

TO: CHAIR AND MEMBERS
FINANCIAL MANAGEMENT COMMITTEE

DATE: 2016 February 18

FROM: DIRECTOR FINANCE
CHIEF INFORMATION OFFICER

FILE: 7500-20

SUBJECT: 2016 TREASURY MANAGEMENT SYSTEM IMPLEMENTATION
CAPITAL PROJECT FUNDING REQUEST

PURPOSE: To request funding approval for the 2016 Treasury Management System implementation capital project.

RECOMMENDATIONS:

1. **THAT** Financial Management Committee recommend Council approve the capital expenditures of \$897,500 for the replacement of the Treasury Management System capital project, as outlined in this report.
2. **THAT** Financial Management Committee recommend Council authorize staff to bring down a Capital Reserves Bylaw to appropriate \$942,375 including GST in the amount of \$44,875 to finance this capital project.

REPORT

The 2016 Information Technology capital plan includes a capital project item for the replacement of the Finance Department's Treasury Management System. This project will replace the existing treasury system which was first implemented in 1998 to meet banking, audit and investment standards and controls for the \$239 million investment portfolio at the time. Today the Finance Department oversees a \$930 million investment portfolio consisting of various money market and fixed income products for which the current treasury system has reached the end of its service life and management capabilities. The current system is not vendor supported and does not appropriately meet the audit and cash management controls required for the management of capital preservation, portfolio liquidity and yield opportunities.

The City Treasury Services division focuses on the protection of the City's investment and cash assets through legislative guidelines and strict management procedures and controls. By replacing the treasury system, the City can minimize operational disruptions due to system failure and limited functionality that is currently being supported by multiple spreadsheets and cross system reconciliation processes. The complex nature and sophistication of current day investments, reporting requirements and operational controls cannot be met by the current treasury system.

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A Request for Proposal was conducted in December 2015 and a lead proponent identified to perform the technical configuration of the SAP Treasury Management module. This module will allow Finance to leverage the City's existing SAP financial functions and business processes to better analyze data and expedite investment decisions. In addition, Treasury Services will have improved tools to conduct quick and improved portfolio modeling; thus enhancing yield opportunities and income for the investment portfolio. The system improvements will support the Community Charter legislative guidelines and auditing standards, as well as provide flexibility for future reporting requirements.

Funding approval is requested in order to proceed with the contract award for implementation services as soon as possible in 2016. The capital funding request covers the external consulting services for implementing the SAP Treasury module, the software licence costs, internal staff and consulting costs associated with implementing the module and project contingency. Sufficient Capital Reserves are available to complete these works.

1.0 TREASURY MANAGEMENT MODULE IMPLEMENTATION

The treasury system software replacement will be completed in a single phase, with high impact on Treasury staff for approximately six months' time, but with relatively low impact on other City operations. The replacement software will utilize the SAP Treasury Management module which meets the City's requirements and leverages the existing integration of the City's SAP financial system, banking and accounting records and utilizes the existing SAP hardware.

2.0 RECOMMENDATION

It is recommended that Financial Management Committee recommend Council approve the capital expenditures of \$897,500 for the replacement of the Treasury Management System capital project, as outlined in this report.

It is also recommended that Financial Management Committee recommend Council authorize staff to bring down a Capital Reserves Bylaw to appropriate \$942,375 including GST in the amount of \$44,875 to finance this capital project.



for Denise Jorgenson
DIRECTOR FINANCE



Shari Wallace
CHIEF INFORMATION OFFICER

DJ:DS /ml

Copied to: City Manager