

STATE OF SOUTH DAKOTA
Bureau of Finance and Management
Financial Reporting Office
425 East Capitol Avenue
Pierre, SD 57501

RFP# 23RFP8460 – Written Questions and Answers

1-1. What is the expectation of BFM for contractor staff to be on-site at BFM during the State's audit?

Aside from any unforeseen exceptions, the Bureau of Finance and Management (BFM) anticipates that most of the services (covered in Section 3.0 SCOPE OF WORK) provided by the consultant could be completed remotely and will require only limited on-site work. BFM does anticipate that some on-site work may be beneficial to all parties (i.e., learning and understanding the State's accounting and financial reporting structure, systems, policies, procedures, etc.).

1-2. What is a summary of the process of obtaining access to systems needed for the engagement by contractors? Will systems support be available to the contractor from BFM information technology management and staff?

BFM anticipates that the consultant will need to provide a list of individuals that need access to the financial systems and data. Those individuals will need to sign confidentiality and security agreements. Access will be granted and removed as needed.

The State's financial reporting system (FCCS) is a cloud-based platform and access via standard web browser is granted relatively easily. Smart View (an Oracle based MS Excel add-on) will likely be needed to query FCCS. The State's accounting system cash basis transaction databases and financial reporting transaction database are on the State's servers. MS Excel query access to those databases will likely be provided through a Citrix application.

Training support on all systems will be provided by BFM. Additionally, BFM does have some user videos that can be accessed via BFM's MS Teams channels.

1-3. When will the 2022 Statewide Single Audit be expected to be completed? Are there known findings that need to be addressed as part of this engagement?

BFM and the Department of Legislative Audit (DLA) anticipate the FY22 Single Audit Report for the State of SD will be issued on or before March 31, 2023.

BFM is not aware of any audit findings issued by DLA as of 3/6/2023. FY22 audit findings issued by other auditors for the South Dakota Soybean Research and Promotion Council, South Dakota Public Broadcasting, South Dakota Corn Utilization Council, and South Dakota Science and Technology Authority can be found on DLA's website at <https://legislativeaudit.sd.gov/reports/reports.aspx>.

At this time, BFM does not anticipate any audit findings that the consultant will be asked to address.

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1-4. Regarding section 7.0 of the RFP, we may propose a time and material cost proposal in the form of hourly rates and a tentative budgetary cap for the services outlined in the RFP for FY2023, with increases based on changes in scope and inflation to be negotiated each year in advance within a reasonable time of delivery of the prior year's work. Is this acceptable?

Yes.

Pursuant to Section 7.0 COST PROPOSAL, the State reserves the right to negotiate a cost structure with the successful consultant.

1-5. Are there budgetary constraints required by the State relating to this contract?

Yes. BFM has requested an annual budget increase of \$250,000 to help cover the services requested under this RFP. BFM anticipates that the actual cost of those services may be more or less than \$250,000 in any given year.

1-6. In the RFP, section 5.0 Proposal Response Format, Item 5.2.3.2 asks us to provide a point-by-point response to each requirement in the RFP and to identify each requirement being addressed as enumerated in the RFP. To help us ensure the final proposal follows the 20 page limit requirement, please clarify which, if any, sections outside of those in Item 5.0 should be included in the formal proposal response.

Please accept BFM's apology for the confusion. The State's standard RFP template can be confusing.

The twenty (20) page limit (required by paragraph 5.1.2) is intended to keep the RFP proposals concise and to the point. That limit includes the RFP Form (paragraph 5.2.1 – which is the first page of the RFP), the Executive Summary (paragraph 5.2.2), and the Detailed Response (paragraph 5.2.3). Since the Cost Proposals “will be evaluated independently from the technical proposal” (paragraph 5.2.4), Section 7.0 COST PROPOSAL can be submitted as appendices and not counted as the twenty (20) page limit. Additionally, the 3 past and 3 current (total of 6) references (paragraph 4.4), Executives and Manager resumes and/or bios (paragraph 5.1.2), and other information that may support the proposal, may be added as additional appendices to the proposal and are not included in the twenty (20) page limit.

The contents of the Executive Summary and the Detailed Response will be the primary source used for the evaluation criteria of paragraph 6.1. All appendices will be given limited but appropriate subjective weight under the evaluation criteria of paragraph 6.1. All appendices should be concise, to the point, and relevant to RFP requirements. All appendices will be given limited but appropriate subjective weight under the evaluation criteria of paragraph 6.1.

The proposal's point-by-point response (as discussed in paragraph 5.2.3.2) should cover the 9 evaluation criteria in paragraph 6.1 and be included in the Detailed Response. The 10 scope requirements and the 7 qualified consultant requirements listed in Section 3.0

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SCOPE OF WORK, paragraphs 6.2 and 6.3 of the RFP, and any other information required by the RFP are all critical criteria that should be thoroughly covered in the Detailed Response (paragraph 5.2.3).

2-1. What system does the State use for maintaining its leases under GASB 87 Leases?

South Dakota uses EZLease for GASB 87 and GASB 96. Copies of all applicable lease and SBITA contracts and decision templates are maintained using MS SharePoint.

2-2. Does the State have any conduit debt obligations other than those disclosed in Note 11 of the 2022 ACFR (report pages 108 - 109).

South Dakota Housing Development Authority is the only entity within the reporting unit that has been identified as having conduit debt subject to GASB 91. Subsequently, South Dakota Housing Development Authority early implemented GASB 91 in FY19. Although our review of the reporting unit for GASB 91 conduit debt is not yet complete, we have determined that a large portion of the State's potential conduit debt is not subject to GASB 91 because that debt is in the form of parity bonds and excluded by GASB 91.

2-3. Has the State started the process of implementing GASB 94, Public - Private Partnerships and Availability Payment Arrangements? How many partnerships/arrangements have been identified or are expected?

BFM has provided training to all the state departments on GASB 94, and those state departments are currently in the process of reviewing contracts that meet the requirement of PPPs and APAs. We have requested that review be complete by March 17th. Additionally, BFM will be performing additional procedures to identify potential PPPs and APAs that may have been missed by the state departments' reviews. At this time, we believe the State has a relatively low occurrence of PPPs and APAs, maybe less than 50.

The implementation of GASB 94 is an immediate and critical short term need the State will need assistance with under this RFP.

2-4. Has the State started the process of implementing GASB 96, Subscription Based Information Technology Arrangements? How many SBITA arrangements have been identified or does the State anticipate under GASB 96?

BFM has provided training to all the state departments on GASB 96, and those state departments are currently in the process of reviewing contracts that meet the requirement of a SBITA. We have requested that review be complete by March 17th. Additionally, BFM will be performing additional procedures to identify potential SBITAs that may have been missed by the state departments' reviews. At this time, we believe the State has a relatively high occurrence of potential SBITAs, maybe greater than 200.

The implementation of GASB 96 is an immediate and critical short term need the State will need assistance with under this RFP.

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RFP# 23RFP8460 – Written Questions and Answers

2-5. RFP section 5.2.3.2 – Confirming this point-by-point response is in reference to the 10 requirements listed for the scope of services in section 3.0 and the 7 requirements of the qualified consultant in section 3.0.

See Q&A 1-6.

2-6. RFP section 5.2.4 Cost Proposals – Can the cost proposal be an Appendix to the Detailed Response or is the Cost Proposal included in the 20 pages?

See Q&A 1-6.

2-7. RFP section 4.4 – Is the State looking for a total of 6 references (3 prior and 3 current)?

Yes, 6 total (3 prior and 3 current) if available. See Q&A 1-6.

3-1. Is the “Company Qualifications” section of the proposal response included in the 20-page limit? (RFP section 4.4a-c)

See Q&A 1-6.

3-2. May the Contractor use offshore resources as a part of the team performing the services described in the scope of work?

There is nothing preventing a consultant from using of offshore resources as long as paragraphs 1.7 and 1.8 of the RFP are followed. The State does prefer to use South Dakota and USA based resources, and by state law, must give some limited preference as indicated in paragraphs 6.1.4 and 6.1.5 of the RFP.

Please see Q&A 4-3.

3-3. How many reconciliations of accounting and financial reporting data were performed in the previous fiscal year?

The specific number of reconciliations of accounting and financial reporting data performed is unknown. The State likely prepared over a thousand individual accounting and financial reporting related reconciliations for FY22.

For example, capital assets reconciliations are performed five times over the fiscal year (first, second, third, preliminary fourth, and final fourth quarters) for all 30 state departments within the primary government. Beginning equity reconciliations are performed for over 200 individual funds. Federal equity (federal receivables) reconciliations are performed for each of the 35 plus federal funds (special revenue funds that contain federal revenues and expenditures).

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4-1. RFP Section 4.4 requests information related to “at least three previous and current service/contracts.” Should this be interpreted to mean (i) at least three previous AND at least three current projects (for a total of 6) or (ii) a minimum of three projects previous and/or current projects (combined, a minimum of 3)?

See Q&A 2-7.

4-2. RFP Section 5.1.2 provides that “key Executives and Manager resumes and or/bios may be added as an appendix” which are not subject to the 20-page limit. Can you define “key” in this context?

As it applies to “Executives and Manager resumes and or/bios”, the term “key” is referring to the consultant’s significant or main individuals that will be assigned to or assisting with this contract.

4-3. What are the point values assigned to the technical qualifications (as outlined in Section 6.1 of the RFP) and the cost proposal (Section 7.0) considered for the evaluation and award of the successful vendor?

The scoring criteria of paragraphs 6.1.1 through 6.1.7 are required for all state RFPs. Scoring criteria in paragraphs 6.1.8 through 6.1.9 are project specific. The 10 scope of services items and 7 consultant qualification items found in Section 3.0 SCOPE OF WORK have all been incorporated in paragraphs 6.1.8 and 6.1.9 of the scoring criteria. Point values are subjectively weighted as follows:

EVALUATION SECTION	Possible Points	Total Score	Percentage of Total Possible Points
Section 6.1.1 Specialized expertise, capabilities, and technical competence as demonstrated by the proposed approach and methodology to meet the project requirements;	30	0	12.00%
Section 6.1.2 Resources available to perform the work, including any specialized services, within the specified time limits for the project;	20	0	8.00%
Section 6.1.3 Record of past performance, including price and cost data from previous projects, quality of work, ability to meet schedules, cost control, and contract administration;	10	0	4.00%
Section 6.1.4 Availability to the project locale;	5	0	2.00%
Section 6.1.5 Familiarity with the project locale;	5	0	2.00%
Section 6.1.6 Proposed project management techniques;	15	0	6.00%
Section 6.1.7 Ability and proven history in handling special project constraints;	10	0	4.00%
Section 6.1.8 Knowledge of, and experience with governmental accounting and financial reporting standards; and	50	0	20.00%
Section 6.1.9 Ability and record of past performance in preparing or assistance in preparing Annual Comprehensive Financial Reports (ACFR) and Schedule of Expenditure of Federal Awards (SEFA) for large governments.	105	0	42.00%
Total Possible Points	250	0	100.00%

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RFP# 23RFP8460 – Written Questions and Answers

The Cost Proposal will not be assigned points as it will be evaluated independently from the technical proposal. The State reserves the right to negotiate with the highest ranked offeror to develop a cost structure that effectively satisfies all the State's requirements as outlined in this RFP.

4-4. Are there labor category descriptions with specific qualifications the State is seeking for this work?

Individuals and/or consultants must meet the consultant qualifications and be able to provide the services by the general deadlines outlined in Section 3.0 Scope of Work of the RFP. BFM would expect individuals involved in this engagement have a minimum of a bachelor's degree in accounting (or an emphasis in accounting).

4-5. Does the State have any expectations for the number and level of Full-time resource equivalents (FTEs) to be staffed to this project on a regular or ongoing basis?

BFM is seeking a long-term consultant partner to supplement, but not replace, existing staff within BFM and / or the various state departments that perform financial reporting tasks. BFM and the state departments will continue to hire and train state employee accountants.

Over the short term, BFM anticipates significant consultant hours as our consultant learns the State's accounting and financial reporting structure, policies, procedures, and systems.

Over the long term, the consultant will help complete various accounting and financial reporting duties as listed in (but not limited to) Section 3.0 Scope of Work. The staffing levels required of the consultant will vary from year to year depending on state staffing levels, new GASB implementations, other workload assignments of state employee accountants, etc. Therefore, BFM is seeking flexible but deadline dependent capacity. BFM understands the potential scheduling conflict this could create for our consultant. We are willing to negotiate with the successful consultant.

4-6. We understand the State's intent is to select and implement an ERP system in the near future. Would the successful vendor for this solicitation be prohibited from bidding on services pertaining to any ERP selection and implementation solicitations issued in the future?

The successful consultant for this RFP/contract would not be prohibited from submitting a proposal for, nor would it create any negative impacts from being selected by the State for the ERP implementation or any other future RFPs.

4-7. Does the State require on-site work or can work be completed remotely?

See Q&A 1-1.

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RFP# 23RFP8460 – Written Questions and Answers

4-8. If some on-site work is required, would the State prefer two separate quoted rates by level for travel vs non-travel or would the State prefer travel costs to be billed separately?

BFM does not have a preference but prefers the most cost-effective method that would meet the requirements of the RFP.

See Q&A 1-4

5-1. Is the CPA firm that has provided these services previously invited to bid?

No firm has previously provided these services for BFM or the State of South Dakota.

5-2. Were there any problems or disagreements with the firm that provided these services?

No firm has previously provided these services for BFM or the State of South Dakota.

5-3. Can you disclose the total billing fee from the prior year for these services?

No firm has previously provided these services for BFM or the State of South Dakota.

5-4. Is it anticipated these services will be performed 100% remotely, or some portion in person?

See Q&A 1-1

5-5. Is there an estimate as to the amount of hours historically needed for this engagement or otherwise anticipated for each year of the contract?

No firm has previously provided these services for BFM or the State of South Dakota.

See Q&A 4-5.

5-6. Is the yearly GASB 87 lease accounting detail work and analysis included within the scope of this contract, or handled internally/through a separate contract/vendor?

The scope of this RFP potentially includes all areas of financial reporting including all GASBs already implemented and yet to be implemented. GASB 87 work and analysis is currently handled internally, not under a separate contract.

See Q&A 2-1.

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RFP# 23RFP8460 – Written Questions and Answers

5-7. Will the detail work related to the accumulation of information to adopt GASB 96 be included within the scope of this contract, or will the effort under this contract be focused on making the accounting evaluation and adjustments based upon information provided?

Implementation of GASB 96 (and GASB 94) is an immediate and critical need the State will need assistance with under this RFP. The scope of this contract includes accumulation of information, analysis and decision making regarding that information, and the accounting evaluation and adjustments to adopt GASB 96 (and GASB 94)

See Q&A 2-3 and 2-4.