City of Burnaby

FINANCE AND CIVIC DEVELOPMENT COMMITTEE

HIS WORSHIP, THE MAYOR
AND COUNCILLORS

SUBJECT: BUSINESS SYSTEMS REPLACEMENT PROJECT UPDATE 2009

RECOMMENDATIONS:

1.   THAT this report be received for information.

2.   THAT a Capital Works reserve bylaw, in the amount of $7,000,000 be brought down to finance the 2009 Program described in this report.

REPORT

The Finance and Civic Development Committee, at its meeting held on 2009 May 28, received and adopted the *attached* report providing an update on the Business System's Replacement Project and seeking Council's funding approval for the 2009 Program.

Respectfully submitted,

Councillor D. Johnston
Chair

Councillor N. Volkow
Vice Chair

Councillor C. Jordan
Member

Copied to:	City Manager
	Director Finance
	City Solicitor
	Director IS

TO:	CHAIR AND MEMBERS FINANCE AND CIVIC DEVELOPMENT COMMITTEE	**DATE:**	2009 April 28
FROM:	DIRECTOR FINANCE	**FILE:** *Reference:*	ERP *ERP Update*

SUBJECT: BUSINESS SYSTEMS REPLACEMENT PROJECT UPDATE 2009

PURPOSE: To provide Council with an update on the Business System's Replacement Project and to request funding approval for the 2009 Program.

RECOMMENDATIONS:

1. **THAT** this report be received for information, and

2. **THAT** a Capital Works reserve bylaw, in the amount of $7,000,000 be brought down to finance the 2009 Program described in this report.

REPORT

Background

The *Business Systems Replacement Project* as approved by Council in May 2005 was borne from the need to replace Burnaby's aging computer systems with fully integrated enterprise wide software (ERP –Enterprise, Resource, Planning) to address the unmet business needs of the city and provide the basis for meeting future growth.

The City has now successfully gone live with the replacement of the largest of the aging systems:

- Human Resources/Payroll
- General Accounting
- Purchasing
- Inventory
- Accounts Payable
- Operating Budget

The following table provides more detailed information on the items that are now complete and functioning:

Work Completed

System	Functionality
Payroll	• Streamlined the weekly payroll processing cycle to a bi-weekly pay-cycle, paying 3,000 employees on the same day • Access to online Earnings Statement for 300 staff, reducing paper distribution • Employee record changes including hires, promotions, pay changes • Retro active calculation for payment of contracts settled in August
Human Resources	• Visible online organization structures including reporting relationships, salary, date and contact information; that is automatically updated and secure • Personnel administration, benefits and organizational management implemented for employee records • Replacement of paper based increment processing, with automated notifications
Purchasing	• Access by over 500 employees to Shopping Carts, including automated linkage to Grand & Toy catalogue • Using the City's integrated organization structure, automated workflow is in place for purchase orders, shopping approvals and contracts • Automated goods receipt and confirmations that allow for system reconciliation of order and receipts resulting in automated payments
Financials (General Ledger)	• Enterprise structure to align Cost Centres and organizational units to support reporting, workflow and security • Improved drill down capabilities and better tracking of financial history • Vendor invoice/payment processing and improved vendor record management • Integration of the City's Benefit Society transaction processing • Automation of the City's numerous bank reconciliations re processing of payments and receipts
Operating Budget & Financial Planning	• Performance of what-if scenarios, using historical data for forecasting • Full integration with Business Intelligence and analytics services • Salary Projection Reports, assisting departments in preparation of the 2008 budget
Accounts Payable	• Integrated to the purchasing system to facilitate a single data base for vendor information allowing transactions to be initiated and reflected throughout the system in real-time, significantly reducing duplicate data entry and opportunity for error • Reduces the need for paper • Allows for online approval for improved control and transparency
Electronic Funds Transfer Advice	• This functionality automates the generation of reports to vendors, notifying them of the details of funds that have been transferred to their accounts to pay for goods and services.
Funds Management	• Provides a means to capture budgets and encumbrances and manage actual costs and calculate remaining budget • Enables the management of budget surpluses and non-budgeted equity (reserves)
Materials Management	• Inventory requisitioning and replenishment • Internal catalogue, specific to City requirements
Goods Receipt Confirmations	• The electronic confirmation of goods receipt advising the Purchasing Department and Accounts Payable Department can proceed with payment.
Work Order Management Fire	• Automated business processes for the management of Fire Vehicle inventory use to maintain the City's fire vehicles • Establishment of maintenance schedules for fire trucks and associated work order processing

System	Functionality
Portal	• Established a gateway to City's business information systems, including access to reporting, reference and support, and collaboration
Business Intelligence	• A data repository to provide payroll, human resource and financial information access online by staff
Collaboration Rooms	• This is the establishment and format of an area in the Portal for departments and teams to exchange information. It also serves as a business process for maintaining and categorizing the information in the collaboration rooms, also known as virtual project rooms.
System Infrastructure	• Commissioned over twenty systems into production to support the prototyping, development, testing, training and utilization of the functionality.

The achievement represented by the above list is admirable by any standard and presentations have been externally solicited and made by staff at internationally attended SAP conferences throughout the United States.

The independent "*Project Assessment*" conducted by APT International Business Sciences Inc., last year, stated that Burnaby's "SAP implementation was exceptional" and that the "components implemented provide a strong base for future phases to develop significant services optimization".

Going Forward

Although the implementation achievements have been many and there are innumerable opportunities remaining to exploit the power and efficiencies inherent in a fully integrated business system, it has come time that the City must also consider the state and condition of other business systems, including Licence, Inspections and Permits and Property Tax.

To ensure the city's technology priorities include all of the city's technology needs an ERP Working Committee (ERPWC) has been constituted to provide tactical guidance to the ERP Program and make recommendations to the Executive Steering Committee (ESC) regarding the priority and timing for development and release of new functionality.

The ERP Working Committee reports to the Executive Steering Committee which is made up of the city's Management Committee plus the Chief Information Officer and Human Resources Manager. The ESC, through the City Manager, provides overall strategic direction and priorities for the ERP Program..

The ERP Program Manager (Maurice Schmidt) leads the overall planning and management of the program; all individual Project Managers, within the ERP Program, provide status reports to the Program Manager.

This structure is intended to ensure the yearly development program reflects the priorities of the City, is achievable within the existing staff departmental resources and is supported by all city departments.

The 2009 ERP Program, as presented in this report, was developed with the goals of adjusting the pace of functional rollout to ensure that the City can fully absorb the new processes while optimizing the efficiencies created by the implementation of an integrated system, without compromising departmental fiduciary responsibilities.

The 2009 program, strategic priorities are:
　　　　Sustainment　　–ensure the system operates as intended while building staff knowledge to decrease reliance on external resources.
　　　　Optimization　　-address any outstanding system issues and streamline existing functionality
　　　　Work-in-Progress -prioritize work that is currently underway
　　　　New initiatives, opportunities and functionality

To: *Finance and Civic Development Committee*
From: *Director Finance*
Re: *Business Systems Replacement Project Update 2009*
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The following table provides a summary of the 2009 recommended program, with further details of each item provided in Appendix 1.

Recommended 2009 ERP Program

Projects	Sponsor	Code	2009	2010	2011
Finance	TOTAL	03	2,607,711	667,975	0
Miscellaneous Finance Projects	FIN	P1032	131,525	0	0
Asset Accounting Project	FIN	P1002	918,835	0	0
Capital Budget Project System Project	ENG	P1004	1,148,672	0	0
Portal Management Reports Project	FIN	P1026	146,786	0	0
PSCD Contract & Revenue Processing Project	FIN	P1010	261,893	667,975	0
HR Payroll	TOTAL	04	594,161	169,968	0
Miscellaneous HR Payroll Project	FIN	P1048	99,956	0	0
Decentralized Time Entry Project - Pilot	PAY	P1001	396,695	169,968	0
Benefits Enhancement Project	HR	P1000	97,511	0	0
Procurement & Inventory	TOTAL	08	156,893	0	0
Miscellaneous Procurement & Inventory Projects	PUR	P1034	156,893	0	0
Maintenance	TOTAL	06	373,373	410,938	0
Miscellaneous Maintenance Projects	PUR	P1033	5,899	0	0
PRCS Plant Maintenance Project	PRCS	P1007	339,998	0	**0**
Vehicle Plant Maintenance Project	ENG	P1008	27,476	410,938	0
Property & Land	TOTAL	09	528,326	940,939	664,378
Miscellaneous Property & Land Projects	ENG	P1054	44,890	0	0
Property Related Information Project	FIN	P1005	162,288	0	0
License, Inspections & Permits Project	PLAN	P1019	16,294	555,567	664,378
Business Partner Update Project	FIN	P1006	187,630	0	0
Property Rentals Project	FIN	P1009	117,224	385,372	0
Infrastructure	TOTAL	05	1,427,521	59,929	0
Miscellaneous Infrastructure Projects	ERP	P1031	590,361	10,438	0
Hardware Upgrade 2009 Project	IS	P1047	25,720	0	0
Structural & Context Authorization Project	ERP	P1022	112,742	0	0
Solution Manager Project	ERP	P1030	137,965	49,491	0
Technical Upgrade 2009 Project	ERP	P1024	433,058	0	0
Functional Upgrade 2009 Project	ERP	P1023	127,675	0	0
Support & Management	TOTAL	11	713,294	0	0
Annual Support & Management Project	ERP	P1052	179,696	0	0
Institutionalization Project	COB	P1053	43,726	0	0
HR Payroll Optimization Projects	HR	P1055	180,387	0	0
Operating Budget Sustainment Project	FIN	P1050	110,092	0	0
End User Reporting & Usability Sustainment Project	COB	P1049	199,394	0	0
		Total	**6,401,280**	**2,249,749**	**664,378**

Financing

This request is for a Capital Reserves bylaw to provide funding for the 2009 Total, plus contingency (9%), for a total of $7,000,000; the funds are included in the 2009 portion of the Annual Capital program.

Appendix 1

Details: Work-in-Progress

System	Functionality
City Asset Land Registry and Property Rentals	• Accommodates the establishment of the City's land asset registry to meet the requirements of Public Sector Accounting Board (PSAB); forms the foundation for address management used within the SAP system, and provides property management tools for the management of rental/leased property.
Capital Project Accounting	• Centralized master data and transaction processing for capital projects. • Allows for long range planning of capital expenditure. • Allows for the tracking of capital projects which are in progress. • On completion of projects allows for capitalization of the asset database for the City when the asset is put in to service.
Asset Accounting	• Accommodates the establishment of the City's asset registry to meet the requirements of Public Sector Accounting Board (PSAB). • Forms the foundation for the management of the replacement of assets and accounting for the annual depreciation costs as an operating expense.
Benefits Enhancement	• Allows for the automation of HR benefits for employees including error reporting and an automated interface to Pacific Blue Cross.
Work Order Management for Parks	• Work order management to support the Parks business processes enabling the capture of information regarding the equipment and facilities managed by the Parks Department. • This includes management of janitorial, trails, irrigation, lawns, horticulture and forestry related activities.
e-Learning uPerform on-line Help	• This software application automates the creation of documentation and training materials to support staff in the change of their business processes; it generates/consolidates information, and exercise simulations to reinforce the learning of the information presented. • Applied as context sensitive help for transaction that are run in the Portal.
Year-end Payroll	• Refine the implementation of automated year end processing such as: T4 processing, tax updates, pension reporting, accruals, and sick rebates.
Year-end Financials	• Development of City Financial Statements using SAP, and the preparation of required reports and working papers for year end audit.
Reservation of Inventory	• Introduce business processes to reserve stock for use without having to physically be present at the warehouse. • Allows pre-planning of requirements and on-time preparation of materials for collection.
Expand the Desktop procurement capabilities to include auxiliaries	• Allows auxiliaries to prepare on-line shopping carts to requisition materials so that purchase orders can be processed for these needs. • Expands the base of users that can use the functionality already being used by non-auxiliary staff.
Fleet Vehicle Maintenance Scheduling	• Allows for maintenance scheduling of vehicles that are maintained by external vendor garages. • Notification process provides advance notice of due date for maintenance.

Details: New work proposed for 2009

System	Functionality
End User Reporting	• Streamline and standardize the reporting needs of the organization using the latest available functionality including graphics. • Improve access to information by report customization to meet day-to-day operational needs of business units. • The creation of user-friendly, specific reports providing information to departmental managers for budget control and development and information required in day-to-day operations (a simple and easy way of getting the most out of the information in the business system).
Staff On-line Time Entry	• Allowing staff who work on computers to input their time online for the processing of the payroll. • This will speed up the payroll processing time, eliminate duplicate data entry and reduce the chance of error through the entry of time through multiple processes.
Structural Authorizations	• This functionality is to improve security and facilitate access to sensitive information at the departmental level. This will be done one department at a time to minimize the impact on the departmental operations and individual users.
Infrastructure Maintenance	• Support upgrades to improve system stability and introduce new functionality that can be leveraged by the Team and ensure continued maintenance support.
Hardware Upgrades	• Upgrade of hardware to cater for system growth and improve system response times for end users.
Solution Management	• Implement controls over changes to the system to meet audit requirements. • Ongoing system improvements require rigour to ensure that business processes are not compromised and that processes are adequately documented. • Allows for structured testing of changes prior to being released to the production system.
SRM Cube Validation & Query Development	• Standard information cubes in the Business Intelligence system will be activated to provide strategic sourcing information for more effective purchasing and management of materials by means of a variety of analysis reports.
Contract Prices in Catalogue	• Adds the price to items in the City's internal catalogue, so that the departments see the price they will be charged when they complete shopping carts for materials and services.
Fuel System Batch Interface	• This is to reduce the administration effort and reduce errors for Inventory Management through the use of a simple interface to accept data in a file format and upload it in to the SAP system to relieve fuel inventory in the SAP system.
Evaluated Receipt Settlement (ERS) for Other Vendors and/or Services	• ERS has been implemented for Grand & Toy in Release 1 for goods. This will be expanded to include the capability to use this functionality for services as well. Expansion to other vendors for materials will also alleviate workload on buyers.
Business Intelligence Administration Statistics	• Monitor the population of the reporting subsystem from the main transactional system to ensure that the information is accurate and available for end users on a day to day basis. • Mainly a technical process to confirm that the extraction, transfer and load of data in to the Business Intelligence system completes correctly for each day and alerts the sustainment staff when this is not the case. • Also provides statistics on the growth of the data so that pre-emptive measures can be taken.
Accounts Receivable	• This implementation will be limited to receivables for rental properties and third party billing to lay the foundation for managing business partner functionality which will be used more extensively in 2009.
Licence, Inspection & Permits	• Requirements gathering process to replace the existing permits system. • Allows for investigation of how a new system will integrate with other systems in preparation for the implementation of the system starting in 2010.
HR Optimization	• Refinement of HR records processing leveraging the technology to automate as much as possible thereby improving productivity. • Includes the review of system processes and the identification of opportunities for improvement and the removal of bottlenecks.