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du Haut-Canada

The Law Society of
Upper Canada

TAB 9

Report to Convocation
February 27, 2014

Audit & Finance Committee

Committee Members
Christopher Bredt (Co-Chair)
Carol Hartman (Co-Chair)
John Callaghan (Vice-Chair)
Adriana Doyle
Paul Dray
Susan Elliott
Seymour Epstein
Janet Leiper
James Scarfone
Alan Silverstein
Catherine Strosberg
Robert Wadden
Peter Wardle

Purpose of Report: Decision and Information

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For Decision

COMMITTEE PROCESS

1.   The Audit & Finance Committee ("the Committee") met on February 12, 2014. Committee members in attendance were Chris Bredt (co-chair), Carol Hartman, John Callaghan (vice chair), Paul Dray, Adriana Doyle, Susan Elliott (phone), Seymour Epstein, Janet Leiper, Jim Scarfone (phone), Alan Silverstein, Catherine Strosberg (phone), and Peter Wardle.

2.   Law Society staff in attendance: Robert Lapper, Wendy Tysall, Terry Knott, Elliot Spears, Fred Grady, Brenda Albuquerque-Boutilier and Andrew Cawse.

3.   Also in attendance were Kathleen Waters (CEO) and Steve Jorgensen (CFO) from LAWPRO.

TAB 9.1

FOR DECISION

INFORMATION SYSTEMS THREE YEAR CAPITAL BUDGET PLAN

Motion

4.   **That Convocation approve the medium-term capital expenditure plan for Information Systems.**

5.   For many years, the Law Society has incorporated a capital levy in its annual fee to provide a source of funds to maintain and upgrade its facilities at Osgoode Hall and to acquire, maintain and upgrade information technology in support of operations. The levy had ranged from $65 to $85 from 2010 through 2013. Management had attempted to restrain capital spending to the amount raised by the annual levy without a detailed assessment of capital needs extending out over a number of years. This is particularly true in regard to information systems. For 2014, the levy was set at $50, intended to fund facilities projects in 2014.

6.   The three-year budget scenario approved by Convocation in October along with the 2014 budget, included a provision of $8.0 million, comprised of $6.0 million transferred from the General Fund balance to the Capital Fund and $2.0 million from the existing Capital Fund balance, dedicated to the revitalization of the Law Society's information systems over the next three years. The approved budget noted that a detailed plan for information systems capital spending would be presented to the Audit and Finance Committee for recommendation to Convocation.

7.   The Law Society has recently undertaken a review of its information systems governance procedures, management, skill requirements and physical assets. The Law Society will require a significant investment in information technology over the next several years in order to achieve efficiencies in its operations and to meet the expectations of members and the public in terms of accessing information and interacting with the Law Society. Increasingly, these expectations include the use of electronic communications, electronic

data collection and dissemination and the transition of processes that have been traditionally paper based to electronic formats. Meeting these expectations will require significant financial resources and effort.

8.   The details of proposed capital spending for 2014-2016 are attached for Convocation's approval.

CONFIDENTIAL

THREE YEAR TECHNOLOGY PLAN

TERRY KNOTT, EXECUTIVE DIRECTOR
CORPORATE SERVICES

FEBRUARY 2014

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Overview

In mid 2013, Corporate Services, the division responsible for technology initiatives, along with the other Law Society divisions, embarked on a long term planning exercise, the goal of which was to clearly define and set the Law Society's operational priorities going forward. As a result of this exercise, we, the Senior Management Team, mapped out the priorities for our work over the next three years.

Most all of the priorities that were identified require technology-based solution(s). Many of these initiatives are large and solutions will need to be delivered in phases over multiple years. Recognizing this, Convocation determined that a technology capital budget of $8 million should be set for three years (2014-2016) to cover all technology initiatives.

An IS Executive Committee was established in 2013 to review the technology requirements of the organization. The Committee is comprised of the CEO; CFO; Executive Director, Corporate Services; Executive Director, Professional Regulation; and, Executive Director, Professional Development and Competence.

Recommendations were made to the Committee by the Project Management Office and IS Shared Services regarding the viability of the proposed technology projects. These recommendations were based on the following three factors:

1. Is the initiative aligned with the organization's strategic direction?
2. Does the initiative automate a process? Create efficiencies?
3. Does the initiative reduce costs?

As a result of those recommendations, and in consultation with the IS Executive Committee, the three year technology plan (2014-2016) was established.

Three Year Technology Plan

The technology plan sets out the specific projects and initiatives that the Project Management Office (PMO) and IS Shared Services (IS) will be leading over the next three years (2014-2016). The plan identifies not only projects with a capital impact but also those projects that, while no capital dollars are assigned, have an impact on our internal resources.

For the purpose of the Audit & Finance Committee, the attached plan has been formatted to identify only those projects that have capital dollars allocated to them.

Non-Capital Projects

There are many technology initiatives that will be completed over the next three years utilizing only internal resources. Many of these are small to medium sized projects that include upgrades and enhancements. One project, in particular, stands out as significant in both its size and in its benefits to the organization and the membership – the Licensee Self Serve Program.

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Licensee Self Serve Program

The Licensee Self Serve Program automates and consolidates many of our processes through the LSUC Portal. It is a two year project that will see, at its completion, annual fee invoicing (including adjusted billings) and credit card payment; archiving previously submitted lawyer and paralegal annual reports (LAR/PAR); automating the change of information process; automating the Professional Corporation application and renewal processes; and, establishing pre-authorized payment for annual fees.

This project will see the LSUC Portal as a single point of entry for many licensee activities. It will also automate a significant number of manual processes that will realize efficiencies and, as a result, cost savings from a resource perspective.

Capital Projects

The detailed plan, outlining projects with a capital impact, can be found at Appendix 1. Some of the more significant expenditures include:

Enterprise Content Management (ECM) (Project #1)

The implementation of the SharePoint 2013 platform includes a centralized document management system; automated workflow; and electronic access to licensee files. Phase 1 will focus on establishing the foundational capabilities such as the environment installation and set-up. Phase 2 will focus on the roll-out to the organization.

Phase 3 of this initiative, Project #2, includes the replacement of ELF and rebranding of SharePoint to be consistent with our corporate image. Because there are a number of web-based initiatives that we will be embarking on this year, all requiring a common approach, we feel it wise to amalgamate these into one, multi-phased project. Originally, $100,000 was allocated to our corporate website redesign initiative; however, given that this project will also incorporate revamping our intranet (ELF) and SharePoint rebranding, all of which must also conform to AODA/WCAG 2.0 requirements, $325,000 in capital costs for 2014 is more realistic.

E-Tribunals (Project #3)

This is a significant project that will take approximately two years to complete. Because processes in the Tribunals Department are being re-engineered, it is difficult to determine accurate costing for this project. We have earmarked what we anticipate the costs will be.

LSRS Development (Project #4)

Two complementary services will be added to the current LSRS solution. The complementary services involve enhancements to the Lawyer & Paralegal Directory as well as an external facing directory of social service resources (CSC411). This initiative, once completed, will increase efficiencies for this programme and provide the public with better information.

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Microsoft Office Upgrade (Project #5)

This project upgrades the current version of MS Office 2007 to MS Office 2013, a necessary requirement to ensure compatibility with SharePoint 2013 (see ECM).

Lawyer/Paralegal Database Redevelopment (Project #6)

This is a complete overhaul to the licensee database and access to licensee information on the AS/400. The focus will be on web-based solutions, eliminating the use of "green-screens" for our internal users. It is important to note that the AS/400 has morphed into an extremely large, complex database and therefore a significant portion of this initiative is to map all of the information that the database currently houses.

E-Commerce (Project #7)

The current platform needs to be replaced as it will provide the foundation to address future needs related to the Licensee Self-Serve Program. Additionally, there is concern with respect to the longevity of the existing vendor, essentially a "one-person" organization.

Technology Upgrades (Project #8)

This includes ongoing upgrades to our network and data management tools. Also included within this cost is our annual Evergreen initiative, a replacement of older, outdated computers and monitors.

Middleware Vendor Replacement (Project #26)

We were recently notified that our middleware vendor will no longer provide support, with the exception of bug fixes up to 2017. This means that all applications that reside on Linux, virtually everything, will need to be migrated over to another middleware. This project will need to commence in 2015 and be completed by the end of 2016. We have earmarked $500,000 for this project which is a high estimate based on one of the more expensive solutions. Until we have determined which vendor will be used, we feel it prudent to budget costs at the higher end of the spectrum.

Summary

The plan clearly identifies the technology initiatives for the organization over the next three years and associated capital costs. We have a small reserve of just under $900,000 to cover off any unforeseen initiatives that may crop up in the future. The IS Executive Committee will also consider deferring projects to reallocate resources - money and people – as necessary.

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Appendix 1

#	Year	Multi Year	Project Name	High Level Description	2014 Total Project Cost	2015 Total Project Cost	2016 Total Project Cost
1	2014	Yes	Enterprise Content Management Program (ECM) - Multiple Phases	This program focuses on implementing the SharePoint 2013 platform, centralized document management, automated workflow, and electronic access to member files. Phase 1 focuses on establishing the foundational capabilities such as the environment installation and setup as well as developing the three core workflows for Membership Services.	$675,000.00	$400,000.00	$150,000.00
2	2014	Yes	Enterprise Content Management Program (ECM) - Phase 3/Web Redesign	This project amalgamates several initiatives - redesigning the corporate website; replacing the organization's intranet (ELF); and rebranding SharePoint. All of these initiatives that AODA/WCAG 2.0 management tools are integrated into solutions.	$325,000.00	$200,000.00	$50,000.00

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#	Year	Multi Year	Project Name	High Level Description	2014 Total Project Cost	2015 Total Project Cost	2016 Total Project Cost
3	2014	Yes	E-Tribunals - Phase 1	Tribunals will reengineer all their processes during 2014 and determine their business requirements.	$350,000.00	$357,000.00	$0.00
4	2014	Yes	LSRS - System Development	This project allows for the creation of an external facing CSC 411 and will make enhancements to the Lawyer & Paralegal Directory.	$300,000.00	$20,000.00	$20,000.00
5	2014	No	Microsoft Office Upgrade	This project upgrades the current version of MS Office 2007 to MS Office 2013 to ensure compatibility with SharePoint 2013.	$350,000.00	$0.00	$0.00
6	2014	Yes	Lawyer/Paralegal Database Redevelopment	This project will completely redesign the member database and access to member information on the AS/400 to reduce the usage of green screens. The focus will be on web based access.	$300,000.00	$300,000.00	$150,000.00

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#	Year	Multi Year	Project Name	High Level Description	2014 Total Project Cost	2015 Total Project Cost	2016 Total Project Cost
7	2014	Yes	E-commerce Replacement Project	Project to replace our E-commerce system	$300,000.00	$100,000.00	$60,000.00
8	2014	Yes	Technology upgrades	This includes our annual Evergreen/Refresh program - upgrading out of date PCs & laptops; upgrades to our network switches; as well as the purchase of management tools for data and VMware.	$265,000.00	$265,000.00	$265,000.00
9	2014	No	E-mail Replacement of Lotus Notes with MS Exchange	This project will see Lotus Notes replaced with MS Exchange.	$100,000.00	$0.00	$0.00
10	2014	Yes	Asset, Contract and License Management System	Part of this project includes replacing the Helpdesk reporting tool.	$75,000.00	$75,000.00	$0.00

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#	Year	Multi Year	Project Name	High Level Description	2014 Total Project Cost	2015 Total Project Cost	2016 Total Project Cost
11	2014	No	Data Centre Upgrades	Miscellaneous upgrades associated with the infrastructure.	$60,000.00	$0.00	$0.00
12	2014	No	Application Virtualization	Continuation of the virtualization of our environment to consolidate servers.	$50,000.00	$0.00	$0.00
13	2014	No	Security/Threat Protection	Yearly review and testing of our IS security system.	$50,000.00	$0.00	$0.00
14	2014	Yes	IS Application Development Tools	**$115,000 carried over from 2013** Software licensing tools to facilitate moving code changes from one environment to another. Change management and software source code management. Project Web Server to track programs, projects, resources, budgets and timesheets in the IS.	$115,000.00	$60,000.00	$50,000.00
15	2015	Yes	Automated expense management	Self service for employee, bencher and adjudicator expense processing including the generating of any relevant T-slips (e.g. 'Work at Home' employees requiring T2200s).	$0.00	$50,000.00	$100,000.00
16	2016	No	Implementation of Paperless Accounts Payable	Facilitate automated workflow related to the review & approval of invoices by departments.	$0.00	$0.00	$150,000.00

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#	Year	Multi Year	Project Name	High Level Description	2014 Total Project Cost	2015 Total Project Cost	2016 Total Project Cost
17	2014	No	AODA Changes and Maintenance		$50,000.00	$0.00	$0.00
18	2014	No	CASL	Changes required to comply with the anti-spam legislation	$75,000.00	$0.00	$0.00
19	2015	No	Convocation and Organization IPad refresh	Project to replace out-dated IPad technology used by the Benchers and LSUC staff.	$0.00	$150,000.00	$0.00
20	2014	No	Tribunals Website	Creation of a new Tribunals website	$30,000.00	$0.00	$0.00
21	2015	No	Consolidation of Lockbox Accounts (and other modifications)	Modifications to the existing interface programs; updating templates Consolidation from two lockboxes to one lockbox	$0.00	$15,000.00	$0.00
22	2014	No	Cash Receipts Upload Program changes	Modifications to field length; error message; file extension	$15,000.00	$0.00	$0.00
23	2015	No	Electronic Distribution of Employee Paystubs	Electronic distribution of employee paystubs by either secure employee portal or implementation of ePost.	$0.00	$25,000.00	$0.00
24	2015	No	Licensing Process/Finance System Interface	Modify the interface between the Licensing Process system and the financial system.	$0.00	$100,000.00	$0.00

#	Year	Multi Year	Project Name	High Level Description	2014 Total Project Cost	2015 Total Project Cost	2016 Total Project Cost
25	2014	No	Corrections & Enhancements to Synchronization Program	Corrections and enhancements to the synchronization program that pushes information from Infinium AR to the Member database related to fee classes, billings, etc.	$80,000.00	$0.00	$0.00
26	2015	No	Middleware Vendor Replacement	We were notified at the end of January 2014 that our middleware vendor, will no longer provide support other than bug fixes until 2017. As a result, all applications residing on Linux (virtually everything) will need to be migrated over to another middleware.	$0.00	$500,000.00	$0.00
	Totals				$3,565,000.00	$2,617,000.00	$995,000.00
						Total	$7,177,000
						Less 2013 Carry-Over	$115,000.00
						Total Project Costs (2014 - 2016)	$7,062,000.00

THIS SECTION CONTAINS

IN CAMERA MATERIAL

TAB 9.3

FOR INFORMATION

TAB 9.3.1

FOR INFORMATION

OTHER COMMITTEE WORK

16.   In conjunction with the Compensation Fund Committee, the Committee agreed that the model for calculating the Compensation Fund component of the annual fee and the allocation of revenues and expenses between the General and Compensation Funds should be reassessed. New cost allocation models will be prepared and presented to both the Audit & Finance and Compensation Fund Committees. Amended fee calculations, if approved, would be presented in the 2015 budget.

17.   The Committee received a report on a proposed automated time and attendance solution for bencher and adjudicator remuneration. The web-based time and attendance solution will automate the current remuneration activity sheet with little change to what benchers and adjudicators are familiar with, other than the method of submission.

18.   The Committee received updates to the factors used to draft the Law Society's medium-term financial plan.