

Q&A Document

Direct Deposit of Payroll and Pension RFP

Contract Number: TREAS-1603-DIRDEP

1. What is the average dollar amount of the funding repetitive wire transfers? **PHRST is \$53.6 million, and Pensions is \$42.7 million. There is no seasonality to the funding amounts or pay cycles – there are 26 cycles for payroll and 12 for pensions.**
2. Please provide recent average ledger balance figures for each account.

Average Ledger Balances		
	PAYROLL	PENSION
JUL	\$ 8,290	\$ 23,892
AUG	\$ 9,397	\$ 26,017
SEP	\$ 7,899	\$ 39,694
OCT	\$ 14,908	\$ 38,814
NOV	\$ 21,459	\$ 15,599
DEC	\$ 16,116	\$ 1,393,868

The balances of these DDAs are not steady. They are zero for most of the month, and then spike around payday.

3. Will you be keeping balances in the account(s) to compensate for services? Or are you planning to pay direct fees for services? Or a combination of both? **OST intends to pay for services via fees, not compensating balances.**
4. Is Direct Deposit mandatory? If not, what percentage of active employees and pensioners are on Direct Deposit? **Yes, though “grandfathering” exists for some. Current rates are 98 percent for payroll and 99 percent for pensions, respectively.**
5. Has the State considered offering pay cards to employees and pensioners? **Yes, but there is no current initiative to pursue this.**
6. Will there be one DDA for Payroll? And one DDA for Pensions? **One DDA for each.**
7. Regarding the transmittal letter, are you looking for a repeat of the exceptions/clarifications detailed on Attachment 5, or can we just reference that Attachment 5 contains our exceptions/clarifications to the RFP? **Rather than repeat all exceptions, it will be acceptable to refer to them in Attachment 5 and, if possible, provide only a summary in the transmittal letter.**
8. Regarding Attachment 5, would you want us to detail not only operational exceptions/clarifications, but also contractual exceptions/clarifications to terms and conditions and the agreement? **Yes, all exceptions should be detailed in Attachment 5.**

9. Who currently provides these services to the State? How long have they been providing these services to the State? **Wells Fargo Bank has provided this service for more than 12 years.**

10. The following questions pertain to the specifications found in Appendix A: Scope of Services.

10.1 Is the State assuming if they cannot fund their payroll for X numbers of days, the originating bank will back it? **Yes, the bank will still send the Direct Deposit ACH credits on time – on payday – and the State will work with the bank on a mutually-agreeable funding method, which may include overdraft charges. It should be noted that this scenario has never happened.**

10.2 Regarding Section I-A-3-a, what process is the incumbent bank using regarding transaction rejects and assuring the availability of funds to all participants on or before 9:00 a.m.? What are the steps? Please provide more information about the reject process. **There is no special “back office” work done by the bank. The current Vendor provides a separate ACH Reject Report on the day the file is transmitted to the Vendor. If the report indicates money was returned by the participant’s bank, either Pensions or PHRST works with the participant’s agency to facilitate payment by another method (check or wire transfer from another State bank might be used). If no money is returned, the data on the report is informational only.**

10.3 Regarding Section I-A-3-b-(2), banks do not commonly make the correction or manipulate files. How is this specification satisfied by the current bank? **Either Pensions or PHRST will make corrections to participant pay files. These are typically done by issuing off-cycle checks to the participants, but they may also be handled by adjusting the subsequent Direct Deposit pay files.**

10.4 Regarding Section I-A-4, does the State have a suggested or preferred path to help prepare an optimal contingency plan? **No, the bank knows its own systems, and, thus, is best positioned to develop a contingency plan that meets the requirement of initiating payroll and pension payments in a timely manner.**

10.5 Regarding Section I-A-9 (Edits), how does the State make edits to a Direct Deposit file – is it manually calling the bank and making the request to delete? Are the changes made online? Are the type of changes only deletes or are they editing dollar amounts to existing records? What type of electronic submission is preferred? If a file transmission, is there a preferred layout? Secure website? **For Pension Office, files are not corrected by the bank. Any corrections to pensioners’ pay, if necessary, are made through off-cycle check writes or corrected in the next iteration of the Direct Deposit file. For PHRST, the only payroll edits are deletes for Direct Deposit strips and reversals, which are handled by PHRST logging into the Vendor’s online system.**

10.6 Regarding Section I-A-11, what process is now used to perform traces on accounts? **Currently, either PHRST or Pensions will call the bank to initiate a trace, and the bank provides a trace number. The vendor is expected to detail its own process for performing traces.**

10.7 Regarding Section II-A-2 (State data security standards), is there supposed to be an Attachment 8? This is a misprint. There was an Attachment 8 in an earlier RFP draft, but that language is now found in Exhibit 5 of the Professional Services Agreement on page 45. (Exhibits 1, 2 and 3 are not part of this RFP; they will be created and incorporated into the Professional Services Agreement during the contract negotiations with the winning bidder.)

A vendor that does not utilize cloud computing and/or offsite hosting may state that fact in the transmittal letter. As part of an appendix – which does not require action – it's not necessary to sign Exhibit 5 at this time.

10.8 Regarding Section I-A-13, this requirement states a bank statement for each pay period. However, Section III-A-2 requires a monthly statement. Please clarify. PHRST and Pensions require statements based on their pay cycles and specific to their DDAs, while OST requires a monthly statement that summarizes the relationship.

10.9 Regarding Section III-A-1, please clarify whether or not a bank must pledge collateral when meeting the two criteria specified in the Cash Management Policy Board's "Statement of Objectives and Guidelines for the Investment of State of Delaware Funds." In December 2012, OST issued a directive – supported by the Cash Management Policy Board – that supersedes the Investment Guidelines collateralization language. All banks holding State deposits, including the incumbent for these services, are required to collateralize.

11. Regarding Appendix C: File Parameters, please clarify the Detail Record. It contains an "Alternate Trace" field that is 15 characters long. This appears to be added to the end of the NACHA-standard Detail Records, which end with the 15-character Trace Number (positions 80-94). Is this field populated within the ACH files that the bank would be expected to process? If so, what information is populated in this field? The field "Alternate Trace" is the ALT_BANK_CD from PS_BANK_EC_TBL and a counter put together. For the four banks on that table, the ALT_BANK_CD field is blank for all.

12. Does OST require the awarded vendor to have a branch presence in Delaware? No.

13. Does OST require bidders to re-document the requirements listed in Appendix A: Scope of Services? And if so, under which tab should this be submitted? No. The attachments require responses, but the appendices are informational and only require responses where the vendor cannot meet the requirements.

14. Does the State require current day detail reporting? The State does not require current day detail reporting.

15. Please confirm that the State will be sending a NACHA formatted file to the bank. The State currently sends a NACHA-formatted data file for both payroll and pensions.

16. Regarding the delivery of proposals in electronic format, does the State prefer CD-ROM or USB drive? **The State has no preference. Use the method that is most convenient for you, so long you are certain that the content is readable.**

17. Will you accept a link to company financial statements or do you require hard copies included with the RFP response? **As a compromise, the State will accept financial statements in soft copy. They may be included as files with the USB drive or CD-ROMs that accompany the proposals. The vendor should be careful to provide complete financial statements, and also to not provide other unrelated information.**

18. In terms of the ACH credits that are sent to beneficiary accounts, please define “reject.” **A reject is any ACH credit (Direct Deposit) payment that, because of insufficient banking instructions, cannot be applied to the beneficiary’s account, and so it is rejected by the RDFI and returned to the ODFI. Examples of why a payment might be rejected include the account number is wrong, the account is closed, or the ABA routing number is wrong.**

19. The file parameters appear to follow NACHA standards, with this exception: File Control Record does not meet the 94 characters required in a NACHA record, and the “entry and addenda” count field is missing. **The incumbent bank and the State believe that the files are now NACHA-compliant. However, PHRST and Pensions will be glad to review with the winning bidder any inconsistencies, and will work to make sure they are following NACHA requirements.**