

TO: CITY MANAGER
FROM: INFORMATION SERVICES DIRECTOR

ITEM 3
MANAGER'S REPORT NO. 66
COUNCIL MEETING 93/11/08

SUBJECT: CAPITAL COSTS FOR THE PURCHASING INFORMATION MANAGEMENT SYSTEM

PURPOSE: To advise Council of changes to our purchasing system through the use of computer software and hardware.

RECOMMENDATION:

THAT this report be received for information purposes.

BACKGROUND

The Computer Advisory Committee approved the investigation of a computer system for the Purchasing Department in the 1993 Strategic Action Plan. The project team has evaluated the requirements, specifications and design of the required system. The project task force has approved the recommendation of the purchase of a packaged system. It is proposed to purchase the Direct Charge and Accounts Payable software modules from the City of Prince George. This software will run on the existing computer hardware at the City of Burnaby. An additional printer will be required in the Purchasing Department. Modifications will be made to the software to tie the new programs into the existing accounting systems.

FINANCING

This expenditure is included in the 1993 Capital Budget. Sufficient Capital General Revenue funds are available for this purchase.

Capital Costs

Direct Charge Software	\$ 7,500
Accounts Payable Software	\$ 9,500
Forms Printer	\$ 775
Taxes (3% GST, 7% PST)	\$ 1,778
Contingency (10%)	\$ 1,955
Total Capital Costs	<u>\$21,508</u>

Operating Costs

To modify the packaged software to tie into the existing accounting systems will cost an estimated \$44,118 in internal staff costs (salary and benefits). This has been provided for in the 1993 Operating Budget.

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BENEFITS

Annual tangible benefits, identified in the User Requirements document, are estimated at \$73,261. The majority of these benefits come from the reduction or virtual elimination of the current manual tasks of typing purchase orders, preparing requisitions, extending purchase orders and calculating taxes, amassing and tabulating statistics, and writing cheques. It is expected that the efficiencies gained will be utilized in the areas of:

- o improved quality of and access to information
- o enhanced use of the bid process and market resources
- o improved requisition and purchase order processing

In addition, a number of intangible benefits are expected. The majority of these benefits come from improved controls and inquiry facilities.

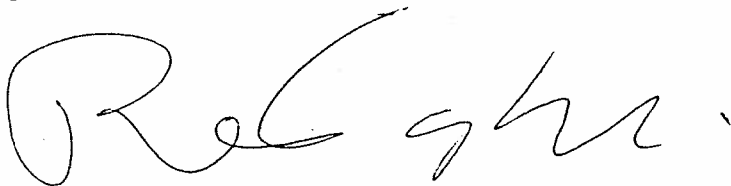
JUSTIFICATION

The payback period (defined as Costs divided by Annual Benefits) is calculated at 10.4 months.

SUMMARY

The current procedures for purchasing and payables is very labour intensive. Implementation of the computer system will significantly reduce or virtually eliminate many manual tasks now associated with the processing of requisitions, purchase orders, invoices and cheques. The computer system will also provide additional information on the tracking of requisitions, purchase orders and payments.

The Purchasing Agent concurs with the above recommendation.



Ron Taylor
Information Services Director

cc: Director Administrative and Community Services
Director Finance
Purchasing Agent