County of El Dorado

330 Fair Lane, Building A
Placerville, California
530 621-5390
FAX 622-3645
www.edcgov.us/bos/

Legislation Details (With Text)

File #:	14-0606 **Version:** 1

Type:	Agenda Item	**Status:**	Department Matters
File created:	4/18/2014	**In control:**	Board of Supervisors
On agenda:	5/13/2014	**Final action:**	5/13/2014

Title: Information Technologies Department advising the Board of reduced revenue for the department's Fiscal Year 2013-14 Budget as a result of a change in accounting practices and in accordance with Board of Supervisors Policy B-1, Budgetary Control and Responsibility.

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
5/13/2014	1	Board of Supervisors	Received and Filed	

Information Technologies Department advising the Board of reduced revenue for the department's Fiscal Year 2013-14 Budget as a result of a change in accounting practices and in accordance with Board of Supervisors Policy B-1, Budgetary Control and Responsibility.

BUDGET SUMMARY:	
Mainframe Charges	$1,780,292
Network Charges	$1,522,100
PC Support Charges	$ 561,271
Total Budgeted Revenues	$3,863,663
Total Projected Revenues	$0
Change to IT Net County Cost	$3,863,663 (increased NCC)
Savings in General Fund Depts	-2,893,007
Total Change To General Fund	$ 970,656

Background

The County's Information Technologies (IT) Department provides Mainframe, Network and PC Support services to all County departments. The annual cost for these services is approximately $3.8 million. Historically, these costs have been direct-billed to each department on a monthly or quarterly basis. The charges to departments result in a corresponding offsetting revenue or intrafund transfer in the IT Department budget.

In July, 2013 the IT Director and Assistant IT Director participated in a meeting with representatives from the California State Controller's Office, the Chief Administrative Office and the County Auditor-Controller's Office to discuss the methodology used for calculating and billing IT services for Mainframe and Network Infrastructure support. In that meeting, the State Controller's Office

indicated that the methodology which had been in place for many years was no longer supported and directed the County to develop and provide revised methodologies for their Office to review and approve.

Since that meeting, staff from IT, the Chief Administrative Office and the County Auditor-Controller's Office have engaged in a number of discussions to determine appropriate revisions to the cost applied methodologies associated with these IT functions. As part of those discussions, staff defined the services and support within each IT function and concluded that the best way to calculate and distribute the cost of each function would be through the County's A-87 Cost Allocation Plan which is developed and administered by the County Auditor-Controller's Office annually.

In reviewing the Network Infrastructure and PC Desktop support functions, it was determined that these two functions have become intertwined based on continuing changes in technology. Therefore, it was decided that these two functions be combined into one function called "Integrated Network Services" or "INS" and that the associated costs be spread to all departments based on the number of "connected devices" (laptops, desktops, servers, printers, etc.) in each department. Previously, PC Support services were allocated based on a per hour charge.

The Mainframe cost applied methodology was also reviewed and will continue to be spread to departments based on "CPU Minutes" which is a measurement of the computer processing time used by each program residing on the Mainframe.

In addition to the change in methodology for Mainframe and Network Infrastructure support, the charges for these functions will no longer be direct-billed to departments or recorded in the Information Technology budget. Instead, these charges will be processed through the County's A-87 Cost Plan.

Fiscal Impact
The impact to the Information Technologies budget will be reduced revenues and intrafund transfers and an increased Net County Cost of $3,863,663. The increased Net County Cost in the Information Technologies budget will be partially offset by reduced expenditures in other General Fund departmental budgets as they will not be direct-billed for Mainframe, Network or PC support services.

Reduction in IT Revenue/Intrafund Transfers	$3,863,663
Reduction in GF Department Expenditures	-2,893,007
General Fund Impact	$ 970,656

Non-General Fund departments will pay for IT support costs through the County's A-87 Cost Allocation Plan which will result in additional revenue in Department 15 (General Fund Other Operations). It should be noted a that there is a two-year lag in charges associated with the A-87 Cost Plan so it will take two years for this change in billing practice to "catch up" in Department 15.

Clerk of the Board Follow Up Actions
Receive and file.

Contact
Kelly Webb, Interim IT Director, Ext. 6565
Laura Schwartz, CAO Chief Budget Officer, Ext 6541