



STAFF REPORT INFORMATION ONLY

2007 Consulting Services Expenditure – City Divisions and Major Agencies, Boards and Commissions

Date:	May 16, 2008
To:	Government Management Committee
From:	Treasurer
Wards:	All
Reference Number:	P:\2008\Internal Services\acc\gm08007acc (AFS# 6202)

SUMMARY

The report is to inform the Committee on the consulting services expenditure of City Divisions and major Agencies, Boards and Commissions (ABCs) for the year ended December 31, 2007. It contains a summary and details, by category and vendor, of the Operating and Capital consulting services expenditure for 2007, with 2006 comparative.

Financial Impact

There are no financial implications arising from this report.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

Council at the meeting of December 4-6, 2001, adopted the recommendations contained in the City Auditor's report on consulting services. Included in these recommendations was a requirement that "All future reporting of consulting expenditures be based on actual expenditures incurred and not on the value of contracts awarded unless specifically requested by Council. In order to ensure that such reporting is accurate, all consulting costs reported to Council be reconciled to the City's financial information system by each Department." See staff report

<http://www.toronto.ca/legdocs/2001/agendas/council/cc011204/au10rpt/cl010.pdf>

Subsequently, in a report dated May 31, 2002 from the Chief Administrative Officer, entitled "Corporate Accountability Framework – Implementation Plan and Status Update on the Use of Consultants", contained in Clause 1 of Report 6 of the Audit Committee,

adopted by Council at its meeting of June 18-20, 2002, it was recommended that: “The CAO and CFO, in consultation with the City Auditor, 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.” See staff report <http://www.toronto.ca/legdocs/2002/agendas/council/cc020618/au6rpt/cl001.pdf>

COMMENTS

Consulting services are required to be acquired in accordance with the Toronto Municipal Code, Chapter 195, Purchasing, and Purchasing Policies and Procedures. The consulting services reported in this report follow the five categories outlined in the Selection and Hiring of Consulting Services policy that was revised and approved by Council in May 2007:

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);

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 policy in nature); with research and development being investigative study to provide the City with increased knowledge or information.

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);

External Lawyers and Planners: as determined in consultation with City legal staff; and

Creative Communications: inclusive of advertising, promotions, public relations and design advice.

The City Divisions and major ABCs have confirmed their 2007 consulting services expenditure, by vendor, for each of the five categories for both the Operating and Capital Budgets. Accounting Services staff have verified and reconciled, to the General Ledger, the actual and budget amounts reported by the Divisions. The amounts reported for the ABCs were confirmed by the specific ABC.

A summary of the consulting services expenditure for 2007, with 2006 comparative, for Operating and Capital, of Divisions and major ABCs, is presented below in Tables 1 and 2 respectively. Table 1a (Operating) and 2a (Capital) provide a summary by category; Table 1b (Operating) and 2b (Capital) provide a summary by Division/ABC.

The details of the consulting services expenditure for 2007, by category and vendor, for each Division and major ABC, are shown on Appendix A (Operating) and Appendix B (Capital), respectively.

In addition, Table 3 shows a comparison of the total consulting services expenditure for years 2002 to 2007.

Table 1a
OPERATING
Consulting Expenses Summary
By Consulting Category for City Divisions and Major ABCs
(Details in Appendix A)

Category	Contract Balance Remaining Dec 31/2007 \$ 000's (Note)	2007 Budget \$ 000's	2007 Actual \$ 000's	2006 Actual \$ 000's	% Change Increase/ (Decrease)	2007 Expenditures % by category	2006 Expenditures % by category
<u>City Divisions</u>							
Technical	518.3	1,322.8	1,479.0	401.3	268.6	54.7	50.7
Information Technology	15.0	72.6	57.6	0.0	0.0	2.1	0.0
Management/ R & D	245.8	1,870.3	1,107.5	319.9	246.2	41.0	40.4
Lawyers & Planners	127.0	116.0	60.3	70.9	(15.0)	2.2	8.9
Creative Communications	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Divisions	906.1	3,381.7	2,704.4	792.1	241.4	100.0	100.0
<u>Major ABCs</u>							
Technical	157.9	342.6	223.3	138.7	61.0	10.1	5.5
Information Technology	107.2	765.4	548.6	288.9	89.9	24.8	11.3
Management/ R & D	35.4	629.8	776.2	713.6	8.8	35.2	28.0
Lawyers & Planners	216.0	785.8	579.9	1,226.8	(52.7)	26.3	48.1
Creative Communications	0.0	77.4	79.4	180.3	(56.0)	3.6	7.1
Total ABCs	516.5	2,601.0	2,207.4	2,548.3	(13.4)	100.0	100.0
GRAND TOTAL	1,422.6	5,982.7	4,911.8	3,340.4	47.0		

Note: the contract value reported is the balance remaining as at December 31, 2007, net of GST. It is the amount expected to be spent in future year(s) and is not comparable to the current year expenditure amount.

Table 1b

**OPERATING
Consulting Expenses Summary
By City Divisions and Major ABCs
(Details in Appendix A)**

City Divisions	Category						2007 Budget	2006 Actual	% Change	2007 Exp. As % of Services & Rents Budget
	Technical	Information Technology	Mgmt /R&D	Lawyers & Planners	Creative Commun.	2007 Actual				
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	Incr./ (Decr.)	
Citizen Centred Services "A"	121.1	0.0	647.7	0.0	0.0	768.8	1,069.7	217.5	253.5	0.2%
Citizen Centred Services "B"	565.4	0.0	117.9	0.0	0.0	683.3	1,066.6	358.5	90.6	0.2%
Internal Services	754.4	57.6	41.3	0.0	0.0	853.3	382.9	0.0	-	1.4%
City Manager	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other City Programs	9.0	0.0	0.0	60.3	0.0	69.3	114.1	3.5	1,880.0	0.6%
Corporate Accounts - Non Program	29.1	0.0	300.6	0.0	0.0	329.7	748.4	212.6	55.1	0.6%
Total	1,479.0	57.6	1,107.5	60.3	0.0	2,704.4	3,381.7	792.1	241.4	0.3%
%	54.7	2.1	41.0	2.2	0.0	100.0				

Agencies\Boards\Commission	Category						2007 Budget	2006 Actual	% Change	2007 Exp. As % of Services & Rents Budget
	Technical	Information Technology	Mgmt /R&D	Lawyers & Planners	Creative Commun.	2007 Actual				
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	Incr./ (Decr.)	
Exhibition Place	0.0	0.0	0.0	0.0	2.5	2.5	0.0	27.1	(90.8)	0.0%
Heritage Toronto	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0%
Sony Centre for Perf. Arts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.2	(100.0)	0.0%
St. Lawrence Centre for the Arts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	41.9	(100.0)	0.0%
Toronto Atmospheric Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Toronto Centre for the Arts	0.0	0.0	11.2	0.0	0.0	11.2	11.2	19.7	(43.1)	1.9%
Toronto Parking Authority	0.0	0.0	0.0	0.0	70.0	70.0	70.0	100.0	(30.0)	0.5%
Toronto Police Services	87.5	548.6	271.0	120.1	0.8	1,028.0	1,454.9	639.1	60.9	2.8%
Toronto Police Services Board	0.0	0.0	0.0	359.2	0.0	359.2	519.2	715.6	(49.8)	42.5%
Toronto Public Library Board	0.0	0.0	0.0	11.1	1.1	12.2	30.0	8.6	41.9	0.1%
Toronto Transit Commission	132.2	0.0	470.0	33.7	0.0	635.9	433.1	801.1	(20.6)	1.1%
Toronto Zoo	3.6	0.0	24.0	55.8	5.0	88.4	82.6	190.0	(53.5)	0.9%
Total	223.3	548.6	776.2	579.9	79.4	2,207.4	2,601.0	2,548.3	(13.4)	1.2%
%	10.1	24.8	35.2	26.3	3.6	100.0				

GRAND TOTAL (Divisions & ABCs)	1,702.3	606.2	1,883.7	640.2	79.4	4,911.8	5,982.7	3,340.4	47.0	0.4%
%	34.7	12.3	38.4	13.0	1.6	100.0				

As shown on Tables 1a and 1b above, the 2007 actual operating consulting services expenditure for the City Divisions increased by \$ 1.912 million, while the ABCs decreased by \$ 0.341 million, compared to 2006. The increase for City Divisions is primarily due to initiatives and studies undertaken such as: Union Station revitalization, Western Waterfront Master Plan, Program review and shelter support and housing matters. With regard to the Union Station revitalization, the expenditures were in excess of the budget but were fully funded from the rent received as approved by Council and reported to Council in the Union Station Revitalization – Recommended Approach staff report contained in Executive Committee item 15.2 of December 11-13, 2007. For both City Divisions and ABCs, the total expenditure was within the approved budget, with specific over budget occurrences being offset by under spending in other Divisions or ABCs. An explanation of the significant budget variances, by Division/ABC, is included in the detail listing on

Appendix A. As in the previous year, consulting services expenditure are low, being approximately 0.3% and 1.2%, respectively, of the gross Purchase of Services and Rents budgets of City Divisions and major ABCs.

Table 2.a

**CAPITAL
Consulting Expenses Summary
By Consulting Category for City Divisions and Major ABCs
(Details in Appendix B)**

Category	Contract Balance Remaining Dec 31/2007 \$ 000's (Note 1)	2007 Actual \$ 000's (Note 2)	2006 Actual \$ 000's	% Change Increase/ (Decrease)	2007 Expenditures % by category	2006 Expenditures % by category
<u>City Divisions</u>						
Technical	4,604.5	3,071.2	3,264.1	(5.9)	74.8	75.4
Information Technology	2,440.8	779.8	636.1	22.6	19.0	14.7
Management/ R & D	138.9	186.9	416.2	(55.1)	4.5	9.6
Lawyers & Planners	378.0	64.2	14.3	349.0	1.6	0.3
Creative Communications	3.9	3.5	0.0	0.0	0.1	0.0
Total Divisions	7,566.1	4,105.6	4,330.7	(5.2)	100.0	100.0
<u>Major ABCs</u>						
Technical	2,718.2	2,281.3	3,483.5	(34.5)	42.0	63.1
Information Technology	1,702.7	2,515.5	755.5	233.0	46.3	13.7
Management/ R & D	0.0	409.6	426.7	(4.0)	7.5	7.7
Lawyers & Planners	241.2	220.5	850.0	(74.1)	4.1	15.4
Creative Communications	0.0	3.8	3.6	5.6	0.1	0.1
Total ABCs	4,662.1	5,430.7	5,519.3	(1.6)	100.0	100.0
GRAND TOTAL	12,228.2	9,536.3	9,850.0	(3.2)		

Note:

- (1) The contract value reported is the balance remaining as at December 31, 2007, net of GST. It is the amount expected to be spent in future year(s) and is not comparable to the current year expenditure amount.
- (2) The Budget amount is excluded because capital projects are budgeted on a total project basis and consulting services are not separately identified in the capital budget.

Table 2.b

**CAPITAL
Consulting Expenses Summary
By City Divisions and Major ABCs
(Details in Appendix B)**

City Divisions	Category						2006 Actual \$ 000's	% Change Incr./ (Decr.)	2007 Exp. As % of Approved 2007 Capital Plan
	Technical \$ 000's	Information Technology \$ 000's	Mgmt /R&D \$ 000's	Lawyers & Planners \$ 000's	Creative Commun. \$ 000's	2007 Actual \$ 000's			
Citizen Centred Services "A"	169.4	0.0	16.2	0.0	3.5	189.1	162.7	16.2	0.1%
Citizen Centred Services "B"	2,019.3	0.0	52.8	50.8	0.0	2,122.9	3,249.3	(34.7)	0.2%
Internal Services	882.5	779.8	117.9	13.4	0.0	1,793.6	918.7	95.2	1.0%
City Manager	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Other City Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Total	3,071.2	779.8	186.9	64.2	3.5	4,105.6	4,330.7	(5.2)	0.3%
%	74.8	19.0	4.5	1.6	0.1	100.0			

Agencies\Boards\Commission	Category						2006 Actual \$ 000's	% Change Incr./ (Decr.)	2007 Exp. As % of Approved 2007 Capital Plan
	Technical \$ 000's	Information Technology \$ 000's	Mgmt /R&D \$ 000's	Lawyers & Planners \$ 000's	Creative Commun. \$ 000's	2007 Actual \$ 000's			
Exhibition Place	194.1	0.0	0.0	0.0	0.0	194.1	203.4	(4.6)	0.2%
Heritage Toronto	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Sony Centre for Perf. Arts	116.0	0.0	132.1	83.9	0.0	332.0	576.7	(42.4)	-
St. Lawrence Centre for the Arts	158.8	0.0	0.0	0.0	0.0	158.8	10.4	1,426.9	-
Toronto Atmospheric Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Toronto Centre for the Arts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Toronto Parking Authority	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0%
Toronto Police Services	69.3	2,188.1	250.0	0.0	0.0	2,507.4	2,169.1	15.6	3.4%
Toronto Police Services Board	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Toronto Public Library Board	10.2	0.0	0.0	0.0	0.0	10.2	43.1	(76.3)	0.1%
Toronto Transit Commission	1,624.0	327.4	27.5	136.6	3.8	2,119.3	1,662.5	27.5	0.3%
Toronto Zoo	108.9	0.0	0.0	0.0	0.0	108.9	854.1	(87.2)	0.7%
Total	2,281.3	2,515.5	409.6	220.5	3.8	5,430.7	5,519.3	(1.6)	0.6%
%	42.0	46.3	7.5	4.1	0.1	100.0			

GRAND TOTAL (Divisions & ABCs)	5,352.5	3,295.3	596.5	284.7	7.3	9,536.3	9,850.0	(3.2)	0.4%
%	56.1	34.5	6.3	3.0	0.1	100.0			

As shown on Tables 2a and 2b above, the 2007 capital consulting services expenditure for the City Divisions decreased by \$ 0.225 million or 5.2%, and the ABCs decreased by \$ 0.089 million or 1.6%, compared to 2006. The consulting expenditures are approximately 0.3% and 0.6%, respectively, of the 2007 Capital Plan of City Divisions and major ABCs.

Table 3

COMPARISON OF CONSULTING EXPENSES BY YEAR: 2002- 2007

Year	OPERATING (\$000S)			CAPITAL (\$000S)			Total Consulting Expenditures - Operating & Capital (\$000's)
	City	ABC	Total	City	ABC	Total	City & ABC
2007	2,704.4	2,207.4	4,911.8	4,105.6	5,430.7	9,536.3	14,448.1
2006	792.1	2,548.3	3,340.4	4,330.7	5,519.3	9,850.0	13,190.4
2005	1,915.4	2,326.1	4,241.5	2,540.5	6,454.2	8,994.7	13,236.2
2004	1,934.6	3,605.9	5,540.5	3,933.6	6,497.1	10,430.7	15,971.2
2003	2,306.7	4,301.9	6,608.6	5,271.6	6,574.9	11,846.5	18,455.1
2002	2,411.6	2,973.1	5,384.7	4,679.4	6,239.1	10,918.5	16,303.2

Table 3 above shows the comparison of the total operating and capital consulting services expenditure for the years 2002 to 2007. While spending on consulting services are subject to operational requirements and varies from year to year, several measures implemented since 2002 have resulted in improved control. The initial zero-based justification during the budget process, stricter guidelines on the selection of consultants, compliance with purchasing policies, the requirement to report consulting expenses annually and as a separate item on the quarterly Operating Budget Variance report, have combined to ensure that Divisions and ABCs are maintaining control over their consulting expenditures.

CONTACT

Mo Lewis
Director, Accounting Services
Tel: 416-397-4438
Fax: 416-392-8003
Email: molewis@toronto.ca

Aditya Rupsingh
Manager, General Ledger Services
Tel: 416-392-7648
Fax: 416-696-4228
Email: arupsing@toronto.ca

SIGNATURE

Cam Weldon
Treasurer

ATTACHMENTS

Appendix A: Consulting Expenses - Operating
Appendix B: Consulting Expenses - Capital