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**Item No. 9.1.7**  
**Audit & Finance Standing Committee**  
**September 17, 2014**

**TO:** Chair and Members of Audit & Finance Standing Committee  
Original Signed

**SUBMITTED BY:**   
Richard Butts, Chief Administrative Officer  
Original Signed

  
Greg Keefe, Director, FICT & CFO

**DATE:** September 4, 2014

**SUBJECT:** Additional Funding Request for Legal Services File Management System

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**ORIGIN**

Request to increase the approved 2014/15 Project Budget – ICT Business Tools Project Account No. CI990004.

**LEGISLATIVE AUTHORITY**

Halifax Regional Municipality Council approved, Dec 11, 2012, that all budget increases are to be presented to the Audit and Finance Standing Committee, prior to submission to Council.

Halifax Charter, section 93(1) - The Council shall make estimates of the sums that are required by the Municipality for the fiscal year; Halifax Charter, section 79(1) - Specifies areas that the Council may expend money required by the Municipality; Halifax Charter, section 35(2)(d)(i) - The CAO can only authorize budgeted expenditures or within the amount determined by Council by policy; Halifax Charter, section 120(6) - The Municipality may maintain other reserve funds for such purposes as the Council may determine; Halifax Regional Municipality policy on Changes to Cost Sharing for Capital Projects - Changes requiring Council approval; and the Halifax Regional Municipality Reserve Policy - No reserve funds will be expended without the CAO's recommendation and Council approval.

**RECOMMENDATION**

It is recommended the Audit and Finance Standing Committee recommend Regional Council approve an increase to the 14/15 project budget for Project Account No. CI990004 – ICT Business Tools by \$100,000, with funding from Operating Surplus Reserve Q328, to enable the purchase and implementation of a file management technology solution for Legal Services.

## **BACKGROUND**

In 2012, a review of HRM's Legal Services business unit was completed by Catalyst Consulting. The review contained a series of recommendations to improve legal services operations. A number of those recommendations specifically pointed to the need to implement processes and technology to move Legal Services to a "paperless organization", ensure effective management of electronic files and cases, and enable the completion of "electronic legal services request forms / folders for all matters requiring more than five (5) hours of legal work."

Currently, Legal Services is using Open Text as their electronic file management system; the current system does not allow Legal Services to meet the aforementioned recommendations easily or effectively. Legal Services have been challenged using Open Text due to weak business processes, lack of support and training, and poor configuration. Although Open Text provides some of the functionality required, it does not meet most of the business unit's specific requirements without significant reconfiguration and re-implementation. A project to re-configure and re-implement the existing system while possible, was deemed to be an unreasonable approach given the expense as well as the fact the use of Open Text as HRM's standard software for electronic file management is currently under review and may be replaced in the next 2-3 years.

An analytical exercise, "Requirements Gathering and Software Selection," for Legal Services was undertaken in June 2014 to examine alternative legal file management systems which more specifically address their requirements. The analysis concluded the most suitable solution for the business unit is "Legal Files," a software solution designed specifically for legal entities to primarily manage documents, files, and workflow. This new technology solution will address all the necessary functional needs identified by Legal Services, including the establishment of industry best-practice business processes which will substantially improve file and case management efficiency.

Based on a high level project estimate, \$200,000 was included in the 2014/15 Project Budget, Account CI990004 to enable purchase and implementation of a new management system for Legal services. Detailed project planning has revealed a budget shortfall of \$100,000. The purpose of this report is to request coverage of this shortfall from the Operating Surplus Reserve Account Q328.

## **DISCUSSION**

During the Requirements Gathering and Software Selection Project, which was completed in June 2014, ICT identified and evaluated a number of potential technology solutions for Legal Services' file management requirements, as well as performed a detailed evaluation of the current solution, Open Text. The analysis concluded Open Text is not the most suitable solution for Legal Services, and identified "Legal Files" as the preferred targeted solution, meeting most of the specific requirements outlined by Legal Services. The results of the Requirements Gatherings and Software Selection analysis also revealed a budget shortfall of \$100,000. To ensure project success, additional funding is required to cover costs associated with project management, change management and staff training. The original project estimates did not include sufficient funds to support implementing new software solution software according to industry best practice recommendations.

The implementation of a new/modern Legal File Management solution will greatly increase Legal Service's ability to become compliant with the recommendations for efficient file management (both paper and electronic) as described by Catalyst Consulting. It is proposed a more efficient and user-friendly software solution for legal file management will enable streamlining of manual processes currently being employed by Legal Services staff. It is expected efficiencies gained through the use of a new system will translate into increased capacity of existing staff to perform other required tasks.

## **FINANCIAL IMPLICATIONS:**

The original project budget for Project Account No. CI990004 – ICT Business Tools has \$200,000 allocated to the Legal Services File Management System. It is intended the original project budget for

Account CI990004 will be increased by \$100,000 with funding from Operating Surplus Reserve Q328. Annual service maintenance costs are estimated to be in the vicinity of \$10,000 per year and will be covered through Operating Cost of Capital funds associated with Project Account CI990004.

<b>Budget Summary:</b>	<b><u>Project Account No. CI990004 – ICT Business Tools</u></b>	
	Cumulative Unspent Budget	\$726,585.51
	Increase from Q328	<u>\$100,000.00</u>
	Balance	\$826,585.51
	<b><u>Operating Surplus Reserve, Q328</u></b>	
	Projected March 31/15 balance at July 31	\$5,301,130
	Withdrawal per recommendation	<u>(\$ 100,000)</u>
	Adjusted Net Projected Balance March 31/15	\$5,201,130

If approved there will be an increase to the gross budget but not the net.

### **COMMUNITY ENGAGEMENT**

N/A

### **ENVIRONMENTAL IMPLICATIONS**

None have been identified.

### **ALTERNATIVES**

An alternative option is to proceed to reconfigure Open Text (current solution) with current funds available. This is not recommended as the current solution, even if reconfigured, will not meet all of the needs identified by Legal Services and therefore not allow staff to gain efficiencies or better meet the recommendations put forth in the Legal Services Review.

### **ATTACHMENTS**

N/A

A copy of this report can be obtained online at <http://www.halifax.ca/boardscom/SCfinance/index.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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