



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 17

MEETING DATE: February 21, 2018

SUBJECT: Investment Accounting System RFI

SUBMITTED FOR: ___ Consent X Deliberation and Action ___ Receive and File

RECOMMENDATION

Staff recommends the Board authorize the Chief Executive Officer to enter into a contract with Castle Peak Associates for consulting services of \$65,000, subject to successful negotiation of contract terms and conditions.

PURPOSE

Presentation by Chief Strategy Officer on next steps for Investment Accounting System modernization program, including issuance of a Request for Information (RFI) and business case development.

DISCUSSION

At the January 2018 regular Board meeting, staff presented the results of the Investment Accounting System Requirements Analysis project. During that project SCERS' accounting and investment staff documented current processes, identified new system business and technical requirements, and surveyed the broad investment system software market to identify trends and solution architectures that best meet SCERS' needs.

The purpose of the next phase of the Investment Accounting System modernization is to identify 2-4 solution vendors with the following objectives:

- Obtain software vendor input on the stated requirements to inform the development of a future Request for Proposals.
- Better understand the likely implementation effort, schedule, and costs.
- Develop a business case that presents the costs and benefits of acquiring an investment accounting software solution.
- Develop a list of vendors interested in receiving the RFP.
- Make a recommendation to SCERS' management and the Board regarding proceeding with the acquisition by developing and issuing a Request for Proposals, evaluating responses, and entering into a vendor contract.

The attached presentation provides additional details regarding the proposed RFI project activities, schedule, and staffing.

SCERS' staff believes that successful completion of the project will require the engagement of outside consulting services with knowledge of the investment accounting software market and with implementation experience of such software. The recommendation to the Board is that we continue with the consultant (Chris Spurrell of Castle Peak Associates) due to his demonstrated expertise during the preceding project and his understanding of SCERS' requirements.

BACKGROUND

The SCERS Strategic Plan 2014-2018 identifies the need for modernization of IT systems to improve efficiency and reliability of business processes in the benefits and accounting operations and to improve self-service for members and benefit recipients.

The Investment Accounting System (highlighted in the blue box on the diagram below) is one of the components of the IT Modernization Program.

IT Modernization Program Plan

Project Description	FY2017-2018				FY2018-2019				FY2018-2019	FY2019-2020	FY2020-2021	FY2021-2022
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
IT Modernization Projects												
IT Modernization Consultant (Linea)	[Bar spanning all quarters from Q1 2017 to Q4 2021]											
Pension Administration System												
Design			[Bar]	[Bar]	[Bar]	[Bar]						
Build								[Bar]	[Bar]	[Bar]	[Bar]	
Support/Maintain												[Bar]
Data Conversion (ICON)	[Bar spanning all quarters from Q1 2017 to Q4 2021]											
Website Modernization												
Replace		[Bar]	[Bar]									
Enhance				[Bar]	[Bar]	[Bar]	[Bar]					
Investment Accounting System												
Requirements/Solution Strategy	[Bar]	[Bar]										
Request for Information			[Bar]	[Bar]								
Request for Proposals					[Bar]	[Bar]						
Implementation							[Bar]	[Bar]	[Bar]	[Bar]		
Financial Reporting System			[Bar]	[Bar]	[Bar]	[Bar]	[Bar]	[Bar]	[Bar]			

The procurement of new financial systems, including investment accounting, was initially part of the consulting agreement with Linea Solutions. After Linea began work, further discussions revealed a level of subject matter complexity beyond Linea's in-house skill base and it was decided to remove the financial systems from the Linea scope.

Castle Peak Associates was engaged by SCERS to assist with the Investment Accounting Systems project(s). Their initial engagement is to identify system requirements and alternative solution strategies.

ATTACHMENTS

Presentation by Stephen Hawley, Chief Strategy Officer

Prepared by:

Reviewed by:

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/S/

Stephen Hawley
Chief Strategy Officer

Eric Stern
Chief Executive Officer

Investment Accounting System

RFI and Business Case Project

February 21, 2018

Stephen Hawley
SCERS Chief Strategy Officer



SCERS

SACRAMENTO COUNTY
EMPLOYEES' RETIREMENT SYSTEM

Background

IT Modernization Program Plan

Project Description	FY2017-2018				FY2018-2019				FY2018-2019	FY2019-2020	FY2020-2021	FY2021-2022
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Build						[Bar]	[Bar]	[Bar]	[Bar]	[Bar]	[Bar]	
Support/Maintain												[Bar]
Data Conversion (ICON)	[Bar spanning all quarters from FY2017-2018 to FY2021-2022]											
Website Modernization												
Replace		[Bar]	[Bar]									
Enhance				[Bar]	[Bar]	[Bar]	[Bar]					
Investment Accounting System												
Requirements/Solution Strategy	[Bar]	[Bar]										
Request for Information			[Bar]	[Bar]								
Request for Proposals					[Bar]	[Bar]						
Implementation							[Bar]	[Bar]	[Bar]	[Bar]		
Financial Reporting System			[Bar]	[Bar]	[Bar]	[Bar]	[Bar]	[Bar]	[Bar]			



IAS RFI & Business Case Project Scope



- Develop and issue Request for Information
- Review submissions and identify 2-4 vendors for on site discussion and demonstrations
- Conduct vendor interviews to understand solution, implementation approach and costs
- Contact references of preferred solutions
- Develop business case for recommended solution strategy
- Obtain approval to issue RFP, if appropriate

Project Schedule

- February – Obtain project approval
- March – Develop & issue Request for Information
- April/May – Evaluate responses; conduct vendor interviews
- June – Prepare business case and recommendations

Project Staffing

- Project Executive Sponsor – Kathy Regalia, COO
- Project Manager – Thuyet Dang, Sr. Accounting Manager
- Consultant – Chris Spurrell, Castle Peak Assoc.
- Advisors – Steve Davis, CIO; Steve Hawley, CSO
- Project Team
 - Xee Vang, Accounting Manager
 - Joycy Escobar, Sr. Accountant
 - Brian Miller, Investment Officer

Consulting Support

- Recommend continuing with Chris Spurrell of Castle Peak Associates
 - Provides continuity from participation in prior Requirements Analysis project
 - Demonstrated knowledge of the investment software market
 - Deep experience with industry pricing models and successful implementation approaches
- Proposed fees and expenses for RFI project of \$65k
- Staff requests that the Board authorize the CEO to enter into a consulting contract subject to successful negotiation of terms and conditions