

RFP2020-004 Financial Reconciliation Services

Answers to Questions submitted by potential Offerors

1. Regarding the format for the proposal cost, do you want just an hourly rate or a total project fixed cost?

The total project cost should be broken out by the hourly rate(s) provided for each staff person involved in this project. The total rates times estimated hours should have maximum amount.

2. With the COVID-19 situation what is the expected time frame for completion of this project? You indicated that the project needed to be completed so that it could feed into the annual audit process.

The estimated timeframe for this project is to take place over a period of one calendar year. The main priority is to have the bank accounts reconciled and verified by September 1, 2020 (i.e. audit ready) to feed into the Fiscal Year 2020 audit. Through contract negotiations quarterly milestones will be set.

3. Are the archive files required for this project onsite or offsite? Are they readily available?

The files are maintained on campus (i.e. onsite). The files can be readily accessed by Business Office staff. The question was answered during the pre-bid conference.

4. If the intent of the College is to obtain an audit opinion in 2020, has the College given consideration to going back only to June 30, 2019 in order to manage costs instead of going back 5 years?

The College has given careful consideration on a variety ways and methods to rectify the issues in order to gain an opinion on the fair presentation of the financial statements. In consultation with other professionals within the industry it is felt that by going back to the last year the College received an opinion (i.e. Fiscal Year 2015) and then to start from that point forward (i.e. using the ending balances) would be the best basis as a starting point with remediation services.

5. What is the level of detail you want performed with respect to each area in the scope of work. ie. business consulting, audit prep, etc.?

In order for management to rely on the presented ending balances of each balance sheet account so that management can provide to their external auditor with the goal of moving from a disclaimer opinion toward the ultimate goal of an unmodified opinion on the College's annual financial and compliance audit.

6. How much work has been done with regards to each area in the scope of work?

Since the release of the RFP, the Century Bank General Operating account (account 11110) and the New Mexico Bank and Trust account (account 11116) has been reviewed and reconciled. Staff has gone back to December 2018 and reconciled forward to current date. All past outstanding reconciliation items were identified and documented. Accounts 11110 and 11116 is up-to –date.

7. Is the College equipped to perform work remote given the current situation of COVID-19?

Yes. However, there will be an occasional need to go on campus to review hardcopies documents. The College will arrange for the delivery of the hard documents.

8. Are there specific stages and related timeframes in which the College wants the work to be performed?

The College would want the more liquid accounts to be reviewed first (e.g. cash, accounts receivable, student accounts, etc.). The timeframe would coincide with the College's financial and compliance audit in order for the College to insert a financial footnote disclosure within the audit of status, identified results and forthcoming strategies. The College will establish milestones during contract negotiations.

9. Who is going to oversee the work from the College?

The Comptroller will be primary contact. The Comptroller will assign tasks to internal business office staff as tasks relate to their daily oversight assignments.

10. With regards to the scope of work, what exactly is meant by loans receivable/payable as there are currently no such accounts on the balance sheet?

Within the College's Banner accounting system these would be the Perkins Loan activity.

11. What is meant by cash interfunds (due to/from) in the scope of work?

Within the College's Banner accounting system these would be Cash accounts. The College has created these accounts within Banner to track various sources of funds (e.g. grants).

12. I noted that it appears that some of the issues go back about 4-5 years; is there any reason that the college waited this long to address the reconciliation issues?

The College did not intentionally wait to address reconciliation issues. The College recognizes the importance of reconciliations; however, the College has not had the internal resources to address, hence the need for the services listed within this RFP. The question was asked and answered during the pre-bid conference.

13. What measures has the college put in place to remedy these findings?

The College has restructured business office staff tasks to ensure the proper internal control structure exists which did not exist in previous years. In addition, the College ensures all business office staff has taken or will take continuing professional education highlighting the importance of a proper internal structure. Accordingly, the College is in the process of hiring additional staff to ensure the College has adequate staff to maintain all reconciliations. The College recommends reviewing its audits for fiscal year's 2017, 2018 and 2019 for additional information.

14. Has the H.E.D. imposed any sanctions or restrictions on the college?

No.

15. Would we be able to have one of our staff who lives in Durango access the system and work remotely, and, if there is an extension of the coronavirus restrictions, would you be able to give us remote access to Banner?

Access to the Banner system will be provided and can be accessed offsite. However, there will be an occasional need to go on campus to review hardcopies documents. The College will arrange for the delivery of the hard documents.

16. Section I-A of the RFP states that the scope of work is to reconcile all balance sheet accounts. Does NNMC anticipate every balance sheet account being in the project scope, including pension and OPEB liabilities? If not, please identify which balance sheet accounts are in the project scope from your Fiscal Year 2019 balance sheet?

Yes, the College anticipates every balance account to be reconciled excluding the Pension and OPEB accounts, which are done only at the time of the annual audit.

17. For "capital asset outlay/additions" noted in section I-C-6 of the RFP, does NNMC anticipate capital asset dispositions or depreciation (or both) being in scope?

Yes. However, the goal of this item is the verification of existence of select items on a random basis.

18. In section III-A-5, NNMC requests three references. If a subcontractor is part of the proposing team, would NNMC prefer the subcontractor to provide one or more references too?

Three references.

19. In section III-A-6, a request for the vendor to provide short experience narratives of key personnel performing services under the contract exist. Should the vendor also provide resumes of key personnel to give NNMC a complete understanding of each individual's experience?

Offerors are encouraged to supply any information that will support their offer.

20. We understand from the Zoom call, NNMC expects all reconciliation work performed in conjunction with its fiscal year 2020 audit timeline, which concludes in August 2020. Work of this nature is generally very time consuming as it involves analysis of account details for several years of transactions starting in the early years of the accounting periods. The level of work required performed in a thorough manner consistent with GAAP and GAGAS completed in only a few months would create a number of challenges and would be difficult to complete. Please clarify expectations surrounding the timeline for completion of the reconciliation work and the assumptions on the amount of time this work may take?

The estimated timeframe for this project is to take place over a period of one calendar year. The main short term highest priority is to have the bank accounts reconciled and verified by September 1, 2020. The remainder of the items would be completed by the end of the project year. Through contract negotiations quarterly milestones will be set.

21. Please clarify the cost points evaluation on page 11. It appears the bidder with the lowest cost proposal receives 200 points, and all other bidders will receive zero points. If our understanding is correct, the result is the bidder with the lowest cost, likely receiving the highest number of total points. However, on page 12, it is mentioned the bidders with the highest scores will be selected as finalists and asked to submit revised proposals. The RFP goes on to indicate the bidder considered as the most advantageous, the evaluation team will recommend for the contract award. Are we interpreting the scoring on page 11 correctly in that the bidder with the lowest score will receive all the cost points, and all other bidders will receive zero points for cost?

The calculation is based on the methodology as used in 2.2.2 NMAC (i.e. State Auditor Rule).

22. Can the work be completed remotely, or will some on-site work be required? If remote work is allowed, are there documents necessary for the reconciliation work that NNMC anticipates would not be available electronically?

See response to # 15.

23. Please provide additional details regarding the composition of the other receivables account on the balance sheet.

Part of the scope of this RFP is to review, identify and verify all accounts receivable.

24. Please provide an approximate number of receivables included in the Student Receivable and Perkins Loan Receivable accounts?

There are approximately 4,600 student receivable accounts. Please note the College is unable to write off any uncollectible accounts due to Section 9, Article 14 of the New Mexico State Constitution. Therefore, some uncollectible accounts may need to be reclassified.

The College has not provided Perkins Loans for several years; the College relies on a third party vendor to collect and remit payments to the school. The scope for this item will be to review, identify and verify Perkins Loan Receivable.

25. Section C-3, the additional reconciliation services, reconciliation, and review of accrued wages payable – based upon the RFP, is this reconciliation only for FY19 balance sheet?

Yes, this is to be reviewed, verified and validated for existence for that period.

26. Please clarify expectations related to the cost proposal as we noticed in section-D, File B, itemized proposed fixed costs is referenced, but section III-A-3, does not refer to fixed costs. Does NNMC prefer an hourly rate, fixed-fee estimates, or some combination of the two? Work of this nature is generally difficult to estimate the number of hours as variables (e.g., discrepancies, additional research, etc.) could change the estimates. Additionally, NNMC will likely seek assistance with responding to external audit firm questions related to the work performed, especially since NNMC is issuing an RFP to change auditors potentially.

See #1

27. Please clarify the level of interaction NNMC anticipates the vendor having with NNMC's external auditors.

The College expects very limited interaction, if any, between the contractor and the external auditor. Any interaction that exceeds the fixed contract amount will be compensated.

28. Section III A9, the RFP references training. Is there intended to be training of reconciliation work to transition to NNMC staff?

The language in the RFP for this section is boilerplate. The College does not require any training to be provided. All cost for this proposal should be detailed and broken out.

29. Please clarify NNMC's thoughts on the impact of COVID-19 on this work and the availability of NNMC's resources?

The College anticipates devoting as much staff resources to the project and time and COVID-19 restrictions allow in this time of uncertainty.

30. How many resources does NNMC anticipate will be devoted to assisting with this project, and what will their time commitment be? For instance, will two NNMC resources be dedicated 50% to assist with requests during the project period?

The College estimates assigned one FTE as 50% for support of this project. Other assistance will be provided as necessary. The College will prioritize staff time to support this project to meet milestones.

31. Is there a targeted budget to complete the project? The RFP states a BAFO is requested; however, it would be helpful for all proposers to have an idea of the project budget range and to prepare a BAFO accordingly.

Currently the College has not established a particular budget range. The BAFO will only be used if there are two or more offers that are close in price comparison.

32. My basic questions have to do with the organizational issues surrounding the need for the reconciliation services, and the timing and scope for the project, especially going back five years. Is the desire to reconstruct/prove the integrity of the balances and transactions during each year of the period? Were those years not audited? How does this relate to the completion of the current audit?

Yes. It is the desire to either reconstruct and/or prove the integrity of the balances and transactions during those periods.

The College is current with all audits.

The relationship is that the reconstruction and/or ascertaining the integrity of the balances for those years will roll into the current fiscal year for audit purposes.

33. It is unclear when the last audit was done, what types of findings were disclosed, and what level of work has been done internally to support financial control and reporting from that point forward. This would especially pertain to the period between the last audit and the conclusion of the FY20 fiscal year. Can the inter-period transactions leading to the FY20 ending balances be considered separately from the results in periods prior to the last audit?

Following is the link to the New Mexico Office of the State Auditor, from where audits can be obtained: <https://www.saonm.org/>

The last audit was completed for FY2019. There were a total of 18 findings: 10 Material Weaknesses, two significant deficiencies and eight Other Non-Compliance.

The College continues on an ongoing basis to strengthen and enhance controls systems for compliance and functionality.

The inter-period transactions can be considered separately from the prior year results.