



STAFF REPORT TO THE BOARD

DATE OF REPORT May 10, 2024
MEETING TYPE & DATE Regular Session Board of May 22, 2024
FROM: General Manager
Community Services Department
SUBJECT: Insufficient Funding for Information Technology in 2024
FILE: 1720-20 2024 CSD – IT

PURPOSE/INTRODUCTION

The purpose of this report is to address insufficient funding within the 2024 budget for Information Technology (IT).

RECOMMENDED RESOLUTION

That the 2024 budget for Information Technology within Function 100, be amended by:

1. Increasing expenditure in 01-2-1229-2591-100 (IT Software) by \$245,000.
2. Increasing expenditure in 01-2-1229-2133-100 (Telephone) by \$34,000.
3. Increasing expenditure in 01-2-6700-2591-100 (GIS Software) by \$53,000.
4. Increasing expenditure in 01-2-1229-2330-100 (Consultants) by \$60,000.
5. Increasing transfer from Operating Reserve in 01-1-9120-0000-100 by \$392,000.

BACKGROUND

On May 10, 2023, the Committee of the Whole recommended to the Board that a 3.5% increase to the Core Budget be set as the 2024 budget mandate. Divisions not able to achieve a 3.5% increase were required to submit a business case for Board consideration.

The IT division did not submit a budget addressing needs for 2024. Ultimately, the finance division assigned a 3.5% requisition increase to the division to cover anticipated increases to wages and benefits.

The consultants currently assisting the IT division have now identified the insufficient funding in the traditional 2024 operating budget for IT. It should be noted that this does not address any improvements to the IT budget, which will be the subject of a separate report.

ANALYSIS

1. The 2024 budget for IT Software is \$190,500.
 - The projected expenditure for 2024 is anticipated to meet or exceed \$400,000.
 - Software renewals for 2024 were not all included.
 - A shortfall of \$210,000, plus a contingency of \$35,000, equals a **budget need of \$245,000.**

2. The 2024 budget in IT for the telephone system is \$50,000.
 - The projected expenditure for 2024 is \$84,000.
 - A shortfall of \$34,000, equals **a budget need of \$34,000.**
3. The 2024 budget for GIS Software is \$81,260.
 - The projected expenditure for 2024 is \$134,000.
 - A shortfall of \$54,000, equals **a budget need of \$53,000.**

At this time, the business units of the organization all have sufficient funds for their allocated IT software charges.

The final insufficient budget item identified at this time is consulting fees. Consultants are required to:

- Manage the IT division until a new manager is established; and
- Continue to assess deficiencies in the CVRD's IT services, and recommend critical, high, medium and low priority improvements.
- The anticipated **budget need for Consultants is \$60,000.**

FINANCIAL CONSIDERATIONS

Typically, the Operating Reserve for Function 100 would not be recommended for ongoing operating expenditures like software renewals or the telephone system. With this budget amendment, requisition and/or grant funding are both not options. The remaining option is the use of Operating Reserve.

Current Operating Reserve funding available in Function 100 is \$2,886,484. The *Operating Reserve Fund Policy* 2-month minimum for Function 100 is \$1,262,000, and the 4-month maximum is \$2,524,000.

Staff are currently determining if appropriate software licensing costs have been addressed in previous years. The CVRD must comply with required licensing, which will affect budgets moving forward.

COMMUNICATIONS CONSIDERATIONS

N/A

STRATEGIC/BUSINESS PLAN CONSIDERATIONS

N/A

Referred to (upon completion):

- ☐ Community Services (*Cowichan Community Centre, Cowichan Lake Recreation, South Cowichan Recreation, Arts & Culture, Facilities & Transit*)
- ☐ Corporate Services (*Finance, Human Resources, Information Technology, Legislative Services*)
- ☐ Operations (*Utilities, Parks & Trails, Recycling & Waste Management*)
- ☐ Land Use Services (*Community Planning, Strategic Initiatives, Development Services, Building Inspection & Bylaw Enforcement*)
- ☐ Strategic Services (*Communications & Engagement, Economic Development, Emergency Management, Environmental Services*)

Prepared by:

Reviewed by:



John Elzinga
General Manager, Community Services

N/A

N/A

Reviewed for form and content and approved for submission to the Board:

Resolution:

Financial Considerations:

☒ Corporate Officer

☒ Chief Financial Officer

Chief Administrative Officer's Comments / Concurrence



Danielle Myles Wilson
Chief Administrative Officer