

Office of the Illinois State Treasurer  
Michael W. Frerichs

Request for Information Treasury Management Solution  
370-500-20-021

Addendum 2  
July 26, 2019

Below are the questions received by the Office of the Illinois State Treasurer (“Treasurer”) and the Treasurer’s responses. The questions listed herein are intended to be accurate representations of the questions received; as such, any errors in usage or spelling have not been corrected. Any capitalized terms that are not defined herein have the meaning set forth in the Request for Information Treasury Management Solution (370-500-20-021) (“RFI”) published by the Treasurer on July 11, 2019.

1. Please describe at a high-level the State of Illinois’ requirements for fund accounting.

The Illinois State Comptroller is the administrator of Fund Accounting. The Treasurer is responsible for ensuring sufficient funds are available to release state warrants for payment and payment processing. Please refer to the overview of Fund Accounting on page 3 of the RFI.

2. Please describe the State of Illinois security lending details regarding: volume, number of securities, how many portfolios you are doing this for today and what collateral you are tracking.

Currently the Treasurer lends treasury and agency securities under the Securities Lending Program. There is a single portfolio. Please refer to the State Investments-Security Holdings Report located in “The Vault” on the Treasurer’s website. The tracking of collateral is provided by the contractual vendor.

3. How is the portfolio currently managed – is it internally or externally managed or a combination of the two? In terms of portfolio management, which specific functionalities is the State looking for in a software?

Currently there are two external investment managers who manage approximately \$150,000,000 of the State portfolio. The remaining approximately \$15,000,000,000 is internally managed. Software should include, at a minimum, current investment policy requirements. Refer to the Treasurer’s website, Investment Policy for State Investments, for requirements.

4. Describe high-level requirements for trade executions. How does the State currently execute trades? Does the State utilize an Order Management System (OMS) or similar system in order to execute trades? Which specific functionalities is the State looking for in a software when it comes to trade execution?

Trades are executed through several platforms and telephonically. Software should include, but not be limited to, the ability for executed trades to import into a TMS solution.

5. What specific general ledger information is required currently by Illinois State Treasurer?

The general ledger is a complete record of each financial transaction of the Treasurer, detailing all action throughout the life of each transaction. The general ledger holds all information needed to prepare financial statements and includes assets, liabilities, equity, revenue and expenses.

6. Which specific calculations need to be “customized”?

All industry standard Treasury calculations including, but not limited to, WAM, Weighted Average Life (WAL), Duration and Weighted Average Yield (WAY) as well as interest allocation calculations are required. The Treasurer has no specific examples of potential calculation customizations, but wants Respondents to be aware that customizations may be needed.

7. Who is the contractual provider today of Securities Lending for Illinois State Treasurer?

Deutsche Bank AG

8. What specific general ledger functionality is the Illinois State Treasurer using or seeking as outlined in question 3?

General ledger functionality should include the creation of accounting entries to record TMS transactions in the general ledger accounts.

9. Please explain the expectation or process outlined in questions 11 and 12.

The Treasurer is seeking a solution, including, but not limited to, having the ability to access current contractual financial institutions’ daily activity through a single TMS solution.

10. How many Active positions are in the portfolio?

Please refer to the State Investments-Security Holdings Report located in “The Vault” on the Treasurer’s website.

11. Does the State of Illinois use Bloomberg for trading or any other trading portal?

Bloomberg and Tradeweb are two trading solutions currently utilized by the Treasurer for trade execution.

12. Does the State of Illinois need GASB 31, GASB 40 and GASB 72 Regulatory Reporting?

The Treasurer adheres to all GASB regulations.

13. How many Custodial Banks does the State of Illinois utilize and who they are?

There are multiple contractual custodians. They are utilized for external investment manager trades, state portfolio trades, and program deposits.

14. Does the State of Illinois have a GL system? If so, what vendor? Are you planning to change? Would this be part of this project?

The Treasurer currently has a general ledger system. A change in general ledger system would be dependent on the availability and functionality of a general ledger in Respondent's proposed solution.

15. Do you plan to settle trades via TMS system?

Yes

16. Does the State of Illinois require risk management functionality as part of their ongoing management of the investment portfolio?

Yes

17. In relation to question 4 within the banking category on agency web portal, is the intention to understand the capability of the treasury management system to connect directly with the banking portals through the interface?

Connection to banking portals is preferred. Providing connection to the agency web portal is required.

18. In relation to question 5 within the banking category on balancing, are you looking for short/medium term or long-term liquidity forecasting functionality? Are you also looking at having a feature to compare the forecast to actual cash flows?

Yes, the Treasurer seeks short, medium, and long-term liquidity forecasting functionality, and a feature to compare the forecast to actual cash flows.

19. In relation to question 7 within the banking category on money-movement, is the intention to understand the capability to pay vendor invoices or bank to bank transfers within state's own bank accounts?

The Treasurer is interested in the capability of bank-to-bank transfers.

20. In relation to question 8 within the banking category on reports, there are multiple bank transactions reports/views available in SAP. Is there a specific reporting requirement which you are looking for?

The Treasurer seeks a list of industry standard banking reports available from Respondent's proposed solution.

21. In relation to question 13, within the banking category on State Agency Deposit Processing, does the treasurer receive the deposits on behalf of the agencies? Is there a requirement to also report cash deposits per state agency?

State agencies are responsible for processing their own deposits. The Treasurer processes all deposit information from the contractual banking vendor's reports. There is not a requirement for the Treasurer to report cash deposits per state agency.

22. In relation to question 14, within the debt category, what type of internal and external debt instruments (money market, security etc.) are used by state?

State of Illinois General Obligation Bonds are the debt instruments used by the Treasurer.

23. In relation to question 15, within general category on alerts, can you give us more details on the business processes for which you are looking for alert processing?

Business processes include, but are not limited to, trade settlement, wire settlement, negative balance, positive pay alerts, and transactions.

24. In relation to question 16 within the general category on business rules, can you give us more details on the business process for which you are looking for setting limits and thresholds? Will these rules be limited to the investment and debt functionality?

Banking and investment limits and thresholds are described on the Treasurer's website, in the investment policy. Business process examples include, but are not limited to, trade settlement, wire settlement, negative balance, positive pay alerts and transactions. Thresholds and limits may apply beyond investments and debt functionality.

25. In relation to question 18, within the general category on integration, are these specific third-party systems you are looking to connect with apart from banking partners, trade platforms, and market data providers?

Expected integrations include, but are not limited to, third party systems, banking partners, trade platforms, market data, and Treasurer proprietary systems.

26. In relation to question 19, within the general category on integration, are you referring to the payments and bank statement files export/import?

Question 19 is referring to all import/export files required to process treasury management functions, including but not limited to payments and bank statement files that are necessary.

27. In relation to question 21 within the general category on search, can you elaborate on the search functionality requirement?

Advanced search capabilities based on user defined criteria are sought, with those criteria based on defined data elements within the solution. Cross functional queries between investments and accounting; banking and accounting; investments, banking and accounting may be required and available based on user roles and permissions. Global search based on user roles and permissions is not required but could be valuable and Respondents should discuss in their submittals. Filter capabilities required.

28. In relation to question 37 within IT category on alerts, can you give us more details on the business processes for which you are looking for alert processing?

Section III, Question 37 of the RFI is specific to information technology system error alerts referring to data entry errors, system validation errors, and notifications to the user with possible reporting in an audit log. For questions specific to business functions requiring alerts, see the response to Question #23 of this Addendum.

29. Are you looking to replace your current lockbox vendor?

This question is not applicable to this RFI.

30. In relation to question 16, please describe “business rule customizations” and explain limits and thresholds, and calculation rules.

Please refer to the responses to Questions 6 and 24 of this Addendum. In regard to business rules and calculation rules, depending on the proposed solution, customizations may be required.

31. In relation to question 18, please provide more detail on “third party systems and databases.”

Please refer to the responses to Question 25 of this Addendum.

32. In relation to question 19, please provide more detail on Import/Export files (direct transmission and/or from online portal).

Please refer to the responses to Question 26 of this Addendum.

33. In relation to question 23, describe in more detail what workflow functionality you are requesting.

The Treasurer seeks to track and manage the electronic progression of work through the proposed TMS solution; particularly, in start-through-finish task activities relating to specific business functions for a particular TMS service. Functional aspects include workflow notifications including person assigned, task status, date/time stamps, task dependencies.