



Staff Report

Report To: Dan Best, Chief Administrative Officer
From: **Sandy Becker, Director of Financial Services**
Date: August 13 2018
Report: FIN.18.17
Subject: Financial Software Analysis

Recommendations:

That South Huron Council receives the report from S. Becker, Director of Financial Services/Treasurer re: Financial Software Analysis, and

That South Huron Council authorize the Treasurer to engage in sole sourcing as the method of procurement as per the Procurement By-Law 33-2017, and

That South Huron Council authorize the Treasurer to enter into a contract with USTI/Aptean for the purchase of Asyst Financial Software.

Purpose:

This report is intended to advise Council of the outcome of the review and analysis of our financial software to determine the most efficient software investment that will maximize functions and minimize costs.

Background and Analysis:

Currently Staff use Great Plains financial software to perform the bulk of the internal tasks such as General Ledger, Utility Billing, Payroll, Property Taxation, Point of Sale and more.

The financial analysis is completed from the budgeting and reporting software which pulls data from Great Plains. However, the transactions are first entered into a job costing software and drawn into the General Ledger. This make analysis cumbersome.

The current costs of the financial software package are as follows:

| 2014 | 2015 | 2016 | 2017 | 2018 |
|-------------|-------------|-------------|-------------|-------------|
| \$37,737.22 | \$38,682.61 | \$34,063.17 | \$39,061.17 | \$35,599.28 |

The average annual cost for licensing, support and upgrades is \$37,028.69 based on a five year average. This is a high cost for a Municipality of this size.

The alternative financial software providers can be summarized as follows including purchase prices and ongoing annual support costs (exclusive of HST).

| Software Provider | Purchase Price | Annual Support |
|-------------------|----------------|----------------|
| Asyst | \$24,296 | \$7,290 |
| Keystone | \$36,000 | \$15,025 |
| Vadim | \$48,500 | \$9,700 |

The software listed above have all been acquired recently by "Aptean," including Great Plains. Extensive research into functionality has been undertaken. The research includes speaking with several Municipalities using each of the listed software providers as well as participating in demos.

As a result, Finance Staff have selected Asyst based on the decision matrix below:

| Criteria | Weight |
|--|--------|
| Cost | 30% |
| Reporting | 25% |
| Usability – reduces support requirements; efficiencies | 20% |
| Support and Upgrades | 15% |
| Security | 10% |

The greatest weight is placed on cost as there is an opportunity for cost savings from the current software. The next greatest concern was reporting capabilities to improve reporting and analysis both internally and externally. Asyst uses an interface that is very similar to Microsoft Office products which staff are very familiar with, this will assist with the transition and further use.

As Aptean owns all of the aforementioned software options that are offered in this area for Municipalities/operations of our size, staff have determined that the purchase of the financial software would fall under the single source purchase method.

Operational Considerations:

There are no changes expected for operations apart from cost savings and greater reporting capabilities.

South Huron's Strategic Plan:

Section 6.2.2 includes strategic objectives that recommend initiatives reflecting the collective perspectives of the strategic planning process. Asset Management supports the following objectives:

- Administrative Efficiency and Fiscal Responsibility by ensuring the right amount is invested in the right assets at the right time to optimize their useful lives and reduce annual replacement costs.
- Transparent, Accountable, and Collaborative Governance through the use of data analysis to remove the subjectivity of the operational and capital budgeting processes.

Financial Impact:

The proposed change in financial software is within the budgeted amount. As a result no adverse financial impact is anticipated. In fact, there are cost savings associated with the switch that will be realized within the first 12 months of switching.

In the 2017 Operating Budget Council approved \$18,000 as part of the purchase/implementation of capital budgeting software which was placed in reserve. The 2018 Operating Budget included another \$18,000 for financial software. As previously reported, staff proposed to review all of our financial modules including the capital budgeting component to determine the most efficient software investment that will maximize functions and minimize costs. Upon further analysis Staff concluded that capital budgeting in excel for a Municipality of this size is not unreasonable and does not reduce accuracy or efficiency substantially. Therefore, it is recommended that the \$36,000 be applied to new financial software which can expand the department's reporting capabilities, enhance usability and support and will pay for itself within the first year of operations.

The following is a summary of the cost information for Asyst Software which results in a payback period of 0.5 years. This includes the elimination of the job costing software which is currently an additional step in the financial

process. An expansion of the chart of accounts will be utilized to accommodate the level of information all staff require for reporting and analysis. The software purchase can be summarized as follows:

| Costs | 2018 | 2019 | 2020 |
|---|-------------|---------------|---------------|
| <i>Software Purchase</i> | 24,724 | | |
| <i>Implementation</i> | 7,876 | | |
| <i>Annual Licensing</i> | 2,472 | 7,417 | 7,417 |
| | | | |
| <i>Less: Reserve</i> | 36,000 | | |
| <i>Less: Estimated Savings Realized</i> | | 27,200 | 37,900 |
| | | | |
| Net Savings | 928 | 19,783 | 30,483 |

Note: these costs are expressed including the non-recoverable portion of HST for accuracy. 2018 Annual licensing has been pro-rated as the cost will only be for September to December (4 months).

It will be necessary to maintain support/licensing of Great Plains and WorkTech until 2018 year end is complete and audited, which is estimated to be March 31, 2019.

There are no adverse financial impacts anticipated for the current or future years. The proposed software is within the approved operating budget for 2018.

Legal Impact:

There are no legal implications as a result of this report.

Staffing Impact:

The implementation of the financial software will be completed by Staff in the Finance Department with the assistance of the software provider. There are no adverse staffing impacts as a result of this report.

Policies/Legislation:

The software is integral in providing the data and reporting to meet numerous different policies and legislative requirements.

Consultation:

Chief Administrative Officer

Also, a great deal of consultation with other municipalities and Apteon took place in order to gauge how the software will satisfy our unique needs.

Additionally, staff took part in demos offered by Aptean in order to complete the decision matrix and select the software most beneficial to the municipality.

Related Documents:

None.

Prepared by,

Angela Shipway, Financial Services Supervisor

Respectfully submitted,

Sandy Becker, Director of Financial Services