LOCAL GOVERNMENT TECHNOLOGY INITIATIVE
CONTRACT ADMINISTRATOR
MEMORANDUM OF UNDERSTANDING

THIS CONTRACT ADMINISTRATOR MEMORANDUM OF UNDERSTANDING (Contract Administrator MOU) is entered into as of the _9_ day of ____May_____, 2019 between the STATE AND LOCAL GOVERNMENT FINANCE DIVISION (the "SLGFD"), a division of the North Carolina Department of State Treasurer (the "DST"), and the CITY OF HIGH POINT, a municipal corporation (the "City"). The SLGFD and the City are each a separate "Party" and shall collectively be referred to as the "Parties."

Background

The Parties, and other entities and organizations, are members of a Steering Committee, under the Local Government Technology Initiative Steering Committee Memorandum of Understanding dated the _9_ day of ____May_____, 2019 (the "Steering Committee MOU"). The Steering Committee MOU is incorporated by reference in its entirety herein as if fully set forth.

Funds for carrying out the Steering Committee's Goals have been appropriated and allocated to the SLGFD Operations Budget by the North Carolina General Assembly. The City has agreed to act as the Contract Administrator for the Steering Committee, accepting the Contract Administrator's roles and responsibilities as outlined below. All administrative duties of the Contract Administrator shall be carried out by the Steering Committee administrative staff.

Roles and Responsibilities

A.   The City, as the Contract Administrator:

1.   Shall be the Party to contract with the Consultant upon documented approval of the contract by the Steering Committee. All contracts will include a non-appropriation clause. All contracts shall include acknowledgments by the Contract Administrator and the counter-parties that (a) the sole source of funds available for payments due under the contracts is the funding appropriated by the NC General Assembly and allocated and available to the DST in accordance with Session Law 2017-57, and (b) all payments thereunder must be approved by the Steering Committee prior to disbursement by the Contract Administrator.

2.   Has the authority to incur reasonable and necessary expenses in furtherance of the Goals of the Steering Committee MOU, with the prior approval of the Steering Committee. Any incurred expenses will be paid solely by the funds made available for this project. No funds belonging to the Contract Administrator shall be used to pay for any invoices or expenses incurred for carrying out the Goals of the Steering Committee MOU.

3.   Has a veto power over any expenditure of funds.

B.   Cost Reimbursement and Invoicing:

1.   The Contract Administrator shall be responsible for disbursement of payments of all expenses incurred by the Steering Committee in furtherance of the stated Goals upon approval of those expenses by the Steering Committee. The Contract Administrator's disbursement responsibilities are limited to the amount of funds appropriated by the NC General Assembly and allocated and available to the DST in accordance with Session Law 2017-57 (the "Project Funds"). In no event

shall the Contract Administrator be exposed to its own financial risk under this Contract Administrator MOU.

2. The Contract Administrator shall submit to the Steering Committee administrative staff detailed invoices for all expenses within five business days of receipt. The administrative staff will ensure that all Steering Committee members get a copy of any invoices and related supporting materials.

3. Unanimous approval of an invoice by the Steering Committee is required before payment to the Contract Administrator of the funds needed to pay the invoice.

4. Payment by SLGFD to the Contract Administrator for approved invoices shall be made in accordance with the procedures required by the DST after the Steering Committee's approval of the invoice.

5. It is understood and agreed that any payments or reimbursements specified in the Steering Committee MOU or in this Contract Administrator MOU, and the continuation, renewal or extension of either MOU, are dependent upon and subject to the allocation or appropriation of funds to DST for the purposes set forth in the Steering Committee MOU.

6. Steering Committee administrative staff shall provide monthly expense reports to the Steering Committee.

Procedure for Receipt, Approval, and Payment of Invoices

The Steering Committee bears the ultimate responsibility for contracting for services and approval and payment of invoices resulting from those contracts. The Contract Administrator will be the party to contract with the Consultant, upon documented approval by the Steering Committee of said contract. Invoices submitted by Consultant will go to the Steering Committee for approval. Upon approval, a request will be made for funds to pay the invoice. Funds will be remitted to the Contract Administrator for payment to the Consultant.

Detailed Procedure:

1. Contract with Consultant is developed and terms are approved by the Steering Committee; contract is executed with Contract Administrator as the representative party to the contract.
2. Steering Committee directs SLGFD staff to encumber the necessary funds.
3. Consultant begins work and invoices for period to date.
4. Invoice is received by Contract Administrator and forwarded to Steering Committee administrative staff within five business days of receipt.
5. Invoice is presented to Steering Committee for approval.
6. Prior to approving an invoice, the Steering Committee shall ensure that sufficient funds are appropriated, allocated, encumbered and available to pay the invoice in full.
7. Invoice is approved by the Steering Committee and a request for funds is processed through DST Financial Operations, with resulting funds directed to the Contract Administrator.
8. Contract Administrator receives funds and remits payment to the Consultant.
9. Steering Committee administrative staff maintains files and documentation for all invoices and payments.

Term

The term of this Contract Administrator MOU shall begin on the effective date set forth above, expiring on June 30, 2020. The Parties may extend this Contract Administrator MOU, conditioned upon (1) an approval of funds carryforward by the Office of State Budget and Management, (2) approval of governing boards and agencies as necessary, (3) approval by the Steering Committee, and (4) a simultaneous extension of the Steering Committee MOU. Any extension must be in writing signed by the Parties.

Hold Harmless

The City assumes no responsibility for the success of the Project or the processes established for the initiation or governance and monitoring of the same, including without limitation financial responsibility arising from any loss, damage, and expense (including reasonable legal expense) relating thereto, and the SLGFD & DST hereby irrevocably waive and release all claims and causes of action relating thereto (collectively, the "Released Claims") to the fullest extent permitted by North Carolina Law. Furthermore, to the fullest extent permitted by North Carolina law, the SLGFD & DST agree to indemnify, defend, compensate, and reimburse the City for, and protect and hold harmless the City from and against, all actions, proceedings and claims brought or threatened against the City, and all loss, damage, and expense (including reasonable legal expenses) relating to the Released Claims where such action, proceeding, or claim has arisen out of or is related to, this MOU, and if any payment is made by the SLGFD & DST under this paragraph, the SLGFD & DST will not seek recovery of that payment from the City at any time. The City shall be held harmless and made whole by the SLGFD & DST for any damages, financial, equitable, or legal exposures that the City may incur as a result of this MOU. Notwithstanding anything to the contrary herein, any liabilities of SLGFD & DST are limited to, and shall not exceed, the amount of available and unspent Project Funds, and SLGFD & DST shall not indemnify or hold City harmless from any actions, proceedings, claims, liabilities, losses, costs or expenses (including reasonable legal expense) arising from City's breach of its obligations under this MOU, or from City's negligence, gross negligence, misconduct, or bad faith. In the event this paragraph conflicts with any other provision of this MOU, or any agreements related to this MOU by incorporation or reference in any manner, this paragraph shall govern and control.

Amendments

This Contract Administrator MOU may be amended by the mutual consent of the Parties, subject to approval by the Steering Committee. Any amendment shall be in writing and signed by the Parties.

Authority to Bind

Each Party to this MOU represents and warrants that the execution, delivery and performance of this MOU and the consummation of the transactions provided in this MOU have been duly authorized by all necessary actions of the respective person or entity, including receipt of approvals from any governing board and/or agencies, and that the person executing this MOU on its behalf, if applicable, has the full capacity to bind that entity.

THIS CONTRACT ADMINISTRATOR MEMORANDUM OF UNDERSTANDING has been executed by the Parties in duplicate originals, one of which shall be retained by each Party.

Memorandum of Understanding

STATE AND LOCAL GOVERNMENT FINANCE DIVISION

By: Greg Gaskins, Deputy Treasurer

Signature: _Greg C. Gaskins_

Title: _Deputy Treasurer_

Date: _MAY 9, 2019_

CITY OF HIGH POINT

By: Greg Demko, City Manager

Signature: _Greg Demko_

Title: _CITY MANAGER_

Date: _6/4/19_

Government Finance Officers Association

Research and Consulting Center

Prepared for:

State of North Carolina
Local Government Technology
Initiative Project

Enterprise Resource Planning (ERP) Advisory Services

Note: *This proposal and description of GFOA methodologies is for the entity listed above.*

April 17, 2019

North Carolina Department of State Treasurer
Attn: Greg Gaskins
3200 Atlantic Avenue
Raleigh, NC 27604

EMAIL: Greg.Gaskins@nctreasurer.com

Dear Greg,

The Government Finance Officers Association (GFOA) is pleased to present this revised proposal to you and the Local Government Technology Initiative Project for services to assist with Phase 1. For the past 20+ years, GFOA has been a leader in helping local governments across the United States prepare for, procure, and implement enterprise resource planning (ERP) systems. We are excited about the opportunity to collaborate with the North Carolina State Treasurer and to develop an approach to assist smaller governments in North Carolina with selecting and purchasing an ERP system. GFOA has over 600 members from North Carolina and we look forward to leveraging our network on this project.

As one of the premier membership associations for public-sector professionals, GFOA offers independent, objective, and best practice focused consulting services consistent with our mission to improve government management. We will bring to this project our lessons learned, market knowledge, and strategic vision for helping governments be successful not only with their technology implementation, but also with the financial management processes that the system will ultimately support.

If there are any questions or you would like to discuss the proposal, please let me know.

Sincerely,

Michael J. Mucha
Director, Research and Consulting Center
Government Finance Officers Association

Phone: 312-977-9700
Fax: 312-977-4806
*Email:* mmucha@gfoa.org

TABLE OF CONTENTS

GFOA Experience

Over the past 20 years, GFOA's technology consulting practice has grown to become the market leader in assisting local governments through the process of assessing current systems, understanding the vendor marketplace, facilitating procurement of new systems, and providing detailed analysis and contract negotiation assistance to protect the best interests of governments *and* help reduce implementation risk. We have assisted approximately 500 cities, counties, school districts, and special districts with system selection, contract negotiation, and implementation readiness for ERP systems

GFOA's position as a mission focused non-profit organization can provide truly objective recommendations aligned with your goals.

GFOA does not implement software and has no interest in expanding into this role in the future. We also have no desire or incentive to make recommendations that increase our services and costs on the project. Our focus is exclusively on providing honest and unbiased recommendations to our clients and all GFOA members and public sector organizations. The ERP market has undergone significant change in recent years and governments are increasingly more reliant on technology to implement financial management best practices. With our consulting experience and continued research, GFOA has been able to improve our approach and generate additional value for our clients through reduced costs, reduced risk, and best practice recommendations to improve not only technology, but also business process.

The map below represents a sample of GFOA's recent ERP projects.
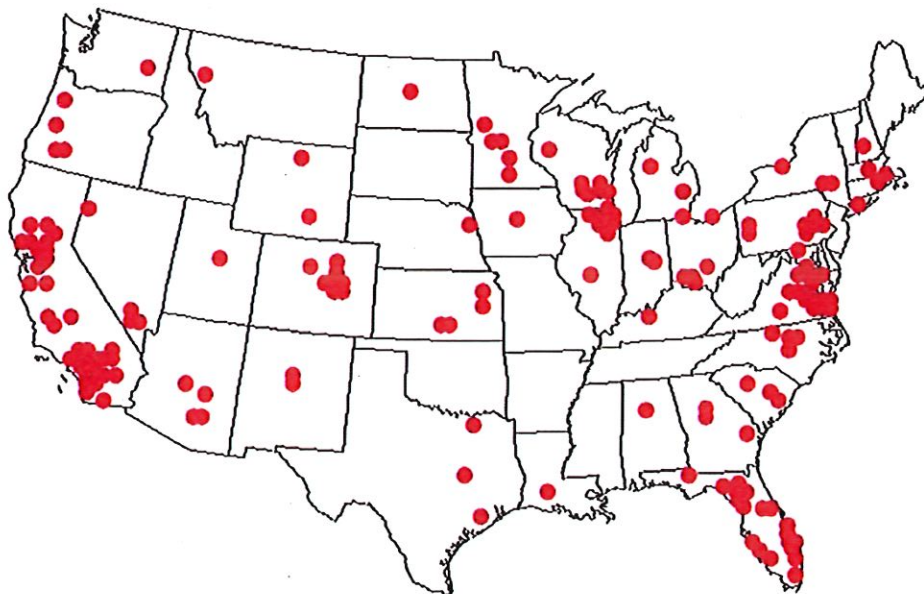
Other Products and Services

GFOA also provides many services to members and other government managers in addition to consulting services. Our consulting services complement and utilize much of our research knowledge and membership network to deliver current, relevant, and proven strategies. The same consultants who regularly advise clients also research and write white papers and journal articles, author and edit publications, conduct training, coordinate GFOA's annual conference, and staff best practice committees.

- **Research and Publications:** GFOA conducts ongoing research with our member network and communicates information on leading practices, lessons learned, and trends in financial management such as technology utilization and governance. GFOA currently has over 40 titles available. The following is a sampling of products recently written by GFOA consultants.

  o *Technologies for Government Transformation: ERP Systems and Beyond*

  o *IT Budgeting and Decision Making: Maximizing Your Government's Technology Investments*

- **Government Finance Review:** GFOA consultants also regularly contribute articles and serve as reviewers for GFOA's bi-monthly publication, *The Government Finance Review*, along with other leading journals, books, and white papers.

- **Best Practice Committees:** GFOA has seven standing committees made up of leading finance professionals from governments throughout the United States and Canada that meet regularly to develop best practices to promote and guide sound financial and overall government management.

- **Annual Conference and Training:** GFOA's Annual Conference attracts approximately 5,000-7,000 government finance professionals and provides a forum to discuss innovative practices, learn best practice examples, network with peers, and interact with exhibitors. GFOA also provides ongoing training seminars throughout the country to assist members with continued professional development. GFOA consultants are regular trainers at these seminars including seminars on ERP procurement, project management, and best practices in ERP implementation.

Project Summary

With this proposal, GFOA will deliver the objectives of Phase 1: Software Identification and Uniform Chart of Accounts as listed below. Using our approach, defined in the next section, GFOA consultants will lead the project and work with the project steering committee and local governments from across North Carolina participating in the project stakeholder group. By using our current model, but modifying it to facilitate a procurement process that any local governments can use, GFOA will be able to identify software products that meet the needs of North Carolina governments, and prepare implementation guidance for those governments.

Phase 1: Software Identification and Uniform Chart of Accounts
The overarching goal of Phase 1 is to identify one or more software systems that could be utilized by local governments to meet essential financial, compliance, and reporting obligations in an efficient and transparent manner. This phase will also include the development of a uniform chart of accounts. The efforts associated with this phase will be led by the project steering committee with input from a stakeholder group.

Phase 1 Goals
- Develop a readiness checklist to assist local governments in assessing and achieving readiness to implement and manage a software product
- Develop a uniform chart of accounts
- Identify specific software system requirements
- Develop a Request for Proposal (RFP) to solicit software solutions meeting defined requirements
- Evaluate proposals
- Identify one or more software products meeting system requirements

Phase 1 Benefits
- Provide vetted software options for smaller units that don't have the time or expertise to identify a system
- Eliminate costly trial and error of system selection and implementation
- Create a uniform chart of accounts which will introduce greater comparability in revenues and expenditures among units, provide greater transparency to citizens and taxpayers, reduce the complexity of preparing financial statements, and reduce the time (and associated cost) required for the preparation of annual audits

GFOA Project Approach

To complete the scope of work listed in Phase 1, GFOA is proposing the following tasks. Each task will build on previous tasks and include the deliverables listed below.

Task 0: Project Planning

No project can be successful without proper planning and tools to manage the effort. Working together with the project steering committee and stakeholder group, GFOA will prepare the following tools that will be essential to project coordination:

- **Project Plan** –This document identifies all the detailed tasks for the project, the person responsible for executing those tasks, the estimated time required to complete them, and any dependencies that a given task may have relative to other tasks.

- **Project Documentation** - GFOA will host a website with collaboration tools specifically for this project. All project participants, including GFOA, the project steering committee and stakeholder group will have access to the collaboration tools.

- **Project Management** – GFOA will schedule and conduct regular project management meetings and provide a regular (bi-weekly) status report for the project. GFOA's project manager will maintain regular communication to address issues, point out risks, and ultimately work to help the project be a success. Ongoing costs and effort for all project management activities are built into GFOA's milestones and deliverables.

- **Project Committees** – Since GFOA's work products for this project are intended to be used by a wide variety of governments, GFOA will work with the project stakeholder group to gather input and feedback from representatives of local governments in the state. The stakeholder group, as identified by the project steering committee, will help provide feedback on business process recommendations, system requirements, and the software being evaluated.

Deliverables
Project Plan
Project Website
Bi-weekly status reports

Task 1: Interviews and Information Gathering

Before developing the readiness checklist and initial software requirements, GFOA will conduct interviews and information gathering with cities and counties participating in the stakeholder group. The goal of information gathering sessions, which will be conducted through survey, focus group, or individual interview, will be to get feedback from governments on their current practices, current requirements, current situation, and readiness for an ERP implementation. From this information, GFOA will focus on preparing the documents identified in the next task.

Deliverables
Completed Interviews and Information Gathering Sessions

Task 2: Development of Requirements and Business Processes

Using information collected from Task 1, GFOA will prepare a complete set of business process documentation and requirements for use in a RFP for an ERP system and in an ERP implementation.

GFOA focuses functional requirements development on business process. At each step in the business process we will determine both the system requirements and implementation requirements and document those using a Microsoft Excel template that is aligned to our process documentation that will be included in the eventual RFP. Requirements development focuses on functional requirements that define "what" needs to be completed (such as tasks, outputs, interfaces, calculations, processing, etc.). Requirements will ultimately be used to determine software fit and to measure (and provide accountability) for the software implementation.

Requirements and business process documentation will be completed for the following process areas:

Process List	
Process	Task / Topics
Accounting	- Chart of Accounts - General Ledger Transactions - Grant / Project Tracking - Financial Reporting
Budget	- Operating Budget - Capital Improvement Planning (CIP) - Capital Budget - Budget Adjustments / Amendments
Procure – Pay	- Vendors - Purchase Requisitions - Bid Quote - RFP / RFI / RFQ - Purchase Orders - Contracts - Change Order - Receiving - Inventory - Accounts Payable
Customer Billing	- Customer File - Billing - Accounts Receivable - Aging - Collections
Treasury	- Cash Receipts - Disbursements - Interest Allocation - Bank Reconciliation

Process List	
Asset Management	• Asset Acquisition • Asset Management ○ Work Order • Depreciation • Transfer / Disposal / Retirement
Human Resources	• Positions • Employee File • Benefit Enrollment • Personnel Evaluations • Disciplinary Actions / Grievance • Risk Management (Injury / Workers Comp) • Training / Certifications
Personnel Actions	• Recruitment • New Hire • Personnel Actions (Salary Adjustment / Position Change)
Time Entry – Payroll	• Time Entry • Time Approval • Payroll Calculations • Payroll Processing • Leave Management (FMLA)
Utility Billing	• Customer File • Property File • Meter Inventory • Meter Read • Billing • AR • Payment Receipts • Service Order

GFOA will use information collected from governments as part of Task 1 to determine appropriate readiness steps and to develop a readiness checklist. GFOA research has shown that the number one factor in ERP project success is the level of readiness of the government prior to the implementation. GFOA will identify key steps related to goal definition, governance, staffing, and change management to assist governments prepare for a successful project.

Deliverables
Process Documentation
Requirements
Readiness Checklist

Task 3: Review of Uniform Chart of Accounts

GFOA understands that the project staff have begun working on a uniform chart of accounts. GFOA will provide a review of the chart of accounts and assist with work necessary to complete

documentation of a uniform chart of accounts. GFOA expects that the uniform chart of accounts be included in the RFP and other relevant process documentation.

Deliverables
Chart of Account Comments

Task 4: Conduct Review / Provide Feedback

After developing the process documentation, requirements, readiness checklist, and uniform chart of accounts, GFOA will begin a period to collect feedback from the project steering committee and stakeholder group. GFOA will test the documents using a series of focus groups and training sessions to determine the applicability of documents to local governments of varying size, complexity, and states of readiness.

Deliverables
Summary of Feedback on Draft Documents
Revised Requirements
Revised Process Documentation
Revised Readiness Checklist

Task 5: Development of RFP

In this phase, GFOA will develop a detailed Request for Proposals (RFP) document for use in this project using our standard RFP template. The GFOA RFP format is designed to remove disparity between proposals and to provide as close to an apples-to-apples comparison as possible. In addition, GFOA develops all RFP's with the end goal in mind – a successful contract that mitigates risk and leads to a successful project. In this case, we will be soliciting "generic" proposals that will allow for creating a template contract and statement of work with vendors that meet requirements of the project (as defined in the RFP).

GFOA has a RFP template that was specifically designed for ERP procurements and that we have continually updated as required by changes in the ERP market.

When complete, the RFP document will incorporate information developed with many of the other deliverables from this project including:

1) Procurement terms and conditions
2) Detailed vendor response templates
3) Functional requirements
4) Interface definition
5) Technical documentation
6) Key objectives / goals / critical success factors for the project
7) Service level agreements
8) Other information as necessary.

Deliverables
RFP Document

Task 6: Evaluation of RFP Responses

GFOA will work with project steering committee and select local government representatives to evaluate the RFP responses. GFOA will determine evaluation criteria and lead the evaluation process. Through defined steps, vendor proposals will be evaluated and scored according to pre-defined criteria with the top vendors moving on to provide product demonstrations. Overall, our approach is focused on identifying and mitigating risks throughout the evaluation process. GFOA's RFP template provides the opportunity to focus the evaluation on key risk factors for the software, software support, and implementation. GFOA will prepare a report identifying key issues with all proposals and work with the project steering committee to determine a short list of vendors suitable for demonstrations.

GFOA staff will develop detailed demo scripts for each vendor selected for a product demo. Demo scripts are based heavily on the requirements and business process decisions built in earlier tasks. GFOA will also facilitate the demos with each vendor. In this role, GFOA will be on-site to guide the demos, ensure compliance with the demo scripts, take notes, and point out differentiators. Upon completion of demonstrations, project steering committee will work with GFOA to select one or more vendors whose products meet all system and other requirements.

Deliverables
Evaluation Criteria
Proposal Assessment Report
Demo Scripts

Pricing

Unless noted, all pricing is provided as a fixed fee **inclusive of all travel costs** incurred by GFOA staff. GFOA will invoice upon completion of project tasks, with the option to invoice monthly for tasks spanning multiple months.

Task	Description	Estimated Duration*	Cost
0	Project Planning	1 month	$5,000
1	Interviews and Information Gathering	1-2 months	$15,000
2	Development of Requirements and Business Processes	1-2 months	$35,000
3	Review of Chart of Accounts	TBD	$10,000
4	Conduct Review / Provide Feedback	1-2 months	$25,000
5	Development of RFP	1 month	$10,000
6	Evaluation of RFP Responses	3 months	$30,000
Total			**$130,000**

*Note: The estimated task duration is estimated based on GFOA's experience with other projects. GFOA may need to adjust the schedule based on further conversations with project steering committee and/or the availability of the stakeholder group to participate in interviews and meetings.

For all project tasks, GFOA will use a combination of on-site visits and remote work from GFOA's Chicago office. GFOA expects that during the course of the engagement, meetings will be necessary with project steering committee and stakeholder group. GFOA has anticipated making 7-10 trips throughout the duration of the agreement. If additional trips beyond 10 are necessary, GFOA will notify the project steering committee and obtain approval for additional trips and associated reimbursement prior to travel.