance Reporting

All accounts established and any future accounts established will require daily automated balance reporting in unencrypted BAI2 format via the Internet without the use of a secure card random assigned personal identification number (PIN), or other means that would inhibit the automated retrieval of the bank data. Any encryption format required by the bank must be compatible with the automation of the retrieval process of the bank report, such that a bank report can still be retrieved and unencrypted in an automated fashion.

Every working day, by **7:30 a.m. E.S.T.**, the bank must electronically provide access to prior day account balance information in unencrypted BAI2 format via the Internet without the use of a secure card random assigned personal identification number (PIN), or other means that would inhibit the automated retrieval of the bank data.

For each account the report must include at a minimum the following data fields when applicable:

1	Ledger balance
2	Collected balance
3	Total credits
4	Total debits
5	1-day float
6	2-day float

For all the reporting fields, there should always be data reported. Therefore, if there is no amount reported, the bank should input 00.00 in the specific amount field.

As technology improves, the State requires that the chosen vendor remain flexible, throughout the term of this contract and any extensions,

as it relates to the method of balance reporting in unencrypted BAI2 format via the internet without the use of a secure card random assigned personal identification number (PIN), or other means that would inhibit the automated retrieval of the bank data.

2. Daily Controlled Disbursement Reporting

For all the controlled disbursement accounts, the bank must provide daily same day automated controlled disbursement reporting in unencrypted BAI2 format via the internet without the use of a secure card random assigned personal identification number (PIN), or other means that would inhibit the automated retrieval of the bank data.

The State requires electronic final notification of same day total check presentments per account in unencrypted BAI2 format via the internet without the use of a secure card random assigned personal identification number (PIN), or other means that would inhibit the automated retrieval of the bank data, no later than **10:15 a.m. E.S.T.**

As part of the controlled disbursement services requested, the selected vendor must have the capability of electronically providing the State with aggregate check and ACH clearance/settlement totals by account in unencrypted BAI2 format via the internet without the use of a secure card random assigned personal identification number (PIN), or other means that would inhibit the automated retrieval of the bank data.

3. Monthly ARP Reconciliation Report

The bank must provide, to Treasury, Cash Accounting, a monthly ARP recap report that is in a layout consistent with and contains the same information displayed in **EXHIBIT N Full Reconciliation Balance Sheet**. Each line item listed in the Full Reconciliation Balance Sheet must have a detailed report of the month's activity. See **EXHIBIT O for Examples that Support the Full Reconciliation Balance Sheet**.

This recap report should be provided via the bank's Web-based

Inquiry/Communication System. The State must have the ability to search online by check number, amount and date; and print, download and save these monthly statements in a PDF format. This information must be accessible for a **minimum of six (6) months** via the bank's Web-based Inquiry/Communication System. Treasury, Cash Accounting should have access to this report by **3:00 p.m. E.S.T. three (3) business days** after the end of the calendar month.

Hardcopies of these reports may be requested and must be provided without additional charge to the State, sent to Treasury, Cash Accounting and received by no later than **3:00 p.m. E.S.T., five (5) business days** after the request was made.

State of New Jersey
Department of the Treasury
Office of Management and Budget
Cash Accounting Unit
33 West State Street, 6th Floor
Trenton, New Jersey 08608

4. Unpaid Only Report (in Microsoft Excel format)

The bank should provide, at the end of the month to Human Services personnel, an Unpaid Only Report of all outstanding checks via an electronic file in Microsoft Excel format. The State must have the ability to search by check number, amount and date of issue; and print, download and save the report. Human Services should have access to this report by **3:00 p.m. E.S.T., five (5) business days** after the end of the calendar month.

5. Account Detail Consolidated Recap Report

The bank must provide to Treasury, Cash Accounting recap reports via the bank's Web-based Inquiry/Communication System. The State must have the ability to search online by check number, amount and date; and print, download and save these monthly statements in a PDF format. This information must be accessible for a **minimum of six (6) months**

via the bank's Web-based Inquiry/Communication System. Treasury, Cash Accounting should have access to this report by **3:00 p.m. E.S.T. three (3) business days** after the end of the calendar month.

This report should detail check issue, paid, stop and cancel information for the reconciliation period and all outstanding items for the past **eighteen months**. The report should include total number and dollar amount for paid and outstanding items.

See **EXHIBIT P** for **Account Detail Consolidated Recap Report**.

Hardcopies of this reports may be requested and must be provided without additional charge to the State, sent to Treasury, Cash Accounting and received by no later than **3:00 p.m. E.S.T., five (5) business days** after the request was made.

6. Aged Outstanding Transfer Reports

This report may be requested by the State and is a sequential listing of all outstanding items on the bank system as of a certain period requested by the State.

If requested, the bank should provide the Department of Human Services an aged outstanding transfer report via the bank's Web-based Inquiry/Communication system **and** in hardcopy form. The State will need the ability to search online by check number, amount and date; and print, download and save these monthly statements in a PDF format.

In addition to access via the bank's Web-based Inquiry/Communication System, hardcopies of this report must be provided without additional charge to the State, sent to the Department of Human Services, and received by no later than **3:00 p.m. E.S.T., five (5) business days** after the requested cutoff date.

See **EXHIBIT Q** for the **Aged Outstanding Transfer Report**.

7. MICR Rejection Analysis Report

On a monthly basis, the bank must provide the Fiscal Agent with a Summarized MICR Rejection Analysis Report via email for all checks printed by the Fiscal Agent and cleared through an account established as a result of this RFP. Since MICR Rejections can have significant cost implications, the State will evaluate banks favorably that take a pro-active stance in tracking and reporting MICR rejections.

The summarized MICR rejection analysis report must be provided by **3:00 p.m. E.S.T., three (3) business days** after the end of the calendar month. At a minimum, the report must contain the following information:

Period Begin Date
Period End Date
Total Number of Checks Processed (during the specified period)
Total Number of MICR Rejections (during the specified period)
Percentage of MICR Rejections (during the specified period)

Banks capable of providing additional information that will assist the Fiscal Agent in detecting MICR problems and managing the check printing process will be evaluated favorably.

On an as needed basis, the bank must provide the Fiscal Agent with a Detailed MICR Rejection Analysis Report for any days that the MICR Rejection rate is above the vendor's maximum threshold. Along with this report, a minimum of **three (3) electronic samples of rejected checks** must be provided. This report must be received within 24 hours of the threshold being reached and must be provided to the Fiscal Agent and State personnel via email.

At a minimum, the report must contain the following information:

Bank Account Number
Check Number
Date Check was Presented for Payment
Rejection Reason (i.e. signal strength, extraneous ink, waveform, character formation, character spacing, character placement, skewing)
Total Number of Checks Processed
Total Number of Rejections
Percentage of Rejections

F. Vendor Contact Personnel

The bank should appoint a senior officer (vice-president or above) and a qualified substitute as a representative for contact and liaison with the State. This representative will be solely responsible for insuring that the contract requirements are met, implementing State instructions and resolving problems that may arise on a day-to-day basis during the term of the contract.

The bank should provide the lines of communication (proper contact personnel, names, locations and telephone numbers) for immediate response to any request for information pertaining to these accounts.

The State requires that the vendor **must** designate a minimum of two (2) individuals for each category noted below (not necessarily all inclusive) who will be responsible for the daily inquiries, problems, initial and on-going training, etc. The designated liaisons must be exclusive to each category below (not a contact for more than one category) and the bank must provide the contacts name, company title, address, e-mail, phone (with appropriate extensions) and fax numbers for EACH individual.

1	ARP reconciliation
2	Check / ACH inquiries
3	Daily balance reporting
4	Check testing

5	Bank Statements, credits and debits
6	ACH file transmission receipt
7	Check file transmission receipt
8	Invoice and bank analysis
9	Forgeries
10	Training
11	Web-based Inquiry/Communication System
12	MICR Rejection

This list should be updated every **six (6) months**, regardless of any personnel changes. This update should be sent to the primary contacts at Treasury, Cash Management, Treasury, Cash Accounting and Human Services. In the event a personnel change results in a different liaison being assigned to the State, written notification should be provided to Treasury, Cash Management **fifteen days** prior to the change becoming effective.

G. Customer Service

The State must have access to the bank’s customer service representatives in all areas listed in the **Vendor Contact Personnel** description of this section of the RFP at a minimum during normal State working hours (Monday through Friday, 7:30 a.m. to 4:30 p.m. E.S.T.). In addition, critical function bank personnel (i.e. file transmission personnel) must be available twenty-four hours a day, 365 days a year.

The State should have all calls placed to bank representatives returned within **twenty-four hours**. If the bank representative is unable to resolve the issue at that time, the bank must notify the State of the anticipated time frame of resolution and have the issue resolved in an agreed upon timely matter.

H. Training

In response to this training requirement, the vendor bank must provide in its proposal a training schedule and a training agenda. The vendor bank or its subcontractor(s), if applicable, will provide training for relevant procedures. All

training procedures proposed by the vendor bank will be subject to State approval. The vendor bank must submit the name(s) of the individual(s) who will be conducting the training program for the State along with a profile of their training experience.

Training must be provided at the Division of Medical Assistance, Human Services site, as well as additional sites when necessary.

I. Conversion / Implementation

The bank should be certain that ALL modules of the Web-based Inquiry/Communication System are operating satisfactorily and that State personnel have been properly trained on the system.

The bank should provide adequate training both initially and on-going to ensure that State personnel thoroughly understand all report information and can identify the codes indicated on all reports. All ARP processes and reports should be reviewed by State personnel prior to start up. All systems should be explained and demonstrated to State personnel during the implementation and testing phases.

A minimum of **four (4) sets** of operating manuals should be provided to the State either on CD-ROM or in hard copy form, with any subsequent additions, deletions or revisions to the manuals forwarded to the State promptly. A training outline, synopsis of the major training categories, schedule, trainer's name and the technical support phone number should be included in the bank's response.

VII. EVALUATION CRITERIA

The State must be satisfied that the bank has the necessary technical expertise, experience and resource capabilities to satisfactorily perform the requisite services stated in this RFP. The State reserves the right to obtain any information from an independent source to evaluate bid proposals in accordance with the stated criteria. Selection of other than the apparent low bid will be fully documented. An award will be made to that responsible bidder whose bid, confirming to the RFP, will be most advantageous to the State, price and other factors considered.

The following general criteria, not necessarily listed in order of significance, will be used to evaluate the vendors' proposals. A more detailed evaluation worksheet may be developed which may expand on the technical requirements of the RFP. The State reserves the right to request additional information prior to contract award.

The bank's overall response to the questions in SECTION VIII., VENDOR RESPONSE
The bank's overall experience on projects of similar scope and size
Response to possible follow up inquiries
The bank's financial condition and ratings
Clarity and completeness of the required reports and documents
Web-based Inquiry/Communication System reliability, capabilities and ease of use
The adequacy of the security measures, contingency plans and backup procedures
The bank's commitment to provide adequate technical and personnel resources to satisfactorily meet the requirements of the RFP
ACH sending and reporting capabilities
The State's overall assessment of client references and experience
Quality of customer service capabilities and turnaround times for problem resolution
Completeness and feasibility of the bank's implementation, testing and training plans
Check imaging capabilities (check images front and back)
Ability to accommodate any future State-mandated program changes within a time frame acceptable to the State
Any other information that would assist the State in the selection process
Cost

VIII. VENDOR RESPONSE

The vendor shall prepare responses to the questions listed below which will demonstrate the vendor's understanding, experience and ability to adequately provide the services as required in this Request for Proposal (RFP). The vendor must address each question in its entirety providing details when warranted. The vendor is encouraged, in its response document, to expand upon any issue, RFP statement or RFP requirement that it deems not adequately addressed by this RFP.

Each vendor is given latitude with respect to the detail it elects to offer. However, vendors are cautioned that insufficient detail may result in a determination that the bid proposal is materially non-responsive and will result in disqualification of the bid proposal.

Proposals that do not conform with or that take exception to the State of New Jersey's requirements as set forth in **SECTION III., TERMS AND CONDITIONS, SECTION IV., OTHER MANDATORY PROVISIONS** and **SECTION V., PAYMENT METHODS AND TERMS** will be considered materially non-responsive and therefore rejected.

Vendors are instructed to clearly identify any requirement(s) listed in **SECTION VI., SCOPE OF WORK** of this RFP that the vendor cannot satisfy. Any deviation to the technical specifications must be clearly noted and fully explained. The State reserves the right to accept any minor deviations if it is deemed to be in the best interest of the State.

The vendor assumes responsibility for the complete effort required in this RFP. **No special consideration shall be given after the bids are opened due to a bidder's failure to be knowledgeable of all the requirements of this RFP.** By submitting a proposal in response to this RFP, the bidder represents that it has satisfied itself, from its own investigation, of all the requirements of this RFP.

It is requested that all pages for the response be numbered and that responses reference the original questions.

- 1) Briefly acknowledge your understanding AND acceptance of all the **TERMS AND CONDITIONS, OTHER MANDATORY PROVISIONS** and **PAYMENT METHOD AND TERMS** as stated in the RFP.
- 2) Identify any and all subcontractors, its officers, the contractual arrangements made therewith and state what services will be subcontracted. Confirm the bank will provide the State with **90 days** written notice prior to employing or replacing a subcontractor.
- 3) Provide the names and contact information for the officers and management personnel (including any subcontractors' personnel, if applicable) who will be responsible for the fulfillment of the services requested herein; e.g. daily operations, balance reporting, bank statements, invoice and analysis, ACH issues, file transmission issues, ARP reconciliation, Web-based Inquiry/Communication System, disaster recovery, technology issues, implementation and testing issues, customer services and error/adjustments inquiries.

What are the hours of business for the provided vendor contact personnel? Can the bank meet the State's required hours of availability?

The designated liaisons should be exclusive to each category. Specifically identify and include the following information for each of the primary contacts and backup individuals who will be responsible for responding to communications from the State:

1	Contact Name and Title
2	Physical Location and Mailing Address
3	Contact Numbers: office, cell, fax
4	Email Address
5	Office Hours
6	A backup or alternate contact for each of the service categories listed above

- 4) For reference purposes, provide the names, addresses, contacts and telephone numbers of three (3) of your present customers for whom the bank is providing similar services as those requested herein; disbursement accounts, paid check imaging and retrieval services, ACH services and Web-based Inquiry/Communication services. If possible, provide references with activity volumes equal to or greater than those depicted in this RFP. Include any other information concerning the bank's experience that would assist the State in evaluating the bank's capabilities.

- 5) Respond to **SECTION IV., OTHER MANDATORY PROVISIONS:**
- a. Financial Statements: The bank and any direct subcontractors must include their most recent audited financial statements or financial comments if a privately held company.
 - b. Ownership Disclosure Form: The Bank and all subcontractors must complete an Ownership Disclosure Form and include copies with each bank proposal. See **EXHIBIT B Ownership Disclosure Form**.
 - c. Non-discrimination Law: The Bank must acknowledge anti-discrimination law N.J.S.A. 10:2-1 through N.J.S.A. 10:2-4, N.J.S.A. 10:5-1 et seq., N.J.S.A. 10:5-31 through 10:5-38 and N.J.A.C. 17:27-3.4, and abide by all rules and regulations issued there under.
 - d. Proof of Registration Requirements: The Bank and all subcontractors must submit a copy of the Business Registration Certificate(s). As mandated by Public Law 2001, Chapter 134, failure to submit a copy of the Business Registration Certificate within the bid proposal will be considered materially non-responsive and result in disqualification of the bid proposal.
 - e. N.J.S.A. 52:34-13.2: Confirm the bank and all subcontractors' ability to adhere to N.J.S.A. 52:34-13.2. The State prefers the vendor submit with its bid proposal **EXHIBIT D N.J.S.A. 52:34-13.2 Certification**, completing all sourcing information required of the bank and any proposed subcontractor, identified in its proposal. If the certification was not submitted with the bid proposal, confirm the bank's ability to submit the required document within five (5) business days of the State's request for the information.
 - f. Public Law 2005, Chapter 51 / Executive Order 117 (2008) Dual Certification: Vendors must complete and submit **EXHIBIT F Two-Year Chapter 51 / Executive Order 117 Vendor Certification and Disclosure of Political Contributions Form** within five (5) business days from the date on the "Intent to Award" letter issued by the Office of Management and Budget, Cash Management Unit.
 - g. Disaster Recovery Plan: Vendor must include a summarized Disaster and Recovery Plan in the vendor's proposal and detailed plans must be made available for State review. Specifically address your contingency plans for data processing systems, equipment, power, information reporting, or other failures that would affect services or reporting of data. Confirm that the system would be completely functional within 24 hours of a major disaster.

- h. Collateralization of Deposits: Confirm the bank's ability to adhere to the Department of the Treasury Collateralization Policy, refer to **EXHIBIT C Policy Statement: Department of the Treasury Collateralization Requirements for State Held Deposits**.
 - i. Image Processing of Public Records and Certification of Image Processing Systems: Please confirm the bank has reviewed the DARM certification elements and possesses the technical capabilities to become certified as requested by the State.
- 6) Describe the bank's customer service operations, procedures, turnaround/response times and staffing. Confirm the bank can meet the State's requirement of replying to any open issues. Complete customer service capabilities and resources may be reviewed at an oral presentation or viewed via a site visit if requested by the State, and then critiqued by the Evaluation Committee.
 - 7) Confirm that **all** bank-generated transaction records, including but not limited to: transaction detail, bank generated reports, bank statements and invoices will be made available to the State for a period of **seven (7) years from the date of transaction**.
 - 8) How many checks will the bank require for initial testing purposes and how often will testing be required? What is the bank's standard turnaround time to deliver the results of the initial MICR testing? Describe the bank's MICR rejection standards and what penalties will be incurred by the State if these standards are not met.
 - 9) Confirm the bank's ability to electronically provide the daily required automated balance reporting (prior day) as defined in the RFP **by 7:30 a.m. E.T.** in the unencrypted BAI2 format via the internet without the use of a secure card random assigned personal identification number (PIN). Confirm the bank's ability and willingness to provide (intra-day) automated balance reporting, in the same manner, if requested by the State in the future.
 - 10) Describe the bank's controlled disbursement capabilities. For the month of April 2011, what was the earliest and latest time that final presentment was provided to the bank's controlled disbursement clients? Confirm the bank will accommodate the State's 10:15 a.m. E.S.T. final presentment requirement, as defined in the RFP. On occasion when the bank does not meet the 10:15 a.m. E.S.T. deadline, what other alternative will be used? Can aggregate check and ACH clearance/settlement totals be provided electronically in unencrypted BAI2 format?
 - 11) Describe the bank's zero balance account (ZBA) procedures/capabilities. How

will the bank ensure all zero balance accounts reflect a \$0.00 opening balance?

- 12) Confirm that all accounts established as a result of this RFP will be protected against unauthorized ACH debit activity.
- 13) Confirm the bank is a member of the National Automated Clearing House Association (NACHA) and will follow the rules and regulations as outlined in the latest published ACH operating manual. Confirm the bank has electronic CCD, CCD+, PPD and CTX file transfer sending and receiving capabilities.
- 14) Explain the bank's ACH transmission capabilities, including sending format capabilities (CCD, CCD+, PPD and CTX), system constraints, back-up procedures and ACH security controls. Also, address the bank's internal security controls regarding the prevention of fraud, errors, duplicate transmission, duplicate returns, over-writes and the prevention of file loss.
- 15) Confirm the bank is capable of receiving and effectively processing the volume of ACH transactions depicted in **EXHIBIT M Medical Assistance Zero Balance ACH Disbursement Account Monthly Transaction Summary Information for Calendar Year 2010**. Explain if the bank has any ACH file transfer size or transaction volume limitations.
- 16) Considering the required RFP time schedules, what are the bank's transmission deadlines for the receipt of ACH files and check issue information? Confirm the bank will process all check and ACH file transmissions that are received and verified by 3:00 P.M. E.S.T.
- 17) Confirm the bank can accept our proposed check file layout evidenced in **EXHIBIT L Check File Issuance Layout**. How will the bank notify the State of check Issue File transmission failures?
- 18) Confirm the bank can accept **BOTH** check cancels and replacement check information on the weekly check issue file.
- 19) Confirm the bank's ability to accommodate the ACH exposure line and daylight overdraft amounts indicated in the RFP.
- 20) The State of New Jersey can utilize several protocols for file transfers: HTTPS, FTPS (FTP over SSL) and SFTP (FTP over SSH). See **EXHIBIT A State of New Jersey OIT Transmission Capabilities Guide (05/16/2011)** for a detailed description. List all the file transfer protocols in EXHIBIT A that are supported by the bank.
- 21) Explain the bank's positive pay procedures. Will exception items be scrubbed

prior to requesting the “pay/no pay” decision by the State?

- 22) Describe in detail the bank's Automated Reconciliation Process (ARP) service. The bank should include in its proposal a sample report or mock-up of all the ARP reports described in the RFP with explanations for codes, abbreviations, etc. Please indicate the bank's ability to provide the reports on the specified media (i.e. hard copy, electronic transmission, Web-based or e-mail). Also, verify that reports will be available on-line for a minimum of **six (6) months**. Confirm the bank's system will permit users the ability to search, view, print and download/save reports.
- 23) Explain in detail, the features of the bank's Web-based Inquiry/Communication System and reporting system. Specifically, address with screen samples the available functions for stop payments, check status inquiry, transaction search/check image copy, ACH inquiry, positive pay and account reconciliation. Also, provide a CD-ROM or access to a Web-based tutorial that highlights the capabilities and functionality of the bank's Web-based Inquiry/Communication System.
- 24) Describe in detail, the steps required on the bank's Web-based Inquiry/Communication System to determine the status of a check (outstanding, paid or canceled). Is the status of the check available on one screen or do you have to navigate through several screens to verify its status?
- 25) For the Web-based Inquiry/Communication System, how extensive is the history file for online access to check disbursement and ACH transactions, including stop payments, paid and outstanding checks and miscellaneous ARP items. Confirm the bank's ability to provide Web-based Inquiry/Communication System access of the front and back of paid check images for **seven (7) years** from date of imaging.
- 26) Confirm the bank will provide the State with Web-based, on-line stop payment placement capability. How soon does a stop payment become effective after it is placed on the Web-based Inquiry/Communication System? Does the bank use stop payments to reduce outstanding checks in its ARP? Confirm the bank will maintain stops until released by the State. Outline the bank's manual stop payment protocols.
- 27) Confirm the bank will provide the State with Web-based, online check cancellation and replacement check capability. When entering check cancellation and replacement check issue information on the Web-based Inquiry/Communication System, can cancellations and replacement check issues be entered without changing screens? Can more than one cancel or issue be entered on the same screen? Describe the primary and backup methods/procedures used for issues and cancellations.

- 28) Will the bank require pre-note testing for current authorized providers and is there a per item charge for this testing? (For new providers after contract award, the State acknowledges that pre-notes will be considered a billable item).
- 29) Confirm that all other ACH transaction items (NOC's, pre-notes, pre-note failures and ACH Returns) will be accessible to the State via the bank's Web-based Inquiry/Communication System the morning after the transaction item is received by the bank. Confirm the bank will e-mail the Fiscal Agent any ACH fails and NOC's within three (3) business days of the activity.

Confirm the bank's Web-based Inquiry/Communication System will permit users the ability to search, view, print and download/save all ACH transaction items.

- 30) What assurances can the bank provide the State that your bank will be proactive/aggressive regarding forgery investigations? Does the bank anticipate that they can meet the required 60 day turnaround time frame for investigations?
- 31) Define the bank's ability to fulfill the requirements outlined in **EXHIBIT G Electronic Images – System Certification, Storage, Backup and Disaster Prevention/Recovery**. Explain the bank's check imaging, storage, retrieval and check destruction (if applicable) procedures. Indicate the length of time that any checks are retained after they are scanned and the destruction methods used.
- 32) Provide a detailed implementation schedule to achieve the **July 1, 2012** contract commencement requirement. Provide beginning and end dates for each of the critical RFP requirements: opening of bank accounts, establishing account administrators, training State personnel, providing access to the bank's Web-based Inquiry/Communication System (including: account data information and ACH detail information).

Detail the timeframes and resources required to establish and test the information exchange communications between the State and the bank pertaining to file transfer testing, pre-note testing and automated balance reporting testing. Define both State and bank personnel commitment and time requirements during the entire conversion process. Bank must provide all set-up form documentation required of the State and time frames for State completion [Note: the State will not execute separate bank agreements]. Also disclose all factors that the bank feels may impact or delay the proposed deliverable schedule.

- 33) Include a training outline and schedule specifying topics to be reviewed, the time allocated for each, and identify the trainer(s). Training must include reviews and demos of ALL Web-based modules and reporting functions.

- 34) If a merger/acquisition has recently occurred or been announced prior to or during the vendor's proposal preparation period, identify all relevant or emerging dates surrounding the merger relative to official name change, system changes, account number changes, and ALL operational changes that could affect or impact the State's required services, if known at the time of bid submission.

Confirm the bank and any successor vendor (in the event of merger/acquisition or other change in operating status), will assume sole responsibility for the complete effort of any contract(s) awarded to the bank subsequent to its bid submission, and assume all cost incurred by the State, directly or indirectly, in connection with or as a result of the transition.

- 35) Confirm the bank's ability to meet ALL the requirements outlined in this RFP, including but not limited to: the transmission capabilities listed in **EXHIBT A, State of New Jersey OIT Transmission Capabilities Guide (05/16/2011)**, positive pay, ACH services, ARP and bank reporting, document destruction, report specifications, security levels, turnaround times and Web-based inquiry and processing as stipulated in the RFP. The bank **MUST** reveal any **AND** all services defined in the RFP that it cannot provide according to the specifications. The bank should indicate why they cannot deliver the service or standard that is requested and offer reasonable alternatives if applicable.

IX. COST SCHEDULE

All prices submitted must remain **firm and fixed** for the term of the contract. All prices proposed must be inclusive of all bank supplies, postage and delivery fees, equipment costs, server space, storage fees, travel expenses, overhead, FDIC charges, profit, etc. as needed to fulfill the RFP specifications.

All costs associated with initial programming, testing, training and post implementation meetings must be bundled into the banking fees and are not permitted to be listed as separate line items on the Cost Schedule.

All bank-specific service acronyms and abbreviations should be clearly defined.

All methods of measurements that differ from the pre-established methods listed below **must** be clearly identified for each priced item.

All services that supplement or extend beyond the State's basic Scope of Work service requirements **must** be clearly identified as "optional services". All optional service pricing should be clearly listed in a separate cost schedule and the optional service clearly explained.

Following are the pricing categories that may be appropriate for this RFP. It is not necessary to provide pricing for each category. When completing the pricing schedule, place a "NA" in each category for which a charge is not applicable.

The bank is not permitted to initiate debits against the State's account for any services.

	Account Services and Maintenance		
1	Account Maintenance Fee	\$	/Account/Month
2	ZBA Maintenance Services	\$	/Account/Month
3	Controlled Disbursement Account Maintenance	\$	/Account/Month
4	Daily Balance Reporting (Prior Day) (Automated to Treasury Workstation via Web in BA12)	\$	/Month
5	Daily Balance Reporting (Intra Day) (If Applicable) (Automated to Treasury Workstation via Web in BA12)	\$	/Month
	ACH Services		
6	ACH File Transmission	\$	/Per File Transmission
7	ACH Credit (CCD, CCD+, PPD, CTX)	\$	/Per Item
8	ACH Returns	\$	/Per Item
9	ACH Debit Block Service	\$	/Account/Month
	Check Disbursement Services		
10	Check Paid – Positive Pay	\$	/Per Check
11	Stop Payment Web-based	\$	/Per Stop
12	Stop Payment Manual	\$	/Per Stop
13	Forgery Investigation	\$	/Per Item
	Web-based Services		
14	Web-based Product Maintenance (If Applicable)	\$	/Month
15	Web-based Account Inquiry	\$	/Per Inquiry
16	Web-based ACH Inquiry	\$	/Per Inquiry
17	Web-based ARP Reporting	\$	/Per Inquiry
18	Web-based Paid Check Image Maintenance	\$	/Month
19	Web-based Paid Check Image (All Checks Processed)	\$	/Per Item Imaged
	(OR)		
20	Web-based Paid Check Image (Per Item Viewed)	\$	/Per Image Viewed
	Programming Fees		
21	Programming Fees (If Applicable)	\$	/Per Hour