

MEETING DATE: June 13, 2019

TITLE: Authorization to Release RFP for Accounting Services

RESOLUTION NUMBER: 19-054

PREPARED BY: Cathy Reynolds

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TELEPHONE: 952-641-4503

REVIEWED BY: Administrator Counsel Program Mgr. (Name): _____
 Board Committee Engineer Other:

WORKSHOP ACTION:

<input type="checkbox"/> Advance to Board mtg. Consent Agenda.	<input type="checkbox"/> Advance to Board meeting for discussion prior to action.
<input type="checkbox"/> Refer to a future workshop (date): _____	<input type="checkbox"/> Refer to taskforce or committee (date): _____
<input type="checkbox"/> Return to staff for additional work.	<input type="checkbox"/> No further action requested.
<input checked="" type="checkbox"/> Other (specify): Final Action on Jun 13, 2019	

PURPOSE or ACTION REQUESTED:

Staff seeks Board approval to release an RFP for accounting services.

PROJECT/PROGRAM COST:

Fund name and number: 100-1002

Current Budget: \$ 85,000 (Accounting and Audit Budget)

Expenditures to date: \$ 49,493.60 (Accounting and Audit expenditures)

Requested amount of funding: \$ 26,000

Is a budget amendment requested? No, at this time it is estimated that we can complete the transition within the current budget.

PAST BOARD ACTIONS:

November 15, 2018: While selecting the Audit vendor the Board passed a motion directing staff to develop an RFP for accounting services looking to separate the provision of accounting and audit services.

SUMMARY:

Minnesota Statute 103B.227 requires a watershed district to solicit interest proposals for professional services at least every two years. In accordance with this provision the District solicited proposals for accounting and auditing services in 2018.

The District signed a contract with Redpath and Company (Redpath) in September 2018 to provide accounting and payroll services for the District. In March 2019 the contract was amended removing payroll services. The accounting contract is effective until August 31, 2020 but may be terminated earlier with written notice.

In November 2018 the District signed a contract with Redpath to provide audit services to the District for 2018 and 2019.

During the course of discussion on the audit contract the Board discussed the value in separating the auditing and accounting service providers to provide a greater level of independence for the provision of audit services. A motion was made and passed at the November 15, 2018 meeting directing staff to develop a request for proposals to separate the accounting services from the same vendor as the audit services. Based on this direction staff has prepared the attached RFP for accounting services to solicit proposals from independent vendors.

Accounting RFP Scope of Services

The scope of services in the RFP has been updated from what has previously been utilized to provide a clearer expectation of the services expected from the accountant. The following areas are included in the scope of services:

- **Monthly/Quarterly Reporting:** This area is expanded from the current scope to include assistance with grant reporting as we move to utilizing the accounting software to track grant expenditures and receivables instead of requiring project managers to maintain multiple spreadsheets to track. This will provide efficiencies and improve the accuracy of grant reporting and audit work paper preparation.
- **General Accounting:** These are the base monthly accounting services for accounts payable and receivable work and matches services that are currently provided.
- **Annual Reporting:** These reports are currently completed by the accountant, but at an additional charge to the monthly amount. This RFP will require these reports to be completed within the monthly amount.
- **Audit Preparation:** The current contract provides for the accountant to complete a portion of this work which is billed as a separate amount from the monthly charge. Historically a portion of this work has also been completed by the auditor during the course of the audit. With the current audit contract we pulled these services out with the goal of more correctly aligning this work on the accounting side. This RFP will incorporate these services into the accounting services and will make it part of the proposed monthly fee and will not be an additional service.
- **Annual Budget Preparation:** This portion of the scope is new bringing the accountant into the budget preparation process. The accountant should be utilized to pull historical trends, spending forecasts and past year actuals to help inform the program managers in their budget development. This can also help to streamline the process and reduce staff time in transposing numbers to multiple spreadsheets and trying to track and ensure all locations are updated through budget development.
- **Other Tasks:** Several of these tasks are provided under the current contract but at an additional charge to the monthly accounting fee. The new areas include 1) implementing grant accounting to support the project managers and improve our grant reporting process; and 2) to implement the accounts receivable module of the accounting software to improve the tracking and accounting of the district invoices, mainly through permitting. This will ultimately be looked at in conjunction with the IT update to ensure we implement systems and processes that create the needed efficiencies for staff and accountability needed in financial management.

- Requirements: These are baseline requirements expected for an accountant to support our operations. This matches current requirements.

Selection Criteria and Timeline

The vendor's proposals will be evaluated based on independence of the vendor, experience and expertise of the vendor, approach to the accounting scope of services, and price.

The anticipated timeline for the RFP process is as follows:

Board Approval of RFP: June 13, 2019

RFP Posted: June 17, 2019

Proposals Due: July 5, 2019

Staff Review / Interview: July 8-16, 2019

Selection and Recommendation to Board: July 25, 2019

Transition of Accounting Responsibilities: August 1, 2019

ATTACHED:

RFP for Accounting Services

Contract Task –	Current Contract (Monthly Fee)	Current Contract Extra Charge	New Task
1.	Monthly/Quarterly Reporting		
	Prepare financial reports	X	
	Provide assistance in reporting and closing out grant programs and projects		X
	Provide narrative to quarterly financial report		X
	Review monthly budget to actual reports for coding errors	X	
	Review journal entries and payroll entries to ensure accuracy	X	
	941 reconciliation	X	
2.	General Accounting		
	Process accounts payable	X	
	Review account coding and fund classification of invoices	X	
	Generate checks	X	
	Prepare Check Register and ACH list for Board approval	X	
	Reconcile credits cards/merchant statements		X
	Record deposits	X	
	Complete bank account reconciliation (4 accounts)	X	
3.	Annual Reporting		
	Complete Financial Reporting Form to the Office of the State Auditor		X
	PT Form 280 to the Minnesota Department of Revenue (if required)		X
	Prepare Report of Indebtedness for Hennepin and Carver Counties		X
	Prepare Local Government Lobbying Report		X
4.	Audit Preparation		
	Prepare work papers and gather support for the audit of the financial statements		X
	Prepare the Management Discussion and Analysis for the audit report		X
	Prepare financial statements for auditors		X

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	Contract Task –	Current Contract (Monthly Fee)	Current Contract Extra Charge	New Task
5.	Annual Budget Preparation			
	Preliminary meeting with management on budget objectives and strategy			X
	Assist with budget preparation including pulling historical trends, spending forecasts and past year actuals, fund summaries and assistance with the preparation of budget documents. This should include noting any potential funding gaps.			X
6.	Other Tasks			
	Provide oversight in recording/accounting for transactions			X
	Attend Board meetings for action items and budget discussions		X	
	Update Board and Management on new accounting standards		X	
	Implement accounts receivable module			X
	Respond to surveys and information requests as they are received from outside sources such as the League of MN Cities and Government Finance Officers Association		X	
	Monitor compliance for assigned activities			X
	Be on-site one day per month and perform other functions remotely	X		
	Prepare cash flow forecast and review of investment and purchasing policies			X
	Prepare 1099's and other year-end required documents		X	
	Provide grant accounting			X
7.	Requirements			
	Knowledgeable of government and watershed accounting	X		
	Knowledge of Sage 50	X		

RESOLUTION

RESOLUTION NUMBER: 19-054

TITLE: Authorization to Release RFP for Accounting Services

WHEREAS, Minnesota Statutes 103B.227 requires watershed districts to solicit interest proposals for professional services at least every two years; and

WHEREAS, the District contracted with Redpath and Company to provide accounting services in September 2018; and

WHEREAS, the District further contracted with Redpath and Company to provide audit services in November 2018; and

WHEREAS, at the November 15, 2018 Board of Managers meeting the Board directed the staff to develop a request for proposals for accounting services to separate the provision of accounting services from the vendor providing audit services; and

WHEREAS, staff has determined that the accounting contract with Redpath and Company can be terminated upon written notice; and

WHEREAS, staff has prepared a request for proposals for accounting services to solicit proposals from independent vendors.

NOW, THEREFORE, BE IT RESOLVED, the Minnehaha Creek Watershed District, Board of Managers hereby authorizes staff to release of the request for proposal for accounting services.

Resolution Number 19-054 was moved by Manager _____, seconded by Manager _____.
Motion to adopt the resolution ___ ayes, ___ nays, ___ abstentions. Date: _____.

Secretary Date: _____

REQUEST FOR PROPOSALS

Accounting Services

Organizational Background

The Minnehaha Creek Watershed District (MCWD) is a local unit of government responsible for managing and protecting water resources within the 178 square miles that drain into Lake Minnetonka, the Minneapolis Chain of Lakes, Minnehaha Creek and ultimately the Mississippi River. Over the past 50 years, the MCWD has collected and maintained extensive water and natural resource data which have supported implementation of over 70 capital projects resulting in the conservation and restoration of over 700 acres of land. MCWD employs a dedicated professional staff of 26 who specialize in natural resource planning, project development, land conservation, land use policy, water quality monitoring, permitting, education, and communication.

For 2019 the MCWD has an operating budget of approximately \$15.1 million. The District's revenues are predominately from Hennepin and Carver County taxes, but also include several grant awards for specified projects.

The District's accounting system consisting of the General Ledger, Accounts Payable, and Accounts Receivable utilizes Sage 50 and is supplemented by various MS excel reports.

Project Overview:

MCWD is seeking proposals from accountants to provide professional accounting services to the District. The accounting services are to be provided using Fund Accounting principles. Accountant shall provide an ongoing process of setting the accounting parameters within which the District will operate to protect the fiduciary interests of the District by identifying the financial consequences of choices; discuss alternative solutions; educate the Board and Administrator about the accounting issues involved; and inform the District Administrator or Treasurer, of laws, regulations, and accounting practices that might affect District finances. In this function, District Accountant shall routinely review and assess District accounts as well as bookkeeping practices and procedures to consider, among other things, whether they are 1) consistent with acceptable governmental practice, 2) consistent with federal and state laws and regulations, and 3) likely to protect the financial interests of the District.

The District Accountant shall possess considerable experience in 1) watershed bookkeeping; 2) laws, regulations and practices relative to municipal/government accounting.

Scope of Services

Accountant will provide basic accounting services in accordance with the scope of services provided in Attachment 1.

Accountant attendance at Board of Manager or Committee meetings is considered additional services and billed separately from the scope of services outlined in Attachment 1.

Submittal Requirements

Proposals shall be submitted electronically to admin@minnehahacreek.org by 4:00 p.m. on July 5, 2019. Proposals shall include the following:

1. Signed Letter of Transmittal briefly stating the proposers understanding of the work to be done, the commitment to perform the work, a statement why the proposer believes they are the best qualified to perform the engagement.
2. Technical Proposal which follows the order and contents outlined below.
3. Schedule of Professional Fees and Expenses. The schedule should include the monthly accounting fee, hourly rate for any additional services, and any transitions/set up fees applicable to the service proposal. A schedule of fees is provided in Attachment 2.

Technical Proposal

The Technical Proposal should include the following:

1. Accounting Approach: The proposer should outline their proposed approach for providing the services outlined in the scope of services. The proposed approach should detail the plan for ensuring all timelines are continuously met and the process for ensuring timely and accurate information flow with the District. This section should also provide the proposers approach to ensure the smooth transition of accounting services to ensure no loss or degradation in services to the District.
2. Independence: The proposer should provide an affirmative statement that it is independent of the District and does not have any conflicts of interest relative to the accounting services. The proposer should also list and describe their professional relationship involving the District for the past 5 years together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the accounting services.
3. Qualifications and Experience: The proposer should state whether they are a sole proprietorship or, the size of the firm and the location of the office from which the work on this engagement is to be performed.

The proposer shall provide information on the circumstances and status of any disciplinary actions taken or pending against the proposer during the past three (3) years with state regulatory bodies or professional organizations.

4. Similar Engagements with other Governmental Entities: The proposer should list the most significant engagements performed in the last three (3) years that are similar to the engagement described in this RFP. Indicate the scope of work, date, client name, and the name and telephone number of the principal client contact.

Submittal Review

Proposals will be reviewed based on the following criteria:

1. The proposer is independent and has no conflict of interest with regard to any other work performed for the District.
2. Expertise and Experience. The qualifications and work experience of the proposed staff members for these services.
3. Accounting Approach. Adequacy of the proposed plan for performing the various aspects of the accounting scope of work to ensure all timelines are continuously met including the plan for bi-weekly, monthly, quarterly and annual accounting and budget activities. Plan for the transition of accounting services from current vendor.
4. Price.

Timeline

Proposals Due: July 5, 2019

Staff Review / Interviews: July 8 – 15

Selection and Contract Recommendation to Board: July 25, 2019

Transition of Accounting Responsibilities: August 1, 2019 (tentative)

Attachment 1

Scope of Services

		Watershed	Planned Time
Contract Task		Responsibility	Frame
1. Monthly/Quarterly Reporting			
Prepare financial reports		Review and accept	Quarterly
Provide assistance in reporting and closing out grant programs and projects			Monthly, Quarterly and Annually
Provide narrative to quarterly financial report		Review and provide input	Quarterly
Review monthly budget to actual reports for coding errors		Review and provide input	Monthly
Review journal entries and payroll entries to ensure accuracy		Review and provide input	Bi-weekly
941 reconciliation		Review and provide input	Quarterly
2. General Accounting			
Process accounts payable		Provide invoices	Monthly
Review account coding and fund classification of invoices			
Generate checks			
Prepare Check Register and ACH list for Board approval			Monthly
Reconcile credits cards/merchant statements		Provide statements	Monthly
Record deposits		Provide deposit receipts and coding	Monthly
Complete bank account reconciliation (4 accounts)			Monthly
3. Annual Reporting			
Complete Financial Reporting Form to the Office of the State Auditor			June 30
PT Form 280 to the Minnesota Department of Revenue (if required)			September 30
Prepare Report of Indebtedness for Hennepin and Carver Counties			February 1
Prepare Local Government Lobbying Report			January 31

4. Audit Preparation			
Prepare work papers and gather support for the audit of the financial statements	Cooperation in location supporting documentation as needed		TBD – Based on Audit Schedule
Prepare the Management Discussion and Analysis for the audit report	Management to review		TBD – Based on Audit Schedule
Prepare financial statements for auditors			TBD – Based on Audit Schedule
5. Annual Budget Preparation			
Preliminary meeting with management on budget objectives and strategy			April
Assist with budget preparation including pulling historical trends, spending forecasts and past year actuals, fund summaries and assistance with the preparation of budget documents. This should include noting any potential funding gaps.			May - August
6. Other Tasks			
Provide oversight in recording/accounting for transactions			Weekly
Attend Board meetings for action items and budget discussions			As requested
Update Board and Management on new accounting standards			On-going
Implement accounts receivable module			Monthly
Respond to surveys and information requests as they are received from outside sources such as the League of MN Cities and Government Finance Officers Association			On-going
Monitor compliance for assigned activities			On-going
Be on-site one day per month and perform other functions remotely			
Prepare cash flow forecast and review of investment and purchasing policies			
Prepare 1099's and other year-end required documents			Annual
Provide grant accounting			On-going

7.	Requirements			
	Knowledgeable of government and watershed accounting			
	Knowledge of Sage 50			

Attachment 2

**Schedule of Professional Fees and Expenses
For the Provision of Accounting Services**

	Monthly Accounting Services Rate	Hourly Rate – Additional services	Total Annual Accounting Cost
2019			
2020			
2021			

Transition and/or set up fees to establish services under this proposal: \$_____