
2016 Budget Amendment – Business Transformation**Report Purpose**

To seek Council approval to amend the 2016 Capital Budget to change the source of funding and to move expenses from the Capital Budget to the Operating Budget for the Business Transformation project.

Recommendation

THAT an amendment to the 2016 Capital Budget to change the source of funding on the Business Transformation project from Municipal Sustainability Initiative grant to Municipal Reserves up to the amount of \$6,246,300, be approved.

THAT an amendment to the 2016 Capital Budget to reclassify expenses from capital to operating for the Business Transformation project in the amount of \$6,246,300, be approved.

Our Prioritized Strategic Goals

Continuously improving the way we work, as one organization, in an agile and sustainable manner

Report

At the inception of the Business Transformation project, a portion of the project budget was classified as capital based on the assumption that the County would be purchasing and implementing a new software package (i.e. the County would be taking ownership of the asset). Based on contract approval, it has been determined that the preferred solution is a "Software as a Service" platform where the County will not technically own the asset. Since the County will not own the new system, it has been determined more likely than not that expenses will no longer be eligible for capitalization as per the Tangible Capital Assets Financial Reporting Policy (FIN-001-027). These expenses will have to be moved from the Capital Budget to the Operating Budget to align with accounting requirements.

The capital expenses for this project were originally budgeted to be funded using the Municipal Sustainability Initiative (MSI) grant, however, now that it has been determined more likely than not that the expenses are not able to be capitalized, they will not be considered eligible for MSI grant funding. The proposed solution will fund these expenses through Municipal Reserves as an alternative. In the unlikely event that the expenses can continue to be considered capital, grant funding will be pursued but is not guaranteed.

Council and Committee History

October 29, 2020	Council approved the Capital Budget Amendment to increase the project by \$3,934,000
December 8, 2015	Council approved the 2016 Capital Budget

Other Impacts

Policy: FIN-001-024: Financial Reserves; FIN-001-027: Tangible Capital Assets Financial Reporting Policy

Legislative/Legal: n/a

Interdepartmental: Corporate Planning, Corporate Finance, Fiscal Services

Master Plan/Framework: n/a