

PUB (MPI) 2-24

Part and Chapter:	PUB (MPI) 1-63 IV VM.3	Page No.:	41
PUB Approved Issue No:	19. Current IT Strategic Plan and IT Expenses and Projects		
Topic:	Deferred Development Costs		
Sub Topic:	Impaired Deferred Development Cost		

Preamble to IR (If Any):

Question:

- a) Please provide the Mitchell International agreement/statement of work as it relates to the CCRS Co-Development project.
- b) Please provide copies of any other agreements or statements of work for Mitchell for ongoing work, post CCRS cancellation.

Rationale for Question:

To understand the impairment analysis performed.

RESPONSE:

- a) Please refer to the Appendices for which the Corporation has sought confidential treatment: Master Services Agreement with Mitchell (Appendix 1); Schedule A – Support and Service Levels – and Order Form #7 (Appendix 2), and additional Order Forms numbered 5 (Appendix 3), 6 (Appendix 4), and 8 (Appendix 5).

MPI notes the rationale for the question is to further understand the impairment of deferred development costs detailed in PUB (MPI) 1-63. The deferred development costs paid to Mitchell for CCRS, represent approximately 17% of the impaired

deferred development. Figure 1 below presents a breakdown of the CCRS impairment.

Figure 1: CCRS Impairment (\$)

Line No.	CCRS Payment Type	Consultant Services	Software	Compensation	Travel/ Meeting Costs	Total
1	ESIT/Hewlett Packard	8,251,226				8,251,226
2	Mitchell SOW	2,617,829				2,617,829
3	PRA Inc	66,525				66,525
4	Fineos	1,255,975	2,601,300			3,857,275
5	IBM	17,989				17,989
6	MPI			797,632	7,488	805,120
7	Other Consultant Expenses				8,437	8,437
8	Total	12,209,543	2,601,300	797,632	15,925	15,624,400

In CAC (MPI) 1- 41 of the 2018 GRA, MPI provided the accounting policy for capitalization of organizational and deferred development costs, which provides a definition of deferred development costs.

- b) The Corporation does not have any other agreements and/or statements of work currently engaging Mitchell.

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RESPONSE:

- a) ~~Please see the Appendices to this IR that contain the~~ Please refer to the Appendices for which the Corporation has sought confidential treatment: Master Services Agreement with Mitchell (Appendix 1); Schedule A – Support and Service Levels – and Order Form #7 (Appendix 2), and additional Order Forms numbered 5 (Appendix 3), 6 (Appendix 4), and 8 (Appendix 5).

MPI notes the rationale for the question is to further understand the impairment of deferred development costs detailed in PUB (MPI) 1-63. The deferred development

costs paid to Mitchell for CCRS, represent approximately 25%17% of the impaired deferred development. Figure 1 below presents a breakdown of the CCRS impairment.

Figure 1- CCRS Impairment (\$)

Line No.	CCRS Payment Type	Consultant		Travel/Meeting		Total
		Services	Software	Compensation	Costs	
1	ESIT/Hewlett Packard	8,251,226				8,251,226
2	Mitchell SOW	2,617,829				2,617,829
		3,859,929				3,859,929
3	PRA Inc	66,525				66,525
4	Fineos	1,255,975	2,601,300			3,857,275
		13,875				13,875
5	IBM	17,989				17,989
6	MPI			797,632	7,488	805,120
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- b) The Corporation does not have any other agreements and/or statements of work currently engaging Mitchell.