

NEW MEXICO HIGHER EDUCATION DEPARTMENT

REQUEST FOR PROPOSALS (RFP)

**Request for Proposals for Accounting Services
Amendment #1**



RFP#
70-950-16-0001

Release Date: December 27, 2016

Due Date: January 18, 2017

CHANGES ON PAGE 1: The following language has been amended. Additional Language is underlined and highlighted. All other language in the RFP remains unchanged.

I. INTRODUCTION

B. BACKGROUND INFORMATION

The New Mexico Higher Education Department processes financials through its internal Administrative Services Division (ASD). Retention of staff to ASD has caused a number of challenges in maintaining strong financial internal controls. With a change in audit providers, deficiencies and challenges have been identified. The department has requested and been granted an audit extension for FY16. Currently, the audit is expected to resume in March 2017. The work detailed in Scope of Work Part I will prepare the Agency for the FY16 audit. The Audit is expected to resume after the contract period begins. The auditor has provided a preliminary list of areas of concern which has been summarized in Appendix H (see RFP # 70-950-16-001 Amendment # 1 pages 11-12). Due to limited agency resources, outside assistance is needed to become current and up to date with all financials and accounts and correct deficiencies for fiscal year 2016, or previous years if necessary. The Agency also requires the Contractor to provide training to Agency staff on governmental accounting and to provide consulting services to put in place a financial infrastructure that can be sustained by Agency staff going forward.

CHANGES ON PAGE 1: The following language has been amended. Additional Language is underlined and highlighted. All other language in the RFP remains unchanged.

I. INTRODUCTION

C. SCOPE OF PROCUREMENT

The scope of the procurement shall encompass the defined Scope of Work, detailed in the Sample Contract, Appendix C. The Agency requires governmental accounting services to be performed in order to rectify deficiencies for fiscal year 2016, and previous years if necessary. The Agency requires the Contractor to identify all deficiencies with Agency accounts and financials. Contractor will prepare reconciliations for all accounts that are identified as deficient and bring Agency financials and accounts current and up to date. The contract shall begin immediately upon execution, as specified in the Sample Contract, Appendix C.

The full term of the contract begins upon execution and terminates one (1) year from the date of execution. The Scope of Work, Part I, as detailed in the Sample Contract, is required to be completed within 90 days of execution of the Contract. The Scope of Work Part II, as detailed in the Sample Contract, shall begin upon completion of Part I. Part II shall be completed within 60 days. Upon completion of Part I and Part II, consulting and training will be provided on an as-needed basis, upon Agency request, for the remainder of the contract term. The contract may be extended for up to three (3) additional, one year terms, or any portion thereof at the discretion of the Agency. In no circumstance shall the contract exceed a total of four (4) years in duration. This procurement will result in a contractual agreement between two parties, and may only be used by the two parties to the contract. The procurement will result in a single source award.

CHANGES ON PAGE 2-5: The following definitions have been added. Additional Language is underlined and highlighted. All other language in the RFP remains unchanged.

I. INTRODUCTION

E. DEFINITION TERMINOLOGY

“Deficiencies” means areas in which the Agency is not following proper accounting procedures or maintaining appropriate documentation in accordance with best accounting practices.

“Rectify” means cure Agency accounting deficiencies and bring agency financials and accounts current and up to date.

CHANGES ON PAGE 22-24: The following language has been added. Additional Language is underlined and highlighted. All other language in the RFP remains unchanged.

IV. SPECIFICATIONS

A. DETAILED SCOPE OF WORK

The scope of the procurement shall encompass the defined Scope of Work, detailed in the Sample Contract, Appendix C. The Agency requires governmental accounting services to be performed in order to rectify deficiencies for fiscal year 2016, and previous years if necessary. The Agency requires the Contractor to identify all deficiencies with Agency accounts and financials. Contractor will prepare reconciliations for all accounts that are identified as deficient and bring Agency financials and accounts current and up to date.

The full term of the contract begins upon execution and terminates one (1) year from the date of execution. The Scope of Work, Part I, as detailed in the Sample Contract, is required to be completed within 90 days of execution of the contract. The Scope of Work Part II, as detailed in the Sample Contract, shall begin upon completion of Part I. Part II shall be completed within 60 days. Upon completion of Part I and Part II, consulting and training will be provided on an as-needed basis, upon Agency request, for the remainder of the contract term. The contract may be extended for up to three (3) additional, one year terms, or any portion thereof at the discretion of the Agency. In no circumstance shall the contract exceed a total of four (4) years in duration. This procurement will result in a contractual agreement between two parties, and may only be used by the two parties to the contract.

Scope of Work Part I: The agency requires governmental accounting services. After a change in audit providers, deficiencies have been identified in Agency financials. The work entails use of any necessary governmental accounting skills to rectify deficiencies within the Agency's financial control environment. The following skills are required:

- Ability to analyze state and federal financial data and identify deficiencies;
- Ability to prepare reconciliations on a variety of funds and accounts including, but not limited to: bank accounts, state and federal expenditures, investments, capital assets and projects;
- Ability to provide and prepare journal entry adjustments;
- Ability to conduct A-133 and Uniform Guidance as it relates to federal funds including: tracking and booking revenue, expenditures, and accounts receivable;
- Ability to analyze loans including experience in loan receivables, booking loans, interest of loans, age allowance of collectables, and write-off of loans;
- Ability to conduct general fund reversions and federal fund carryovers;
- Ability to identify financial adjustments and correct any deficiencies;
- Ability to identify and facilitate rectifying deficiencies in supporting accounting documentation;
- Experience working in the SHARE accounting system and ability to run reports and queries using the system.

The Agency requires all necessary skills be utilized to identify and rectify financial deficiencies. As described above and in the Scope of Work, Part I, detailed in the Sample Contract, all deficiencies must be identified and rectified within 90 days of execution of the contract. The Contractor must allocate whatever resources necessary to complete the Scope of Work, Part I, within 90 days.

The Contractor will provide at minimum, a weekly update to the Agency on findings of deficiencies and methods in which deficiencies will be rectified. The Contractor shall keep the agency apprised of their findings and methodology as frequently as possible. Contractor shall make efforts to engage Agency staff as much as possible during the completion of Part I. Upon completion of Part I, Contractor must prepare a written report detailing all deficiencies that were identified in Agency financials and how each issue was rectified by the Contractor.

Scope of Work Part II: Part II shall begin upon completion of Part I. Part II shall be completed within 60 days. Upon completion of Part I and Part II, Contractor shall provide additional training and consulting to the Agency on an as-needed basis, upon agency request, for the remaining portion of the one (1) year contract term.

The Agency requires consulting to put in place a long-term plan to maintain strong internal controls and best accounting practices. The Contractor will evaluate the current structure of the Agency budget and make recommendations to simplify the current structure. If requested by the Agency, the contractor will assist in implementing recommendations to simplify the budget. The contractor will help implement processes in the Administrative Services Division of the Agency to properly maintain financial records. The Contractor will provide training to agency staff. The training will include, but is not limited to, the following:

- Ability to train staff on application of generally accepted accounting principles in a government setting;
- Ability to train staff to properly record transactions;
- Ability to train staff to monitor expenditures;
- Ability to train staff to reconcile accounts;
- Ability to train staff on working with loans including loan receivables, booking loans, interest of loans, age allowance of collectables, and write-off of loans;
- Ability to train staff on any other skills that will be required to maintain Agency financials.

The Contractor must provide both training materials as well as in-person, hands on training.

CHANGES ON PAGE 38: The following language has been added. Additional Language is underlined and highlighted. All other language in the RFP remains unchanged.

APPENDIX C. SAMPLE CONTRACT

1. Scope of Work.

A. The Contractor shall perform the following work:

The Agency requires governmental accounting services to be performed in order to rectify deficiencies for fiscal year 2016, and previous years if necessary. The Agency requires the Contractor to identify all deficiencies with Agency accounts and financials. Contractor will prepare reconciliations for all accounts that are identified as deficient and bring Agency financials and accounts current and up to date. The Agency also requires government accounting consulting and training to put in place long-term strong internal financial controls.

Scope of Work Part I: Part I is required to be completed within **90 days** of execution of the contract. The agency requires governmental accounting services.

The work entails use of any necessary governmental accounting skills to rectify deficiencies within the Agency's financial control environment. The following are required:

1. Analyze state and federal financial data and identify deficiencies;
2. Prepare reconciliations on a variety of funds and accounts including, but not limited to: bank accounts, state and federal expenditures, investments, capital assets and projects;
3. Provide and prepare journal entry adjustments;
4. Conduct A-133 and Uniform Guidance as it relates to federal funds including: tracking and booking revenue, expenditures, and accounts receivable;
5. Analyze loans including experience in loan receivables, booking loans, interest of loans, age allowance of collectables, and write-off of loans and help rectify any deficiencies;
6. Conduct general fund reversions and federal fund carryovers;
7. Identify financial adjustments and correct any deficiencies;
8. Identify and facilitate rectifying deficiencies in supporting accounting documentation;
9. Work in the SHARE accounting system to run reports and queries using the system.

CHANGES ON PAGE 50-51: The following language has been added. Additional Language is underlined and highlighted. All other language in the RFP remains unchanged.

APPENDIX C. SAMPLE CONTRACT

EXHIBIT 1. SCOPE OF WORK

PERFORMANCE MEASURES

Performance Measures in Scope of Work shall contain measurable goals and objectives that are linked to the performance measures of the Agency's Strategic Plan:

Through satisfactory completion of the Scope of Work set forth above and submission of acceptable Deliverables, the Contractor will assist the Agency to meet the portions of its Strategic Plan set forth below. It is the Agency's goal to identify and rectify any financial deficiencies for Fiscal Year 2016, and previous years if necessary. The Agency requires the Contractor to identify all deficiencies with Agency accounts and financials. Contractor will prepare reconciliations for all accounts that are identified as deficient and bring Agency financials and accounts current and up to date. Further, it is the Agency's goal to put in a long-term plan that will help to Agency better maintain financial controls. If possible, it is the goal of the Agency to simplify the current Agency Budget structure. It is also necessary that NMHED Staff in the Administrative Services Division receive training to help sustain financial controls.

AGENCY GOALS:

Part I: Within 90 days of executing the Contract, Contractor should:

1. Analyze state and federal financial data and identify deficiencies;
2. Prepare reconciliations on a variety of funds and accounts including, but not limited to: bank accounts, state and federal expenditures, investments, capital assets and projects;
3. Provide and prepare journal entry adjustments;
4. Conduct A-133 and Uniform Guidance as it relates to federal funds including: tracking and booking revenue, expenditures, and accounts receivable;
5. Analyze loans including experience in loan receivables, booking loans, interest of loans, age allowance of collectables, and write-off of loans and help rectify any deficiencies;
6. Conduct general fund reversions and federal fund carryovers;
7. Identify financial adjustments and correct any deficiencies;
8. Identify and facilitate rectifying deficiencies in supporting accounting documentation;
9. Make any necessary adjustments in the SHARE accounting;
10. Provide at minimum, a weekly update to the Agency on findings of deficiencies and methods in which deficiencies will be rectified;
11. Keep the Agency apprised of their findings and methodology as frequently as possible during the 90 day period;
12. Make efforts to engage Agency staff as much as possible during the 90 day period;

13. Prepare a written report detailing all deficiencies that were identified in Agency financials and how each issue was rectified by the Contractor at the end of the 90 day period.

Part II: Upon completion of Part I goals, Contractor will complete the following goals within 60 days:

1. The Contractor will put in place long-term processes to maintain strong financial internal controls and best accounting practices for the Agency.
2. The Contractor will evaluate the current structure of the Agency budget and make recommendations to simplify the current structure. If requested by the Agency, the contractor will assist in implementing recommendations to simplify the budget.
3. The contractor will help plan and implement processes in the Administrative Services Division of the Agency to properly maintain financial records.
4. The Contractor will provide training to Agency staff. The training will include, but is not limited to, the following:
 - a) Train staff on application of generally accepted accounting principles in a government setting;
 - b) Train staff to properly record transactions;
 - c) Train staff to monitor expenditures;
 - d) Train staff to reconcile accounts;
 - e) Train staff on working with loans including loan receivables, booking loans, interest of loans, age allowance of collectables, and write-off of loans;
 - f) Train staff on any other skills that will be required to maintain Agency financials.

After all goals in Part I and Part II are complete, Contractor will be available to the Agency for any additional consulting or training for the remainder of the contract term, upon Agency request.

DELIVERABLES:

1. Within 90 days of execution of the Contract, the Contractor must have identified and rectified all financial deficiencies in the Agency Financials (See Sample Contract Scope of Work, Part I).
2. The Contractor will provide at minimum, a weekly update to the Agency on findings of deficiencies and methods in which deficiencies will be rectified. The Contractor shall keep the agency apprised of their findings and methodology as frequently as possible. Contractor shall make efforts to engage Agency staff as much as possible during the completion of Scope of Work, Part I.
3. A written report shall be prepared by the Contractor detailing all deficiencies that were identified in Agency financials and how each issue was rectified by the Contractor upon completion of Scope of Work, Part I.

RFP # 70-950-16-0001 Amendment #1
Amendment issued 1/13/17

4. The Contractor must train Agency staff to maintain strong internal financial controls within 60 days of beginning Scope of Work, Part II. The Contractor must provide both training materials as well as in person, hands on training.
5. The Contractor must provide consulting to the agency to put in place a long-term plan to maintain strong internal controls and best accounting practices for the Agency within 60 days of beginning Scope of Work, Part II.
6. Contractor will continue to train staff on an as-needed basis for the term of the contract. (See Sample Contract Scope of Work Part II).

CHANGES ON PAGE 61: The following page was added as APPENDIX H. All other language in the RFP remains unchanged.

APPENDIX H. AUDIT PRELIMINARY AREAS OF CONCERN

NMHED Areas of Concern

- Cash disbursements- some disbursements were missing any supporting documentation and other disbursements were missing PO's.
- Cash receipts- some deposits had no supporting documentation at all.
- Journal Entries- some JE's had no supporting documentation at all.
- Federal AR off from supporting documentations.
- Overall no reconciliations of any general ledger accounts.
- Cash- no reconciliation performed.
- Investments- no reconciliation performed or entry at year end by agency to document the annual changes. OSA has created the AJE for this.
- Other receivables-balance appears to be incorrect.
- Loan Receivables- no accrual of inters, no accrual for allowance, no booking of writes off of loans, unable to determine if payments were booked properly either. No reconciliation provided between the ECIS system and SHARE.
- Due from State Agency-no reconciliation or supporting documentation showing what makes up the balance. There appears to be some outstanding items from last year's audit.
- Due to/from other funds has a balance not changed from last year.
- Capital Assets-Current listing does not match last year's listing.
- Account Payable- no reconciliation provided and during test work OSA found invoices that should have been accrued.
- Other Liabilities-Amount not changed since last year and no supporting documentation provided to support it. There appears to be some outstanding items from last year's audit.
- Compensated Absence-no roll forward provided.
- Unearned revenue- Amount has not changed since last year and no supporting documentation provided to support it. There appears to be some outstanding items from last year's audit.
- Due to State General Fund-balance from last year that has not changed. No Supporting documentation provided.
- Reversion- No information provided.
- Lottery Revenue-booked incorrectly but have AJE to correct.
- SEFA does not appear to be accurate. GEAR UP has expenditures which includes payroll expenses of HED. However, HED provided funds to sub-recipients. No

documentation provided on how the amount provided out is more than the actual expenditures.

- GEAR UP- we need matching information, reporting, sub-recipient monitoring.
- There appears to be a lot of audit adjustments from last year that have not been properly reversed out.