



STAFF REPORT INFORMATION ONLY

2009 Consulting Services Expenditure – City Divisions and Major Agencies, Boards and Commission

Date:	June 2, 2010
To:	Government Management Committee
From:	Treasurer
Wards:	All
Reference Number:	P:\2010\Internal Services\acc\gm10010acc (AFS# 11658)

SUMMARY

The report is to inform the Committee and Council on the consulting services expenditure of City Divisions and major Agencies, Boards and Commissions (ABCs) for the year ended December 31, 2009. It contains a summary and details, by category and vendor, of the Operating and Capital consulting services expenditure for 2009, with 2008 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 (re: Audit Committee Report No. 10, Clause 10 titled "Policy for the Selection and Hiring of Professional and Consulting Services; Use of Consultants and Expenditure Reduction Strategies; Hiring of Professional and Consulting Services Review"). 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."

The following is the link to the Council decision and staff report:

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

Subsequently, Council at its meeting held on June 18 – 20, 2002, adopted the following recommendation contained 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” (re: Audit Committee Report No. 6, Clause 1): “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.” The following is the link to the Council decision and 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 2009 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 2009, with 2008 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 2009, 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 2005 to 2009.

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

Category	Contract Balance Remaining Dec 31/2009 \$ 000's (Note)	2009 Budget \$ 000's	2009 Actual \$ 000's	2008 Actual \$ 000's	% Change Increase/ (Decrease)	2009 Expenditure % by category	2008 Expenditure % by category
<u>City Divisions</u>							
Technical	203.4	1,141.9	630.4	672.7	(6.3)	31.0	27.3
Information Technology	0.0	0.0	10.9	53.0	(79.4)	0.5	2.1
Management/ R & D	238.2	1,498.1	825.4	1,123.9	(26.6)	40.6	45.6
Lawyers & Planners	118.6	504.7	549.4	616.6	(10.9)	27.0	25.0
Creative Communications	0.0	0.0	17.4	0.0	-	0.9	0.0
Total Divisions	560.2	3,144.7	2,033.5	2,466.2	(17.5)	100.0	100.0
<u>Major ABCs</u>							
Technical	747.7	1,535.7	647.5	387.2	67.2	16.7	7.5
Information Technology	0.0	42.7	27.7	238.0	(88.4)	0.7	4.6
Management/ R & D	2,373.0	3,286.1	2,928.1	3,733.3	(21.6)	75.2	72.5
Lawyers & Planners	8.2	108.7	172.2	717.8	(76.0)	4.4	13.9
Creative Communications	0.0	127.5	116.8	75.5	54.7	3.0	1.5
Total ABCs	3,128.9	5,100.7	3,892.3	5,151.8	(24.4)	100.0	100.0
GRAND TOTAL	3,689.1	8,245.4	5,925.8	7,618.0	(22.2)		

Note: The contract value reported is the balance remaining as at December 31, 2009, 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 Services Expenditure Summary
By City Divisions and Major ABCs
(Details in Appendix A)

City Divisions	Technical \$ 000's	Information Technology \$ 000's	Mgmt /R&D \$ 000's	Lawyers & Planners \$ 000's	Creative Commun. \$ 000's	2009 Actual \$ 000's	2009 Budget \$ 000's	2008 Actual \$ 000's	2009 vs 2008 Actuals % Change Incr./ (Decr.)	2009 Exp. As % of Services & Rents Budget
Citizen Centred Services "A"	0.0	0.0	185.5	0.0	0.0	185.5	450.8	209.7	(11.5)	0.0%
Citizen Centred Services "B"	392.9	0.0	50.9	184.8	17.4	646.0	1,471.9	644.4	0.2	0.2%
Internal Services	11.6	10.9	134.0	0.0	0.0	156.5	0.0	347.5	(55.0)	0.2%
City Manager	178.0	0.0	85.7	14.9	0.0	278.6	0.0	110.3	152.6	7.6%
Other City Programs	0.0	0.0	0.0	109.3	0.0	109.3	104.0	346.4	(68.4)	0.9%
Corporate Accounts - Non Program	47.9	0.0	369.3	240.4	0.0	657.6	1,118.0	807.9	(18.6)	0.2%
Total	630.4	10.9	825.4	549.4	17.4	2,033.5	3,144.7	2,466.2	(17.5)	0.2%
%	31.0	0.5	40.6	27.0	0.9	100.0				

Agencies\Boards\Commission	Technical \$ 000's	Information Technology \$ 000's	Mgmt /R&D \$ 000's	Lawyers & Planners \$ 000's	Creative Commun. \$ 000's	2009 Actual \$ 000's	2009 Budget \$ 000's	2008 Actual \$ 000's	2009 vs 2008 Actuals % Change Incr./ (Decr.)	2009 Exp. As % of Services & Rents Budget
Exhibition Place	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Heritage Toronto	0.0	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	18.4	9.5	23.0	50.9	31.1	47.3	7.6	7.6%
St. Lawrence Centre for the Arts	0.0	0.0	17.7	0.0	0.0	17.7	0.0	5.0	254.0	3.5%
Toronto Atmospheric Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Toronto Centre for the Arts	0.0	0.0	0.0	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	70.0	70.0	70.0	71.0	(1.4)	0.4%
Toronto Police Services	0.0	27.7	198.7	0.0	0.0	226.4	259.4	658.3	(65.6)	0.6%
Toronto Police Services Board	0.0	0.0	0.0	41.8	0.0	41.8	50.0	572.6	(92.7)	5.7%
Toronto Public Library Board	11.8	0.0	11.2	2.7	2.6	28.3	30.0	17.6	60.8	0.1%
Toronto Transit Commission	635.7	0.0	2,577.8	0.0	0.0	3,213.5	4,494.7	3,703.4	(13.2)	4.7%
Toronto Zoo	0.0	0.0	104.3	118.2	21.2	243.7	165.5	76.6	218.1	2.3%
Total	647.5	27.7	2,928.1	172.2	116.8	3,892.3	5,100.7	5,151.8	(24.4)	2.0%
%	16.7	0.7	75.2	4.4	3.0	100.0				

GRAND TOTAL (Divisions & ABCs)	1,277.9	38.6	3,753.5	721.6	134.2	5,925.8	8,245.4	7,618.0	(22.2)	0.4%
%	21.6	0.6	63.3	12.2	2.3	100.0				

As shown on Tables 1a and 1b above, the 2009 actual operating consulting services expenditure for the City Divisions decreased by \$ 0.433 million (17.5 %), and the ABCs decreased by \$ 1.259 million (24.4 %), compared to 2008. The decrease for City Divisions was due mainly to certain divisions requiring less consulting services than anticipated and some work being deferred because of the Labour Disruption. The decrease for the ABCs was due primarily to less spending on consulting services by the Toronto Transit Commission, the Toronto Police Services and Toronto Police Services Board. For both City Divisions and ABCs, the expenditure was within the approved budget with some City Divisions' budget being recorded in a non-consulting budget line and not included in the total above. In both cases, there were specific over-budget occurrences that were 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 0.2 % and 2.0%, respectively, of the gross Purchase of Services and Rents budgets of City Divisions and major ABCs.

Table 2.a
CAPITAL
Consulting Services Expenditure Summary
By Consulting Category for City Divisions and Major ABCs
(Details in Appendix B)

Category	Contract Balance Remaining Dec 31/2009	2009 Actual	2008 Actual	% Change	2009 Expenditure	2008 Expenditure
	\$ 000's (Note 1)	\$ 000's (Note 2)	\$ 000's	Increase/ (Decrease)	% by category	% by category
<u>City Divisions</u>						
Technical	4,489.0	11,990.2	7,808.9	53.5	70.7	70.5
Information Technology	308.3	4,011.2	2,891.4	38.7	23.7	26.1
Management/ R & D	0.0	277.5	38.5	620.8	1.6	0.4
Lawyers & Planners	12.6	681.4	328.7	107.3	4.0	3.0
Creative Communications	0.0	0.0	3.9	(100.0)	0.0	0.0
Total Divisions	4,809.9	16,960.3	11,071.4	53.2	100.0	100.0
<u>Major ABCs</u>						
Technical	1,913.3	2,041.0	3,469.2	(41.2)	59.1	69.6
Information Technology	408.3	996.3	979.9	1.7	28.9	19.7
Management/ R & D	0.0	27.1	125.6	(78.4)	0.8	2.5
Lawyers & Planners	0.0	387.2	408.3	(5.2)	11.2	8.2
Creative Communications	0.0	0.0	0.0	-	0.0	0.0
Total ABCs	2,321.6	3,451.6	4,983.0	(30.7)	100.0	100.0
GRAND TOTAL	7,131.5	20,411.9	16,054.4	27.1		

Note:

- (1) The contract value reported is the balance remaining as at December 31, 2009, 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 Services Expenditure Summary
By City Divisions and Major ABCs
(Details in Appendix B)

City Divisions	Technical	Information Technology	Mgmt /R&D	Lawyers & Planners	Creative Commun.	2009 Actual	2008 Actual	2009 vs 2008 Actuals % Change	2009 Exp. As % of Approved 2009 Capital Plan
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	Incr./ (Decr.)	
Citizen Centred Services "A"	0.0	132.7	27.5	0.0	0.0	160.2	264.3	(39.4)	0.1%
Citizen Centred Services "B"	4,449.0	80.1	0.0	0.0	0.0	4,529.1	3,429.6	32.1	0.4%
Internal Services	7,541.2	3,798.4	250.0	681.4	0.0	12,271.0	7,377.5	66.3	4.5%
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	11,990.2	4,011.2	277.5	681.4	0.0	16,960.3	11,071.4	53.2	1.1%
%	70.7	23.7	1.6	4.0	0.0	100.0			

Agencies\Boards\Commission	Technical	Information Technology	Mgmt /R&D	Lawyers & Planners	Creative Commun.	2009 Actual	2008 Actual	2009 vs 2008 Actuals % Change	2009 Exp. As % of Approved 2009 Capital Plan
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	Incr./ (Decr.)	
Exhibition Place	138.9	0.0	0.0	0.0	0.0	138.9	84.1	65.2	0.3%
Heritage Toronto	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Sony Centre for Perf. Arts	539.6	2.1	27.1	331.8	0.0	900.6	1,833.5	(50.9)	3.6%
St. Lawrence Centre for the Arts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
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	-	-
Toronto Police Services	0.0	965.5	0.0	0.0	0.0	965.5	896.5	7.7	1.9%
Toronto Police Services Board	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Toronto Public Library Board	14.3	0.0	0.0	0.0	0.0	14.3	29.7	(51.9)	0.1%
Toronto Transit Commission	1,023.0	28.7	0.0	55.4	0.0	1,107.1	1,240.6	(10.8)	0.1%
Toronto Zoo	325.2	0.0	0.0	0.0	0.0	325.2	898.6	(63.8)	3.0%
Total	2,041.0	996.3	27.1	387.2	0.0	3,451.6	4,983.0	(30.7)	0.3%
%	59.1	28.9	0.8	11.2	0.0	100.0			

GRAND TOTAL (Divisions & ABCs)	14,031.2	5,007.5	304.6	1,068.6	0.0	20,411.9	16,054.4	27.1	0.7%
%	68.8	24.5	1.5	5.2	0.0	100.0			

As shown on Tables 2a and 2b above, the 2009 capital consulting services expenditure for the City Divisions increased by \$ 5.889 million (53.2 %), and the ABCs decreased by \$1.531 million (30.7 %), compared to 2008. The increase for City Divisions was due mainly to Toronto Water initiating work on the development of a solution to optimize the supply of water for the City and York Region; and Internal Services ramped up work on the Revitalization of the Union Station and development of a new Financial Planning Analysis and Reporting System. The decrease for the ABCs was due primarily to less spending on consulting services for the redevelopment projects for the Sony Centre and the Toronto Zoo. The consulting expenditures are approximately 1.1 % and 0.3 %, respectively, of the 2009 Capital Plan of City Divisions and major ABCs.

Table 3

COMPARISON OF CONSULTING SERVICES EXPENDITURE BY YEAR: 2005- 2009

Year	OPERATING (\$000S)			CAPITAL (\$000S)			Total Consulting Expenditure - Operating & Capital (\$000's)
	City	ABC	Total	City	ABC	Total	City & ABC
2009	2,033.5	3,892.3	5,925.8	16,960.3	3,451.6	20,411.9	26,337.7
2008	2,466.2	5,151.8	7,618.0	11,071.4	4,983.0	16,054.4	23,672.4
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

Table 3 above shows the comparison of the total operating and capital consulting services expenditure for the years 2005 to 2009. 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 expenditures as a separate item on the quarterly Operating Budget Variance report as well as this annual report have combined to ensure that Divisions and ABCs are maintaining control over their consulting expenditures.

As reported to the Government Management Committee at its meeting of March 11, 2010, (GM29.4), the Accounting Services Division (AS) has committed to and is in the process of developing a database of consulting services to be provided on an ongoing basis within the AS Intranet site. The development of the database is expected to be completed by September 30, 2010. See staff report:

<http://www.toronto.ca/legdocs/mmis/2010/gm/bgrd/backgroundfile-28112.pdf>

CONTACT

Mike St. Amant
Director, Accounting Services
Tel: 416-397-4438
Fax: 416-392-8003
mstamant@toronto.ca

Aditya Rupasingh
Manager, Accounting Services
Tel: 416-392-7648
Fax: 416-696-4228
arupsing@toronto.ca

Paul Chan
Financial Analyst
Tel: 416-392-7526
Fax: 416-696-4228
pchan2@toronto.ca

SIGNATURE

Giuliana Carbone
Treasurer

ATTACHMENTS

Appendix A: 2009 Consulting Services Expenditure - Operating
Appendix B: 2009 Consulting Services Expenditure - Capital