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Communication Procurement Directorate  
360 Albert Street  
12th floor, Suite 1230  
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K1A 0S5

**LETTER OF INTEREST**  
**LETTRE D'INTÉRÊT**

Comments - Commentaires

Vendor/Firm Name and Address  
Raison sociale et adresse du  
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Issuing Office - Bureau de distribution  
Communication Procurement Directorate/Direction de  
l'approvisionnement en communication  
360 Albert St./ 360, rue Albert  
12th Floor / 12ième étage  
Ottawa  
Ontario  
K1A 0S5

<b>Title - Sujet</b> RG Cheque Imaging Exchange	
<b>Solicitation No. - N° de l'invitation</b> EN893-182181/A	<b>Date</b> 2018-02-02
<b>Client Reference No. - N° de référence du client</b> EN893-18-2181	<b>GETS Ref. No. - N° de réf. de SEAG</b> PW-\$\$CW-010-74329
<b>File No. - N° de dossier</b> cw010.EN893-182181	<b>CCC No./N° CCC - FMS No./N° VME</b>
<b>Solicitation Closes - L'invitation prend fin</b> <b>at - à 02:00 PM</b> <b>on - le 2018-03-07</b>	
<b>Time Zone</b> Fuseau horaire Eastern Standard Time EST	
<b>F.O.B. - F.A.B.</b> Plant-Usine: <input type="checkbox"/> Destination: <input type="checkbox"/> Other-Autre: <input type="checkbox"/>	
<b>Address Enquiries to: - Adresser toutes questions à:</b> Gagné, Kathleen	<b>Buyer Id - Id de l'acheteur</b> cw010
<b>Telephone No. - N° de téléphone</b> (613) 990-9189 ( )	<b>FAX No. - N° de FAX</b> ( ) -
<b>Destination - of Goods, Services, and Construction:</b> <b>Destination - des biens, services et construction:</b> See herein	

Instructions: See Herein

Instructions: Voir aux présentes

<b>Delivery Required - Livraison exigée</b> See Herein	<b>Delivery Offered - Livraison proposée</b>
<b>Vendor/Firm Name and Address</b> Raison sociale et adresse du fournisseur/de l'entrepreneur	
<b>Telephone No. - N° de téléphone</b> <b>Facsimile No. - N° de télécopieur</b>	
<b>Name and title of person authorized to sign on behalf of Vendor/Firm</b> <b>(type or print)</b> <b>Nom et titre de la personne autorisée à signer au nom du fournisseur/</b> <b>de l'entrepreneur ( taper ou écrire en caractères d'imprimerie)</b>	
<b>Signature</b>	<b>Date</b>

## REQUEST FOR INFORMATION REGARDING THE RECEIVER GENERAL CHEQUE IMAGE EXCHANGE FOR PUBLIC SERVICES AND PROCUREMENT CANADA

### NATURE OF REQUEST FOR INFORMATION

**This is not a bid solicitation.** This Request for Information (RFI) will NOT result in the award of any contract. As a result, potential suppliers of the services described in this RFI should not reserve stock or facilities, nor allocate resources, as a result of any information contained in this RFI. Nor will this RFI result in the creation of any source list. Therefore, whether or not any potential supplier responds to this RFI will not preclude that supplier from participating in any future procurement.

This RFI is simply intended to solicit feedback from industry with respect to the matters described in this RFI.

The existence of this RFI does not imply that the Government of Canada (GC) has made a final decision on any of the initiatives discussed. GC may not procure any of the services identified in any response nor proceed any further in any procurement action as a result of this RFI, and shall not be liable under any circumstances to any supplier who has prepared a response.

### BACKGROUND OF THIS REQUEST FOR INFORMATION

The Canadian payment industry is moving away from exchanging paper cheques and replacing the paper items with cheque images. The GC, specifically the Receiver General for Canada (RG), is conducting research and collecting information in order that the Receiver General can develop a strategy to align with this cheque image exchange initiative.

**The RG expects to leverage the research, experience and development efforts that already exist for cheque imaging within Canada.** In the event of a contract, the Contractor would be required to provide all necessary infrastructure and resources to complete the work. The GC, therefore will not consider paying costs required for the development of new systems and will not pay for any development other than that required to provide the required interface(s) between the GC and the Contractor's systems.

The attached draft Statement of Work (SOW) may be included in a future Request for Proposal (RFP). Should an RFP be published and a contract awarded, PSPC anticipates that the services would be required for a period of five (5) years commencing from the date of contract award with an irrevocable option on the part of Canada to extend the period of any resulting contract by up to three (3) additional one (1) year periods, and one (1) additional one (1) year transition period at the end of the option periods.

Public Services and Procurement Canada (PSPC)'s Acquisitions Program implemented a policy on the Phased Bid Compliance Process (PBCP) on July 17, 2017. This policy is available at (<https://buyandsell.gc.ca/policy-and-guidelines/policy-notifications/PN-123>). In the event of a competitive solicitation, the PBCP would provide bidders with an opportunity, after the solicitation closing date and time, to correct a finding of non-compliance with respect to Eligible Mandatory Requirements.

## **PURPOSE OF THIS REQUEST FOR INFORMATION**

The intent of this Request for Information (RFI) is to solicit feedback and industry perspectives. In particular, the PSPC hopes to obtain the following:

- a) clarity on the interest level and availability of service providers;
- b) information related to the relevant pricing elements for the provision of the described cheque image exchange services required by the RG;
- c) information on service offerings available related to cheque images and physical paper items;
- d) industry feedback on the first draft of the proposed Statement of Work (SOW);
- e) industry feedback regarding relevant evaluation criteria for the purposes of supplier selection.

## **CONTENTS OF THIS RFI**

- a) This RFI contains a draft Statement of Work found in Annex A. This document remains a work in progress and respondents should not assume that new clauses or requirements will not be added to any bid solicitation that is ultimately published by Canada. Nor should respondents assume that none of the clauses or requirements will be deleted or revised. Comments regarding any aspect of the draft document are welcome.
- b) This RFI also contains specific questions addressed to the industry. Respondents are requested to refer to and complete Annex B - Questions and Information Requests.
- c) Volumetric Data  
The data included in this Request for Information is being provided to respondents purely for information purposes. Although it represents the best information currently available to PSPC, Canada does not guarantee that the data is complete or free from error.

## **NATURE OF RESPONSES REQUESTED**

Respondents are at their own discretion in this regard, but Canada is seeking relevant information, simply and directly stated, in order to avoid undue work by respondents and undue effort by Canada to analyze the results.

Responses from potential suppliers to this RFI will assist Canada in formulating any possible procurement strategy to meet Canada's business and operational requirements.

Respondents are requested to provide comments, concerns, suggestions and, where applicable, alternative recommendations regarding how the requirements or objectives described in this RFI could be satisfied or improved upon by completing the Annex B - Questions and Information Requests.

Respondents are requested to provide feedback related to the clarity of the draft SOW, possible evaluation criteria, and standard pricing elements for the provision of the described cheque image exchange services and other aspects as specified in Annex B.

Only written responses will be accepted.

Respondents are requested to provide comments regarding the content, format and/or organization of any of the draft documents included with this RFI.

Respondents should explain any assumptions they make in their responses.

## FORMAT OF RESPONSES

Cover Page: If the response includes multiple volumes, respondents are requested to indicate on the front cover page of each volume the title of the response, the RFI number, the volume number and the full legal name of the respondent.

Title Page: The first page of each volume of the response, after the cover page, should be the title page, which should contain:

- \* the title of the respondent's response;
- \* the name and address and email of the respondent;
- \* the name, address, email and telephone number of the respondent;
- \* the date; and
- \* the RFI number.

Number of Copies: one (1) soft copy on USB and one (1) paper copy OR one electronic copy by e-mail.

## RESPONSE COSTS

Canada will not reimburse any respondent for expenses incurred in responding to this RFI.

## ENQUIRIES

Because this is not a bid solicitation, Canada will not necessarily respond to enquiries in writing or by circulating answers to all potential suppliers. However, respondents with questions regarding this RFI may direct their enquiries to:

Contracting Authority: Kathleen Gagné

E-mail Addresses: [TPSGC.padgamiace-appbmpace.PWGSC@tpsgc-pwgsc.gc.ca](mailto:TPSGC.padgamiace-appbmpace.PWGSC@tpsgc-pwgsc.gc.ca) and [Kathleen.gagne@tpsgc-pwgsc.gc.ca](mailto:Kathleen.gagne@tpsgc-pwgsc.gc.ca)

Telephone: 613-990-9189

- **Opportunity for scheduled one-on-one meetings**

During the period of this RFI, there will be an opportunity for Canada and Industry to enter into discussions about the requirement during scheduled one-on-one meetings to be held at 11 Laurier Street, Gatineau, Quebec.

The scope of the requirement outlined in the RFI would be reviewed during the meeting and questions would be answered.

Respondents may use this session to better understand the requirements and to explain their comments in regards to the documents attached to this RFI. Meetings will be up to three (3) hours in duration and may be attended in person or by video-conference. Any meeting request must be submitted in writing to the Contracting Authority, noted herein, no later than ten (10) business days prior to the closing of the RFI, and must include the names of the representatives who will attend, along with their Title/Responsibility within the company, and at least three (3) time slots (morning or afternoon), and dates, in which they would be available to meet.

Meeting requests received after that time may not be accommodated and PSPC cannot guarantee that any respondent will be allocated any of its preferred meeting times. Respondents who do not request a meeting will not be precluded from submitting a bid, should an RFP be issued in the future.

## TREATMENT OF RESPONSES

### A) Use of Responses:

Responses will not be formally evaluated. However, the responses received may be used by Canada to develop or modify procurement strategies or any draft documents contained in this RFI. Canada will review all responses received by the RFI closing date. Canada may, in its discretion, review responses received after the RFI closing date.

### B) Review Team:

A review team composed of representatives of the RG and PSPC will review the responses. Canada reserves the right to hire any independent consultant, or use any Government resources that it considers necessary to review any response. Not all members of the review team will necessarily review all responses.

### C) Confidentiality:

Respondents should mark any portions of their response that they consider proprietary or confidential. Canada will handle the responses in accordance with the Access to Information Act.

### D) Follow-up Activity:

Canada may, in its discretion, contact any respondents to follow up with additional questions or for clarification of any aspect of a response. Canada reserves the right to invite any or all respondents to present their submissions to this RFI and/or perform a product demonstration.

## SUBMISSION OF RESPONSES

Time and Place for Submission of Responses: Respondents should send responses herein by the date specified on the front page of this RFI to:

Kathleen Gagné  
Public Works and Government Services Canada  
Acquisitions Branch  
Communications Procurement Directorate  
12th Floor, 360 Albert Street  
Ottawa, ON K1A 0S5

Telephone: 613-990-9189

E-mail: [TPSGC.pdgamiace-appbmpace.PWGSC@tpsgc-pwgsc.gc.ca](mailto:TPSGC.pdgamiace-appbmpace.PWGSC@tpsgc-pwgsc.gc.ca) and [Kathleen.gagne@tpsgc-pwgsc.gc.ca](mailto:Kathleen.gagne@tpsgc-pwgsc.gc.ca)

### a) Responsibility for Timely Delivery:

Each respondent is solely responsible for ensuring its response is delivered on time to the correct location.

### ii) Identification of Response:

- Each respondent should ensure that its name and return address, the RFI number and the closing date appear legibly on the outside of the response.
- Canada retains the right to negotiate with suppliers on any procurement.
- Documents may be submitted in either official language of Canada.

## **ANNEX A - DRAFT STATEMENT OF WORK (DRAFT)**

### **RECEIVER GENERAL – CHEQUE IMAGE EXCHANGE**

### **BANKING AND CASH MANAGEMENT SECTOR (BCMS)**

**DRAFT**

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DRAFT

## ANNEX A – STATEMENT OF WORK

**IMPORTANT NOTE:** This Statement of Work is a draft version only. The document is a work-in-progress and, as such, may later be amended, replaced, or rendered obsolete.

### A.1 Purpose

This Statement of Work describes the process, and associated requirements, for a Receiver General cheque image exchange solution. The SOW has been prepared with the intention of procuring the proposed solution as a service.

### A.2 RG Cheques

The Receiver General issues a significant number of cheques on behalf of the Government of Canada (GC). RG cheques are also known as 'warrants'. In fiscal year 2016/2017, the RG issued over 35 million cheques. These cheques are issued under various departmental programs such as Child Tax Benefits, Goods & Services Tax Refunds, Old Age Security and many others.

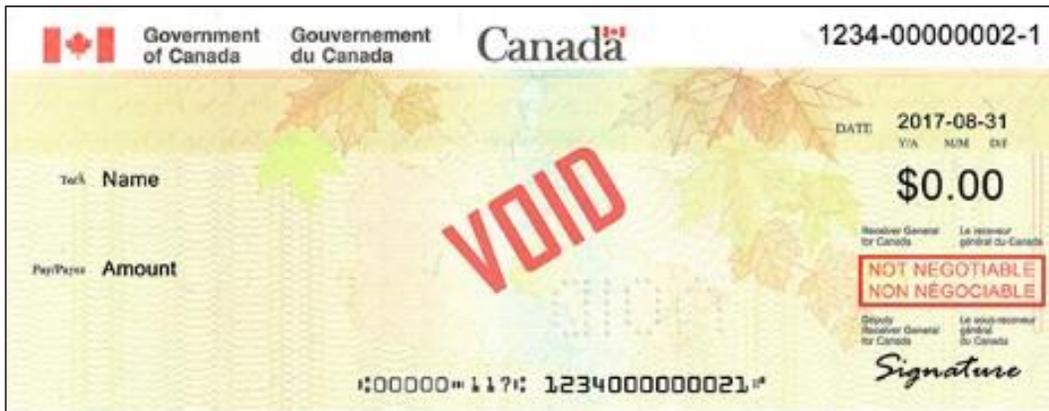
The RG does not issue the government cheques through a financial institution, the cheques are drawn on the Bank of Canada. The RG exchanges and clears their cheques directly with the Canadian financial institutions. Since the RG participates in the settlement and clearing with the Canadian direct clearers, the RG respects the rules and standards published by Payments Canada.

The RG is somewhat unique in the cheque clearing process in that the RG only issues cheques, the RG does not cash cheques drawn on the other financial institutions. While the RG does receive cheques as a payee (income tax payments, for example), these cheques are processed under an existing financial services contract and are out of scope for this SOW.

All RG cheques have a unique Cheque Form Number (CFN). The CFN is either 12 digits or 13 digits in length depending on the process and cheque stock used when printing the cheque. Below are images of RG cheques that show these Cheque Form Numbers. The CFN appears on the top right corner of the cheque face as well as within the MICR line. Within the MICR line, the CFN follows the Transit Number which is always '00000', and the Financial Institution which is always '117'.



The cheque sample above shows the 12 digit CFN format.



The cheque sample above shows the 13 digit CFN format.

### A.3 Cheque Imaging Project

In 2010, Payments Canada (*then known as the CPA - Canadian Payments Association*) initiated the Image Rule Project. This project was a phased initiative which focused on creating efficiencies in the cheque clearing and exchange process for paper payment items and returns through the use of image technology. Paper payment items include cheques, bonds and warrants (RG cheques). The goals of the image project were to reduce complexity in the exchange and clearing of paper payment items by reducing or eliminating the need to move physical paper items between financial institution processing sites. Physical transportation of paper cheques around Canada creates inefficiencies. In addition, the reliance on air and ground transportation to ship cheques means that a portion of Canada's payment system is vulnerable to interruptions for reasons ranging from bad weather to airport security incidents.

The main deliverable of the Image Rule Project was the documented framework, rules and standards to allow financial institutions to exchange files with images of cheques electronically with other financial institutions. However, this shift to an image based processing of cheques will not only improve efficiency and lower costs; it has also allowed financial institutions to introduce new functionalities that provide faster and more convenient customer services. For example, access to cheque images for customers rather than the previous practice of enclosing cancelled cheques with printed customer statements, or allowing a customer to deposit a cheque using their smartphone or tablet.

There are 3 methods for exchanging imaged items:

- a '*Clearing Replacement Document*' (CRD) – a printout of the cheque image including the MICR coding, also referred to as '*forward items*'
- a '*Return Replacement Document*' (RRD) – a printed image of the cheque including the return information and the MICR coding, also referred to as '*returned items*'
- an '*Image Captured Payment*' (ICP) File – a cheque image file that includes a digital image of the front and back of the cheque and the MICR line coding, which can be used for both forward items and returned items

Similar to the RG's experience, financial institutions are still processing significant volumes of paper cheques despite the decline in overall cheque usage. It is the RG's understanding that the majority of financial institutions have made some progress on a cheque imaging solution but are at varying stages of implementation. The financial institutions have begun to image a significant volume of cheques at source, this includes via ATMs, at the branch and via mobile devices (smartphones, tablets, etc.). However, because most financial institutions are not yet fully capable of creating and/or receiving cheque image files,

a large volume of items are still cleared as paper. In these situations the captured images are printed and exchanged as CRDs.

#### **A.4 RG Treasury Systems Renewal**

The Receiver General manages and operates a central suite of treasury related applications on behalf of the Government. These applications handle a variety of essential processes that include payment issuance, revenue collection, reconciliation, settlement and reporting. The RG is currently planning a modernization strategy for some of these core applications. This modernization effort will likely take several years to implement. The proposed solution that is described in the SOW has been prepared in an attempt to minimize any modifications or upgrades to the current suite of RG applications.

#### **A.5 Current Situation**

The vast majority of RG cheques are printed, enveloped and prepared for mail distribution at two PSPC production centres; one in Quebec City and one in Winnipeg. A small percentage of RG cheques are printed in departmental print sites across Canada.

The cheque recipients cash the RG cheques at a branch of the financial institution of their choice. Methods of deposit vary and include over the counter, via an ATM, via a smart phone, etc. At the end of the business day, the paper cheques collected by each branch are bundled, totaled and bagged, then couriered to the regional processing centre for that financial institution in one of six cities across Canada. The six cities are Halifax, Montreal, Toronto, Winnipeg, Calgary and Vancouver. The RG cheques that have been imaged during the deposit process must be printed as CRDs since the RG cannot currently accept cheque image files.

All the paper items, cheques and CRDs, are transported to the RG's cheque processing centre, the Cheque Redemption Control Directorate (CRCD), which is located in Matane, Quebec. Each direct clearer enters a redemption claim against the Government for the value and volume of the cheques said to be contained in the bags of paper items. This redemption claim is entered into a Payments Canada application called the Automated Clearing and Settlement System (ACSS).

CRCD staff manually prepare the cheques and CRDs into trays to be loaded and scanned by the cheque readers. The number of CRCD staff engaged in this activity varies as RG cheque volumes fluctuates during the month with peaks usually a few days after high volume Government program payment dates (e.g. Child Tax Benefit). The scanning of the cheques serves two purposes – the paper item is imaged and a data file is created. This data file carries the cheque form number and the redeemed amount. This data file is input to the RG's cheque redemption and reconciliation application for item reconciliation. The item is verified to ensure that it was issued by the RG, has not been previously cashed and the amount recorded by the financial institution where the cheque was cashed agrees with the issued amount. CRCD staff are alerted to any exceptions or discrepancies.

CRCD staff analyze the exceptions and reconciliation issues, and assist in fraud investigations. CRCD staff also manually prepare any returned items or adjustments which are sent to the Bank of Canada (BoC) for redistribution to the financial institutions. CRCD staff reconciles the volume and value of the items processed with the redemption claims submitted by the financial institutions.

#### **A.6 Cheque Image Files**

A cheque image file (*'Image Captured Payment'* (ICP) File) must adhere to the current Payments Canada file layout standard which is the ANSI X9.100-187-2008 file layout (refer to Payments Canada Standard 015: [https://www.payments.ca/sites/default/files/standard\\_015.updated.pdf](https://www.payments.ca/sites/default/files/standard_015.updated.pdf)). Within the SOW, this file layout will be referred to as an *'ICP file'*.

Under the RG's proposed solution as described in this SOW, the RG's treasury applications will not be required to directly process an ICP file.

The data from the ICP files that is essential to the RG is:

- a quality, usable, retrievable image that can be considered as the official and legal representation of the original cheque
- the data needed to confirm that a valid issued cheque has been redeemed for the correct amount

The following sections further explain how this data is to be provided by the Contractor to the RG.

### **A.7 Cheque Image Detailed Requirements**

This section describes the detailed requirements of the RG cheque image exchange solution which must be delivered by the Contractor.

#### **A.7.1 Objective**

The objective of the RG's cheque image exchange solution is for the Contractor to:

- handle the processing of all RG bound ICP files
- provide one standardized data input stream to the RG
- maintain an image archive for all RG imaged items

#### **A.7.2 Rules and Standards**

The rules and standards for cheque imaging within Canada are administered by Payments Canada.

The Contractor must ensure that all Payment Canada rules and standards that are applicable to the Government of Canada are respected. This includes, at a minimum, the following rules and standards:

- Rule A4 - Returned and Redirected Items
- Rule A10 - Image Rule
- Rule G3 - Rules Pertaining to the Redemption and Settlement of Government of Canada Paper Instruments
- Standard 013 - Return Replacement Document Design Standard
- Standard 014 - Clearing Replacement Document Design Standard
- Standard 015 - Companion Document to the ANSI X9.100-187-2008 "Specifications for Electronic Exchange of Check and Image Data - Domestic"
- Standard 018 - Payment Item Information Security Standard

The complete set of Payment Canada rules and standards can be found at the following web address:

<http://www.payments.ca/about-us/our-systems-and-rules/retail-system/rules-and-standards>

#### **A.7.3 Mandatory Elements**

The Contractor is required to provide a cheque image exchange solution that includes the following elements:

- a process to accept incoming ICP files
- a process to transfer redeemed item data to the RG
- an image archive
- facility for Government employees to have real time access to search, view, and print images
- a business continuity and disaster recovery plan

- all required security and privacy controls

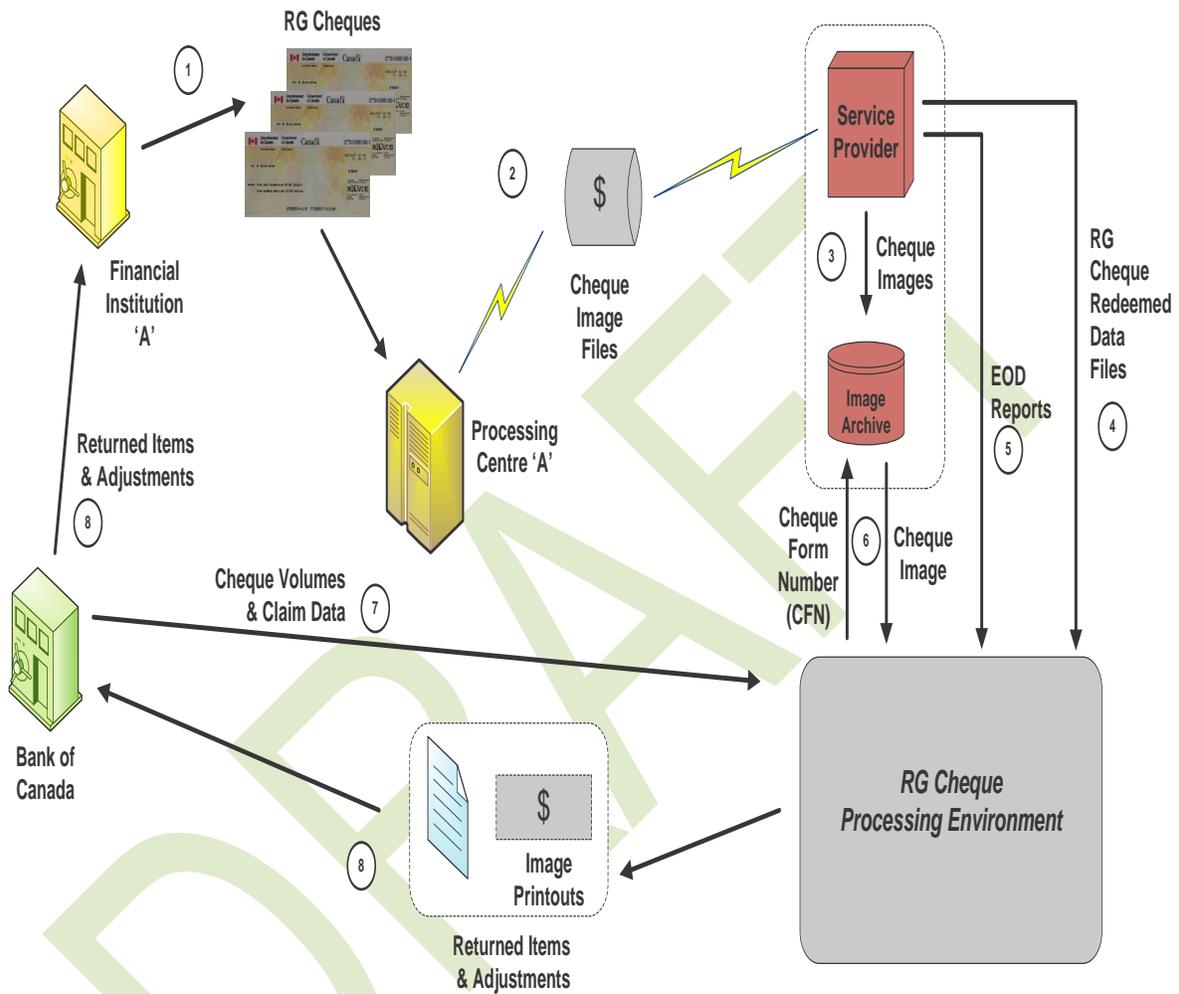
#### **A.7.4 RG Cheque Image Exchange Process Flow**

The diagram on the following page illustrates how the cheque images are integrated into the overall process flow for RG cheque redemption. The numbers in the narrative below correspond to the circled numbers on the diagram.

##### Diagram Key Entities

- Financial Institution 'A' – has implemented full ICP file functionality
  - Processing Centre 'A' – item processing facility for Financial Institution 'A'
  - Service Provider – the Contactor that delivers the RG services described in this SOW
1. All the RG cheques cashed at the branches of Financial Institution 'A' are transported to their Processing Centre where the items will be imaged. Financial Institution 'A' may also transmit cheque images directly to Processing Centre 'A'.
  2. All the images for the RG cheques originating from Financial Institution 'A' are formatted into an ICP file which is transmitted to the Service Provider. It may also be possible for Financial Institution 'A' to transmit an ICP file directly to the Service Provider.
  3. All the images extracted from the ICP files are saved in the Image Archive. The images are indexed to facilitate ease of access by GC personnel.
  4. The essential data elements are extract from each ICP file and reformatted into an RG Cheque Redeemed Data File. The RG Cheque Redeemed Data Files are transmitted to PSPC for processing by the RG's redemption and reconciliation applications.
  5. All the EOD ICP Transmission Notices for the ICP files containing RG images are sent to the RG.
  6. GC personnel can query the Image Archive using the RG's Cheque Form Number and retrieve, display and/or print an image.
  7. The Bank of Canada transmits to the RG, the daily expected volumes of RG cheques and the redemption claim amounts submitted by the direct clearers against the GC.
  8. The staff in CRCD reconciles the cheque data at both an item level and a claim level. Any returned cheques, that have been imaged, will be sent as an image printout along with the necessary debit/credit adjustment forms and any related correspondence. The Bank of Canada will redistribute the returned items and adjustments to the appropriate financial institution.

### RG Cheque Image Exchange Process Flow



### A.7.5 Image Files

1. The Contractor must have the capability of receiving ICP files containing RG items from other Direct Clearers or Clearing Agents.
2. The Contractor must have the capability of providing an acknowledgment of ICP file receipt to the sending Direct Clearer or Clearing Agent (*as per Rule A1 - Section 26*).
3. The Contractor must have the capability of validating the format and completeness of an ICP file at both the file level and the item level.
4. The Contractor must have the automated capability of verifying the image quality and image usability.
5. The Contractor must have the capability of creating a rejected ICP file notification when either the entire file has format or integrity issues, or the count of items with format or integrity issues exceeds a predetermined threshold. The Contractor must have the capability of sending the rejected ICP file notification to the sending Direct Clearer or Clearing Agent (*as per Standard 015 – Section 7.3*).
6. The Contractor must provide, to the RG, all the End-of-Day (EOD) ICP Transmission Notices received from the sending Direct Clearers or Clearing Agents (*as per Standard 015 – Section 7.4*). The method and timing of how to send the EOD ICP Transmission Notices to the RG will be negotiated at a later date.
7. The Contractor must provide the capability to store all images received on accepted ICP files in an image archive.
8. The Contractor must provide the capability to extract the RG required data elements from the ICP files and populate the 'RG Redeemed Cheque Data Files' (*refer to Section A.7.17 - RG Redeemed Cheque Data File Layouts*). The number of items per file and file naming conventions will be negotiated at a later date.
9. The Contractor must retain all ICP files for a period of 120 calendar days.

### A.7.6 Image Archive

1. The Contractor must maintain an image archive that will hold all images of RG items for the images received by the Contractor from the other Direct Clearers or Clearing Agents.
2. The Contractor must ensure that the images can be retrieved using the RG's unique Cheque Form Number (CFN). All images that are indexed by a CFN must be retrieved in situations when multiple items have been imaged with the same CFN. Additional image indexing requirements may be negotiated at a later date.
3. The Contractor must provide the capability such that the RG can retrieve and display an image from an RG online application within the PSPC technical environment.
4. The Contractor must ensure that the image archive has redundant copies of all images in order to prevent image loss in the event there is hardware and/or electronic storage device failures.
5. The Contractor must ensure that the image archive has the required security and data segregation mechanisms in place to prevent unauthorized or accidental access to images of RG items.
6. The Contractor must ensure that the image archive is a key component within the business continuity and disaster recovery plan.
7. The Contractor must provide the capability for authorized Government of Canada personnel to have online access to the image archive to view RG imaged items.
8. The Contractor must provide the capability for authorized Government of Canada personnel to create an image printout of an RG imaged item.

9. The Contactor must provide the capability to retain RG imaged items for a minimum period of 7 years. Due to the need to investigate some items, the 7 year period will commence from the date when the image was last accessed.

#### **A.7.7 Business Continuity and Disaster Recovery Site**

1. The Contractor must ensure that business continuity plans and procedures are in place in the event that a situation interrupts the course of normal business. The business continuity plans must ensure that any interruption in service does not last longer than 4 hours.
2. The Contractor must follow any contingency procedures that have already been established by Payments Canada (*as per Rule A10 – Part V*).
3. The Contractor must ensure that a disaster recovery site is established and functional (*as per Rule A10 – Sections 20 & 21*).

#### **A.7.8 Security**

The Contractor will be responsible for holding, processing and transmitting data that is sensitive to the Government of Canada, as such there will be a strict security requirement associated with this service.

The Contractor must ensure that security safeguards are in place that protect the information against loss or theft, as well as unauthorized access, disclosure, copying or modification.

These security safeguards must include:

- physical measures, for example, locked server rooms and restricted access to offices and computer rooms;
- organizational measures, for example, personnel security clearances, personnel awareness of the importance of data confidentiality, and limiting data access to a “need to know” basis; and
- technological measures, for example, the use of passwords and encryption.

For the Contractor's reference, Payments Canada's '*Standard 018 - Payment Item Information Security Standard*', sets out the minimum security requirements for the handling of electronic and cheque image payment items that are exchanged, cleared or settled through the Automated Clearing Settlement System (ACSS), with respect to their confidentiality, integrity, availability and non-repudiation.

The Receiver General will have the right to specify the minimum and maximum data retention periods. When the required data retention period has passed, the data must be destroyed or erased. The Contractor must develop guidelines and implement procedures to govern the destruction of the data which are to be approved by the RG. These guidelines and procedures must prevent unauthorized access during the destruction of the data.

The security requirements will be detailed in a subsequent RFP should an RFP be issued.

#### **A.7.9 Data Network**

1. The Contractor must ensure that all data transmitted to the RG, and all data received via transmission from the RG (if any), occurs in a secured environment.
2. The Contractor must ensure that the transmission of all data is protected to prevent incomplete transmission, misrouting, unauthorized message alteration, unauthorized disclosure, unauthorized message duplication or unauthorized replay.

#### **A.7.10 Points of Contact**

1. The Contractor must identify personnel to fill two key roles that will be used as points of contact with the RG. These roles include:
  - Executive Sponsor: The Contractor must provide an Executive Sponsor for the Contract. The Executive Sponsor will have overall responsibility, on behalf of the Contractor, for all obligations under the Contract. The Executive Sponsor must be at a senior management level within the Contractor's organization. The Executive Sponsor will be an escalation point for issues that cannot be resolved by the Contract Manager.
  - Contract Manager: The Contractor must provide a Contract Manager as its representative responsible, at an operational level, for successfully delivering the solution under the contract as well as the business relationships between the RG and the Contractor.
2. The RG will assign a Project Manager to act as its point of contact for all matters concerning the initial implementation of the cheque image exchange solution and to handle on-going operations and problem escalation & resolution.

#### **A.7.11 Implementation**

1. The Contractor must provide a detailed implementation plan listing all activities, durations and dependencies required to implement the RG's cheque image exchange solution.
2. The Contractor must include testing activities involving the RG's participation, the RG must agree with the timing and duration of these testing activities.
3. The RG reserves the right to request amendments to the implementation plan.
4. The Contractor must complete all activities within the timeframes stipulated in the final approved implementation plan.
5. The Contractor must obtain final approval from the Receiver General prior to live implementation of the cheque image exchange solution.

#### **A.7.12 Change Management**

The change management processes will be defined following the receipt of responses from the Request for Information (RFI). Respondents are encouraged to include recommendations regarding their preferred method of change management in their RFI response.

### **A.7.13 Contract Transition Period (Contract end)**

When this contract is resolicited, should there be a new contractor, the current contractor, must facilitate the transition to the new contractor. This includes, but is not limited to, the migration of all cheque image data to the RG's new contractor. The Contractor must also provide the RG and the new contractor with the information necessary to map the existing cheque image exchange service to any new solution.

### **A.7.14 Ongoing Operations**

The Contractor must be responsible for the day-to-day operational activities required to support effective management of the cheque image exchange service and the production environment in which it operates. These activities include, but are not limited to, system availability and performance, problem management, incident management, change management, communication and escalation procedures, and regular management reporting.

The Contractor must also interface with the other direct clearers and their processing agents with respect to cheque image exchange activities, issues and enquiries.

The Contractor will be required to provide a limited number of operational reports to the RG. The content and format of the operational reports will be detailed in a subsequent RFP should an RFP be issued.

### **A.7.15 Languages of Operation**

The Contractor must ensure that all online interfaces and any related documentation that will be used by GC personnel are available in both the English Canadian and French Canadian languages.

### **A.7.16 Service Standards**

1. The service standards and the respective performance levels will specify the Contractor's minimum performance to meet the RG's business requirements. Accordingly, the service standards:
  - must be regularly reviewed by the Contractor and the RG;
  - must be subject to various corrective measures and continuous improvement objectives;
  - may include additions, amendments, and deletions during the term of the contract, within the scope of the contract.
2. The Contractor must, unless otherwise agreed with the RG, commence measuring its service levels from the date the cheque image exchange solution goes live.
3. The Contractor must at its own cost, take appropriate corrective measures when service standards are not met.

The service standards will be detailed in a subsequent RFP should an RFP be issued.

### **A.7.17 RG Redeemed Cheque Data File Layouts**

1. The file layouts described in this section are required in this format to ensure that minimal modifications are necessary to the current suite of RG cheque reconciliation and redemption applications.
2. The two (2) file and record layouts shown below describe the data and format that the Contractor must transmit to the RG for all items processed by the Contractor, for both ICP file items and potentially paper items.

The RG Items Details File contains the cheque numbers and the item redeemed amount. The cheque details are grouped by Region, Direct Clearer and Tray Number.

The RG Tray Summary File contains the sum of the redeemed cheque amounts for each Region, Direct Clearer and Tray Number in the corresponding RG Items Details File.

RG Item Details File			
Record	Field	Data Type & Length	Value & Format
File Header	Record Type	Char(02)	'AP'
	ACSS Cycle Date	Numeric(05)	Julian Date e.g. April 1 <sup>st</sup> , 2017 = 17091
	Source	Char(10)	TBD
	Accounting Period	Numeric (06)	YYYYMM April is MM = 01 e.g. July 2017 = 171804
	Filler	Char(10)	spaces
FI Identification	Record Type	Char(02)	'01'
	Agency	Numeric(02)	Region  00 is Vancouver 01 is Montreal 02 is Toronto 03 is Halifax 07 is Winnipeg 09 is Calgary
	Direct Clearer	Numeric(03)	Direct Clearer  001 is BMO 002 is BNS 003 is RBC 004 is TD 006 is NBC 010 is CIBC 016 is HSBC 039 is Laurentian 219 is ATB 815 is Desjardins 869 is Central 1
	Tray Number	Numeric(03)	a sequential number starting at '001'  unique within the same Region and Direct Clearer combination
	Filler	Char(23)	spaces
Batch Header	Record Type	Char(02)	'02'
	Filler	Char(06)	spaces

	Batch Number	Numeric(04)	a sequential number starting at '0001'  unique within the same Item Details File
	Filler	Char(21)	spaces
Item Record	Record Type	Char(02)	'50'
	Cheque Form Number	Char(13)	12 or 13 digit CFN
	Redeemed Cheque Amount	Numeric(12)	\$\$\$\$\$\$\$\$\$.99
	Cheque Locator Number	Numeric(06)	a sequential number starting at '000001'  unique within the same Item Details File

RG Tray Summary File			
Record	Field	Data Type & Length	Value & Format
File Header	Record Type	Char(02)	'CP'
	ACSS Cycle Date	Numeric(05)	Julian Date e.g. April 1 <sup>st</sup> , 2017 = 17091
	Office Name	Char(10)	TBD
	Office Code	Char(04)	TBD
	Accounting Period	Numeric (06)	YYYYMM April is MM = 01 e.g. July 2017 = 171804
	Filler	Char(06)	spaces
Tray Summary	Record Type	Char(02)	'01'
	Agency	Numeric(02)	Region  00 is Vancouver 01 is Montreal 02 is Toronto 03 is Halifax 07 is Winnipeg 09 is Calgary
	Direct Clearer	Numeric(03)	Direct Clearer  001 is BMO 002 is BNS 003 is RBC 004 is TD

Solicitation No. - N° de l'invitation  
 EN893-182181/A  
 Client Ref. No. - N° de réf. du client  
 EN893-182181

Amd. No. - N° de la modif.  
 File No. - N° du dossier  
 CW010. EN893-182181

Buyer ID - Id de l'acheteur  
 CW010  
 CCC No./N° CCC - FMS No./N° VME

			006 is NBC 010 is CIBC 016 is HSBC 039 is Laurentian 219 is ATB 815 is Desjardins 869 is Central 1
	Tray Number	Numeric(03)	a sequential number starting at '001'  matches the FI Identification record in the corresponding
	Tray Total Amount	Numeric(14)	sum of the redeemed cheque amounts for each Region, Direct Clearer and Tray Number in the corresponding RG Items Details File  \$\$\$\$\$\$\$\$\$\$\$\$.99
File Trailer	Record Type	Char(02)	'99'
	Filler	Char(29)	all '9's

3. The two (2) data files have the following structure:

RG Item Details File

File Header (Record Type 'AP')

FI Identification (Record Type '01') *(first Region/Direct Clearer/Tray record)*  
Batch Header (Record Type '02') *(first batch record within FI identification)*  
Item Record (Record Type '50') *(first item record with batch)*  
.....  
Item Record (Record Type '50') *(last item record within batch)*  
.....  
Batch Header (Record Type '02') *(last batch record within FI identification)*  
Item Record (Record Type '50').....  
Item Record (Record Type '50').....  
FI Identification (Record Type '01') *(last Region/Direct Clearer/Tray record)*  
Batch Header (Record Type '02') *(first batch record within FI identification)*  
Item Record (Record Type '50') *(first item record with batch)*  
.....  
Item Record (Record Type '50') *(last item record within batch)*  
.....  
Batch Header (Record Type '02') *(last batch record within FI identification)*  
Item Record (Record Type '50').....  
Item Record (Record Type '50')

RG Tray Summary File

File Header (Record Type 'CP')

Tray Summary (Record Type '01') *(first tray summary record)*  
.....  
Tray Summary (Record Type '01') *(last tray summary record)*

File Trailer (Record Type '99')

The Contractor must ensure that the ACSS Cycle Date matches the date of the redemption claim that has been entered into ACSS by the negotiating direct clearer for the items included on the RG Item Details File. The file layout contents have been described based on the assumption that there will be one (1) RG Item Details File and one (1) corresponding RG Tray Summary File transmitted from the Contactor to the RG each business day. The number of files per day, the number of items per file and the file naming conventions will be negotiated at a later date.

The RG may request amendments or revisions to the file layouts during the contract period, the implementation timing of any such modifications will be negotiated with the Contractor.

## A.8 Paper Item Detailed Requirements

This section describes the detailed requirements necessary to process the RG's paper cheques during the transition phase as the Canadian payment industry moves towards a cheque image exchange. These requirements are considered as an optional add-on service to the RG's cheque image exchange process, the paper item requirements are included in order to gauge interest from potential service providers as to whether or not the paper item process would be included.

### A.8.1 Objective

The objective of the RG's paper item process is for the Contractor to:

- image all RG cheques that were exchanged as paper items not images
- include redemption data from the paper items in the standardized data input stream to the RG
- include the paper item images in the image archive

### A.8.2 Paper Cheque Volumes

In fiscal year 2016/2017, the Receiver General issued over 35 million cheques. Once the RG implements a cheque image exchange solution, and the other Canadian direct clearers complete the transition to cheque image exchange, the volume of RG paper cheques in the exchange will significantly decline. It is expected that within 10 years, the volume of paper RG cheques being exchanged will be negligible.

### A.8.3 Paper Items

1. The Contractor must have the capability of receiving bags of paper RG cheques and CRDs from other Direct Clearers or Clearing Agents.
2. The Contractor must have the capability of removing any items that are not RG issued items and returning those items to the sending Direct Clearer or Clearing Agent. The Contractor must report the value and volume of these items to the RG. The method and timing of how to send this information to the RG will be negotiated at a later date.
3. The Contractor must have the capability of imaging all the accepted paper items (*as per Rule A10 – Section 10*).
4. The Contractor must provide the capability to store all images captured from the paper items in an image archive (i.e. the same image archive as for the received cheque images).
5. The Contractor must provide the capability to extract the RG required data elements from the imaged paper items and populate the '*RG Redeemed Cheque Data Files*' (*refer to Section A.7.17 - RG Redeemed Cheque Data File Layouts*). The number of items per file and file naming conventions will be negotiated at a later date.
6. The Contractor must properly destroy all accepted and imaged RG paper items (*as per Rule A10 – Section 14 & 15 and Rule G3 – Sections 27 & 28*).

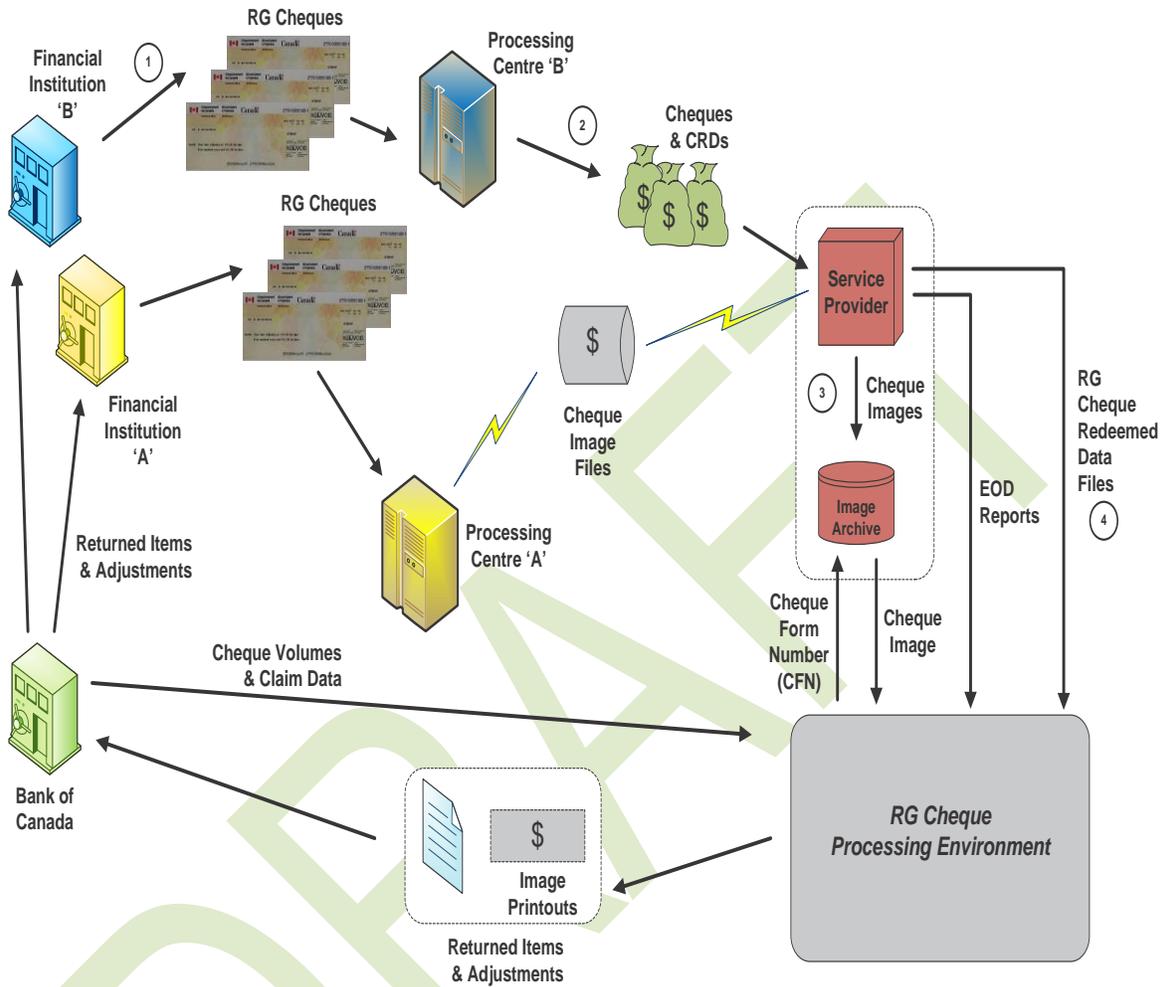
#### **A.8.4 RG Cheque Image and Paper Item Exchange Process Flow**

The diagram on the following page illustrates how the paper items would be integrated into the overall cheque image process flow. The numbers in the narrative below correspond to the circled numbers on the diagram.

##### Diagram Key Entities

- Financial Institution 'B' – has not implemented ICP file functionality
  - Processing Centre 'B' – item processing facility for Financial Institution 'B'
  - Service Provider – the Contactor that delivers the RG services described in this RFI
1. All the RG cheques cashed at the branches of Financial Institution 'B' are transported to their Processing Centre. It may be possible that Financial Institution 'B' has the capability to capture cheque images. If Financial Institution 'B' transmits cheque images to Processing Centre 'B', those images will be printed as CRDs.
  2. Processing Centre 'B' will bundle and bag all the paper items (cheques and CRDs) and transport the bags and any summary total listings to the Service Provider.
  3. The Service Provider creates an image for all paper items. These images are saved in the Image Archive.
  4. The essential RG data elements captured by processing the paper items are reformatted into RG Cheque Redeemed Data Files. The RG Cheque Redeemed Data Files are transmitted to PSPC for processing by the RG's redemption and reconciliation applications.

### RG Cheque Image Exchange with Paper Items Process Flow



### A.8.5 RG Cheque Volumes

The following table provides the actual and forecasted volumes of RG issued payments for cheques and direct deposit. The GC continues to promote direct deposit as the preferred method of payment.

Although great care has been made to accurately predict future volumes, there is no guarantee that these predictions will materialize. Furthermore, for the cheque volumes, it is not known if the cheques will be exchanged as images or as paper items.

	FY 2014/2015	FY 2015/201 6	FY 2016/201 7	FY 2017/201 8	FY 2018/201 9	FY 2019/202 0	FY 2020/202 1
Cheques	55,224,181	46,911,090	35,973,952	33,248,624	30,440,451	27,873,975	25,402,022
Direct Deposit	255,564,141	289,715,378	287,954,165	290,298,735	297,274,305	303,733,551	309,604,385
<b>Total</b>	<b>310,788,322</b>	<b>336,626,468</b>	<b>323,928,117</b>	<b>323,547,359</b>	<b>327,714,756</b>	<b>331,607,526</b>	<b>335,006,407</b>
<b>Direct Deposit Percentage</b>	<b>82.2%</b>	<b>86.1%</b>	<b>88.9%</b>	<b>89.7%</b>	<b>90.7%</b>	<b>91.6%</b>	<b>92.4%</b>

## **ANNEX B – QUESTIONS AND INFORMATION REQUESTS**

### **B.1 Responses**

The respondents are requested to review the SOW and provide detailed explanations to respond to the following questions. Respondents are also requested to complete the 'B3 Pricing Table' and the B.4 'Comments Table'. Comments should clearly indicate the section of the SOW that is being referred to.

### **B.2 Questions**

1. Does the SOW provide a sufficient description of the Government of Canada's cheque redemption process?
2. Are the requirements for the RG's cheque image exchange solution as stated in the SOW clear?
3. Is there additional information that you would need in order to be able to prepare a response to this RFI?
4. Are there any items in the described requirements that would not allow for innovation and flexibility in responses?
5. Are there any innovations or new technologies that the RG has not considered? Would any of these be limited by the RG requirements as described?
6. What is the industry standard for the term of contracts for requirements such as this?
7. What is the industry standard for the transition period for a requirement such as this?
8. Is there additional information that should be included in order to fulfill the requirements?
9. What technical evaluation criteria should be assessed for the selection of a supplier for this requirement?
10. Is 60 calendar days adequate to prepare a complete bid response to any possible competitive solicitation process?
11. What is the testing that is used at the initial implementation and any ongoing service provision for a requirement such as this?
12. What is the capability in this industry to handle secure and/or classified documents and information throughout the processes as described in section A.7.8 of this requirement?
13. What are the environmental impacts that must be considered for the provision of the services as described for this requirement? What is the capability in the industry to address these environmental impacts?

### B.3 Pricing Table

#### Information Related to Unit Pricing Elements:

For the purposes of developing a business case for the initiative, the RG is seeking feedback from industry regarding relevant cost elements. Feedback will not be disclosed to any other parties, nor will it be used to evaluate bidders under any subsequent solicitation process.

The RG has identified some possible cost elements that it believes are relevant to the service being procured in the table below.

- a) Are the identified cost elements relevant to this requirement?
- b) Are there any additional or other cost elements that are relevant and should be considered?

<b>Cost Element</b>
Initial Set-up
Cost per paper item
Cost per imaged item
Cost per archived image
Cost per ICP File
Cost per RG Redeemed Cheque Data File

## B.4 Comments Table

Respondents are requested to provide any comments or suggestions on the specific section or sections from the SOW that could be clarified or improved. If there are alternatives or additional options to any of the proposed processes, please provide an explanation.

SOW Section	Comments
A.1 Purpose	
A.2 RG Cheques	
A.3 Cheque Imaging Project	
A.4 RG Treasury Systems Renewal	
A.5 Current Situation	
A.6 Cheque Image Files	
A.7 Cheque Image Detailed Requirements	
A.7.1 Objective	
A.7.2 Rules and Standards	
A.7.3 Mandatory Elements	
A.7.4 RG Cheque Image Exchange Process Flow	
A.7.5 Image Files	
A.7.6 Image Archive	
A.7.7 Business Continuity and Disaster Recovery Site	
A.7.8 Security	
A.7.9 Data Network	
A.7.10 Points of Contact	
A.7.11 Implementation	
A.7.12 Change Management	
A.7.13 Contract Transition Period	
A.7.14 Ongoing Operations	
A.7.15 Languages of Operation	
A.7.16 Service Standards	
A.7.17 RG Redeemed Cheque Data File Layouts	
A.8 Paper Item Detailed Requirements	
A.8.1 Objective	
A.8.2 Paper Cheque Volumes	
A.8.3 Paper Items	
A.8.4 RG Cheque Image and paper Item Exchange Process Flow	
A.8.5 RG Cheque Volumes	