

The Navajo Nation
Request for Proposal
Lease Accounting & Management Software (GASB 87
Implementation)
Bid No. 23-02-2949JB

The Navajo Nation (the Nation) is requesting proposals from qualified firms to procure lease accounting and management software to assist the Nation to implement GASB 87 and to capture all Nation leases including real property, vehicles, and equipment. The software must provide all necessary disclosures, reports, journal entries, and outputs necessary to comply with legacy Governmental Accounting Standards Board (GASB) and GASB 87 Leases.

Interest individuals and firms should obtain and complete RFP and related information from the Nation's website <https://www.nnooc.org/RFPs-Advertisements.html>.

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Section I – General Information

Overview:

The Navajo Nation request the submission of a scope of services and fee proposals to procure lease accounting and management software to assist the Nation to implement GASB 87 and to capture all Nation leases including real property, vehicles, and equipment. The software must provide all necessary disclosures, reports, journal entries, and outputs necessary to comply with legacy Government Accounting Standards Board (GASB) standards and GASB 87. The new accounting rules required in GASB 87 are aimed at enhancing the relevance and consistency of information about municipalities' leasing activities.

According to Governmental Accounting Standards Board (GASB) Summary of Statement No. 87:

“A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment.”

“Lessee Accounting [stipulates that]:

- A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset.
- The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives).
- The lease asset should be measured at the amount of initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.
- A lessee should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability.
- The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.
- The notes to the financial statements should include a description of leasing arrangement, the amount of the lease assets recognized, and schedule of future lease payments to be made.

“Lessor Accounting [stipulates that]:

- A lessor is required to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset.

- A lessor should not derecognize the asset underlying the lease.
- The lease receivable should be measured at the present value of lease payments expected to be received during the lease term.
- The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.
- A lessor should recognize the interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease.
- The notes to financial statement should include a description of leasing arrangement and the total amount of inflows of resources recognized from leases.”

While the Nation has several departments outside of the Office of the Controller that actively works to inventory all leases, current estimates indicate that 200 leases are maintained by the Nation, the management of which is decentralized.

The software shall allow for export of data to other applications, for batch uploading of initial Nation lease data and for access controls set up by user profiles. The selected firm shall provide implementation support, post implementation support, and training for system use. The Nation’s leases include land and building leases throughout the Nation, heavy & light equipment and office equipment leases. In addition, the vendor must provide significant assistance with review of leases to determine applicability to GASB 87, compilation and upload of applicable data to the new Lease Accounting System and any journal entry adjustments to implement GASB 87 in early FY2023.

Section II – Considerations And Restrictions

- All reports, data, and other documents prepared by the Consultant according to this Agreement shall be submitted to the Nation for its review and approval. Resulting work products of the Consultant pursuant to this solicitation shall become property of the Navajo Nation.
- No such approval shall in any way be construed to relieve the Consultant of responsibility for technical adequacy or operate as a waiver of any of the Nation’s rights under this Agreement. The Consultant shall remain liable to the Nation according to applicable laws and practices for all damages to the Nation caused by the Consultant’s negligent performance of any of the services furnished under this Agreement.

SECTION III– Scope of Work

The Nation will compile an inventory of leases, including, but not limited to, real property, vehicles and equipment. In addition, the Nation will identify existing agreements not currently being recognized or disclosed as leases to ensure completeness, such as: rental agreements; searching vendor payments or general ledger chart of accounts; and requesting lease reports from lessors to compare.

The vendor must satisfy the following requirements as part of their contract and scope of work.

Requirements:

1) **Provide Lease Accounting & Management Software with the following capabilities:**

- Adheres to all accounting requirements under GASB 87, including the recognition and accounting for the deferred inflow of resources and the lease receivable.
- Allows for balances to tie from high level disclosures to detailed reports, individual leases and amortization schedules.
- Calculates the journal entries needed to transition existing leases to the new accounting standard, including the present value of the lease to be reported.
- Appropriately accounts for lease modifications by prospectively adjusting the lease liability and asset.
- Automatically generates the journal entries related to modifications and other re-assessment events that require remeasurements of the lease liability.
- Handles lease actions required under GASB 87 (i.e. modify, terminate, renew and impair).
- Tracks lease history and provide an audit trail for any lease changes.
- Properly accounts for payments that are fixed versus variable.
- Provides reports for account balance reconciliations.
- Provides standard reports to address the disclosure requirements of GASB 87.
- Provides comparative financial statements required under the GASB 87 transition guidance.
- Provides an opening balance sheet report for all former operating leases that are recorded on the Statement of Net Position under GASB 87.
- Provides continuing disclosure requirements.
- Prepares the details of the lease agreement to be included in the notes to the financial statements, including a schedule of future lease payments, if applicable.
- Provides appropriate system security controls.

2) **Provide assistance implementing the new Lease Accounting & Management Software and GASB 87, including but not limited to:**

- Determine the required disclosures, reports, journal entries and outputs necessary to comply with legacy GASB statements and GASB 87, including identifying any journal entry adjustments required to implement GASB 87 mid-way through FY2023.
- Work with the Nation to export data from Lease Accounting & Management Software to ensure proper upload/input to Financial Management Information System (FMIS) for the Nation.
- Review the details of each lease contract; assess all leases greater than twelve months (and shorter than twelve months, if an option to extend is provided); review other agreements not currently classified as a lease that may require reporting as a lease under GASB 87.
- If the contract has both lease and non-lease components (i.e. maintenance agreements), separate the lease components from the non-lease components, and treat as separate contracts.
- If the contract has multiple underlying assets with different lease terms:
 - o Treat each underlying asset as a separate component (lessor and lessee) and allocate the contract price to each component based on professional judgment and reasonableness.
 - o Use the price for each component in the contract, or Stand-alone prices for similar assets.
 - o If unable to determine an allocation, treat as a single-lease unit.
- Determine the interest rate charged by the lessor in the agreement, if known (it may be implicit in the lease). Otherwise, an estimate of the interest rate the lessee would be charged to finance the lease is acceptable.
- If certain agreements aren't subject to GASB 87 and will not be uploaded to the Lease Accounting Software, document rationale.
- Obtain applicable data from leases/agreements and populate the new Lease Accounting Software.

3) Provide training and on-going support, including, but not limited to:

- Provide training to Nation Staff on how to use new Lease Accounting Software.
- Work with Controller and General Accounting Supervisor to detail all accounting changes (e.g. how reported debt may increase by the present value of the future lease payments).
- On a go-forward basis, assist with upload of new leases / revised lease terms, as required.

4) Present a project approach and proposed schedule that meets the Nation's term of service and time for completion, including:

- Work shall be completed within 60 days of authorization to proceed or based on a mutually agreed upon schedule.
- Services will commence immediately within 10 days of contract execution or on such other schedule as may be mutually agreed to with the Navajo Nation.

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- Commitment to meet all deadlines for all activities and documents. (Such deadlines are provided in the details provided under Project Submittals.)
- Commitment to work closely with the Office of the Controller.

5) Provide a cost proposal that includes the following:

For Lease Accounting & Management Software:

- o Pricing for approximately 200+ leases
- o Number of licenses provided
- o Annual on-going software maintenance and support costs
- o Continued on-going training and support costs
- o Maximum annual percentage increase
- Professional service fees to implement the new Accounting & Management Software and GASB 87. This includes, but is not limited to:
 - o Project management services
 - o Conversion services
 - o Interface services
 - o Customization services
 - o Implementation and configuration services
 - o Training Services
- Respondents may also submit an optional fee proposal for Debt Services, if they so desire; however, this is not a requirement of this solicitation and may or may not be contracted for at the sole discretion of the Navajo Nation.

6) Assisting the Nation with the Financial Audit

- Lease Rollforward as of September 30, 2022, including ROU assets recomputation, Lease Liability recomputation, Interest rate computation as well as beginning balance adjustments, if any.
- Supporting documentation for the discount rate used on the lease computation.
- Memo summarizing the lease population assessed for implementation. This should include not only the population identified, but what was the process by which the total population of potential leases was identified and determined to be a complete population of potential leases upon which to perform managements analysis.
- Memo summarizing material groups or individual leases and the accounting assessment on those (this is meant to be limited to the largest individual/groups of identified leases)

SECTION IV– Submission of Proposal

To be considered for the contract, the proposal must be prepared in accordance with the instructions herein. The proposal document should be prepared simply and economically, providing a straightforward description of the firm’s capabilities according to the instructions.

All interested parties are invited to review and respond to this Request for Proposal at their discretion. All questions pertaining to the contents of this RFP as respondent can contact the following individual:

Ms. Teresita Bizadi tbizadi@nnooc.org – 928-871-6771

Closing Bid Date:

Proposals must be received at the following address by 5:00 P.M (MST) on March 3, 2023:

**Navajo Nation Office of the Controller - Purchasing
ATTN: Jeremy Ben, Accounting Manager
Administration Building #1
Window Rock Blvd.
Window Rock, AZ 86515**

Packages to this bid shall be clearly marked on the outside of the package (including a return address) the following:

**BID 23-02-2949JB
NNOOC GASB 87 Proposal
DO NOT OPEN-BID PROPOSAL**

The proposal must be in a separate sealed envelope with the cost estimate in another separate sealed envelope.

Bid Opening:

March 4, 2023
Window Rock, Arizona
Navajo Nation Office of the Controller – Administration #1 Building

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The Navajo Nation reserves the right to waive any informalities or irregularities in the Request for Proposal or to reject any or all proposals whenever such rejection is deemed in the best interest of the Navajo Nation.

The Navajo Nation is a sovereign government and all contracts entered into as a result of this RFP shall comply with Navajo Nation law, rules and regulations, including the Navajo Preference in Employment Act, the Navajo Nation Business Opportunity Act, 5 N.N.C. § 201 et. Seq., Procurement Act, 12 N.N.C § 301, and applicable federal law, rules, and regulations. Nothing herein shall be construed as a waiver of the Navajo Nation Sovereign Immunity.

The Navajo Nation will utilize a standard Professional Services Contract for the procurement of good and services of this project. The Professional Services Contract will provide all other legal and contractual obligations, terms, and requirements of this project. The template can be found at <https://www.nnooc.org/PurchasingSection.html>.

Content and Required Information:

Submit four (4) proposals (1 original and 3 copies).

Proposals should be outlined as described below:

- Organizational Letter expressing your interest and a brief description of your proposed services. Do not reveal or make reference to the cost in this letter.
- Organizational qualifications and technical experience. Include references.
- Scope of Work
- Contacts and affiliations with entities in a tribal, relevant State & Local governments and federal level of funding (if applicable).
- W-9 Form Revised 10-2018, Suspension & Debarment form, and Certificate of Insurance
- Copies of licenses, certifications, and other relevant documents.
- Subcontractor information (if applicable)
- Costs to be submitted in a separate sealed envelope. Detailed breakdown of costs:
 - Consulting and Software Fees. **Include** (6%) Navajo Nation Sales Tax for services incurred on the Nation and Consulting Expenses (per diem, lodging, etc.).

Any proposal that does not adhere to this format and does not address each specification, requirement, or scope of work as outlined, may be deemed non-responsive and rejected on that basis.

SECTION V- Evaluation Process:

An evaluation committee will review and evaluate all proposals received in accordance with the general criteria as identified below:

1. Qualifications, credentials, and work experience. This includes the capabilities to provide all requested services in a technical manner.
2. Organization of proposal document submittal and providing required content above.
3. Response to the technical and functional questions (see below)
4. Cost (Separate Sealed Envelope)

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***To assist the vendor to answer the technical requirements please see example screen shot below:

INSTRUCTIONS

Please complete the following sections:

- I. Vendor Overview
- II. Technical Requirements
- III. Functionality
- IV. Pricing

Where specified, please enter the status of your product as of the date the RFP is returned. If functionality will be available within the next quarter, please indicate as "3 - Included in standard offering."

- 0 - Not currently provided
- 1 - Provided by the vendor; requires customization
- 2 - Provided seamlessly by third-party provider/product
- 3 - Included in standard offering (provided "out of the box")

Functionality Status Definitions:

- 1 - Provided by the vendor; requires customization: The functionality can be accomplished with the vendor's product, but requires code customizing, extensive configuration or work around. Identify the business partner, number of installs and any areas in which modifications may affect application upgrades in the Comments section.
- 2 - Provided seamlessly by third-party product: The vendor has established a relationship (for example, as an OEM) with a business partner to provide this functionality, which requires no customizing or work arounds. Indicate the name of the application and number of installations completed in the Comments section.
- 3 - Provided in standard "out of the box" offering: The vendor provides the functionality from its own code base. No customizing or work around is required.

The following guidance should be applied. The comments/references/links column is provided for clarification when necessary.

- Please ensure your responses are as complete as possible.
- Selecting 1-3 for any functionality confirms your agreement to fully support such capability in your offering and/or product.
- Selecting 3 indicates functionality is currently available or will be within the next quarter.

SECTION V

TECHNICAL CONSIDERATIONS

		Response (0, 1, 2, 3)	Comments/References/Links
1	Intuitive user interface and navigation (GUI: graphical user interface).		
2	Allow for export of data to other applications (define in Vendor Description field).		
3	Mobile accessibility: responsive design/HTML5.		
4	Establish system security controls by department or role to effectively manage accessibility to confidential data (e.g., a department will only have access their specific leases).		
5	Encryption of all data interchange/interfaces with other systems internal or external		
6	Describe your service level agreement commitment for system up-time and explain your commitment if your SLA is not reached.		

INTEGRATION

		Response (0, 1, 2, 3)	Comments/References/Links
9	Define the integration and interface tools you deliver with your system (data import/export, Web services, APIs, etc.).		
10	All data used within the system can be loaded via the provided interfaces or batch upload (initial load or mass updates).		

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11	All such data can be loaded while production use of the system continues.		
12	Other features/functionality that makes your product different from your competitors.	NA	

ARCHITECTURE

		Comments/References/Links
13	Is your application cloud-based?	
14	Provide the architecture model/design for your solution.	
15	Describe your solution's ability to change and adapt the system to respond to changing organization needs (please include any features or functions that help users change or customize the system to adapt the way the system supports changing business process needs once the system has gone live).	
16	In which programming language(s) is the software and database currently maintained?	
17	Do you provide proof of operational service measures? If Yes, please describe.	
18	Describe your encryption.	

19	Can the system support 24/7 operation with all data imports, exports and processing occurring simultaneously while users are active on the system?	
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DATA SECURITY & ACCESS CONTROL

		Comments/References/Links
20	Please describe the user access security model provided with the application. Do you support federated single sign on between your apps (SAML, Windows AD, etc.)?	
21	Are you able to provide for access audits?	
22	Is system access recorded in an audit trail?	
23	Does the system have role based access functionality?	
24	Can the system restrict user access by allocation level? (i.e. specific departments can only view specific leases)	
25	How many users can be added to the software?	
26	Are additional users added at an additional cost?	
27	Does the software support an optional read-only access for auditors or others who do not require the ability to edit or enter data?	
28	Does the software support an admin type user who can add and delete users and update user roles only?	
29	Does the system support user authentication through SSO?	
30	Describe your data protection policies and data encryption standards.	
31	Does your company issue a SOC report? How often?	
32	Is your SOC report issued by one of the following firms: EY, Deloitte, KPMG, or PwC?	

33	Describe your provisions for secure storage, distribution and destruction of customer data.	
34	Describe other security and/or access controls of your solution not identified above.	

DISASTER RECOVERY

		Comments/References/Links
35	Describe capabilities that exist within the system to minimize disruption and application downtime in the event of a system outage (RTO).	
36	What would you expect the application recovery time to be in the event of a system outage?	
37	How is system usage and performance monitored?	
38	Where are the data centers located?	
39	Where is data moved in the event of a disaster/recovery event?	
40	Are your data centers audited by a third party?	
41	Other disaster recovery considerations of your solution not identified above.	

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BROWSER SUPPORT

		Y – supported P – Plan to support D – Plan to Drop	Versions	Comments/References/Links
42	Internet Explorer			
43	Edge			
44	Chrome			
45	Firefox			
46	Safari			

FUNCTIONALITY

GENERAL FUNCTIONALITY

		Response (0, 1, 2, 3)	Comments/References/Links
1	Real estate lease tracking and management.		
2	Equipment and vehicle lease tracking and management.		
3	Email notification for key dates (i.e. lease renewal options, expiration, rent payment changes, etc.).		
4	Document repository		

ACCOUNTING CONSIDERATIONS

		Response (0, 1, 2, 3)	Comments/References/Links
5	Does your platform support dual jurisdiction reporting for the new lease accounting standards (i.e. FASB and GASB)?		

		Response (0, 1, 2, 3)	Comments/References/Links
6	Is your system fully compliant with Legacy GASB for leases and GASB 87?		
7	Does the system offer the ability to apply discount rates at a portfolio level, based on the organization structure or asset class?		
8	Does the system offer complete lessor accounting under GASB 87, including the recognition and subsequent accounting for the deferred inflow of resources and the lease receivable?		
9	Does your system handle sub-lease accounting under GASB 87?		
10	Can you tie balances from high level disclosures to detailed reports, individual leases and amortization schedules?		
11	Does your system have the ability to calculate the journal entries needed to transition existing leases to the new accounting standard?		
12	Does your system have the ability to generate modified accrual journal entries for leases in governmental funds?		
13	Does your system have the ability to convert those modified accrual journal entries into full accrual for government-wide reporting?		

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		Response (0, 1, 2, 3)	Comments/References/Links
14	Can the system appropriately account for lease modifications by prospectively adjusting the lease liability and asset?		
15	Does the system automatically generate the journal entries related to modifications and other re-assessment events that require remeasurement of the lease liability ?		
16	Does your system handle lease actions required under GASB 87? (i.e. modify, terminate, renew, impair, etc.)		
17	Can the system track lease history and provide an audit trail for any lease changes? Including, but not limited to the previous value, the new value, who made the change, who approved it, and when the change occurred.		
18	Does the system properly account for payments that are fixed in substance versus those that are variable under the requirements of GASB 87?		
19	Does the system provide reports for account balance reconciliations?		
20	Does the system provide users alerts as to whether a lease is in scope under GASB 87?		

		Response (0, 1, 2, 3)	Comments/References/Links
21	Does your system support both full and partial lease terminations, including the automatic generation of the associated journal entries?		
22	Does your system have standard reports to address the disclosure requirements in GASB 87?		
23	Does your system have a custom reporting studio, allowing users to create their own reports?		
24	Can the system lock journal entries?		
25	Does the software have the ability to store accounting records and schedules for different points of the lease's life cycle? For example, do you have access to the amortization schedule before and after a lease modification?		
26	Does the software have the ability to record a cumulative catch-up entry for a lease that was not timely entered into the software?		
27	Does your system support the application of discount rates at the individual lease level and using the portfolio approach? (i.e. by asset classification, lease term, cost center etc.)		

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		Response (0, 1, 2, 3)	Comments/References/Links
28	Can the system store renewal options and allows users to designate the renewals as reasonably certain to be renewed or not reasonably certain to be renewed and will the lease term properly reflect the designation?		
29	Can the system pull aggregated journal entries by any level of the entity's organization structure and provide a lease-by-lease breakdown of the aggregated journal at the click of a button?		
30	Does the system provide the comparative financial statements required under the GASB 87 transition guidance?		
31	Does the system provide an opening balance sheet report for all former operating leases that are recorded on the Statement of Net Position under GASB 87?		
32	Does the system handle both accounting treatments permitted under Legacy GASB? (i.e. Lease Contract Method and Straight-Line Method)		
33	Does the system allow users to create unlimited customized fields?		

		Response (0, 1, 2, 3)	Comments/References/Links
34	Does your organization support GASB 96 and the required accounting for subscription-based IT arrangements?		

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PRICING

All submissions must include two pricing matrices - one for software and another for any implementation services that may be necessary. The pricing provided must define the cost of initial implementation, licensing/subscription fees, and on-going/recurring annual estimated costs for services. You may use the format and data provided below, however, because each RFP participant may have different pricing models, we ask that you present the costs in the best format for your organization. We also recognize that additional pricing analysis may be required and that the costs are subject to change based on that analysis. Vendors should clarify modules included and provide the following details: one-time costs (inclusive of license, implementation, migration, and training), recurring fees, and specify if ongoing maintenance, support and development are included in your pricing. You must state in writing that all provided pricing information, including stated prices, would remain valid and applicable for 90 days from the date the RFP is received.

	Response
Please describe your pricing model including licensing/subscription payments and additional fees for optional implementation services.	
Is your solution cloud-based (SaaS) or does it require the purchase of a perpetual license?	
Annual Pricing estimate based on # of leases	
Annual Pricing estimate based on # of users	
Describe any potential license types needed to provide full functionality?	
Training costs	

	Response
Configuration costs	
Data conversion costs	
Ongoing lease abstraction costs	
ERP Integration costs	

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USE AND DISCLOSURE

Information contained in this document as well as any additional information gathered in subsequent meetings or conversations related to this process, are proprietary to the Navajo Nation and must be treated by vendors as confidential. The information is to be used only for the purposes of preparing a response to this RFP. The information in this document may not be disclosed to other parties or to your employees or representatives except on a need-to-know basis for purposes of preparing a response to this RFP. The Navajo Nation reserves the right to accept or reject any or all vendor RFPs and reserves the right to negotiate a contractual agreement with the selected vendor.

The Nation intends to award a single contract to a single selected vendor to serve as the primary responsible party for consulting (training) services. The Nation intends to select the vendor that demonstrates adequate qualifications and offers the best overall value. The committee will not consider any responses that do not comply with instructions. During the evaluation process, the committee reserves the right to request additional information, clarification from firms, or request firms to make oral presentations as part of the evaluation process. It is anticipated that the evaluation process will be completed on or before March 4, 2023. At that point, the Committee will notify the firm that they believe are most qualified and arrange to complete the consultant selection process.