



2024 to 2026 Issue Paper

Great Plains Financial System Replacement Strategy

Purpose

To request funds for a comprehensive review and replacement strategy for Northumberland County's Microsoft Great Plains Financial Software, as well as funds to be set aside (in reserve) for the eventual replacement of the software.

Background

Northumberland County currently utilizes Microsoft Dynamics Great Plains (GP) as our Financial/ERP system. GP is a type of software that is referred to as "on premises" software – in that the software is physically located on County servers. When updates/changes are required, they must be carried out by our IT staff with support for our GP support provider BDO Canada.

Microsoft (and other software makers) are shifting their focus from "on premise" software to cloud-based software solutions. Microsoft has indicated that it doesn't plan to spend any more effort on making improvements to GP. While it has served us effectively, Microsoft's shift in focus away from GP to their newer cloud-based solutions has implications for our organization. The diminishing interest in further developing GP means limited support, reduced updates, and the potential for technological stagnation. Migrating away from a system that may soon be deemed obsolete is paramount to ensure our operational efficiency, stakeholder satisfaction, and modernization of our processes.

With cloud-based software there is no need to install, maintain, and run software on physical computers and/or servers. The software is made available through an internet connection and is maintained by the software provider. Updates are faster and implemented more easily in the cloud. Most reputable software providers are now focusing on this type of solution for financial software systems. The data in a cloud-based system is always backed up and is protected by world class security.



Consultation/Options

We have consulted with BDO Canada (our Microsoft support provider) and with the management team in our IT department. The consensus is that we should be planning for the eventual replacement of the Great Plains financial software.

We can continue to use Great Plains and try to make do with diminishing support in the coming years. However, we don't want to get to a point where GP is obsolete, and we are forced to transition to a new system. The transition to a new system will take a great deal of planning and time to implement. We must have a solid understanding of our needs, integrations with other systems, desired improvements, and impact on other departments/processes.

We have also consulted with member municipal treasurers at our inter-municipal working group and are committed looking at ways to collaborate on this project.

Financial Impact

The exact project cost to replace our ERP system is unknown. It is recommended that we set aside the amounts below into reserve for the project. If/when it is determined that it is appropriate to move forward with a replacement of GP, the estimated costs (from the comprehensive review) will be presented to council for approval at that time.

2024 – \$100,000 (New levy)
2025 – \$150,000 (New levy)
2026 – \$150,000 (New levy)

An accounts payable (AP) optimization review was conducted in 2022 and a few potential options were recommended to help improve our AP processes. AP is a high-volume area in the finance department and there have been several advancements in technology that AP could benefit from. Potential options include the implementation of software for the scanning of invoices and creation of workflows for invoice approval. Another potential solution is Robotic Process Automation. This is software that could perform repetitive AP tasks – such as the opening of emails, reviewing of invoices, routing of invoices for approval, and the keying of invoices into the financial software.

We have approximately \$9,500 in modernization funding that can be used on AP optimization but this project is currently on hold because of the potential replacement of the financial software.



The finance department received approval for the implementation of budget software and has approximately \$87,000 set aside for its implementation. This project is also on hold because of the potential replacement of the financial software.

A replacement of the financial system could include both AP optimization technology and budget software. The money set aside for these projects would be used to offset the cost of the replacement of the system overall financial software.

Risk Considerations

Our financial software is crucial to our system of financial controls and our ongoing financial operations and performance monitoring. It is the repository for our financial data and accounting transactions which are the basis for all of our reporting and annual financial statements.

If we do not make plans for its eventual replacement of this software, we risk not being able to find adequate technological support in the future. Since Microsoft doesn't intend to invest in GP, IT professionals will not be drawn to work with it. Over time there will be fewer people who are experts on GP and can provide support to us when we have issues.

There are advancements in financial software that would lead to greater efficiencies within the finance department. Improvements to cloud-based software can be automatically implemented without the need for cumbersome software updates that are currently required with GP. By continuing to use outdated software we would not be taking advantage of possible improvements and efficiencies offered by more advanced software.

Impacts to Member Municipalities/Partners

The County Finance department is committed to collaborating and working with our member municipalities whenever possible. Great Plains is the financial software that is currently used by most of our organizations. While the setup for each organization isn't exactly the same, we are able to collaborate and help each other when we have issues or when there is turnover in finance staff.

Our intention to plan for the replacement of the financial system has been discussed at our Treasurer's inter-municipal working group. Ideally, we would all be using the same financial software but that may not be possible because of budget considerations, technical



infrastructure, or other limitations. Each municipality has slightly different needs, but we will be working with the group to see if we are able to collaborate in any way on this initiative.

Included in 2023 Long Term Plan: YES/NO

No. We learned of Microsoft's decision to stop investing in Great Plains in 2023.



2024 to 2026 Issue Paper

Financial Housing Specialist

Purpose

This is a request to create a Financial Housing Specialist position within the Finance Department that would work directly with Housing Services. This position would support the implementation of legislative and strategic priorities of Housing Services and the NCHC.

Background

Northumberland County Housing Services is responsible for the oversight and administration of mandated programs and services as outlined in the *Housing Services Act, 2011* in its role as Service Manager and other affordable housing programs cost-shared by the provincial and federal governments. In addition, Housing Services is also responsible for the oversight and management of the Northumberland County Housing Corporation (NCHC), while also supporting the County's strategic priority of affordable housing.

At present, the Finance department provides support to the housing division with one Financial Officer who provides support to community housing, homelessness and the NCHC, this position provides day to day financial support, including budgeting, financial analysis (day-to-day, planned), reporting. Housing is also supported by the broader finance team, through activities such as purchasing, accounts payable, accounts receivable and management oversight.

The breadth and quantity of work that is being led by Housing Services that requires in-depth financial analysis is increasing. This shift is being led by changes to the *Housing Services Act, 2016* (HSA) and the strategic priorities of the NCHC and the County to ensure that the affordable and community housing sector can both grow and be financially viable over the long-term. In reviewing the six overarching strategies guiding the work of Housing Services, over 35 substantial multi-year action items have been recommended to support the NCHC, Affordable Housing Growth and the Community Housing Sector that require in-depth financial analysis and contribution. Under the direction of the Housing Services leadership team, the anticipated priorities of this position over the next three to five years include:



NCHC Strategic Priorities

- Supporting the long-term repair and renewal strategies through identifying potential funding options and cost-saving strategies.
- Contribute to ongoing and new capital development projects through identifying funding and financing options, developing pro-formas and ongoing monitoring of reporting requirements to ensure funding is maintained.
- Analyze the current cost to deliver housing, review and update viability assessments and make recommendations to improve the financial position of the NCHC where possible. This may include supporting provincial and federal advocacy efforts to make amendments to legislation, programs and policies.
- Complete in-depth analysis of the overall financial health of the NCHC through a review of funding sources, current state and opportunities for innovative and creative revenue generation opportunities.
- Support the development of a long-term capital reserve strategy for the NCHC capital repairs and the Housing Reserves for growth activities, and Community Housing reserves funded through mortgage savings.
- Support the integration of the NCHC AMP into the County AMP and analyze and review any funding implications.
- Monitor banking options available to NCHC tenants, with an eye to cost benefit and other services that might be available to support tenant needs.
- Review and complete financial viability assessments of mixed income developments to increase supply while maintaining financial viability.

Community Housing Sector

- Support the modernization of community housing administration and implement a streamlined process to support housing providers, lead the drafting of financial housing directives and support operational reviews of all community housing providers.
- Play a key role in establishing new service agreements with Community Housing Providers, including the drafting of a legislatively required five-year financial plan for each of the community housing providers, working to avoid a loss of rent-geared-to-income units.
- Work with Housing Services to support community housing providers and their boards to understand the fiscal state of their organization, including unfunded capital liability and management of reserve accounts.
- Complete in-depth analysis of the overall financial health of the community housing sector through a review of funding sources, current state and opportunities for innovative and creative revenue generation opportunities.
- Support the development of a long-term capital reserve strategy for the Community Housing reserves funded through mortgage savings.



Affordable Housing Strategy

- Support member municipalities in understanding changes at upper levels and what financial tools are available to encourage affordable rental housing creation; reviewing financial incentive tools at the County to determine other potential options for affordable housing development.
- Supporting advocacy efforts through financial data to support new and growing initiatives to upper and lower municipalities.
- Working with Housing Services to identify incentives/support that might be available to privately owned affordable housing developments where 20-year agreements are nearing completion.

It is anticipated that this position will also reduce the number of external consultants required to support the financial planning for community housing providers over the medium term.

Consultation/Options

This issue paper was discussed with, and reviewed by, the Chief Administrative Officer, Finance Department and the Director of Community and Social Services.

In reviewing other service manager areas, it has been determined that in many areas positions exist within housing services areas that are neither client-facing nor the Housing Services Manager. In many Service Manager areas there is a dedicated financial staffing resource for housing based on the breadth of the budget, asset management implications and broader growth priorities of the sector.

At present, much of the above priorities have been put on hold or are being completed by the Housing Services Manager, Financial Services Planning Manager, Treasurer and Financial Analysts in parts to ensure the work continues, or work is being outsourced to consultants for support in moving required priorities forward. With the introduction of a Financial Housing Specialist, this work would be centralized and prioritized to ensure that the County is successful in receiving funding from upper levels of government.

This position will be in the Finance Department with shared oversight between Finance and Housing Services. Direct oversight will be the responsibility of the Finance Department and there will be a dotted line reporting to the Associate Director of Housing and Homelessness to provide overall direction and work priorities.

Financial Impact

The financial impact of this issue paper over the next three years is:



2024 – \$97,500
2025 – \$130,000
2026 – \$130,000

It is anticipated that this position will reduce the degree to which consultants are required to complete financial analysis of the community housing sector.

Risk Considerations

Risk has been considered throughout the request to introduce the position of Financial Housing Specialist. Housing Services is leading the implementation of legislative requirements for the community housing sector along with strategic growth priorities of the County. This position is critical to ensuring the ongoing success of this work and ensure that implementation of strategic priorities is possible.

Risk considerations of not filling this position may mean that the County is not able to maintain legislative compliance in its delivery of community housing. Should this position not be realized, Housing Services will be challenged to meet expectations set for implementation of strategic priorities while overseeing the full community housing portfolio and meeting the needs of the NCHC.

Impacts to Member Municipalities/Partners

Affordable housing has been identified as a strategic priority in many member municipalities as well as the County. It is anticipated that through introducing a specific Housing Financial Specialist position, member municipalities will benefit from a dedicated resource that can support understanding of legislative changes and impacts to municipal budgets and requirements.

It is also anticipated that this position will greatly benefit community housing providers including 8 non-profits, 1 co-operative and the NCHC through financial analysis and support.

Included in 2023 Long Term Plan: YES/NO

No.