

# **TORONTO** STAFF REPORT

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April 26, 2004

To: Audit Committee

From: Commissioner, Corporate Services

Subject: Management Response - Contract Review – Network Architecture Group Inc. and EDS Canada Inc.

## Purpose:

This report responds to the Auditor General's reporting of findings from the contract review of Network Architecture Group Inc. and EDS Canada Inc. by LRTS Investigations.

## Financial Implications and Impact Statement:

There are no financial implications resulting from the adoption of this report.

## Recommendations:

It is recommended that this report be received for information.

## Background:

The Auditor General engaged LRTS Investigations Inc. (LRTS) to conduct a review of various aspects of contracts with Network Architecture Group Inc. and EDS Canada Inc. and its affiliated companies. The review was conducted in 2003. This report provides a response to the Auditor General's conclusions from the review.

## Comments:

The principal finding from the forensic audit was that there was insufficient evidence to support allegations of inappropriate behavior on the part of City staff regarding the award and management of contracts to the Network Architecture Group Inc. and EDS Canada Inc.

LRTS cited a number of general deficiencies in specific contract management activities between 1997-2001, inclusive; however, these have since been addressed through improved management controls, including implementation of a Corporate Accountability Framework for the use of

consultants; an improved corporate contract management process, including authority tracking; and the ongoing information technology acquisition procedures review. Continuing acknowledgement and reinforcement of the department's management controls checklist and the City's conflict of interest policy are part of the annual performance review process for senior departmental staff.

Conclusions:

No improper staff activities were identified during the review. Improved contract management controls have been put in place, and continue to be improved, since the audit review period (1997-2001) to enhance monitoring and administration of information and technology contracts, as noted in the Auditor General's report.

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