

## **EXHIBIT B**

### **LOCKBOX QUESTIONNAIRE**

*This questionnaire comprises its own section of your proposal. Please respond in the same order as the questions are presented here, and relate your responses to this proposal whenever possible. Failure to provide this information may disqualify a proposal.*

#### ***Postal service***

1. Do you use the city's main post office or a substation?
2. Do you offer 5- or 9-digit unique zip codes? For each zip code, provide the number of users and the related monthly item and dollar volumes.
3. Is your zip code included in the first sort at the post office?
4. Do you or the post office perform the fine sort by box number?
5. If you perform the fine sort, describe the equipment used and its capability (e.g., can it read bar codes?).
6. How long does it take from mail pick up at the post office to delivery at the lockbox department?
7. Is mail picked up by your personnel or contract courier?
8. List your post office processing hours for each day of the week.
9. List your post office pickup schedule for each day of the week. Who ensures that this work is processed?

#### ***Lockbox processing***

1. Where will the State's lockbox items be processed? Which retail branch of your bank is closest to the Department's offices in Montgomery?
2. Provide a flow chart and narrative to describe your method of lockbox processing as it would apply to the State's account, from receipt of mail at the lockbox through assignment of availability.
3. List the key quality control measures or techniques used. Would the State receive this information?
4. List the type and quantity of equipment used for your (wholesale and retail) lockbox processing.

**Exhibit B**  
**Lockbox Questionnaire**  
**Page 2**

5. If the same equipment is used for both wholesale and retail processing, how is the work prioritized?
6. List your peak processing periods and describe the method of accommodating these volume fluctuations.
7. For each work shift, provide the number of full- and part-time employees involved in the following lockbox functions:
  - Supervision.
  - Processing.
  - Customer Service.
  - Support (mail room, proofing, encoding, computers, clerical)
8. Describe your lockbox customer service function, including the number of accounts each representative handles.
9. Describe your error control procedures and how the State will interface with these procedures.
10. Do you participate in any industry quality forums? If so, please provide your report on primary quality indicators (error rates) for the past year. Also, include any additional error reports or service quality measures you provide to your lockbox customers. If your bank does not participate in a quality forum, please provide service quality reports.
11. Will an audit trail be printed as a cross reference on each check and remittance document?
12. Describe your contingency plans for equipment, power or other failures that could affect lockbox services or information reporting of lockbox data.
13. For the past six months, what was the average total monthly (wholesale and/or retail) volume of customers, lockboxes, items and dollars processed?
14. How many deposits will one account receive each day?
15. Provide the expected percentage of daily deposits to our account for each deposit time with the corresponding availability cut-off times.
  - Deposit times.
  - Percent of daily mail.
  - Percent of deposit.
  - Availability cut-off.

**Exhibit B**  
**Lockbox Questionnaire**  
**Page 3**

16. What is the last cutoff time for your availability, and what post office pickup will ensure receiving this credit?

17. Describe how checks that are received after our deposit cutoff time will be handled.

18. Do you guarantee that all checks will be processed within a specific time after they are received at the bank? If so, what is the maximum time you guarantee and what happens if you fail to meet the deadline? If not, please provide an estimate of how long processing should take.

19. Where are checks MICR encoded?

20. Where is availability assigned?

21. If availability is not assigned separately for each item deposited, describe your bank's method of assignment.

22. Will our checks be assigned availability continuously as they are released for collection, or will assignment be made periodically on a batch basis during the day?

23. Provide a copy of the availability schedule that will be used for our account. Indicate if this is the same schedule used in the most recent Phoenix-Hecht lockbox model release and if different explain why it is not the same.

24. How frequently will your bank update our availability schedule?

25. Can you provide an availability end point analysis on a periodic basis? If so, explain how this report can be obtained and whether there is any charge for the report.

26. Provide the number of drawee banks in the geographic area serviced by our lockbox for which we will receive immediate availability on weekdays.

27. Provide the number of direct sends in the geographic area served by our lockbox that will be made on normal weekdays. Direct sends to:

- Correspondent banks.
- Federal Reserve Bank.
- Regional Check Process Centers (RCPCs).
- High dollar group sorts.

28. Can you combine multiple deposits into one daily ledger credit and provide separate information as to the amount and time of each deposit?

29. List the electronic payment formats your lockbox can accept, along with the timing of ledger credit and the transfer of payment information to us.

**Exhibit B**  
**Lockbox Questionnaire**  
**Page 4**

30. Describe any special or priority processing services you offer for key customers.
31. Do you separate ledger credits and related information for remittances processed on weekends and holidays?
32. Provide a holiday schedule for your lockbox department and your bank.
33. Does your bank's processor have the ability to capture images on CD-ROM and microfilm? Please specify all types.
34. Describe your bank's system recovery capability including the ability to restart from the middle of batch processing without the need to reenter previous transactions.
35. Describe your bank's processor software modification capability, including the following:
- Can it be modified to accept new data?
  - What is the turnaround time?
  - What are the testing requirements?
36. Can your bank's system accommodate multiple batch numbers for different types of processing (e.g., paid-as-billed, paid differently, etc.)?
37. How are out-of-balance problems detected and corrected?
38. Is an audit trail maintained for all corrections made by the operator?
39. If your bank uses image processing, provide the image retention period for customer service purposes.
40. Describe your bank's data transmission capability:
- For customized formats.
  - For information from electronic payment formats included in the transmission.
  - How many customers use the service?
41. Please describe specific quality measures you use for lockbox services and include reports for the past year.
42. Describe any plans you have for modifying your lockbox services, such as acquiring new hardware, over the next year.
43. Please provide a detailed narrative explaining any necessary deviations from the DOI's lockbox processing and cash management specifications as set forth in this RFP. This narrative

**Exhibit B**  
**Lockbox Questionnaire**  
**Page 5**

is the Respondent's opportunity to explain why it would not achieve certain standards and what the Respondent would do to provide alternative services.

***Lockbox information reporting***

1. Describe the format your bank will use to provide lockbox deposit and balance information to us. Provide a sample.
2. For a normal weekday, at what time will we receive the deposit and float information for that day's deposits?
3. If the daily deposit and float information will not be the same as is reported on our account analysis, explain why. What reconciliation would be required?
4. In order to meet the daily reporting deadline, at what time will your bank cut off mail processing? Describe what happens to items that are not processed at the cutoff time.
5. Will your bank provide timely notification of payments received after cut-off in order to allow concentration of these funds?
6. Describe your bank's system (data transmission or other) for reporting remittance information to us for the following items:
  - Customer account
  - Invoice number
  - Amount paid
  - MICR line data
  - Other
7. Do you offer computer download capabilities for lockbox data? If so, describe the specifications for the file and all associated costs.

**Internet**

1. Please detail your web-based applications that would benefit the State in areas such as information reporting and electronic data retrieval.

**Subcontractor**

The proposal must include the following information about any potential subcontractor as it specifically relates to this proposal.

1. How long has the company been in business?

**Exhibit B**  
**Lockbox Questionnaire**  
**Page 6**

2. What equipment will be used?
3. What is its current processing volume (dollar and item)?
4. What is its current unused capacity?
5. How much experience does it have servicing government accounts?
6. How much experience does the management team have?
7. How many daily post office pickups does it make?
8. Does it use a unique zip code?
9. Does it use automated sorting equipment?