

Amend the Policy for the Selection and Hiring of Professional and Consulting Services

Date:	April 24, 2007
To:	Government Management Committee
From:	Treasurer
Wards:	All Wards
Reference Number:	P:\2007\Internal Services\pmmd\gm07019pmmd (AFS #2876)

SUMMARY

The purpose of this report is to amend the Policy for the Selection and Hiring of Professional and Consulting Services in order reflect changes that have been made to the City's administrative structure and amendments that have been made to the Purchasing and Financial Control By-laws.

RECOMMENDATIONS

The Treasurer is recommending:

1. That the Policy for the Selection and Hiring of Professional and Consulting Services be amended as per the attached Appendix A.

Financial Impact

No financial impact.

DECISION HISTORY

The Policy for the Selection and Hiring of Professional and Consulting Services was adopted by Council at its meeting of December 4, 5 and 6, 2001 (<http://www.toronto.ca/legdocs/2001/agendas/council/cc011204/au10rpt/cl010.pdf>). The Policy defines Professional and Consulting Services and provides detailed instructions on how to acquire them.

Council also adopted a report from the CAO entitled “Corporate Accountability Framework – Implementation Plan and Status Update on the Use of Consultants”, at its meeting of June 18, 19 and 20, 2002 (<http://www.toronto.ca/legdocs/2002/agendas/council/cc020618/au6rpt/cl001.pdf>). This report requires the CAO and CFO, in consultation with the City Auditor, to provide an annual report commencing with the period ending December 31, 2002, on consulting expenditures that will include actual consulting expenses for the previous year and the year prior (i.e. 2002 and 2001 actuals) organized by: department or local board, by the specific consulting categories, and by vendor.

ISSUE BACKGROUND

On April 14, 15 and 16, 2003, Council adopted Audit Committee Report No. 1, Clause No. 8, Procurement Process Review – City of Toronto (<http://www.toronto.ca/legdocs/2003/agendas/council/cc030414/au1rpt/cl008.pdf>). In the process of implementing the Auditor General’s recommendations, both the Purchasing By-law and Financial Control By-law have been amended and detailed purchasing policies and procedures have been developed and implemented. As a result, much of the content of the Policy for Selection and Hiring of Consultants is redundant and should be amended.

COMMENTS

The current policy for the Selection and Hiring of Professional and Consulting Services was developed in 2001. At that time new policies and procedures for the new City of Toronto were still in the development stage and as a result the Policy is very detailed. It includes definitions and descriptions of purchasing processes, including qualification and evaluation methods. The City has since developed a broad range of more generic procedures and tools that address many of the details currently in the Professional and Consulting Services policy. For example, the Request for Proposal (RFP) Procedure and supplementary Request for Proposal Template and Request for Proposals Process Key Considerations/Requirements Checklist provide instruction to staff when preparing an RFP.

The existing Professional and Consulting Services policy also sets out delegation of spending authority limits specific to the engagement of consultants. This part of the policy is now out of date as it does not reflect the changes that have been made to the City’s administrative structure and the amendments that have been made to the Purchasing and Financial Control By-laws since 2001.

The limits under the existing policy specifies authority limits for the CAO and Commissioners. These positions no longer exist in the City’s administrative structure. Under the Financial Control By-law, Chapter 71, Municipal Code, Section 71-11, the City Manager has spending authority up to \$500,000. The City Manager has delegated this authority based on the level and responsibility of the various positions in the City (e.g. Treasurer and General Managers have been delegated up to \$250,000 for awards of consulting contracts, Directors have been delegated \$100,000 for awards of consulting services).

The amended policy attached to this report has deleted the sections which are now covered by the updated Purchasing Policies and Procedures. These include the definitions of various procurement methods, the prequalification process, cost weighting, RFP evaluation and award, and delegation of authority.

The revised policy retains the definition of consulting services which has been aligned to the definition previously approved by Council for the annual reporting to Council of consulting services used by the City. It also retains the requirement that a justification analysis be conducted prior to a procurement process. The authority for the Legal Services Division to solicit directly for the retention of outside legal services is also retained in the revised policy. The requirement that at least 5 firms be invited to bid has been amended to require that at least 3 firms be invited. This change is consistent with other Purchasing procedures for informal calls for quotation.

It is recommended that this policy be revised as shown in Appendix A because its content is outdated and in some instances inconsistent with more recent policies, by-law amendments and procedures that have been adopted and implemented through Procurement Process Review.

The City Solicitor and Director of Internal Audit have been consulted and concur with the contents of this report.

CONTACT

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SIGNATURE

Cam Weldon
Treasurer

ATTACHMENTS

Appendix A – Proposed Policy for the Selection and Hiring of Consulting Services

APPENDIX A

Purchasing and Materials Management Division Policy

POLICY #: **FS – PMM - 18**

DIVISION: Purchasing and
Materials Management Division

SELECTION AND HIRING OF CONSULTING SERVICES

DATE: **XXX, XXXX**

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PURPOSE

To ensure that the City of Toronto awards consulting contracts to qualified individuals and firms based on:

- (i) adherence to the need/requirement to use such services, as per 1.0 below;
- (ii) an open, fair and competitive process;
- (iii) competence and expertise relative to the particular requirement;
- (iv) ability to complete the task within the proposed time frame;
- (v) experience and record of past performance with similar projects; and
- (vi) value for the funds expended.

Note: Adopted by Council at its meeting of **XXX**

POLICY

1.0 General:

The City should only utilize consultant services when:

- (i) City staff are fully occupied with other tasks and assignments and the project requires urgent completion;
- (ii) specific projects require certain technical capabilities, or unique and specialized advice or service not available in-house;
- (iii) the advice or services sought and the resulting expenditure, can be justified as being necessary to satisfy program requirements;
- (iv) independent expertise is required by legislation or regulation;
- (v) Council has directed the use of external assistance; and/or
- (vi) priority capital projects require greater City resources than are available.

As with most public agencies, the City employs a number of full-time staff possessing professional skills and expertise. These in-house engineers, health technologists, policy consultants and other professionals are responsible for activities including project planning, assessment, design, construction and provision of support for the City's operations. When consulting services are utilized, the City must assign the correct and sufficient in-house personnel to conduct proper interviewing and selection and to administer the resulting contract(s). In addition, it is essential that professionally competent City staff be allocated to conduct and manage technical aspects of a program, regardless of whether that is accomplished by employees or consultants.

2.0 Consulting Services Defined:

Consulting Services are defined as any firm or individual providing expert advice/opinion on a non-recurring basis to support/assist management decision in the following areas:

- (i) Technical: undertake activities on a defined assignment to assist managers in analyzing technical problems and recommending solutions (including the selection of engineering/architectural designs, research, appraisals, planning).
- (ii) Management/Research and Development: undertake planning, organizing and directing activities to assist managers in analyzing management problems and recommending solutions for a defined assignment (can be operational, administrative, organizational or policy in nature); with research and development being investigative study to provide the City with increased knowledge or information.
- (iii) Information Technology: undertake activities on a defined assignment to assist managers in needs assessment and system selection including information processing, telecommunications and office automation (can be analytical, testing or of a business process nature).
- (iv) External Lawyers and Planners: as determined in consultation with City legal staff; and
- (v) Creative communications: inclusive of advertising, promotions, public relations and design advice.

3.0 RETAINING CONSULTING SERVICES:

3.1 Justification Analysis

A justification analysis is required prior to the engagement of a consultant service which outlines in general terms the costs and benefits of using a consultant, including reasons why the consulting study can not be conducted by internal staff, either in whole or in part. The analysis shall be completed by the Division and approved by the same level of authority as required for the spending commitment. The approved qualification analysis shall be retained by the Division.

3.2 Purchasing Process

Consulting Services shall be acquired in accordance with the Toronto Municipal Code, Chapter 195, Purchasing, and Purchasing Policies and Procedures.

3.3 Rosters

A roster method may be used for selecting consultants. The roster method shall allow the Division Head or designate to award work through an applicable roster captain in accordance with the Roster Selection Procedure.

3.4 Outside Legal Services

The Legal Services Division may solicit directly for the retention of outside legal services. At least three firms must be invited to submit bids or proposals.

PROCEDURE

The Selection and Hiring of all Consulting Services by both Purchasing and Materials Management and Divisions shall be conducted in accordance with this policy.

CONTACT

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