



Stacy Garrity, Pennsylvania Treasurer

REQUEST FOR QUALIFICATIONS

FOR

ACCOUNT VALIDATION SERVICES

ISSUING OFFICE

Pennsylvania Treasury

Department

Rolling AVS RFQ

CALENDAR OF EVENTS

This RFQ is considered a rolling RFQ. If a vendor would like to qualify, the vendor shall submit documents to **avs@patreasury.gov**. When Treasury receives the documentation and assuming there are no questions or missing documentation, Treasury shall make a determination within sixty (60) days.

Introduction

The Pennsylvania Treasury (“Treasury”) compiles a list of providers qualified to provide Account Validation Services (“AVS”) for the electronic movement of funds on behalf of Commonwealth departments, agencies, boards and commissions. Treasury will qualify providers to assist the implementation and maintenance of electronic payment security standards, measures and procedures that are consistent with national financial industry standards on behalf of the Commonwealth.

Issuing Office

This Request for Qualifications (“RFQ”) is issued by Pennsylvania Treasury. This is a rolling RFQ which means that providers may submit responses at any time and qualified on a rolling basis. However, all submissions must adhere to the requirements contained herein. All communications and submissions in response to this RFQ should be addressed to: Pennsylvania Treasury Department, Attention: Bureau of Cash Management & Investments, Harrisburg, Pennsylvania 17120, at the following email address: avs@patreasury.gov. This issuing office is the sole point of contact in the Commonwealth for receiving and processing all completed submission packages in response to this RFQ. All questions should be emailed to: avs@patreasury.gov.

Purpose

The purpose of this RFQ is to develop and maintain a list of providers, that, in the opinion of Treasury, are capable, experienced, and qualified to provide AVS on behalf of Commonwealth departments, agencies, boards and commissions.

The Treasurer is responsible for and oversees the secure payment of all public funds on behalf of all Commonwealth agencies. Pursuant to the Pennsylvania Fiscal Code, the Treasurer is the custodian of all public funds of the Commonwealth. The Fiscal Code requires the Treasurer’s warrant for the payment and disbursement of all public fund expenditures, if, in the opinion of the Treasurer, the expenditure or disbursement is “lawful and correct.”

The Pennsylvania Fiscal Code was amended by Act of July 11, 2022 (Act No. 54, P.L. 540) to include Section 301.5, captioned “Commonwealth Payment Security,” requiring the implementation and maintenance of electronic payment security standards consistent with national financial industry standards. The Act directs that, “the electronic payment security standards, measures and procedures required shall be designed to confirm and verify the existence, status, standing, maturity, and signatory authority of the banking account, authenticate account-ownership and control, and accurately identify the identity of intended payment counterparties, prior to the initiation and completion of a payment to the account or against the account.”

To ensure the integrity of Commonwealth electronic payments and certain collections, the Treasurer has been tasked with qualifying providers of account validation and verification services that Commonwealth departments, agencies, boards, or commissions shall contract with to prevent the fraudulent and improper payment of public funds. *Id.* Treasury is issuing this RFQ on behalf of the Treasurer.

Any award of a contract, or contracts, with a qualified provider will be determined through a subsequent procurement process or processes independently conducted by or on behalf of Commonwealth departments, agencies, boards, and commissions. This qualification process contains no guarantee or assurance to perform work for any Commonwealth department, agency, board, or commission.

The provider's solution shall be able to deliver a determination of the validity of a bank account and routing number. Specifically, the qualified Provider shall determine whether the financial data provided to Agencies, as the payee's self-attested bank account information, is accurate, correct, valid, and matches the identity of the bank account owner/authorized signatory of the direct deposit bank account information provided (to include verification of pre-paid cards to the extent applicable). For this purpose, Treasury will evaluate the qualifications of prospective Providers, the capabilities of the products, and determine if the products and services meet an established list of requirements that warrant designation as qualified. Approved vendors are exempt from reapplying. However, approved vendors shall notify Treasury of any change of circumstance from the documents initially provided that would be considered a downgrade.

Schedule

All responses will be considered received by the Issuing Office on the business day received, if received before 5:00 PM.

Definitions

“Account Validation.” A service wherein a business or financial institution can validate the accuracy of the account information received from a consumer or business, and the ability of that account to receive electronic payments.

“Agency” Or “Commonwealth Agencies.” Any department, agency, board, or commission of the Commonwealth including executive and independent agencies, but not including any court or other officer or agency of the unified judicial system, or the General Assembly.

“API.” Application Programming Interface.

“AVS.” Account Validation Services.

“Financial Institution.” A firm that provides financial services through the processing of transactions, deposits, loans, and other monetary exchanges.

“NACHA.” The National Automated Clearing House Association.

“Partner.” A NACHA Preferred Partner that a prospective provider (who is not themselves a NACHA Preferred Partner) has partnered with to qualify under this RFQ.

“Provider.” A firm seeking to provide AVS on behalf of Commonwealth Agencies.

Automated Clearing House (ACH)

An ACH refers to any electronic fund transfer occurring between banks and credit unions across what is known as the Automated Clearing House network. ACHs are available as credit payments and debit transfers. From July 1, 2024, through June 30, 2025, Treasury sent over 10 million ACHs totaling \$120 billion. This reflects 89% of the payments made by Treasury during that time period.

ACH has increasingly become the preferred manner in which payments are completed among Agencies for nearly all programs in most circumstances. ACH offers several distinct advantages over alternative payment methods available to government entities – typically paper check (although in some cases a prepaid debit card system is available).

ACH payments are received by and directly deposited in the recipient's bank account faster than a paper check. While ACHs are in the recipient account on the pay date, paper checks can take 3-7 business days to reach the payee. On a per payment basis, ACHs are less expensive to process than paper checks, requiring no printing, no mailing, reduced customer inquiry looking for the check, and no need to maintain check stock/envelopes. ACHs have also proven to be a far more secure payment method relative to paper checks. Paper checks must pass through many more intermediary parties compared to ACH, clearly display bank details and other PII, and are physical documents subject to being either lost, stolen, or forged.

Payroll, annuitant distributions, and tax refunds account for most Commonwealth ACH payments, by nature of their frequent recurrence and the size of the Commonwealth workforce. However, Agencies have made payments by ACH available for various other programs and purposes.

Account Validation Services (AVS)

A properly functioning AVS system will assist Commonwealth Agencies in validating the status and ownership of bank accounts within the United States ACH Network, in real-time, to provide increased fraud protection and error prevention prior to the electronic distribution of payments of public funds. AVS can be used to verify the status of an account and its ownership prior to sending an ACH or real-time payment, confirm that the account is open and in good standing, and verify whether the recipient is an owner or authorized signer on the account.

Data returned to the Agencies will allow for a determination of whether the account is possibly a fraudulent account or stolen (“hijacked”) account or if there was an error in the payment instructions. The goal of implementing AVS is to reduce the incidence of payments being sent to bank accounts not associated with the intended and rightful recipient. While many agencies conduct a pre-audit of payments, AVS will bolster these systems by allowing agencies to query for a wider array of data elements and more rapidly return feedback from those queries.

In recent years, Pennsylvania and several other states across the nation have experienced an increased volume of fraudulent activity, far above historical average levels, in state-administered programs. This fraudulent activity has been concentrated in – but is not exclusive to – the Commonwealth’s unemployment compensation program and federal COVID-19 pandemic-related unemployment compensation programs administered by the Commonwealth. In her capacity as issuer of Commonwealth payments, the State Treasurer has advocated for more widespread adoption of AVS among Commonwealth Agencies.

Millions of electronic payments are issued from Treasury on behalf of Commonwealth Agencies annually. Accordingly, the adoption and maintenance of secure electronic payment technologies at the Agency level is a prudent and necessary safeguard to protect the payment of public funds.

Selection and Engagement of Providers

Treasury will review all submissions for qualification and notify all providers that made a submission in response to this RFQ of the outcome of the review.

All providers qualified by Treasury will be assigned to a list maintained by the Department's Bureau of Cash Management & Investments and available on the Department's website at <https://www.patreasury.gov/avs/>. The list will be made available to all Commonwealth agencies as directed by the Fiscal Code for the consideration and procurement of AVS services.

Requirements for Qualification

Providers must have prior documented experience in providing AVS on behalf of federal, state or local government agencies, or private organizations or businesses with comparable ACH payment volume and processes, as follows:

1. The provider is a NACHA Preferred Partner (“Partner”) or a financial institution utilizing a Partner on or before the time of submission of their response to this RFQ;
2. The provider is a financial institution currently providing AVS on behalf of a Commonwealth Agency; or
3. The provider is an existing provider of AVS and has demonstrated a proven capacity in processing large ACH batch files and other demands typical of servicing a high-volume public agency, or otherwise can demonstrate its ability to scale quickly to accommodate large volume demands.

For a provider to be considered for qualification and in order for Treasury to accept a response to this RFQ as “complete,” prospective providers must submit each of the following with their response as identified below:

- Certify that AVS provided for or on behalf of any Commonwealth agency will not be transmitted or stored on any cloud storage server(s) located outside of the United States by detailing the flow of data between Agencies and the provider.
- Identify the dataset(s), including financial institutions, credit reporting agencies, and additional public, private, and proprietary data sources, utilized in the AVS solution to verify bank account owner verification, bank account risk assessments, and risk attributes associated with the account owner analysis. Please use the following layout in the response.

Data Field	Comments
Direct Deposit Account Number	Direct deposit account number for payment to Payee
Direct Deposit Routing Number	Routing number associated with above account number
First Name	Payee first name
Last Name	Payee last name
Middle I	Payee middle initial
SSN	Payee SSN
DOB	Payee date of birth
Payee address	Payee address
Payee address city	City of Payee address
Payee address state	State of Payee address
Payee address zip	Zip code of Payee address
Payee phone number	Phone number with area code
IP Address	IP address from where claim was filed

Treasury reserves the right to request additional information, documentation, or clarifications regarding provider submissions to assist in the evaluation of the qualifications.

I-1. Point of Contact

The sole point of contact for this Rolling RFQ is avs@ptreasury.gov. Please refer all inquiries to the Issuing Officer by email at avs@ptreasury.gov.

I-2. Questions and Answers

Providers shall submit any questions to avs@ptreasury.gov. Treasury is under no obligation to answer any submitted questions.

I-4. Confidential Information Proposal Contents

- a. Confidential Information. Treasury is not requesting, and does not require, confidential proprietary information or trade secrets to be included as part of providers' submissions in order to evaluate proposals submitted in response to this RFQ. Accordingly, except as provided herein, providers should not label proposal submissions as confidential, proprietary, or trade-secret protected. Any Provider who determines that it must divulge such protected information as part of its proposal must follow all of the procedures described below:
- (1) Prepare an un-redacted version of the appropriate document.
 - (2) Prepare a redacted version of the document that redacts the information that is asserted to be confidential or proprietary information or a trade secret.
 - (3) Prepare a signed written statement that states:
 - i) The attached document contains confidential or proprietary information or trade secrets;

- ii) The provider is submitting the document in both redacted and un-redacted format in accordance with 65 P.S. § 67.707(b); and
 - iii) The provider is requesting that the document be considered exempt under 65 P.S. § 67.708(b)(11) from public records requests.
- (4) Submit the two documents along with the signed written statement to Treasury.
- (5) Acknowledge that the information may be subject to the Right-to-Know Law.
- b. Treasury and Office of General Counsel Use. All material submitted with the proposal shall be considered the property of Treasury . Treasury has the right to use any or all ideas not protected by intellectual property rights that are presented in any proposal regardless of whether the proposal becomes part of a contract. Notwithstanding any provider copyright designations contained on proposals, Treasury shall have the right to make copies and distribute proposals internally and to comply with public record or other disclosure requirements under the provisions of any Commonwealth or United States statute or regulation, or rule or order of any court of competent jurisdiction.
- c. Public Disclosure. After the creation of the list pursuant to this RFQ, all proposal submissions are subject to disclosure in response to a request for public records made under the Pennsylvania Right-to-Know-Law, 65 P.S. § 67.101, *et seq.* If a proposal submission contains confidential proprietary information or trade secrets, a signed written statement to this effect must be provided with the submission in accordance with 65 P.S. § 67.707(b) for the information to be considered exempt under 65 P.S. § 67.708(b)(11) from public records requests.

I-5. Response Date

As previously stated, submissions will be considered received on Treasury business days if such submission is received during Treasury business hours of 8:30am-5:00pm.

I-6. Notification of Selection

Treasury will notify the selected providers via email of its selection after the Issuing Office has determined, taking into consideration all of the evaluation factors, the proposals that are the most advantageous to the Commonwealth. After selection and Treasury's notification to the providers, the providers will be contacted.