

September 19, 2008

To: Executive Committee

From: Budget Committee

Subject: Financial Planning, Analysis and Reporting System

Recommendations:

The Budget Committee recommended to the Executive Committee that City Council approve the following:

- 1. Extend the existing sole source contract 47011359 to Damy Consulting Inc. to continue as the Project Manager for the Financial Planning, Analysis and Reporting System, in the amount of \$315,000.00 net of GST, for the period January 1, 2009 to September 30, 2010, revising the current contract value from \$498,765.00 to \$813,765.00 excluding GST.**
- 2. Extend the existing sole source contract 6024197 to Droichead Atha Inc. to continue to provide expertise as the SAP Analytics/Integration Manager for the Financial Planning, Analysis and Reporting System, in the amount of \$927,000.00 net of GST, for the period October 1, 2008 to September 30, 2010, revising the current contract value from \$489,600.00 to \$1,416,600.00.**
- 3. The appropriate City officials be authorized and directed to take the necessary action to give effect thereto.**

Background:

The Budget Committee on September 19, 2008, considered a report (September 12, 2008) from the Deputy City Manager and Chief Financial Officer, entitled "Financial Planning, Analysis and Reporting System".

The Budget Committee heard a presentation from the Deputy City Manager and Chief Financial Officer and the Director of Financial Planning.

for City Clerk

Merle MacDonald/mb
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STAFF REPORT ACTION REQUIRED

Financial Planning, Analysis and Reporting System

Date:	September 25, 2008
To:	Budget Committee
From:	Deputy City Manager and Chief Financial Officer
Wards:	All Wards
Reference Number:	P:\2008\Internal Services\FP\bc08011Fp (AFS #7009)

SUMMARY

This report provides an overview of the capital project, Financial Planning, Analysis and Reporting System (FPARS) within SAP, including required resources. The report also requests authority to extend the existing sole source agreements 47011359 and 6024179 with two consultants to provide required expertise to continue the project uninterrupted through implementation phase, in time for the 2011 Operating Budget process (June 2010).

FPARS is required to support a new streamlined planning and budgeting process City-wide that will be multi-year, service-based and performance focused. FPARS will support a foundation that includes service planning, multi-year service-based budgeting, performance management (through metrics and score carding), and expanded system functionality integration and support (through Enterprise Architecture). The system will enable the City to implement recommendations made by of the Fiscal Review Panel to streamline the budget process.

FPARS addresses current issues for planning and budgeting within the City:

- for planning, it will support a multi-year service planning process for the City that stores, tracks and reports MPMP, OMBI, performance metrics, divisional / cross divisional Council priorities and initiatives and approved strategic plans. It will link services to strategic outcomes; via service objectives and priority actions that will be established based on Council policy and strategic priorities and used to guide the budget; and
- for budgeting, FPARS will reduce the amount of manual effort and shadow systems required to prepare budgets, enable multi-year budgeting and provide timely, accurate, and service-

based qualitative and quantitative information to assess and allocate resources based on performance.

RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer recommends that City Council grant authority to:

1. Extend the existing sole source contract 47011359 to Damy Consulting Inc. to continue as the Project Manager for the Financial Planning, Analysis and Reporting System, in the amount of \$315,000.00 net of GST, for the period January 1, 2009 to September 30, 2010, revising the current contract value from \$498,765.00 to \$813,765.00 excluding GST.
2. Extend the existing sole source contract 6024197 to Droichead Atha Inc. to continue to provide expertise as the SAP Analytics/Integration Manager for the Financial Planning, Analysis and Reporting System, in the amount of \$927,000.00 net of GST, for the period October 1, 2008 to September 30, 2010, revising the current contract value from \$489,600.00 to \$1,416,600.00.
3. The appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

Financial Impact

The Financial Planning, Analysis and Reporting System is an approved capital project within the Financial Services Capital Budget with a total project cost of \$7.99 million with 2007 and prior actual expenditures of \$1.814 million and cashflow funding of \$3.52 million in 2008, and \$2.65 million in 2009.

This report recommends the extension of two sole source contracts for two consultants to September 30, 2010:

1. DAMY Consulting Inc. has been the FPARS Project Manager since January 2006. The current sole source contract 47011359 (which totals approximately \$498,765.00) will expire in December 2008. This report recommends an extension of the sole source contract to September 30, 2010 totalling \$315,000.00. The revised overall commitment will be \$813,765.00
2. Droichead Atha Inc. has been the SAP Analytics Integration Manager for the FPARS project since September 2007. The current sole source contract 6024197(which totals \$489,600.00) will expire in September 2008. This report recommends an extension of the sole source contract to September 30, 2010 totalling \$927,000.00. The revised overall commitment will be \$1,416,600.00.

Sufficient funding is available within the 2008 Approved Capital Budget capital account CFO906795 Financial Planning, Analysis, and Reporting System (FPARS) to fund the two sole source commitments of \$1.242 million.

An increase in project costs of \$7.210 million will be included in the 2009 Capital Budget Submission. The scope of the project has expanded since its approval to include a rationalization and restructuring of all City cost centres (\$1.94 million), and since human resource data is tied to cost centres, a review and potential redesign of how complement planning and management is conducted in the City (\$3.170 million). Also there has been about a one-year delay in implementing the new system due to its size and complexity and the need to acquire specialized technical resources to meet expanded requirements (\$2.1 million). The FPARS project is scheduled to be implemented by June 2010, in time for the 2011 budget process to deliver a multi-year operating budget for the next term of Council.

External expertise is required to undertake this project as functionality within SAP new to the City for planning and analysis purposes will be used. Furthermore, the FPARS project is unique for its complexity of realigning information to create cost centre views, service views and the ability to report on program specific performance management information across the City. The FPARS project must tailor multi year financial and complement planning (position) and reporting to meet the specific requirements of 34 City Divisions and, in the future, 13 Agencies, Boards and Commissions as well as corporate needs. The functionality to meet these business requirements needs to be tightly integrated in order to provide a streamlined process and reporting must be satisfied by using SAP Business Intelligence (BI), a data warehouse which currently does not exist in the City. The current cost centre and human resource data needs to be restructured and realigned to present information using an organization and service view simultaneously. Managing two concurrent views requires detailed integration of data and system functionality. In the longer term, FPARS will enable the City to optimize SAP functionality in an integrated fashion by providing the necessary foundation.

Two external consultants, SAP Analytics Integration Manager and a Project Manager have both contributed to finalizing the Project Preparation and Business Blueprinting phases of the project. The sole source extension is required to September 30, 2010 to ensure the project continues with the same expertise and business knowledge without interruption to completion.

DECISION HISTORY

The FPARS project was established to provide a system to support the new planning and budgeting framework and process approved by Council. In 2004, Council approved a staff report entitled "City of Toronto Budget Process Recommended Improvements" which proposed a new City of Toronto financial planning process that incorporated best practices established by Government Finance Officers Association (GFOA). The new multi-year financial planning process requires the establishment of service plans that clearly detail service goals, objectives and priorities that will guide and inform multi year operating budget targets, resource allocations decisions and to evaluate performance. Namely, the new process:

- Incorporates a long-term perspective for planning and budgeting that promotes fiscal sustainability (multi-year);
- Introduces a more structured service planning process that establishes linkages between budget allocation decisions and Council goals and priorities;
- Focuses budget decisions on results and outcomes using performance targets and metrics;
- Emphasizes the evaluation of service performance to ensure that planned results are achieved.

At its meeting of May 18, 19 and 20, 2004, Council also adopted the staff report entitled “Moving Forward with SAP at the City of Toronto.” This report addressed the Auditor General’s recommendation to develop a long-term strategic plan for the future of the SAP information system, including the establishment of the new SAP Competency Centre.

The key elements of this “Toronto Approach” strategic direction include:

- SAP will provide the foundation for the corporate business and management information system;
- Business systems supporting program specific functions will complement SAP-supported processes, not duplicate them;
- Integration between existing transactional processing will be improved;
- New functionality will be implemented in SAP to support other corporate processes and administrative operations;
- The capacity to implement the “SAP first” approach to management systems development in the City’s agencies, boards and commissions will be provided;
- Operational considerations will be balanced and coordinated with opportunities for increased functionality in a planned manner;
- A shift in emphasis from the “systems” to the “processes” that the system supports; and
- Development of the SAP information system will serve as a catalyst for service improvement and process redesign.

In 1998, 6 municipalities and Metro Toronto amalgamated with seven different budget, accounting systems and service profiles. Council selected SAP as the corporate financial and ERP system (including budgeting) in 1999. However, at that time, SAP functionality to develop a comprehensive planning and analytical tool did not exist. Upon review of the City’s planning and budgeting requirements, it was determined that SAP, which has subsequently added the necessary functionality to deliver an integrated budgeting, planning and score-carding system, is the preferred solution to implement the FPARS project. This is consistent with the “Toronto Approach” as well as Council’s “SAP First” policy, where SAP would provide the foundation for the corporate business and management information system in the City.

Also, Executive Committee on June 26, 2008, referred the Member Motion (June 3, 2008) with a request that an information report be submitted to the Executive Committee, on what steps are being taken to streamline the City’s budget process for 2009 and future budget processes. One of the key recommendations of the Fiscal Review Panel is that the City’s budget process be streamlined. More

specifically, “The CFO needs to continue to streamline the City’s budget process, to complete top-down rolling five-year operating budgets, and ten year capital budgets, and to have more oversight of the 119 agencies, boards, commissions, and corporations (ABCCs) and out of sequence expenditure requests.”

The new planning and performance framework described in this report will introduce a top-down approach to multi-year financial planning and budgeting for the City. The new budget process to support the framework will be implemented using new SAP functionality City wide, reducing manual effort, duplication and shadow systems. Taken together, these two factors will streamline the City’s budget process. The FPARS project provides the necessary infrastructure for the new planning and budgeting process within SAP that will implement the Council approved framework.

ISSUE BACKGROUND

With the ever present financial pressures that face municipalities, it is imperative that steps be taken to ensure the long-term viability and effectiveness of the services provided to the public. It is therefore necessary that senior management and Council be provided with the full capability to determine and assess how to best allocate limited resources strategically to meet City priorities and ensure results are achieved. The City is implementing a new planning and performance management framework that focuses decision-making on strategic investments tied to results and intended outcomes and provides increased transparency and accountability regarding services delivered to the public. This will provide the opportunity to:

- Further improve the City’s budget process and associated information, providing the ability to:
 - link Mayor and Council priorities to strategic outcomes;
 - clearly delineate the City services delivered to the public, providing pertinent service profile information;
 - create a new multi year operating budget framework with defined targets that support a performance culture based using performance measures, benchmarking and best practices in its continuous improvement and efficiency initiatives; and
 - cost and support cross-program Council priorities and initiatives.
- Eliminate the many different duplicate and shadow systems that contain financial information and that require significant manual effort to maintain. Currently, information is very difficult to manage, analyze, consolidate and report in a consistent manner to senior management and City Council, whether it is service-specific, cross-divisional or corporate in nature.
- Establish an integrated system to house, track and report MPMP, OMBI benchmarking and other performance metrics. Tracking and reporting up-to-date performance measures and trends will provide the opportunity to demonstrate the extent to which City services are in fact efficient and effective.

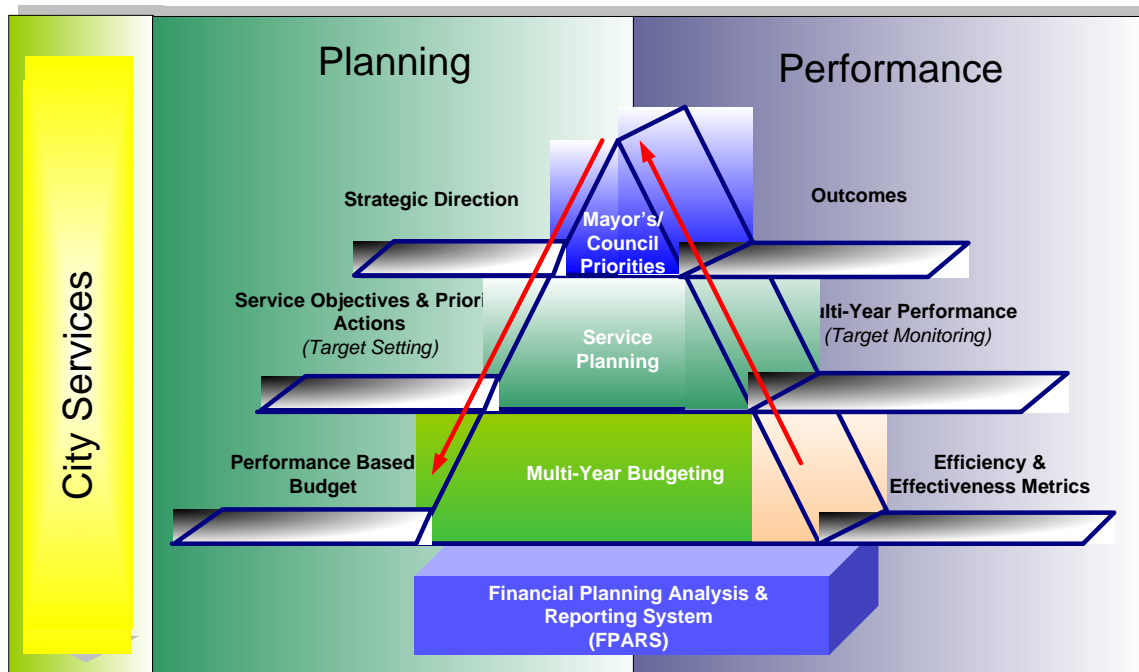
- Place the City of Toronto as a leader amongst North American cities implementing best practices in planning and budgeting. Cities such as Winnipeg, Phoenix, Dallas, and Coral Springs have, to some extent, implemented “*Service and Performance Based Budgeting*” and “*Balanced Scorecards*”, while other cities including New York and Chicago are seeking to implement them.
- Enable the City to implement the recommendations made by the Fiscal Review Panel to streamline the planning and budgeting process, namely:
 - the CFO and staff should further refine and streamline the City’s budget process and take action to address the current “bottom-up” approach; and
 - the CFO and staff should complete five-year operating and ten-year capital budgets to help the City make better short- and long-term financial choices.”

COMMENTS

PLANNING AND PERFORMANCE FRAMEWORK

The new planning and performance framework is built on a multi-year planning and budgeting process designed to provide a longer-term (multi-year) view, based on upfront priority-setting, and service reviews to guide the formulation of the City’s budget. This top down approach will ensure resources are efficiently allocated to services ensuring the achievement of long-term strategic outcomes. By evaluating services across the City, the Mayor and Council will have the added capacity to foster horizontal collaboration and re-allocate resources based on short and long term goals. This has necessitated the design of a new budget process and system (FPARS) to support service planning and multi-year operating budgeting that include target setting and metrics to assess performance in meeting Council / Mayor’s priorities and outcomes.

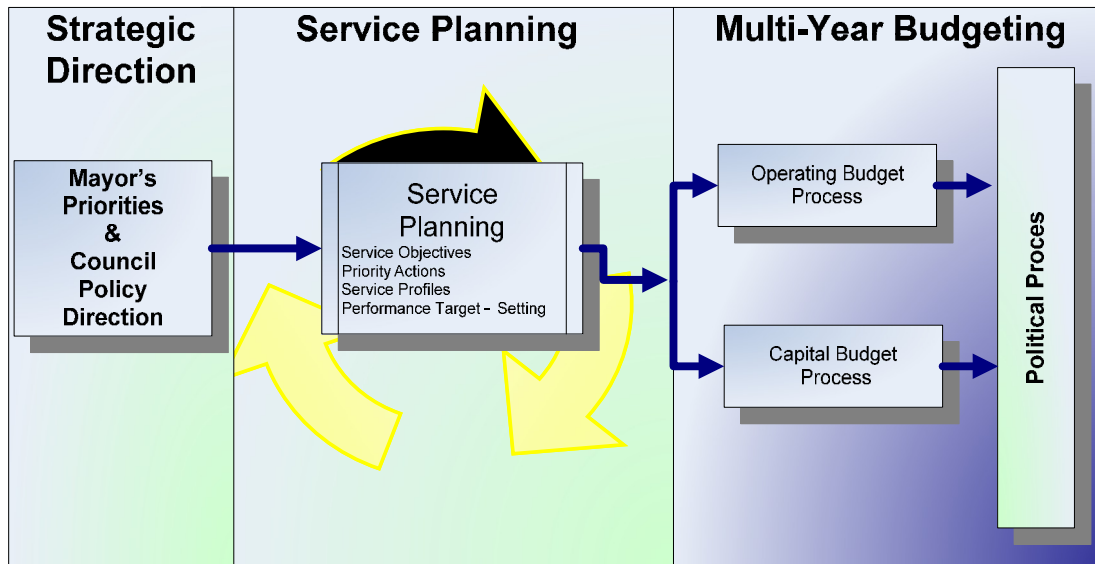
The new framework is illustrated in the figure below:



The City’s strategic directions, as determined by the Mayor and Council’s priorities, will guide the development of multi year service plans that establish service objectives and priority actions (target setting) for each City service which will, in turn, direct the creation of performance based budgets. A performance-based budget is a customer based, results oriented budget for which resources are allocated on the basis of outcomes. As the process matures, the City will gain the ability to measure and assess multi year performance linked to strategic outcomes through monitoring of effectiveness and efficiency metrics and achievement of multi year service objectives and targets.

Service Planning

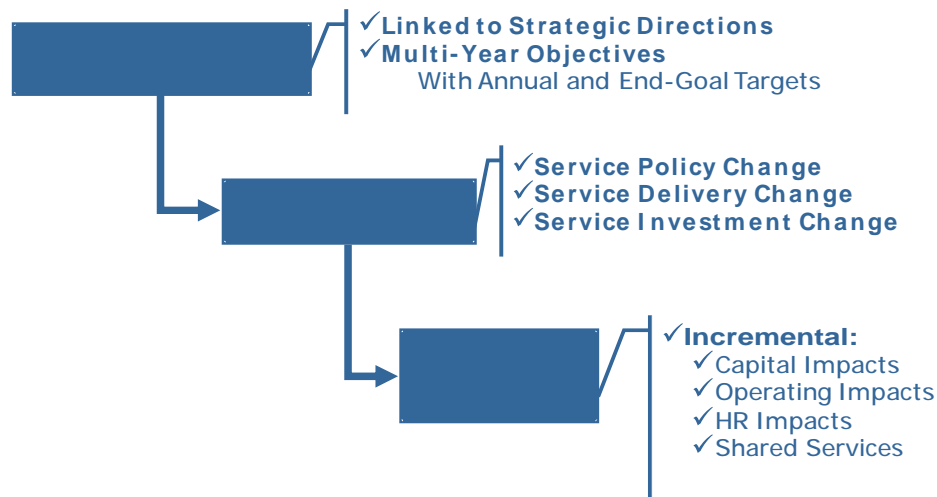
While many Divisions have been engaged in an exercise of Service Planning as a prerequisite to the preparation of the budget, the City, has established a structured administrative service planning process for all City Programs using a consistent methodology. ABCs will be participating in this process in the next cycle in preparation for the next term of Council. The figure below illustrates how Service Planning links to Strategic Planning and informs Multi-Year Budgeting.



Service Planning enables the City to develop multi-year service plans that strategically establish service objectives and targets over a 3-year period with priority actions necessary to meet these objectives, along with multi-year operating, capital and human resources (estimates) plans to implement these priority actions.

Service Planning will provide the following benefits to the City:

- Establish program, corporate and a City plan based on strategic directions established by the Mayor / Council to meet priority outcomes
- Focus limited resources to meet established priorities and outcomes;
- Provide opportunity for leveraging resources through collaboration across City services;
- Provide clear accountability for achieving Council's agenda and Mayor's priorities; and
- Will guide and inform the budget process by establishing service levels and multi-year estimates required to implement the priority actions/investments necessary to achieve service objectives. The figure below illustrates the links between Service Objectives, Priority Actions and Multi-Year Estimates.



FPARS, with its integration of SAP and divisional reporting systems, will provide the repository to house this strategic information and provide the link between the Mayor’s priorities, Council’s policy agenda, and Program service budgets. FPARS, utilizing SAP functionality, will also deliver scorecarding that aligns service objectives and priority actions of the City to its strategic vision with customer requirements, manages and evaluates service strategy, and monitors operational performance and organizational capacity. These provide the basis for preparing a multi-year service based budget.

Performance Based Budgeting

Performance-based budgeting is a customer based, results oriented budget that is based on outcomes. A performance-based budgeting is characterized by explicitly focusing on service levels, service delivery and measuring the relationship between resources and results. By doing so, a service’s effectiveness and efficiency can be assessed. Efficiencies provide savings that could be permanently realized, reallocated to enhance program delivery or reinvested to add new services.

With the implementation of FPARS by June 2010, the City will considering for 2011 a 3 year operating budget that will be organized by services and activities together will key qualitative and quantitative information including performance metrics. While a 3 year budget will be considered by Council, estimates have to be approved annually in accordance with the City of Toronto Act. It should be noted that multi-year budgeting can only be fully implemented with secure and stable funding for provincially cost shared programs and transit.

Unlike the traditional line-item budget system that allocates resources based on organizational units and line item expenses, Performance Based Budgeting allocates resources based on service performance; both planned and actual performance are measured in terms of service effectiveness and efficiency. Budgets are more explicitly tied to overall service outcomes.

In fact, within Ontario there are two major thrusts in this direction. The first thrust is sponsored by the Ontario Ministry of Municipal Affairs and Housing with the Municipal Performance Management Program (MPMP) that aimed to replace the somewhat outdated Financial Information

Reporting (FIR) requirements of years past. The second thrust was sponsored by the Ontario Municipal CAO Benchmarking Initiative (OMBI) in an effort to continuously strive for service excellence in municipal government. Participating municipalities are working together to identify and share performance statistics (36 service areas with over 600 measures), operational best practices and to network in a spirit of innovation and entrepreneurship to push for even greater successes.

While these two thrusts or initiatives have done a tremendous job of introducing performance measurements into municipalities, there is much more to accomplish, to develop a complete performance management strategy. A scorecard approach is recommended, as it can assist the City in operating more efficiently and effectively and improve accountability to the public by focussing on whether the resources allocated to achieving service objectives are contributing to meeting strategic outcomes and enable the City to report on the results.

FINANCIAL PLANNING, ANALYSIS & REPORTING SYSTEM (FPARS)

Solution Overview

The FPARS project was established to provide a system to support the new planning and budgeting framework and process. In order to achieve this end, a methodology was required to translate the current cost centre accounting structure of the organization to that of a public focused, service based view that provides key information for each service. In addition, an indepth system assessment was initiated to determine the appropriate infrastructure required to produce and integrate the data necessary to support such an approach.

By employing Program Map methodology to develop City service profiles, establishing Service Planning and Performance Based Budgeting and undertaking a comprehensive SAP Cost Centre review and Reporting Strategy, FPARS will strengthen the City's information foundation for decision making.

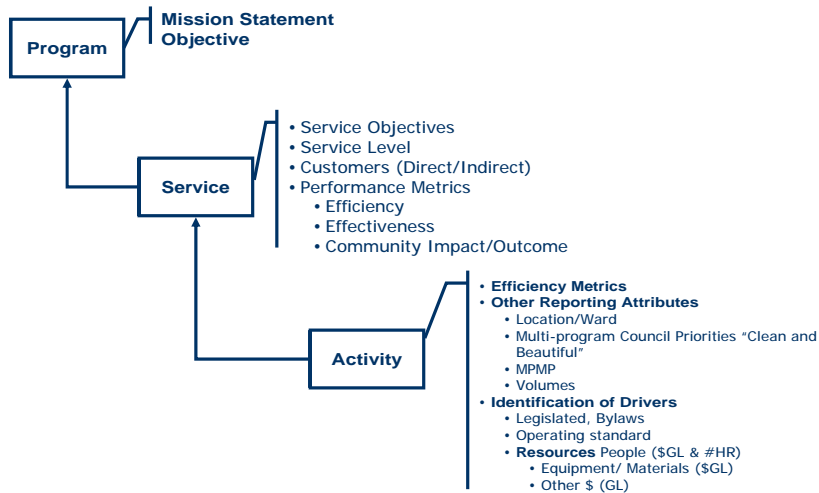
PROGRAM MAPS

Municipalities traditionally have been preparing formal budgets based on organizational structure. It is often difficult to understand the true services offered to the public. For example, Toronto Water provides three fundamental public services: Drinking Water Treatment and Distribution (Water Supply); Wastewater Collection and Treatment; and Storm Water Drainage. However, trying to piece together this service view is often difficult.

Program Mapping provides a vehicle to translate the organizational "view" of the corporation to its related service model. This approach, when applied to all City Divisions and ABCs, provides a "common language" to communicate the suite of services offered by the City that is understandable to the public, including the key qualitative and quantitative information profiling each service.

Program Mapping produces service-based information for all City services as follows:

Management Information - Program Maps
 “What” Services Provided “Why” Objectives/Purpose “Who” - Customers



A similar exercise is underway to complete this work with all City Agencies, Boards, and Commissions will establish a common information framework for all City Program and ABC budgets that comprise the City’s inventory of services it delivers for which Council approves City funding whether tax or rate supported.

By developing this “common language” approach through Program Mapping, the information produced from the Program/Service/Activity structure can be used as the basis for a variety of activities, including:

- Service Planning
- Budget Execution
- Program / Service Reviews
- Process Re-engineering
- Corporate Initiatives
- System Prioritization (Enterprise Architecture)

With this service information in place, the City is able to produce a service-based budget that will clearly articulate the cost to deliver City services and activities and thereby improve the information presented to Councillors and the public. Multi-year budgets and plans will be organized by approximately 200 services offered by the City profiling the total resources (financial and human) required to deliver a particular service and its associated activities along with performance indicators and service levels.

FPARS will enable the City to prepare and present its budget from its current method of using a “cost centre or organizational view” to a service based view, providing quantitative and qualitative information for programs, services and their activities but FPARS will need to rely on operational systems to feed the system with much more detailed performance measurement data.

SAP – NOW AND INTO THE FUTURE

Concurrent with the development of Program Maps, was the documentation, at the divisional level, of the “As Is” budget process for each division as well as the corporate process. This “end to end” process mapping exercise confirmed that a new system was necessary deliver the new planning and budgeting framework and provide a service-based view of the budget. The FPARS project will provide the infrastructure for the new planning and budgeting system within SAP that will implement the Council approved framework.

Upon review of the City’s new planning and budgeting requirements, it was determined that SAP, which had subsequently added the functionality for an integrated budgeting, planning and score-carding system, would be the preferred solution used to implement FPARS. This is consistent with the “Toronto Approach” as well as Council’s “SAP First” policy, where SAP would provide the foundation for the corporate business and management information system in the City.

Highlighted below are a few of the key aspects of the updated SAP system that will help remedy the current state. Primarily, it will eliminate the need for the “shadow” budget systems and allow for one centralized integrated system for planning and budgeting across all City Programs and, eventually, ABCs.

SAP will:

- ✓ Provide a process view of business vs. functional “silos”;
- ✓ Promote the integration of systems into one database, replacing a multiplicity of different systems and databases.
- ✓ Support most of the City’s information needs;
- ✓ Lead to improved performance, better decision making through scorecarding, priority setting, multi-year budgets and performance evaluation; and,
- ✓ Lay the foundation for strategic management of resources and data.

Since the inception of SAP in the City of Toronto, programs have often used cost centres as a way of tracking management information. In the absence of proper management information systems (MIS) various operational details including, but not limited to: function, geographic location, facility type, service, funding source etc, have been tracked and monitored through the use of individual cost centres. As a recommended best practise, SAP Canada prescribes that the cost centre structure should be organized on the basis of organizational hierarchy to coincide with management responsibility/accountability.

In order to satisfy this best practise, the City of Toronto must first provide an alternative tracking mechanism for programs that are currently using cost centres as a proxy to management or operating systems.

Through FPARS, and in partnership with Information & Technology to deliver the Enterprise Architecture (EA) program, it has been identified whether management information for each City Program is or can be housed in other dedicated systems currently not utilized, within SAP or in program-specific systems that need to be implemented on a go forward basis.

An integral component of the FPARS / EA partnership was to document the business processes associated with each respective City service, using the Program/Service/Activity structure subsequently assessing both the functionality necessary to deliver the services and the current level of system use within the documented business processes. With the expanded capacity of the current SAP environment, previously under supported processes can now be properly served.

Further to the pursuit of implementing a performance based budget, the FPARS project included a review of current operational systems. These systems are necessary to feed performance indicators and measurements in the new planning and budgeting system. The review included comparing Program management systems resulting in identifying which Programs have sufficient ability to collect management information through its systems and which other Programs are starving for comparable functionality. FPARS and EA will greatly help to alleviate the information stressors of the City.

As the labour force comprises the majority of the City's operating budget, complement planning tools are critical to the planning and management of human resources and their respective job assignments. Though SAP had the ability to provide this functionality some reconfiguration of the system is required. FPARS is also partnering with Human Resources and Pension, Payroll, and Employee Benefits to resolve these system obstacles and enable the tool to fulfil the organization's resource planning needs.

FPARS SOLUTION

FPARS Solution – Long Term versus Short Term

Due to the expansive work involved in developing and delivering FPARS, the project was divided into two separate and distinct project plans; one to deliver an interim solution, and the second to deliver a long-term solution that aligns well to, and is dependent upon the Enterprise Architecture strategy that will assess, prioritize and provide a plan to address those critical system deficiencies in City Programs.

The interim solution will focus on developing the new budget system with all of its requisite SAP modules activated to implement the planning and performance framework, ensuring that Council benefits from this interim solution in time for the 2011 budget cycle.

The long-term solution will address those Divisions that lack fundamental operational systems and require extensive cost centre rationalization. Divisions must continue using the existing "cost centres" to track operational costs until the operational systems are in place to track such costs. A long-term solution is required to provide Divisions with the right systems to automate their services. Thus, an Enterprise Architecture (EA) review began in 2007 to prioritize and rationalize the development of information systems across the City and integration with the new FPARS system.

FPARS - Status of Development – Interim Solution

The Project includes the following distinct phases: Project Preparation, Business Blueprinting (System Analysis, Conceptual and Detailed Design), and Implementation (Realization).

1) Project Preparation (2005 - Completed June 2007):

- Documentation of the “as-is” budget process;
- Process improvements identified; (include Program Maps Divisions completed – ABCs ongoing); and
- A “to-be” budget and planning process defined and documented.

2) High-level Blueprinting –Conceptual Design & Options Analysis (June 2009)

Prepare functional requirements for high priority applications. Determine the functionality to be delivered within the interim budget solution timelines for go-live by June 2010. High priority functionality requirements within FPARS include the following:

- Complement Management, where salary and fringe budgets (and positions) are developed, controlled and monitored;
- Business Case Application, allows for simulation and business case development and tracking;
- Score-carding where FPARS will link Strategies, Service Objectives, Initiatives and Measures for Council, Program and Service Levels, and
- Web-based applications to assist with users in preparing budgets and plans; and
- Multi Year Budgeting.

3) Implementation (June 2010) comprises of five steps:

- Detailed Design
- Construction
- Testing
- Training
- Data Conversion

To ensure maximum benefit from the implementation of FPARS, concurrent work packages or “waves” have been designed to incrementally turn on functionality within SAP. The first wave will focus on beginning the Cost Centre Review, increasing the reporting capacity of SAP, and developing the Performance Measurement and Scorecard application.

The second wave will address areas including Budget Execution, Compliment Planning and further work regarding the Cost Centre re-alignment.

Implementing the Long-Term Solution is dependant on finalizing the EA and cost centre reviews.

RESOURCES

Financial Planning, Analysis and Reporting System

The use of consultants to develop FPARS is required as the new system will be using functionality within SAP new to the City for planning and analysis purposes.

Specifically, two sole source external consultants, Droichead Atha Inc (as SAP Integration and Analytics Manager) and Damy Consulting Inc. (as Project Manager) have both contributed to finalizing the Project Preparation and Business Blueprinting phases of the project.

Both consultants are currently working on the Business Blueprint phase of the project with work scheduled for completion by June 2009. Their contracts will exceed \$500,000 before the 'go-live' date, and the request for sole source extensions are required to continue their work without interruptions. Given, their intimate knowledge in the FPARS project and City business, extension to the sole sources are required to ensure the project continues uninterrupted.

Droichead Atha Inc. SAP Analytics/Integration Manager

Droichead Atha Inc. has been the SAP Analytics Integration Manager for the FPARS project since September 2007. The current sole source contract (which totals approximately \$489,600.00) will expire in September 2008. This report recommends an extension of the sole source contract to September 30, 2010 totalling \$927,000.00. The revised overall commitment will be \$1,416,600.00.

There is currently no one with the unique SAP Analytics/Integration skills at the City who could complete the implementation phase of the project. If the SAP Analytics Integration Specialist is tendered, the time required for the competitive process, coupled with the learning curve to understand City financial policies, governance, and business processes, it will result in the timeline not being achieved by June 2010. The delay will result in a cascade of additional costs will threaten the goals and objectives of the overall project.

DAMY Consulting - Project Manager

DAMY Consulting has been the FPARS Project Manager since January 2006. The consultant's current sole source contract 6024197 (which totals approximately \$498,765.00) will expire in December 2008. This report recommends an extension of the sole source contract to September 2010 totalling \$315,000.00 which reflects market rates. The revised overall commitment will be \$813,765.00.

If the Project Manager position is tendered, the time required for the competitive process, coupled with the learning curve to understand City financial policies, governance, and all business processes as well as establish relationships with all City and Agency Heads (given the Corporate nature of the project) will result in the go-live timelines not being achieved (of June 2010). The delay will result in a cascade of additional costs that will threaten the goals and objectives of the overall project. The current rate of the consultant is \$165,000 per year.

In conclusion, FPARS is required to support a new streamlined planning and budgeting process that will be multi-year, service-based and performance focused. FPARS provides the foundation to support Service Planning, Multi-Year Budgeting, Performance Management, and System

Financial Planning, Analysis and Reporting System

Availability (or Enterprise Architecture). The system will address recommendations made by of the Fiscal Review Panel to streamline the budget process.

Overall, the benefits of implementing FPARS are as follows:

- Improved accountability/transparency and quality of information to articulate service costs, service levels and performance, and resource allocation;
- Reduced number of shadow budgeting systems that have to be managed/supported including duplication of work;
- Better information (one source) including MPMP, OMBI, other service metrics, and ability to cost Services and Council priorities across Programs throughout the City;
- Reduced manual effort to prepare budget, turnaround time for ad-hoc requests
- Maximized use of SAP as a management and operational tool;
- Prioritization of operational support systems - work-order or timekeeping to link to new system.

The report also requests authority to enter into sole source agreements with two consultants (Project Manager and SAP Analytics and Integration Manager) to provide required expertise to continue the project uninterrupted through implementation, in time for the 2011 Operating Budget process (June 2010). The sole source request totals \$1,242,000 for these two consultants for which funding is included in the Financial Services 2008 Approved Capital Budget.

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SIGNATURE



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