



STATE OF DELAWARE
EXECUTIVE DEPARTMENT
OFFICE OF MANAGEMENT AND BUDGET

April 4, 2013

TO: ALL OFFERORS

FROM: BRUCE KRUG
STATE CONTRACT PROCUREMENT SUPERVISOR

SUBJECT: ADDENDUM TO REQUEST FOR PROPOSAL NO.: GSS13227-P_CARD

ADDENDUM #1 – Questions & Answers

	QUESTION	ANSWER
1	Section 1.1 - It appears that multiple state entities will participate in the program, will each need to sign a separate agreement with the provider?	No. There will be a single agreement executed between the State and the awarded proposer.
2	Section 2.1 -- The State indicates that the card vendor will manage 1099 reporting for P-Card merchants, however legislation effective January 2011 places that responsibility on each vendor's merchant processor -- not the card issuer. Please clarify.	Reference RFP Appendix A Scope of Work, Section 2.1, Paragraph 4. The paragraph is revised to read: Supports the accurate and timely recording of detailed funding distribution lines for Procurement Card transactions in PeopleSoft (department id & account code).
3	Section 2.3 - What is the projected trend in Pcard spend for the next three years (i.e., FY11 growth was 26% and FY12 growth was -4%, is continued growth or decline in spend expected)?	This is difficult to determine. We cannot mandate that organizations use the card, it is a voluntary program, so forecasting growth is a difficult exercise.
4	Section 2.3 -- Can the State provide the number of annual transactions and number of cards for FY10, FY11, and FY12?	FY 10 129,887 Transactions 3,973 Cardholders* FY11 169,584 Transactions 4,956 Cardholders* FY12 177,440 Transactions 6,035 Cardholders*

		*Not all cardholders had transactions for any given period
5	Section 2.3 -- Is it possible to provide a breakdown of spend for purchasing / procurement versus travel?	This breakdown is not currently available
6	Section 2.3 -- What percentage of total spend is in non-US Dollars? What currency conversion fee does the State pay for such transactions?	100% US Dollars
7	Section 3.1.2 -- What are the payment terms requested by the State (e.g., 7 days, 14 days)?	Currently we are paying within 3 business days or better.
8	Section 3.18 -- Will separate reporting for each State entity be required?	Yes, there should be security applied in the 3 rd party card maintenance system that allows for agency coordinators to obtain reports only for the cardholders that have security access to, while the central Pcard production team will have security to all state entities.
9	Section 3.19 -- Is the State considering a card program for Accounts Payable / vendor invoice payments?	No, not at this time.
10	Section 5.2 - Would the State like to see a signing bonus as part of the pricing proposal?	The State is desirous of proposals that are the most advantageous to the State.
11	Section 1.1, Page 2, Paragraph 2 - Is the State planning to do workflow and transaction management in PeopleSoft or via the card management system?	Transaction management/reconciliation is done in the FSF (Peoplesoft) system. There is no designated workflow other than the Reconciler and the Approver which is configured in FSF. Once the transactions convert to a PCA voucher, then workflow those transactions are routed into FSF workflow.
12	Section 2.3, Page 5, Chart 2.3 - Does the spend volume include the schools? What is the spend volume of the schools? What is the average transaction size of the school spend volume?	Yes. FY10 – not available FY11 \$4,191,843.00 Average trans size: \$301.72 FY12 \$4,521,037.00 Average trans size: \$295.13

13	<p>Section 2.4, Page 6, Paragraph 2 - Would the State of Delaware/University of Delaware consider a Pcard agreement from a single issuer which would consolidate the overall volume of the state and the university?</p>	<p>The University of Delaware operates on it's own PSFT Financial System and does not interface with the States PSFT system. The RFP does not include the University of Delaware.</p>
14	<p>Section 3.7, Page 12, Paragraph 3.7.1.4 - What has been the approximate requirement for expedited card delivery for the state in the past? How many cards need to be expedited?</p>	<p>For 10 or more cards on any given day, we receive them in 2 business days. Expedited cards depends on the cardholders circumstances. It is impossible to determine how many new or replacement cards would need to be expedited.</p>
15	<p>Section 1, Page 2, Subjection 1.2, Paragraph 2 – RE: contract term - Would the State consider signing a longer-term contract (e.g. 5 years)?</p>	<p>The State is desirous of a solution that is most beneficial to the State. If a longer contract term would significantly impact an offeror's rebate structure, the offeror is encouraged to show that as an option.</p>
16	<p>Section 2, page 4, Subjection 2.1, Paragraph 1, RE: project vision - Are there any hurdles or challenges regarding your procurement card program that we can help you overcome?</p>	<ul style="list-style-type: none"> • Reporting • Timely response to issues in EST
17	<p>Section 2, Page 5, Subsection 2.2, Paragraph 1, Chart 2.3, RE: transaction history –</p> <ul style="list-style-type: none"> • What percentage of FY 2012 spend was related to Travel & Entertainment? • Can the State provide a breakdown of FY 2012 spend by payment type (i.e. distributed card, ghost card, payables automation, etc.)? • How many vendors were paid in FY 2012 with a procurement product? • Can the State provide a revised vendor list split by payment type (i.e. distributed card, ghost card, payables 	<p>This breakdown is not currently available</p> <p>All spend is distributed card. The state does not have a ghost card or payables automation.</p> <p>16,151 Merchants were paid by the Pcard. FSF does not consider the merchants as Vendors.</p> <p>No, again, the card vendor pays the merchant, Division of Accounting pays the card vendor for all transactions in a single billing period. The state agencies reimburse Division of Accounting. The</p>

	automation)?	state does not maintain merchant data in the states FSF accounting system.
18	Section 2, Pages 5-6, Subsection 2.4, Paragraph 2, RE: state organization - Will any of the departments and entities (i.e. school districts, charter schools, etc.) participating in the procurement card program require individual management or will there be a single point of contact for the entire program?	There will be a single point of contact for the program, consisting of 3 members of the Central Pcard Team, and the Purchasing Module lead. Agencies do have Pcard coordinators who must view and reporting access to the card management program to view and report on transactions for card holders who they have security access to.
19	Section 3, Page 10, Subsection 3.3.1, Paragraph 1, RE: card limits and restrictions - What is the amount and frequency that the State grants cash advances to employees?	The state does not allow cash advances without the written approval of the Director of OMB. However, if approved by the Director of OMB, the state may allow a cardholder to obtain a cash advance from an ATM. There must be the capacity to turn cash advance limits on and off and to set the cash advance limit amount. Currently there is only one Agency that does this with some frequency.
20	Section 3, Page 14, Subsection 3.12.2, Paragraph 1, RE; reallocation software <ul style="list-style-type: none"> • Can the State provide a description of the default allocation codes and how they are applied to transactions? (How many codes are used, how many positions per field, etc.) • Can the State provide allocation codes to be loaded into the vendor web-based tool? 	<p>There is only 1 account code that is sent in the cardholder interface, hard coded to 56000 (Supplies). If the account code needs to be changed when the transaction is reconciled, then the reconciler will make the change to the account code at that time.</p> <p>There is no need to load the account codes into the vendor web-based tool, as the interface should be hardcoded to the one default account code of 56000.</p>
21	Section 3, Page 18, Subsection 3.19 / 3.19.1.4, Paragraph 2, RE: innovative concepts - What Payables Automation system does the State employ, if any?	The state of Delaware does not employ a Payables automated system.
22	Section 4, Page 21, Subsection 4.4.1, Paragraph 1, RE: peoplesoft upgrades	The State will analyze FSF PCard processes impact due to PeopleSoft maintenance packs and future

	<ul style="list-style-type: none"> • Please provide details regarding PeopleSoft upgrades and Maintenance Packs. If this information is not available, are we responsible for identifying the impacts of maintenance packs on the State? • What format should the Change Impacts be provided in (documented impacts identified, cardholder training materials, etc.)? 	<p>upgrade and provide analysis to FSF PCard team for any potential changes. It is anticipated that in submitting a proposal, a proposer will have some degree of familiarity with Oracle/PeopleSoft and change management associated with upgrades.</p> <p>Microsoft Word and/or excel documentation.</p>				
23	<p>Section 4, Page 25, Subsection 4.9, RE: file layout chart - : Are the fields listed in the chart on page 25 the ONLY fields that the State needs included in your file transmission, or are these fields part of a larger file layout?</p>	<p>Yes, these are the only fields, no others are needed to populate the cardholder profile table.</p>				
24	<p>Section 4, Page 26, Subsection 4.10, Paragraph 1, RE: data conversion - Can the State please send us a list showing the number of cardholders that work in each division/department?</p>	<p>The referenced section of the RFP identifies the State’s existing system contains information on approximately 4,800 cardholders. Sections 2.2 and 2.4 of Appendix A provide detail on State organizational structure inclusive of the number of departments / agencies</p> <p>For further detail please visit: http://pcard.accounting.delaware.gov/</p>				
26	<p>Appendix A - Section 1.4 Pricing, Paragraph 1, Page 3 - Can the state please share the existing rebate and fee schedule from the current State contract with your incumbent?</p>	<p>At the FY12 volume of \$84,411,833.92 the rebate is:</p> <table border="1" data-bbox="771 1465 1430 1581"> <thead> <tr> <th data-bbox="771 1465 1101 1539">Rebate Rate</th> <th data-bbox="1101 1465 1430 1539">Rebate Rate earned for 5 payment days</th> </tr> </thead> <tbody> <tr> <td data-bbox="771 1539 1101 1581">1.47%</td> <td data-bbox="1101 1539 1430 1581">1.56%</td> </tr> </tbody> </table>	Rebate Rate	Rebate Rate earned for 5 payment days	1.47%	1.56%
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27	<p>Appendix A – Section 2.4 State Organization, Paragraph 3, Page 6 - Can the state provide a breakdown of card numbers and volumes by each</p>	<p>We cannot publish current card numbers for security reasons. Please refer to the Pcard Online website for volumes by department.</p> <p>http://pcard.accounting.delaware.gov</p>				

	Department, including the State’s 19 school districts and 21 charter schools?	This page can be sorted by Department, Merchant Category, Merchant or Summary. The transactions are loaded by FY Calendar Quarter.
28	<p>RFP Document – Section III, A.3, Page 2</p> <p>“Delaware business license: Provide evidence of a Delaware business license or evidence of an application to obtain the business license.”</p> <p>Given that we are organized as a national banking association with authorization to conduct business in all 50 states, is this requirement still valid?</p>	yes
29	<p>RFP Document – Section III, D.1.b, Page 12</p> <p>“The selected vendor will be required to enter into a written agreement with the State of Delaware. The State of Delaware reserves the right to incorporate standard State contractual provisions into any contract negotiated as a result of a proposal submitted in response to this RFP.”</p> <p>Are the “standard State contractual provisions” the same standard terms that are provided in the “General Contract Terms” section beginning on pg. 14 of the RFP, or are they something else? If the latter, could you please provide a copy of any additional terms that may be considered?</p>	The RFP includes most, but necessarily all of the contractual terms that will be included in the final agreement. The State will engage the proposer(s) selected for negotiations in final language.
30	<p>RFP Document - Attachments Section – Required Reporting, Paragraph 2, Page 22</p> <p>“A Usage Report (Attachment 7) shall be</p>	This reporting is not a requirement of the current contract.

	<p>furnished on the 15th (or next business day after the 15th day) of each month by the successful Vendor Electronically in Excel format detailing the purchasing of all items on this contract. The reports shall be submitted electronically in EXCEL and sent as an attachment to vendorusage@state.de.us”</p> <p>The Usage Report represented as Attachment 7 includes details specific to Purchase Orders and Invoicing, such as budget coded and contract item numbers. These are details that are not necessarily always captured along with the transaction information as it relates to a Procurement Card purchase. How is this report being provided by your current card provider today?</p>	
31	<p>Section 4.7, page 23, paragraph 1-2, RE: helpdesk function - Could the State please clarify this requirement? How many individuals from the State’s technical help desk would be included in such a training?</p>	<p>There are 4 P-card central help desk employees for the P-card helpdesk that would need the training.</p>
32	<p>Section 5.1, page 28, paragraph 3 , RE: placement of rebate schedule - In addition to filling in the requested cost information and rebate tables in section 5, may we include our own pricing document as a separately labeled exhibit? If yes, would the State prefer all bidder exhibits, including the bidder pricing exhibit, to precede the rebate schedule? Or may all bidder exhibits follow the rebate schedule?</p>	<p>The rebate schedule is to be the final page of the paper copies of proposals and a separate file on CD copies of proposals. Any valued added offerings structured as a rebate table should be placed subsequent to the required table in paper copies and in the same file as the required table on the CD copies.</p> <p>Any value added exhibits addressing other components of the RFP should appear prior to the required rebate table in the paper copies and as part of the core proposal on the CD copies.</p> <p>Value added offerings will not be considered in the scoring of proposals. An offeror’s value added offerings may become part of negotiations with the offer selected for award.</p>

33	<p>Section 2.1, page 4, paragraph 4, RE: 1099 reporting - Beginning January 1, 2012, the responsibility for 1099 reporting for Procurement Card Merchants lies with the merchant or acquiring bank as opposed to the card issuing bank. The issuer can not provide 1099 reporting according to federal regulation. Will the State be amending or removing this requirement?</p>	<p>Reference RFP Appendix A Scope of Work, Section 2.1, Paragraph 4. The paragraph is revised to read:</p> <p>Supports the accurate and timely recording of detailed funding distribution lines for Procurement Card transactions in PeopleSoft (department id & account code).</p>
34	<p>Section O, Page 20, Paragraph 1, RE: prohibition against activity executed in an offshore facility. - Which types of ‘activities’ would be included for the purpose of this restriction?</p>	<p>Active work performed under this contract may not be done offshore.</p> <p>Examples include: State data may not be housed in an offshore facility. Service desk calls are not to be handled at an offshore facility.</p>
35	<p>Section IV.B, page 7. Paragraph 13, RE: subcontracting - Does the term ‘Sub-Contracting’ as used here refer to subcontractors that would be hired to work exclusively on the State of Delaware’s program?</p>	<p>A subcontractor is any entity that does not fall under the proposer’s corporate umbrella but would be performing some aspect of work for which the awarded vendor is ultimately responsible.</p>
36	<p>IV.D., page 13, Paragraph 1,</p> <ul style="list-style-type: none"> • The State of Delaware’s standard contract may be supplemented with the vendor’s software license, support/maintenance, source code escrow agreements, and any other applicable agreements. The terms and conditions of these agreements will be negotiated with the finalist during actual contract negotiations. Any such agreements will not take precedence over the RFP and contract. • Will the State of Delaware allow the Vendor to use its 	<p>The State will give consideration to the use of a proposer’s standard commercial card agreement.</p>

	<p>standard Commercial Card Agreement as the base document? Can an existing P-Card Agreement be used?</p>	
<p>37</p>	<p>Attachment 7, Page 22, RE: required reporting - Is this Required Reporting applicable for the provision of Procurement and/or travel services contemplated for under this RFP?</p>	<p>As currently written, the RFP requires reporting for all activity under the resultant contract in the format provided in Attachment 7. The State is receptive to alternative reporting structures that provide an equivalent level of detail.</p>
<p>38</p>	<p>I may be underestimating the dollar impact of the Pcard program.</p> <ol style="list-style-type: none"> 1. In my experience, pcards are physical cards placed in the hands of employees to streamline the purchasing process. They have real value, but the actual dollar impact is much smaller than the program I described in the bottom of this email chain. 2. I described a virtual card, not a physical one, that is used to pay large and small vendor invoices. My guess is the State of Delaware has a non-labor spend of several hundred million dollars annually, which would generate multiples of the \$450,000/\$100 million in positive cash flow that I described below. <p>If this pcard program will be used to pay large vendor invoices, then I misunderstood. If it is not going to be used to pay large vendor invoices, we should have a conversation to discuss the differences.</p> <p>Please let me know if I've got it right</p>	<p>While this is submitted as a statement rather than a specific question, the State can advise that a virtual or ghost card is not currently a component of this contract. The procurement cards are physical cards that are in the hands of State employees who charge goods/services to the card. Spend amounts by these cardholders can be as small as a few dollars or as large as \$1 million or more, it all depends on the cardholders spend authority for their respective organization. Our current annual spend on the card is approximately \$85 million +/- per year.</p>

	or wrong. Thanks.	
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All other terms and conditions remain the same.



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S:\ GSS13227-P_CARD Addendum to proposal