

**SOUND TRANSIT  
STAFF REPORT**

**MOTION NO. M2008-77**

**Contract for Accounting and Internal Control Advisory Services – Enterprise One**

<b>Meeting:</b>	<b>Date:</b>	<b>Type of Action:</b>	<b>Staff Contact:</b>	<b>Phone:</b>
Finance Committee	8/7/08	Discussion/Possible Action	<b>Brian McCartan, CFO</b> Tracy Butler, Treasurer	(206) 398-5100 (206) 398-5146

<b>Contract/Agreement Type:</b>	<input checked="" type="checkbox"/>	<b>Requested Action:</b>	<input checked="" type="checkbox"/>
Competitive Procurement	<input checked="" type="checkbox"/>	Execute New Contract/Agreement	<input checked="" type="checkbox"/>
Sole Source		Amend Existing Contract/Agreement	
Agreement with Other Jurisdiction(s)		Budget Amendment	
Real Estate		Property Acquisition	

**PROPOSED ACTION**

Authorizes the chief executive officer to execute a three-year contract with two one-year options with Kraght Snell, P.S. to provide accounting and internal control services for a total authorized contract amount not to exceed \$750,000.

**KEY FEATURES of PROPOSED ACTION**

- The scope of the contract includes advanced level accounting application support of Enterprise One software and special projects as needed. Provides expertise in the areas of accounting applications; report design, accounting application training, troubleshooting; investigation and testing of additional functionality; and implementation of new and enhanced accounting functionality.
- The contract is for a period of three years, with two one-year options to extend. The requested amount covers all five years of the contract.
- Funding for the investment advisory services has been assumed within the agency's financial plan and within the staff budgets.

**BUDGET IMPACT SUMMARY**

There is no action outside of the Board-adopted budget; there are no contingency funds required, no subarea impacts, or funding required from other parties other than what is already assumed in the financial plan.

**BUDGET and FINANCIAL PLAN DISCUSSION**

Budget for this request is located within the Finance and Information Technology Staff Operating Budget on page 186 in the Adopted 2008 Budget book.

The consultant would be compensated based on a pre-agreed fee schedule. These costs would be paid out of Finance and Information Technology's annual budget for all financial

consulting services and with the remaining portion from future budget proposals. Details are provided in the following section.

**BUDGET TABLE**

**Summary for Board Action (X \$1,000)**

**Action Item: On-call financial advisory services**

<b>Current Year Budget</b>	<b>Adopted 2008 Budget</b>	<b>Spent to date in 2008</b>	<b>Contract Expenditures 2008</b>	<b>Remaining 2008 Budget</b>
<b>FIT Services Consultant/Management</b>	1,028	132	37	859
<b>Other Services</b>	2,583	1,254		1,329
<b>Total Account Category</b>	<b>3,611</b>	<b>1,386</b>	<b>37</b>	<b>2,188</b>

**Budget Shortfall**

<b>Level</b>	<b>Shortfall</b>	<b>Resources</b>	<b>Funding Source</b>
N/A	-	-	N/A

<b>Contract Spending Plan</b>	<b>Prior Year(s) Spending</b>	<b>2008 Spending</b>	<b>Future Expenditures</b>	<b>Total</b>
Kraght Snell, P.S.	-	37	713	750

<b>Contract Budget</b>	<b>Current Approved Contract Value</b>	<b>Spent to Date</b>	<b>Proposed Action Per Year</b>	<b>Proposed Total Contract Value</b>
Kraght Snell, P.S.	-	-	750	750
	-	-		-
	-	-		-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>750</b>	<b>750</b>
<b>Percent Contingency</b>	<b>-</b>	<b>-</b>		

**Notes:**

Budget for this item is included in the Sound Transit Staff Operating Budget Summary page 186 of the Adopted 2008 Budget. On page 186, Corporate Services section, see Consultant/Management line item. The 2009 portion of the contract amount will be requested in the Proposed 2009 Budget.

**SMALL BUSINESS PARTICIPATION**

Prime Consultant/Consultant

Prime Consultant Kraght Snell, P.S., a certified Woman/Disadvantaged Business Enterprise (W/DBE), is a small business.

There is no subcontracting opportunity due to the nature of the work.

## Equal Employment Workforce Profile (% Women/People of Color)

Kraght Snell, P.S. workforce demographics are 100% women.

## **PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION**

Since 1997, Sound Transit has maintained a team of financial advisory firms to provide, on an on-call basis, specialized services in the areas of debt management, investment management, transit and financial planning and innovative financing transaction. This approach has proved very effective at providing the agency focused expert consultant services in key areas.

In July 2008, Sound Transit issued a new Request for Proposal (RFP) for these financial advisory contracts. The RFP included services in:

- Debt Issuance and management;
- Investment advisory services;
- Economic forecasting and analysis;
- Transit financial planning and modeling;
- Public private partnership and innovative financing;
- Strategic grant advisory services;
- Accounting and internal control advisory services; and
- Arbitrage rebate services.

The agency received 38 proposals in total. Staff intends to sign nine contracts under the CEO's authority with EcoNorthwest, Scott Balice Strategies, Seattle Northwest, Porter & Associates, Inc., Raul V. Bravo & Associates, Inc., Spectrum Design, Red Cedar Partners and Duncan Kent & Associates.

Sound Transit received five proposals for accounting and internal control services and selected Red Cedar Partners (\$175,000), Duncan Kent & Associates (\$175,000), Kraght Snell, P.S. (\$750,000) and Protiviti (\$350,000) as the most qualified to provide the requested services.

Services in the area of accounting and internal control would include analytic support in the evaluation of internal control and related business processes, evaluation of accounting treatments, benchmarking and performance measurement as well as internal audit projects.

Over the past five years, Kraght Snell, P.S. has assisted Sound Transit with the implementation of several JD Edwards Enterprise One (E1) applications; including general ledger, accounts payable, accounts receivable, grant accounting, change management, property management, fixed assets and integration with Primavera Expedition software. This firm has performed strongly and has a high level of experience with our existing business processes, data and systems, positioning it well to assist the accounting division with E1 process efficiency, training and advanced expert user expertise. Services provided include assisting the accounting division with advanced level E1 and accounting support including troubleshooting, collecting requirements, designing processes, configuring constants, setting processing options, entering order activity rules, creating task views and object versions, testing, writing test scripts, providing training, and preparing documentation.

### Analysis of Contracting Out vs. Performing In-House

Sound Transit has an accounting staff of 17 employees responsible for the agency's day to day accounting functions, financial reporting and the agency's system of internal control and 3 employees responsible for compliance and external reporting. Functions performed include processing of accounts payable, billing, collection of receivable, payroll, month, quarter and year-end account reconciliation, analysis and reporting as well as preparing for and responding to required external financial audits. Sound Transit currently contracts with KPMG to provide independent financial, A133, subarea and NTD audit services.

Kraght Snell, P.S. will provide services that include advanced accounting support in peak periods, assistance in implementing additional Enterprise One accounting functionality and evaluating and implementing process enhancements as it relates to utilization of the agency's system. These services are specialized and it would be less cost effective to hire permanent positions to fill this requirement.

The consultant has been necessary to provide specialized support for on-call issues related to the financial aspects of the enterprise system. Additionally, the contractor has been used by other departments for Enterprise One projects, including providing support to project control reporting and the utilization of automated business functionality for billing and collection of institutional pass fare products.

### **Prior Board/Committee Actions**

None.

### **CONSEQUENCES of DELAY**

A delay of two weeks would not impact the agency's financial functions and interrupt the services provided by the current consultant.

### **PUBLIC INVOLVEMENT**

Not applicable.

### **ENVIRONMENTAL COMPLIANCE**

PW 7/30/08

### **LEGAL REVIEW**

JW 7/30/08

## SOUND TRANSIT

### MOTION NO. M2008-77

A motion of the Finance Committee of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a three-year contract with two one-year options with Kraght Snell, P.S. to provide accounting and internal control services for a total authorized contract amount not to exceed \$750,000.

#### **Background:**

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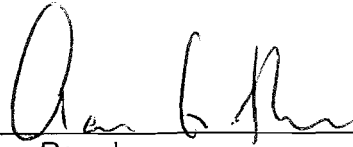
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**Motion:**

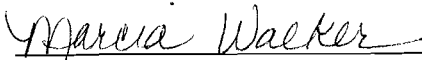
It is hereby moved by the Finance Committee of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a three-year contract with two one-year options with Kragt Snell, P.S. to provide accounting and internal control services for a total authorized contract amount not to exceed \$750,000.

APPROVED by the Finance Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on August 7, 2008.



Aaron Reardon  
Finance Committee Chair

ATTEST:



Marcia Walker  
Board Administrator