
REQUEST FOR PROPOSAL

FOR

ACCOUNTING SERVICES

FOR

**Northern California Cities
Self Insurance Fund (NCCSIF)**

RETURN PROPOSALS TO:

Marcus Beverly, JPA Administrator
Raychelle Maranan, Administration Coordinator
NCCSIF
c/o Alliant Insurance Services, Inc.
2180 Harvard Street, Suite 460
Sacramento, CA 95815

DEADLINE FOR FILING:

September 6, 2017

I. INTRODUCTION

Northern California Cities Self Insurance Fund (NCCSIF) is soliciting proposals from firms interested in providing accounting services to NCCSIF. Accounting services will include invoicing members, preparing checks, reconciling checking accounts and investment accounts, preparing quarterly financial statements and coordinating with an independent auditor to complete annual audited financial statements.

NCCSIF is a Joint Powers Authority (JPA) organized under Government Code sections 6500-6515. Applicable State statutes, Governmental Accounting Standards (GASB) and Generally Accepted Accounting Principles (GAAP) guide the accounting of NCCSIF's financial transactions and reporting. In addition to GAAP accounting, NCCSIF uses program accounting to monitor the sufficiency of funding for each policy year. NCCSIF's current accountant uses Intacct cloud-based software. Total budgeted revenues for 2017/18 are just under \$18 million.

Brief History of the JPA

Founded in 1979 as the Northern California Cities Workers' Compensation Fund.

Formed as a JPA, it is one of the first pooled municipal programs in California

In 1981 members formed the Liability Program to apply the same concepts of pooling coverage for:

- General and Automobile Liability,
- Personal Injury,
- Errors and Omissions, and
- Employment Practices Liability.

In 1987, NCCSIF began to offer group purchase of:

- Property,
- Crime, and
- Employee Assistance Program (EAP)

The same year the Joint Powers Authority's name was changed to Northern California Cities Self Insurance Fund (NCCSIF).

The group has grown to twenty-two cities that pooled coverage to a limit of \$500,000 for both Workers' Compensation and Liability.

NCCSIF joined California Joint Powers Risk Management Authority (CJPRMA) in 1993 for Excess Liability Coverage

NCCSIF joined CSAC-EIA (Excess Insurance Authority) in 2003 for Excess Workers' Compensation Pooled Coverage.

NCCSIF provides self-insured programs for both Liability (19 participating members) and Workers' Compensation (22 participating members) coverages as well as insured programs including Property, Crime, and Auto Physical Damage. Members maintain self-insured Banking Layers from \$50,000 to \$100,000 per claim and Shared Layers up to \$500,000 per claim above that. The Banking Layers are accounted for separately for each Member, with annual review per NCCSIF policies to adjust their funding via dividends or assessments. The Shared Layers and Administrative expenses are also accounted for individually.

Service Providers and Consultants

- Alliant Insurance Services, Inc.Program Administrators
- York Risk Services Group, Inc.Third Party Claims Administrators for both
Liability and Workers' Compensation
- Bickmore Risk ServicesRisk Control and Actuarial Services
- Chandler Asset Management, Inc.Investment Consultants
- Crowe HorwathIndependent Financial Auditing Services

More information can be found at www.NCCSIF.org.

II. SCOPE OF SERVICES

The firm selected will be required to provide the following services:

Ongoing

- Maintain financial records in accordance with generally accepted accounting principles;
- Provide timely, informed responses to inquiries from members, program administrators, claims administrators, actuaries and others.
- Monitor pool cash flows and liquidity; manage cash and investment deposits to maximize investment income to the pool.
- Maintains relationship with members, banks, investment advisor, investment custodian, program administrator, claims administrators, auditors and actuaries.
- Establish, maintain and monitor appropriate:
 - Separation of duties over incompatible accounting functions.
 - Physical and electronic security over pool documents and data including: member premium payments, claimant and vendor records and other sensitive information.
 - User/security rights for bank, (Local Agency Investment Fund) LAIF, and accounting software websites.
- Be available at Board of Directors and Executive Committee meetings to explain the financial status of the pool, participate in strategic planning and to present the quarterly financial report.
- Maintain a suitable backup and recovery system for all accounting records in accordance to NCCSIF records retention policy.

Daily

- Review positive pay exceptions by bank establish deadline.
- Provide cleared status of claims payments for claims administrator, upon request.
- Record and code incoming wires, as applicable.

Weekly

- Code and enter incoming checks. Execute remote deposit. Scan documentation to file.
- Code and record claims payments from summary provided by claims administrator (approximately 1,700 claims checks written per month).
- Check bank balances and schedule wire transfers for liquidity and cash management.

Semi-monthly

- Run accounts payable for non-claims-related items (approximately 30-50 checks per month).
 - Secure and code vendor invoices.
 - Secure Form W-9 from vendors, as needed.
 - Check against board-approved budgets.
 - Enter and scan invoices to accounting software.
 - Release to Treasurer/President for review.
 - Release checks for production.
 - Upload check run to positive pay system.
- Track expenditures of designated risk management funds by member.
- Track member requests for reimbursement for appropriate cost up to annual board approved limit.
- Monitor accounts receivable aging for outstanding invoices. Contact member cities with reminders to pay, as applicable.

Monthly

- Reconcile three bank accounts, and one LAIF account (approximately 1,750 checks, 50 deposits and wires per month total).
- Code and record voids, interest income and bank fees.
- Reconcile two investment accounts.
 - Code and record interest accrual, investment income, gains and losses from sales and maturities, changes in fair market value of investment and incoming/outgoing transfers.

Quarterly

- Record quarterly LAIF interest income.
- Complete billing for 22 member entities, including:
 - Code and enter revenue detail for administration deposit, banking layer deposit, shared layer deposit, excess deposit, and assessments by member and by program.
 - Invoice pass-through premiums for property, crime, flood, and auto coverages.
 - Ensure proper inclusion of member application of prior year refunds to current year premiums.
 - Release invoices electronically for member payment.
- Reconcile claims liabilities for the banking layer (22 members), shared layer (2 programs) and excess layer (2 programs).

- Extract and apply data from actuary studies for claims liabilities, discount rates, Unallocated Loss Adjustment Expense (ULAE) factors by program, member and layer.
- Prove proper recording and allocation of claims liabilities, claims payments, refunds, excess recoveries between programs, members and layers.
- Evaluate claims development and sufficiency of actuarially-determined reserves; comparison to reserves estimated by the claims administrator.
- Account for voucher differences arising from member-direct payment of member obligations under Labor Code Section 4850, salary continuation for public safety employees. NCCSIF excludes coverage for these benefits but they are tracked for excess coverage and state reporting purposes.
- Produce graphical summary of claims liabilities by program, layer and policy year.
- Investigate reconciliation exceptions with Claims Administrator.
- Code and record reconciling entries for all programs, members and layers.
- Calculate and record accruals for:
 - Claims liabilities/claims adjustment expense.
 - ULAE/claims adjustment expense.
 - Excess receivables/claims expense.
 - Prepaid insurance/insurance expense.
 - Unearned revenue/revenue.
 - Accounts receivable/revenue.
 - Accrued interest/interest income.
 - Accounts payable/expenses.
- Calculate and record allocation of net investment and interest income, interest accrual, and changes in fair market value of investments among the funds (45 unique funds, in 2 programs) based on average cash and investment holdings for the past quarter.
- Evaluate pool and program net position in accordance with the adopted target equity policy.
- Issue quarterly compilation report to Program Administrator for inclusion in board agenda packet. Report includes:
 - Pool-wide statement of net position, including board designated balances for risk management funds and contingency.
 - Pool-wide statement of revenues, expenses and changes in net position.
 - Combining statement of net position reporting the financial position of each program, and fund (45 unique funds, in 2 programs).
 - Combining statement of revenues, expenses and changes in net position of each fund (45 unique funds).
 - Reconciliation of claims liability by program and layer (2 programs with 2 layers each:

banking and shared).

- Graphical summary of claims liability by program, layer and policy year.
- Budget to actual report by program and budget segment (administration, banking layer, shared layer).
- Summary of risk management fund elections and member disbursements to date, by member.
- Prepare Treasurer's report of cash and investment holdings at quarter end. Secure Treasurer's signature and forward to Program Administrator for inclusion in board agenda packet.
- Issue check register, complete with budget coding and expenditure description to Program Administrator for inclusion in board agenda packets.

Annually

- Prepare and timely file 1099 forms with the Internal Revenue Service for all necessary contractors.
- Assist the Program Administrator in preparing a budget to be adopted prior to July 1st of each year.
- Secure new bank signature cards, after annual board election, or as needed.
- Participate annually in strategic planning.
- Enter board-approved budget into accounting software, update Treasurer's and President's dashboard reports.
- Respond to requests for confirmation made by member agencies' financial auditors.
- Calculate member banking layer adjustments (refunds and assessments) upon release of actuarial report annually in accordance with NCCSIF policy.
 - Present calculation and proposed adjustments to board at the April board meeting.
 - Compose and distribute election forms to members detailing approved refunds and assessments, required application of refunds, and options to have net remaining amounts withheld in the pool, refunded or applied to next year's premiums.
 - Monitor completion and return of the elections prior to fiscal year end.
 - Record and allocate elected refund applications; bill net assessments to members.
- Arrange for an annual financial audit by a CPA approved by the Board of Directors.
 - Agree on schedule and deliverables with auditors.
 - Provide workspace for auditors.
 - Complete auditor-provided confirmations and detailed auditor data requests.
 - Participate in auditor interviews and provide timely responses to inquiries.
 - Compose Management's Discussion and Analysis portion of audit report.

- Review reports, notes and supplementary information prepared by auditors.
- Participate in presentation of audit to the Board of Directors.
- File audit report copies with the Sacramento County Controller and the State Controller's Office.
- Prepare and timely file State Controller's Annual Report of Financial Transactions, Local Government Compensation Report and comply with other reporting requirements of the State. File with Sacramento County.
- Present annual recap of pool financial activity and position to the board.
- Monitor and report on any changes in GASB pronouncements that affect NCCSIF's accounting procedures and/or financial statements.

III. PROPOSAL REQUIREMENTS

Proposals will be evaluated based on the following criteria:

- Understanding the scope of assignment,
- Experience and qualifications of firm and individuals assigned,
- Experience in managing separate balances by member agency,
- Recommended approach to accounting of claims, expenses, liabilities, and other unique accounting issues involving joint powers authority,
- Familiarity with State, GASB and GAAP accounting and reporting requirements,
- Accounting programs or other computer programs anticipated in providing the accounting services and the ability to export the data.
- Fees, including items included in the fee such as postage, paper, etc.,
- References.

In addition, proposers should demonstrate the following core competencies:

- Industry-specific knowledge and experience with risk management accounting.
- Strong understanding of fund and policy year accounting.
- Ability to improve processes and adopt new technologies.
- Ability to foster confidence in membership and act as an independent, trusted advisor.

See Appendix A for a suggested proposal outline to cover these topics.

IV. REFERENCES

Provide three references (preferably joint powers insurance authorities or other public agencies), including length of time you have been doing their accounting and client name, address, and phone

number.

V. INSURANCE REQUIREMENTS

Proposers shall take out and maintain during the entire term of the agreement insurance pertaining to the activities associated with the agreement. Proposers will be required to obtain, at their own cost and expense, all insurance endorsements required below and shall provide evidence of such insurance and endorsements to the NCCSIF prior to commencing work.

Insurance:

General Liability	\$1,000,000 per occurrence
Automobile Liability	\$1,000,000 per accident
Workers' Compensation	Statutory limits
Employer's Liability	\$1,000,000 per occurrence
Professional Liability	\$1,000,000 per claim
Crime Coverage	\$1,000,000 per claim

VI. SELECTION PROCESS

Upon receipt of the proposal, NCCSIF staff will review each firm's response to this Request for Proposal. Failure to address properly all the items set forth above may disqualify the proposal. NCCSIF reserves the right to reject any or all proposals, at its sole discretion. At their discretion, staff may interview one or more firms to further assist in the review process. NCCSIF reserves the right to award the contract, at its discretion depending upon multiple areas of criteria.

All proposals must be received in Alliant's office by 5:00 p.m. on September 6, 2017. Late proposals will be rejected. Please email proposals to: Marcus.Beverly@alliant.com and c.c. Raychelle.Maranan@alliant.com.

Written questions concerning this Request for Proposal must be submitted by August 18, 2017 and addressed to: Marcus.Beverly@alliant.com and c.c. Raychelle.Maranan@alliant.com.

VII. TIME TABLE

The following is the selection timetable:

August 18	- Questions DUE
August 22	- Questions Answered
Sept. 6	- RFP Responses DUE 5pm Electronically
Sept. 18-20 TBD	- Accounting Services Ad Hoc Committee Meeting telephonically to review evaluations and RFP responses and determine finalists for interviews.
Sept. 28	- Optional Interviews (Rocklin 9am to noon) prior to the EC meeting by the Accounting Services Ad Hoc. Report to EC Committee for selection of firm to negotiate contract.

- October 19** - Status Report to the Board @ noon meeting
- Nov. 15** - Negotiations concluded and Agreement signed
- Nov. 27-30** -Transition meeting(s) as needed
- December 1** - Effective Date of new Agreement (if change in provider) to provide thirty day cross-processing (new contract will be a three-year Agreement with two, one-year optional extensions)
- December 14th** - Accounting/Finance partner presents at NCCSIF Long Range Planning

NCCSIF reserves the right to cancel and/or modify the above dates at any time.

VIII. APPENDIX

- A. Suggested Proposal Outline
- B. Most Recent Audited Financial Report as of 6/30/2016
- C. Most Recent Quarterly Financial Report as of 3/31/2017

APPENDIX A

SUGGESTED PROPOSAL OUTLINE

1. Provide a complete overview of the JPA Risk Pool accounting services provided by your firm. Discuss your organization's view of the finance role and how it should serve to inform the board, administrator, and membership.
2. Describe your organization's participation in the JPA insurance industry.
3. Provide your firm's organizational structure for JPA accounting services. Include the number of staff, average tenure, and turnover rate. Describe how your organization is able to effectively retain and replace service team members during the term of the agreement.
4. Provide the organizational chart and biographies of the team - including relevant experience and credentials - who would be assigned to NCCSIF account as well as their location. How much involvement will NCCSIF have in selecting or reassigning key members who services our account?
5. Discuss how issues and problems are escalated within your organization.
6. What fund accounting system does your firm currently utilize? Describe how your fund accounting systems integrate with other various government fund processing systems/operational areas, including but not limited to, custody and the investment manager. Custody and investment management services currently provided by the Bank of New York and Chandler Asset Management, respectively.
7. Describe your firm's options for financial statements and reports including standard and customized reports. Discuss available delivery methods. Provide sample statement and discuss customization options.
8. Discuss your firm's willingness and capability to complete the items outlined in the Scope of Services section of this RFP.
9. Discuss your data security and disaster recovery plans.
10. Describe your firm's framework of internal controls. Describe how your firm maintains adequate separation of duties.
11. Please provide a copy of your Service Organization Controls (SOC) 1 report as an appendix. Were there any previous findings in your SOC that were not corrected?
12. Provide a detailed fee schedule for your services.
13. Provide agency names, annual revenues, and contact information for three agencies for which you currently provide services to. Public agency references preferred.