Request For Proposal Writers' Guide for Fund Accounting Software

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Guide Purpose

The Request for Proposal is an invitation to a group of vendors to submit proposals for a good or service to be purchased in the near future, in this case a fund accounting system. Creating a Request for Proposal can be an effective way for an organization to determine its needs and to quickly obtain answers about software systems and suppliers. The proposal responses will contain the valuable details that will help narrow the selection pool to suitable new systems for further investigation. Thus, the Request for Proposal should be carefully written to ensure that all pertinent information is addressed. This guide is intended to help in the preparation of the Request for Proposal by suggesting the content sections, detailing the purpose of each section and providing templates for use in writing your own requests.

Content Sections

There is not one definitive format for Requests for Proposals (RFPs). Rather, each organization can tailor the contents of the RFP to gain the necessary understanding of each of the respondents' products and services. The basic information that is generally included in a RFP includes an overview of the purpose of the document, solicitation of the vendor's company information, a detailed listing of functional requirements, listing of technical requirements and questions pertaining services for after the sale available from the vendor. It is logical to break these elements into sections within the RFP as they will be handled separately in preparation and response. Sections may be omitted if deemed unnecessary and/or additional information may also be included either within these sections or separately.

Introduction

The introductory section serves to identify the document as an RFP, give an overview that identifies that a new fund accounting solution is being sought, details the organization's history and structure and finally illustrates a high-level picture of the desired solution.

Cover letter

Begin the introduction with a cover letter stating the organization's intent to purchase a new system and requesting respondents to comply with the RFP instructions for completion for consideration.

Overview of Selection Process

Detail your objectives including your reasons for replacing your current accounting system, the benefits you want from the new system and overall project timeline. Key selection steps and dates, including response deadlines and the dates of your short list and selection decisions should also be included.

Outline how the RFP responses will be evaluated, the criteria used and the evaluation process. Detail the required response elements to be supplied by the vendor in their proposal. These elements should include:

- Total cost of software systems
- Database technology utilized by the proposed solution
- Technical requirements (operating system, network configurations supported, hardware)
- Implementation and training strategy and cost
- Annual maintenance and support

If appropriate, include a confidentiality statement to ensure that potential supplier(s) keep your organization's RFP details confidential. When extensive customizations are required by the vendor to tailor their product into the proposed solution, also consider the addition of language stating that the supplier is required to state all anticipated costs and shall provide a "Not to Exceed" price for the design, development and implementation of customized features.

Organization Background
Outline details of your organization. These may include the organization's mission, programs, funding levels, locations, number of employees and organizational structure. Explain the current software environment listing the current software systems in place, their interactions, operating systems, network configuration, transaction volumes, number of users, and contact details of key staff involved.

Desired System
Outline your vision of the desirable fund accounting solution. This is the high-level view and need not contain all functional or technical detail requirements, as these will be included in separate sections. Provide goals and expectations of the system and its implementation.

Vendor Profile
Use this section to request important details about the companies responding to the RFP. Collect supplier background information including:

- Contact information
- Number of years in business
- Number of customers
- Number of employees
- Services available
- References . History of the proposed product
- Development strategy
- Current version of product and next planned release

Functional Requirements

This section of the RFP is comprised of detailed questions pertaining to the functionality of the software. Generally the functional requirements section is prepared based on a compilation of requirements provided by staff members that utilize the software. Break down the functional requirements into sections by function to organize the document and make interpreting the responses more manageable.

This section of the RFP also lends itself to analysis by spreadsheet. Oftentimes, suppliers can complete this section within a spreadsheet if the RFP is provided electronically. An electronic response within a spreadsheet enables you to line-up responses by suppliers to more easily compare their proposed solutions. Rank requirements according as to whether each feature is essential, nice to have, or just for informational purposes. This ranking will help you to better evaluate how to rate the vendor responses. It is optional to show this ranking information to the respondents.

Valid Responses

Begin the Functional Requirements section with a listing of valid responses for the feature related questions. Standardizing the format of the responses will greatly ease the task of evaluating each vendor’s response. Consider including the following elements in your listing of valid responses:

1 = Currently a Standard Feature
2 = Feature Planned for Next Release (due within one year)
3 = Not a Feature
4 = Third Party Software Required
5 = Other

Be sure to include an explanation section next to each response in case the vendor needs to qualify the response or note important details of the feature. This explanation area can also be used if questions are asked that require a process overview or detailed written response.

Core System

Consider the basic core functionality of the system that is required. Detail these items in a section. Typically included here would be:

- Chart of Accounts questions
- Journal Entry requirements
- General Ledger requirements . Financial reporting requirements
- Year-End processing questions
- Audit trail questions
- Allowed history retained

Modular Requirements

Use separate sections to detail the functional requirements desired by area. Fund accounting software is typically sold in modules and these roughly correspond to the functional areas served. For example, break down the requirements for vendor transactions, customer/donor activities, purchasing, budget and so forth.

Consider creating a section dedicated to interaction of other critical systems with the fund accounting system as part of the modular requirements to reduce duplicate data entry.
For sample questions, see the RFP Template section of the guide.

Technical Requirements

This section should allow the vendor to address the hardware and software requirements needed to operate their proposed solutions. It is often desirable to inquire what the recommended configuration is for top performance and the minimum configuration supported for operations.

Hardware

Have the vendor describe the hardware environment required to operate the proposed solution. Items addressed in this section should include descriptions of CPU, network, and backup devices.

Software

Ask the vendor to describe the operating systems required, the database management program utilized, the programming language of the proposed solution, warranty periods, system stability and security. If there are other critical systems that will operate on the same server and client computers inquire as to compatibility issues.

Implementation

Request that the vendor provide typical implementation schedule for the proposed solution. Does this include time allotted for all necessary customizations and integration links? Which implementation steps will occur on-site and what type of personnel is required to assist from the organization? How will data be converted from the legacy system?

Training

Further request a description of the training to be provided including location of training, time allotted, number of attendees and a training outline. What tools are available for learning the software? Are training guides and operating manuals provided? How can future staff be trained in the event of employee turnover?

Support

For support and maintenance, be sure to understand the vendor's policy with regard to frequency of maintenance releases, the support of installation related issues, and the cost associated with staying current on support and maintenance.

- What types of support are provided?
- Is there an online knowledgebase?
- Can you be put through directly to support personnel in the case of an emergency such as payroll check generation problems?

How many support personnel are on staff? What are their credentials? What is the average experience level with the software of those supporting the product?

Writing the RFP

Now that the basics of the RFP have been outlined, it is time to start writing. Write the first draft of key sections first, and then work on the inside sections. Consider utilizing the template provided in this guide as a starting point. Gather input from staff members. Once you've written these sections, refine the text by editing each section tightly. However, make sure your text does not become too cold and dry. Write as if you were speaking to a colleague whom you respect; this often helps control the tone of the document.

Once you've finished the first draft, get it reviewed internally by colleagues who can add value to the review process. Don't choose colleagues who are too close to the RFP, as they will not see errors. Instead, get a neutral reviewer if possible. After getting the feedback, make the required edits.

RFP Template

Introduction

Cover Letter

This Request for Proposal is an invitation to a select group of companies to submit proposals for a fund accounting software system to [Organization Name]. The intent is to obtain information leading to the selection of a fund accounting system that will best meet the needs of the organization.
Respondents who are selected for further consideration will be invited to make an on-site presentation to demonstrate their fund accounting solution.
All questions and inquiries regarding this RFP should be directed to:

[Contact Name] [Title][Organization] [Mailing Address] [Phone] [Fax] [Email Address]

Anticipated Time Frames for Evaluation and Selection

Issue RFP to Vendors	[Date]
Responses to RFP Due	[Date]
On-site Demonstration	[Date]
Finalists Selected	[Date]
References Checked	[Date]
Final Evaluation and Selection	[Date]
Contract Negotiations	[Date]
Contract Signed	[Date]
Implementation Begins	[Date]

Please submit [Number] of copies of your response to the above address on or before [Date Due]. Responses received after this date will not be considered.

Information to be supplied by the vendor should include a detailed response to each section of this RFP and a proposed solution price. A minimum of five references utilizing the proposed solution is required. To aid in the evaluation process, all responses are to be submitted in the following sequence:
Letter of Transmittal
Executive Summary
Vendor Background
Scope of Work
Pricing
Exceptions

[Organization Name] will evaluate the responses to this RFP based on the vendor's ability to:

- Meet the functional and technical requirements described in this RFP as evidenced by the RFP response and demonstration of the software
- Provide a cost-effective solution that meets the goals and budget of the organization
- Provide timely program enhancements and upgrades in response to changing industry needs, regulatory requirements and advancing technology
- Demonstrate expertise and functionality as evidenced by client references
- Provide a superior level of service and support to clients as evidenced by references

Background

Organization Overview
[Organization Mission]
[Primary Programs]
[Site Locations]

[Number of Employees]
[Organization Structure]
[IRS Designation]

Technical Background
[Existing Hardware Environment]
[Software Environment]

Replaced System
[Current Fund Accounting System]
[Modules Owned]
[Number of Users]
[Transaction Volume]
[Problems with Existing Fund Accounting System]

Desired Solution

[List Project goals and expectations]
[Data conversion requirements]
The new fund accounting system will have to interface with the following systems [List].

Vendor Profile

Please answer the following questions regarding your company background and product development strategy.

1. Contact information
2. Number of years in business
3. Number of customers
4. Number of employees
5. List services available
6. History of the proposed product
7. Development strategy
8. Current version of product
9. Next planned release date
10. How are client enhancement suggestions handled
11. Please list 5 References that utilize the proposed solution

Functional Requirements

A response is required for each of the following checklist items. Brief comments may be entered in the table. Elaborate on any items that differentiate you from other vendors on a separate attachment (reference the item). Assign one of the following Availability Codes to each item:

1 = Currently a Standard Feature
2 = Feature Planned for Next Release (due within one year)
3 = Not a Feature
4 = Third Party Software Required
5 = Other (explanation provided)

Core System

General System Features	Response	Notes
Setup		
Table-driven, user-definable chart of account structure		
User-defined segment lengths		
"Wizards" to speed setup and maintenance of system		
User-defined fields		
Accounting Tools		
Graphical system navigation tools		
Customizable navigation and workspace		
Online inquiry with drill-down functionality		
Grant tracking and administration		
Budget tracking		
System generated check and receipt printing		
General System Features	**Response**	**Notes**
Transaction allocation templates for recurring distributions based on percentages, units, and/or fixed amounts		
Automatically generate offsetting entries for balancing transactions including interfund entries		
Save recurring transactions		
Soft close periods to prevent entry errors		
Context-sensitive online Help for every function		
Detailed checklists and procedural overviews in a searchable Online Help System		
Reporting		
FASB compliant reporting (including FAS 117)		
Preconfigured reports ready for immediate use or as templates for customized reports		
Control account placement, section and account labels, formatting on custom financial statements		
Report customization options including column selection, sorting sequences, specified totals, and filters		

Report by critical segment or combinations of account segments		
Comparative columnar report presentation for financial statements		
Budget to actual comparisons		
Comparative reporting by month, quarter, year		
Account roll-up for summarization		
Cross fiscal year reports to match funding source reporting cycles		
Create charts and graphs from financial data in the system		
Comprehensive tracking of transactions for complete audit trail		
Unlimited number of reports		
Export directly to other applications including Excel		
Import records from other applications		
History & Security		
Store unlimited amount of history		
Menu level security		
View log of system activity		
Group and individual user security maintenance		
Secure reports from changes by other users		
Advanced Security module available		
Connect directly to the underlying accounting data using a wide variety of applications utilizing ODBC drivers		
Licensing & Installation		
Standard Windows installation		
General System Features	**Response**	**Notes**
Maintenance includes new versions and product enhancements		
Single and multi-seat licensing		
Guarantees on Software, Training, Maintenance and Support		
Fully integrated module suite available		

Modular Requirements

General System Features	Response	Notes
Accounts Payable		
Fully integrated with the General Ledger		
Unlimited number of vendor records and vendor history		
User-defined vendor IDs with character type and field length settings		
Create custom fields on the vendor record and record detailed notes		
Maintain default account coding by vendor		
Vendor additions on-the-fly during transaction entry		
Record and automatically apply vendor discounts		
Place vendor payments on hold		
Liquidate outstanding encumbrances during invoice entry		
Select invoices for payment individually or using custom parameters		
Disburse from multiple cash accounts in the same check run		
Print pre-configured or custom subledger reports, including agings and cashflow projections		
Online inquiry by vendor for open balance, payment history, including drill-down functionality		
Generate vendor 1099s		
Pay vendors electronically		
Customizable checks and vouchers		
Accounts Receivable		
Fully integrated with the General Ledger		
Unlimited number of customer records and customer history		
User-defined customer IDs with character type and field length settings		
Detailed customer records including contact information, billing terms, default account coding, customer type and class		
General System Features	**Response**	**Notes**
Create custom fields on the customer record and record detailed notes		
Customer additions on-the-fly during transaction entry		

Place customer credit on hold		
Group customers to apply common charges		
Store standard charge calculations		
Produce detailed invoices on multiple billing cycles		
Automatically allocate revenues across multiple programs with system generated entries		
Print pre-configured or custom subledger reports, including agings and cashflow projections		
Online inquiry by customer for open balance, payment history, including drill-down functionality		
Generate customer statements at user-defined intervals		
Customizable invoices and statements		
Budget		
Build current budget(s) based on historical data		
Spreedsheet functionality in budget tool		
Budget for multi-year projects		
Budget for any timeframe you need		
System controls to avoid overbudget spending		
View budget impact of a transaction before saving it		
Check for available budget inquiry tool		
Track original and revised budget balances		
Comparative budget to actual reporting by month, quarter, or year		
Comparative budget to actual reporting by program		
Calculate budget variances, remaining budget, and revision totals		
Options to consider encumbrances and pre-encumbrances when checking for remaining budget		
Allocations		
Allocate interest, investment, and other revenues		
Allocate direct and indirect costs		
Perfom allocations based on percentages, units (such as square footage, number of transactions, etc.), fixed dollar amounts, relative account balances, weighted average daily balances or indirect cost rates.		
Use allocations for recurring distributions		
Calculate allocations based on actual or budgeted activity		

Perform allocations as often as needed		
General System Features	**Response**	**Notes**
Perserve pre-allocation account balances for reporting purposes		
System automatically records interfund transfers as needed		
Cap allocations to prevent exceeding the indirect cost rate		
Sequential allocations performed in a single calculation		
Review allocation calculations and results prior to accepting system generated entries		
Clear audit trail for allocation entries		
Payroll		
Comprehensive employee records including demographic information, tracking of critical dates, position, emergency contact and notes		
Calculate and track earnings, benefits, deductions, workers compensation and leave		
Multiple earning, benefit and leave calculation methods to accommodate varying compensation plans		
System maintained federal and state withholding tax tables		
Support local employee or employer paid taxes		
Maintain regular pay templates for employees to speed timesheet entry		
User-defined pay cycles and generate supplemental paychecks		
Review timesheet entries and calculated pay to prevent mistakes prior to issuing payment		
Allocate payroll entries based on direct labor hours		
Automatic interfund transactions generated as needed		
Pay employees with direct deposit		
Standard and custom reports		
Tax worksheets for federal, state, local tax reporting		
Produce W-2s and supports magnetic media filing		
Customizable checks and vouchers		
Fixed Assets		
Extensive asset tracking fields including location, valuation method, responsibility, tag number, model, and warranty information		

System maintained standard depreciation methods and custom depreciation schedules supported		
System generated direct and fully allocated depreciation entries		
Enter asset additions on-the-fly during transaction entry		
General System Features	**Response**	**Notes**
Group like assets for fast depreciation processing		
Depreciate monthly, quarterly or annually		
Process asset disposals		
Standard and customizable reports including inventory tracking, asset registers, depreciation schedules and disposal registers		
Summary or detailed depreciation and disposal entries		
Purchase Order and Encumbrance Modules		
Item codes for commonly ordered items and services		
Detailed purchase order fields including item numbers, descriptions, special instructions, comments, and date promised		
Drop ship functionality		
User-defined fields for purchase information		
Customizable purchaase order form		
Batch processing of purchase orders		
Check for available budget during order entry		
Automatically generate encumbrance entries from purchase orders		
Extensive purchase reports including purchase order register, item tracking report, receiving report, and cancellations		
Manual encumbrance entry and liquidation options		
Automatic liquidation of encumbrances during invoice and cash disbursement entry		
Options to include encumbrances on budget reports and financial statements		
Partial encumbrance liquidations allowed		
Electronic Requisitions		
Defined request and approval workflow		
Dollar approval thresholds by user		
Detailed requisition records including requestor, date items needed, special instructions and detailed notes		

Automatic flow to purchase orders on approval		
Customizable printed requisition form		
Other Available Modules		
Data Import/Export		
Bank Reconciliation		
Direct Deposit		
EFT for AP		
Advanced Security		
NightShift Scheduler		
Data Consolidation		

Technical Environment

Hardware

1. Describe both the suggested and minimum hardware configurations necessary to operate the proposed solution including descriptions of the central processing units, networking hardware, back up devices and uninterrupted power supply.
2. Describe the ability of the proposed system to support fail-safe data storage.
3. Describe the requirements of system cabling for communication to the server and to the existing network.

Software

1. Describe the operating systems under which the proposed system can operate.
2. Name and describe the database management program utilized by the system.
3. What programming language(s) was used to develop the system?
4. Describe the file purging/archiving methodology used by the proposed system.
5. What are the warranty periods provided for the system and application software necessary to operate the proposed solution?
6. Describe the security system used by the proposed system.

Implementation, Support & Training

1. Describe or attach a typical implementation plan or schedule.
2. Describe the training provided including location, number trained and training outline.
3. Provide a copy of the Operator's Manual.
4. Describe the ongoing system support provided by the vendor.
5. Are software upgrades provided as part of the software support contract?
6. How are customer requests for enhancements and customizations handled?
7. Describe the recent history of system enhancements.

All questions shall be answered in the order in which they appear in the RFP. All responses shall reference the questions to which they apply. All responses must contain detailed information relative to how the proposal meets the requirements as described in the preceding sections.