



Certified
Public
Accountants

October 6, 2020

Mr. Jefferson Billingsley
Interim County Counsel
County of Humboldt
825 Fifth Street
Eureka, CA 95501

RE: Informal Proposal for Chart of Accounts Project

Dear Jefferson,

Below is MGO's informal proposal to provide advisory services to the County to assist the Auditor Controller (AC) in the implementation of a chart of accounts project as well as limited assistance to the Auditor Controller's Office (ACO) associated with the County's plans to implement a new ADP Payroll system.

It is critical, as the County embarks on a chart of accounts project, that a well-planned change management process is developed, monitored, modified as needed, and adhered to. The value of a chart of accounts is heavily dependent on how well it is organized and managed. Municipalities such as the County of Humboldt are diverse and complex in their organizational structure. Therefore, the chart of accounts structure is key in ensuring it effectively meets the complex needs of the County. In addition, the chart of accounts can be a very useful tool, if designed properly, to turn raw data into valuable information and reports that support understanding and making management decisions.

Every organization is unique. As such, there are no generic set of accounts that is applicable to all local governments. It is important that the County structure its accounts (through the accounting systems) according to its own internal reporting needs and requirements.

MGO will work with the ACO and key stakeholders throughout the County in developing a chart of accounts change management process, monitor the project progress and provide advisory assistance. In addition, we will work with the County team in identifying best practices such as the Government Finance Officers Association (GFOA), the "Blue Book" (also known as the Governmental Accounting, Auditing, and Financial Reporting (GAAFR) guide, standards promulgated by the GASB (Governmental Accounting Standards Board), and the California State Controller's Accounting Standards and Procedures Manual for Counties. Finally, we will be an active participant in assisting the ACO in developing the chart of accounts structure with the intention to work on the project implementation with the least disruption to the County's operations.

As the County Board of Supervisors has decided to move forward with the implementation of the new payroll processing software from ADP with the outsourced payroll solution for a “go-live” date by January 1, 2021, and as the ACO is in the process of a chart of accounts project for the County’s financial management system, Finance Enterprise, it is very important for the County to ensure that the accounts that involve payroll related activity are properly mapped to the new ADP system. In addition, the chart of accounts must be mapped to any County sub-system that captures payroll related data.

MGO proposes the following general scope of services:

- Provide advisory support by participating on the County’s chart of accounts team.
- Provide subject matter expertise on government accounting and financial reporting
- Assist in developing the change management process for the chart of accounts project
- Participate on the project team (specific roles and responsibilities to be determined)
- Provide support to the ACO by performing other ACO accounting/finance duties to facilitate the AC and ACO staff time to devote to the ADP implementation and the chart of accounts project.

Our suggested approach follows:

Phase 1 – Payroll Project

Due to the priority and timeline for the ADP implementation, we suggest the County’s chart of accounts project initially focus on those accounts and systems that impact payroll processing. Our team is available to participate on this phase immediately. We anticipate this phase would extend through mid-January, anticipating any post go-live issues that may need to be addressed. Below are the MGO Phase 1 project team members along with the discounted rates. Please note that the below rates will be subject to an annual cost of living adjustment, at 3%, effective January 1, 2021.

Project Team and Rates: Phase 1

Staff Member	Hourly Rate
Scott Johnson/Linda Hurley Partner	365
Rebecca Haggerty Senior Project Manager	260
Loretta Alger Advisory Consultant	110

Based on the timeline noted above for Phase 1, we would anticipate 14 weeks, maximum (from the week of October 19th through the week of January 18th). On average, MGO team members will be available to dedicate the following hours, per week, for Phase 1:

- Partner – 2/3 hours per week
- Senior Project Manager – 6/8 hours per week
- Advisory Consultant – 30/36 hours per week

The estimated fees, on average, per week - range from \$5,590 to \$7,135. If the average hours are maintained over the projected 14-week period, the fees for Phase 1 are estimated to range from \$78,260 to \$99,890. This will be a time and materials agreement. Invoices will be based on actual hours expended per team member, plus any out of packet costs. MGO reserves the right to replace and/or augment staff members based on the availability of MGO team members, the needs of the County, and the level of effort necessary to implement the project.

Phase 2 - County-wide chart of accounts project.

MGO would add additional team members, as necessary, in mid-January for the longer-term expanded County-wide project. Core team members would be those identified in Phase 1, plus an augmentation of staff based on need and expertise. Below are MGO's discounted rates as of 2020. Please note that an annual cost of living adjustment, at 3%, will be effective January 1, 2021. Projected fees for Phase 2 to be determined when scope of work is more refined and MGO and County are more informed during the Phase 1 project.

Staff Member	Hourly Rate
Scott Johnson/Linda Hurley Partner	365
Director - TBD	330
Rebecca Haggerty Senior Project Manager	260
Managers – TBD	195
Supervisors/Seniors – TBD	179
Loretta Alger Advisory Consultant	110
Administrative Support Staff	100

Scott P, Johnson, CPA
Partner, MGO Advisory Services

Walnut Creek, California