

The Navajo Nation
Request for Proposal
Lease Accounting & Management Software (GASB 87
Implementation)
Bid No. 23-01-2929JB

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>.

Table of Contents:

Section I General Information

Section II Considerations and Restrictions

Section III Scope of work

Requirements

Section IV Submission of Proposal

Proposal Instructions

Evaluation Criteria

References

Selection Process

Timeline

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.

Request for Proposal
Lease Accounting & Management Software
(GASB 87 Implementation)

- 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 February 8, 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 23-01-2929JB
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:

February 10, 2023

Window Rock, Arizona

Navajo Nation Office of the Controller – Administration #1 Building

Request for Proposal
Lease Accounting & Management Software
(GASB 87 Implementation)

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.

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. Cost (Separate Sealed Envelope)

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 February 10, 2023. At that point, the Committee will notify the firm that they believe are most qualified and arrange to complete the consultant selection process.