

TO: CHAIR AND MEMBERS
FINANCIAL MANAGEMENT COMMITTEE

DATE: 2016 November 15

FROM: DIRECTOR FINANCE

FILE: 5220-05

SUBJECT: SAP TREASURY MANAGEMENT SYSTEM – UPDATE

PURPOSE: To provide a status update on the SAP Treasury Management System implementation.

RECOMMENDATION:

1. **THAT** Financial Management Committee receive this report for information.

REPORT**1.0 INTRODUCTION**

The SAP Treasury Management project began in 2016 April and went live on 2016 October 24. It was successfully implemented as a single phase project over a seven month period by a City team working in close partnership with the City's implementation partner, Addmore Group Inc. The project was completed as planned, on time and on budget.

The new SAP Treasury Management module replaces the legacy TMAN system, which had reached the end of its service life after 19 years of service. TMAN was implemented in 1998 to meet banking, audit and investment standards and controls for the City's \$239 million investment portfolio. Today the Finance Department oversees a \$930 million investment portfolio consisting of various money market and fixed income products.

The following modules of SAP Treasury Management were implemented: transaction manager, credit risk analyzer, market risk analyzer and cash management. Standard features and functionality of the SAP Treasury Management module and submodules include investment record keeping, auto generation of investment correspondence, full cycle accounting, investment limit monitoring, analytics and reporting. The integration with the City's SAP electronic banking system enables more accurate cash forecasting and provides the City with greater opportunity to extract a higher yield from its investment portfolio. The extension of the City's SAP footprint with this new module also allows the City to leverage existing in-house sustainment resources without the need to enter into additional maintenance contracts with a vendor.

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2.0 IMPLEMENTATION

The core Treasury Management implementation team consisted of five Finance Department staff: Project Sponsor, Project Manager, Business Analyst and two Treasury subject matter experts. This core team was supported by Information Technology SAP specialists, testers and technical team members.

The project was led by the Assistant Director Treasury Services with the support of a Finance Project Manager and a strong team of Treasury and IT staff. The shared success of the project can be attributable to close monitoring and adherence to the project schedule and budget. Key activities such as documentation of business processes and training on SAP Treasury Management by Treasury and IT staff prior to the start of the project enabled Addmore Group Inc. to quickly obtain a good understanding of the City's operations while facilitating productive discussions as early as the design and blue printing phases. Staff continued to build on their knowledge of the new module over the seven months of the project and are well positioned to provide sustainment support for the City. Treasury staff maintained close involvement in all phases of the project which ensured comprehensive testing of the new module, thus meeting stated requirements. This standard functionality has already delivered time savings during the period end close process and in preparing the 2017 investment income projection.

The project had an approved budget of \$897,500. Table 1 provides details of project costs and remaining surplus of \$105,297. If necessary, these funds will be used to cover any costs associated with stabilizing the new module over the warranty period.

Table 1 – Details of Project Costs

Project Element	Budget (\$)	Actual (\$)	Remaining Budget (\$)
Consulting Services for Implementation	715,688	683,122	32,566
IT Implementation Costs	105,000	67,010	37,990
SAP Treasury Management Licences	54,570	42,071	12,499
Contingency	22,242	-	22,242
Total	897,500	792,203	105,297

3.0 RECOMMENDATION

It is recommended this report be received by Financial Management Committee for information.



Denise Jorgenson
DIRECTOR FINANCE

DS:RS/ml

Copied to: City Manager
Chief Information Officer