

IN THE MATTER OF THE TORONTO EXTERNAL CONTRACTS INQUIRY

AFFIDAVIT OF JEFFREY GRIFFITHS

I, **JEFFREY GRIFFITHS**, of the City of Toronto in the Province of Ontario,
MAKE OATH AND SAY:

Background

1. I swore an affidavit in respect of the Toronto Computer Leasing Inquiry on September 9, 2003. That affidavit contains a detailed summary of my educational and employment background, as well as a description of my duties as City Auditor after amalgamation, and as Auditor-General since my appointment to that position in 2002. That information remains accurate.
2. In 2002, my office conducted a forensic audit (the "Audit") relating to Beacon Software Revenue Systems LLC, and Remarkable Software, Inc.. My office produced an in camera report to the Audit Committee dated May 31, 2002 relating to the Audit (the "Report") (**BEGDOC PENDING**).
3. This audit and the Report were precipitated by an earlier audit conducted by my office which resulted in the audit report dated June 19, 2001 entitled "Selection and Hiring of Professional and Consulting Services Review" [**COT016611**]. This June 19, 2001 audit report in the Commission database is, for reasons I cannot explain, dated June 28, 2001. However, all information in my office indicates that the correct date for this report is June 19, 2001. In actual fact, the date this report was released was June 19, 2001.

4. The principal of Beacon Software Revenue Systems LLC was Michael Saunders. The principal of Remarkable Software Inc. was David Maxson.
5. Not mentioned in the Report is the name change in the Beacon corporate entity that contracted with and billed the City. From December 1997 through 1998, the entity through which Saunders' and Maxson's services were contracted and billed was Beacon Software Inc. For unknown reasons, beginning in 1999, Saunders contracted and billed his services as Beacon Software Revenue Systems LLC. These two companies were treated as one entity in the Audit and Report, and I will refer to both entities collectively as "Beacon" in this affidavit. I will refer to Remarkable Software, Inc. as "Remarkable".
6. From December 1997 through 1998, Maxson's services were provided under the auspices of Beacon. From 1999 forward, his services were provided and billed by Remarkable.
7. The Audit and the Report pertained to the engagement of Beacon and Remarkable for purposes related to the tax and water billing systems in the City's Finance Department; specifically, their involvement in the TMACS tax billing system and the WMACS water billing system. The Audit and Report also dealt to an extent with a third consulting firm engaged to work on the tax and water billing systems, Synerware EDP Services Inc. ("Synerware").
8. I believe the observations and findings in the Report are accurate. However, interviews conducted as part of this Audit were not conducted under oath and there was no cross-examination. There also may be areas into which this Inquiry might delve that the Audit did not investigate. In this regard, although the Report expresses concerns with respect to processes and documentation, as stated at page 5 of the Report, we did

not review the appropriateness of the decision itself to proceed with the TMACS system over the TXM2000 system.

9. Put simply, as described in the Report, the Audit disclosed a lack of administrative controls over the City's relationship with Beacon and Remarkable.
10. The Report identifies deficiencies that existed prior to June 2001. Subsequent to the audit report dated June 19, 2001 entitled "Selection and Hiring of Professional and Consulting Services Review" (COT016611), staff have addressed the recommendations contained in this and subsequent reports. Although we have not conducted specific follow up audit work, we understand that management processes have improved significantly.
11. I also note that, whatever the merits might be of TMACS versus the TXM2000 system, the TMACS system works and is still in use today.
12. Page 7 of the Report identifies categories of expenses incurred by Beacon and/or Remarkable that should not have been reimbursed or, at the least, should have been questioned. We did not do an exhaustive analysis on this issue as our audit was based on a sample of expenses only, but the following documents provide some examples of questionable expenses charged to the City that we reviewed:

- Airfares for Michael Saunders' wife and daughter:

TEC008300, 8002, 7812 and 7814 (June 2000)

TEC008303, 8037, 8040 and 8044 (August 2000)

TEC004845, 7864 and 7868 (February 2001)

- Car rental expenses incurred in the U.S. by Michael Saunders which do not appear to be related to the provision of consulting services:

TEC007477, 007479, 007972 and 008125 (April 1999 and April 2000)

- Car rental expenses incurred in Canada by David Maxson which do not appear to be related to the provision of consulting services:

TEC008353, 005136, 008355, 008356 and 008358 (June 2001)

- Entertainment expenses incurred in Rhode Island by Michael Saunders:

TEC008286 and 007827 (May 2001)

- Expenditures incurred by Michael Saunders on golf games and skiing with certain staff members, while in some instances charging double-digit hours worked to the City on the same day:

TEC007477, 7479 and 7789 (background documents)

TEC007803 and 7802 (Golf, June 1999)

TEC007815, 7485 and 7816 (Golf, October 1999)

TEC007820, 7481, 7948 and 9311 (Skiing, February 2000)

TEC007817, 7818, 7482 and 7819 (Golf, May 2000)

TEC007801 (Golf, May 2000)

TEC007800, 7483 (Golf, June 2000)

- A summary of questionable personal expenses charged to the City by David Maxson in 1999:

TEC008348

- Questionable expenses by Michael Saunders:

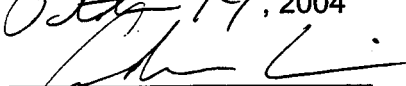
TEC008114 and 7831 (April 1, 1999 \$214 charge from the LCBO)

TEC007914 (June 18, 1999 \$75 charge for "tickets")

- Airfare over and above "normal" airfares to Rhode Island (where Michael Saunders resided):

TEC007922 and 7838 (July 2001)

13. I make this affidavit in respect of the Toronto External Contracts Inquiry and for no other purpose.

SWORN BEFORE ME at)
 the City of Toronto in)
 the Province of Ontario on)
Oct 14, 2004)
)
 A COMMISSIONER, ETC.



 JEFFREY GRIFFITHS

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 **TORONTO** STAFF REPORT

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June 28, 2001

To: Administration Committee
From: City Auditor
Subject: Selection and Hiring of Professional and Consulting Services Review

Purpose:

To report on the selection and hiring of professional and consulting services in the City, as required by the 2001 audit work plan of the City Auditor approved by Council at its meeting of March 6, 7, and 8, 2001.

Financial Implications and Impact Statement:

There are no immediate financial implications resulting from the adoption of this report. However, the implementation of the recommendations in this report will strengthen the City's control over its consulting expenditures, and potentially reduce consulting expenditures incurred by the City.

Recommendations:

It is recommended that:

- (1) 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 Chief Administrative Officer be required to communicate to senior staff the recommended reporting requirement;
- (2) the Chief Financial Officer and Treasurer advise all departmental staff of the specific reporting requirements for consulting expenditures. In addition, the Chief Financial Officer and Treasurer emphasize the importance of the need to accurately analyse all consulting related invoices in order to ensure that such expenditures are recorded accurately in the financial information system. Departmental staff be required to review

such accounts on a regular basis and make appropriate and timely accounting adjustments, where necessary:

- (3) the Chief Administrative Officer be required to add to the "Policy for the Selection and Hiring of Professional and Consulting Services" the following, "A justification analysis is required prior to the engagement of a consultant 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.";
- (4) the Chief Administrative Officer to report back on the dollar threshold above which departments are required to prepare detailed business cases prior to the hiring of consulting resources. Consideration be given to the development of a formalized template and/or checklist in order to assist staff in the development of a standard business case. The business case should be approved by each Commissioner and should be filed in the department for future management review and subsequent audit;
- (5) the Chief Administrative Officer take immediate steps to ensure that the engagement of all consulting services is made in accordance with the City's purchasing policies. Consultants not be engaged until the appropriate approvals have been obtained and a duly authorized purchase order is processed and recorded on the financial management information system;
- (6) the Chief Administrative Officer require the Commissioners to provide the appropriate information on existing consulting contracts so that purchase orders can be processed by the Purchasing Agent. The Purchasing Agent take the necessary steps to record such purchase orders on the financial information system. Any payments processed in excess of original contract amounts be identified and explanations obtained for such occurrences. The need to process such purchase orders in the future will not be required if proper procedures are followed;
- (7) the Chief Administrative Officer advise all Commissioners that in making sole source procurement decisions, clear justification, target completion date of the project, duration of the consulting engagement, and estimated contract value be documented, properly authorized, and, as required by City policy, be submitted to the Chief Administrative Officer, and to the Purchasing Agent for issuance of a purchase order or contract. Where the justification does not meet the City criteria for sole sourcing such contracts be subject to a competitive tender process in accordance with the City's purchasing policies;
- (8) the Commissioners take the necessary action to ensure that staff assigned to project management duties, especially where consultants are hired, have an appropriate combination of training and experience in project management and knowledge in the subject of the assignment, especially in the areas of developing clear and measurable deliverables, milestones, and performance evaluation criteria;
- (9) the Chief Financial Officer and Treasurer advise staff that request for proposal documents should not contain information relating to the actual project budget;

- (10) the Commissioners be required to re-evaluate the administrative internal controls in their departments in order to ensure that invoices submitted by consultants are reviewed for reasonableness, proper supporting documentation and verified to the terms of the contract prior to authorization for payment. The review should also ensure that individuals approving invoices are in a position to assess whether the service has been rendered. In regard to reimbursable out of pocket expenses, consideration be given to including all such expenditures as part of the original contract price; include consideration of
- (11) the Commissioners take the necessary steps to ensure that:
- (a) measurable standards and acceptance criteria are included in contracts executed with consultants;
 - (b) regular, properly documented, meetings are held with consultants to ensure that the consultant is meeting contractual obligations and performing as required; and
 - (c) upon completion of a project, the consultant's performance is documented and made available for review to relevant City staff, including the Purchasing Agent, when considering consultants for new projects;
- (12) the Chief Administrative Officer, in consultation with the City's Commissioners, identify areas where departments have skill shortages or insufficient staff resulting in the consistent and extensive long-term use of consultants and:
- (a) present the appropriate business cases justifying meeting long-term operational demands by increasing staffing levels, such increases to be financed by the transfer of funds from consulting budgets to salaries and wages budgets;
 - (b) where possible, ensure sufficient City staff are trained in skills required frequently and on a long-term basis, thus reducing the City's reliance on consultants to perform such duties; and
 - (c) ensure that the continuous operation of critical management information systems is not dependant upon a single individual consultant;
- (13) the Chief Administrative Officer communicate to and remind each Commissioner of the policy relating to the hiring of former employees, either directly or indirectly, as consultants for a specified period of time after they participated in the employee separation program of the City;
- (14) the Chief Administrative Officer review the practice whereby individual consultants are required to contract with consulting firms for providing their services to the City rather than being engaged directly as individuals;

- (15) in view of the fact that the recommendations contained in this report may be relevant to the City's Agencies, Boards and Commissions, the General Manager of each of these entities be required to report to their respective Boards by August 31, 2001 on such recommendations and their applicability in relation to their operations. In addition, the respective Boards be requested to forward such reports to the City Audit Committee;
- (16) the Chief Administrative Officer be required to add to the "Policy for the Selection and Hiring of Professional Consulting Services" specific details relating to the consequences of non-compliance with the policy. The amendment to the policy be reported to the Administration Committee by August 31, 2001; and
- (17) the Chief Administrative Officer be required to report to the next meeting of the Administration Committee on the plans and timetable relating to the implementation of recommendations contained in this report.

Background:

The development of the City Auditor's annual work plan is based on a number of factors, one of which relates to the level of expenditures incurred in specific areas throughout the City. In preparing our 2001 Work Plan in November 2000, we noted the significant increase in consulting expenditures which had occurred between 1998 and 1999. Consulting expenditures in 1998 were reported as \$29 million while in 1999 they had increased to a level of \$159 million. Even allowing for the significant amount of 1999 expenditures related to the Year 2000 project, (approximately \$70 million), the level of expenses on consulting costs had increased significantly. Consequently, it was determined that the 2001 Work Plan of the City Auditor should include a review of consulting expenses. The Work Plan was approved by Council at its meeting of March 6, 7 and 8, 2001.

In March 2001, the Chief Administrative Officer and Chief Financial Officer and Treasurer issued a report entitled "Policy for the Selection and Hiring of Professional and Consulting Services". The purpose of this report was to "recommend a uniform purchasing policy for the selection and hiring of professional and consulting services for the City of Toronto."

Also in March 2001, the Chief Administrative Officer presented a report to the Administration Committee entitled "The Use of Consultants and Expenditure Reduction Strategies". The purpose of this report was to provide an "overview of the incidence and benefits of professional and consulting services, and to introduce parameters on the use of consulting assistance, as well as a policy to ensure standards and accountability when selecting and hiring consultants." In addition, the report recommended "a corporate-wide reduction goal and new annual budget and in-year reporting measures to achieve meaningful results in 2001 and beyond."

The Administration Committee, in considering the above reports at its meeting on March 27, 2001, passed the following motions:

- “(a) defer consideration of these reports until it considers the City Auditor’s report on the use of consultants;
- (b) request the City Auditor to present his report on the use of consultants to the June 5, 2001 meeting of the Administration Committee;
- (c) request the City Solicitor to submit a report to the aforementioned meeting of the Administration Committee on any outstanding legal concerns, if any; and
- (d) request the Chief Administrative Officer to submit a report to the aforementioned meeting of the Administration Committee on the implications of a 20 percent reduction in the use of consultants.”

In addition, the Administration Committee requested the Chief Administrative Officer to “submit a report directly to Council for its meeting scheduled to be held on April 24, 2001, respecting the placing of a moratorium on the hiring of new consultants unless specifically approved by Council, until such time as the Administration Committee gives consideration to the forthcoming report from the City Auditor in regard thereto at its meeting scheduled to be held on June 5, 2001.”

As a result of the request of the Administration Committee, the City Auditor’s proposed review of consulting services originally scheduled to be conducted in September of 2001 was moved forward to April and May 2001.

Audit Objectives and Scope

The audit objectives were to review the City’s practices in procuring consulting and professional services and to determine whether:

- expenditures relating to consultants’ contracts were accurately reported;
- the need for consulting services was appropriately determined, justified and documented;
- consulting services contracts were awarded based on sound business practices and in accordance with established procurement by-laws, policies and procedures;
- adequate justification existed for waivers from required procedures;
- consulting contracts were effectively managed to ensure the contract deliverables were achieved and “value for money” was obtained; and
- payments were made in accordance with the terms of the contract.

The observations in this report are a result of our assessment of a sample of 90 payments made to various consultants and a review of 26 consulting contracts that were active in the year 2000. Our review included all Departments in the City and included discussions with staff from the Chief Administrator's Office, Finance, Corporate Services, and other appropriate staff.

Our review did not include an audit of the actual consulting amounts reported to Council in 1998 and 1999. Neither did it include a review of procedures and practices used by Agencies, Boards and Commissions in their selection and hiring of professional and consulting services.

Comments:

A summary of the major issues identified during the course of our review is included in the following Summary of Overall Audit Observations. Further details relating to each one of these observations, along with our recommendations, are provided in the body of the report.

Summary of Overall Audit Observations

- (1) Consulting expenditures for both 1998 and 1999 reported to Council as \$29 million and \$159 million respectively, are misstated. The extent of the misstatements can not be accurately determined. In a report dated September 6, 2000, the limitations relating to the 1998 and 1999 expenditures were acknowledged by the Chief Administrative Officer.
- (2) Several non-Year 2000 Information Technology service contracts were awarded under the delegated Year 2000 authority without open competition and without the involvement of the Purchasing Agent, as required by the Toronto Municipal Code, Chapter 195, Purchasing, which establish procedures and authority for the procurement of goods and services.
- (3) In some cases, internal administrative controls to ensure that consulting and professional service contracts are awarded and extended in compliance with corporate purchasing policies and procedures have been by-passed.
- (4) Sole source procurement often did not meet the criteria set forth in the City's guidelines. In many cases, sole sourcing was justified as "continuing prior work" and "previous work relationship". Generally, there is no documented evidence to demonstrate that the sole source consultant is the only, or best, firm to provide the service at the best price for the City.
- (5) In many cases justification for the hiring of consultants is not documented. Formal business cases or justification analyses have not been prepared which, in general terms, should include the benefits and costs of hiring a consultant. There is no evidence to indicate that alternatives were considered, such as the use of City staff in whole or in part.

- (6) A number of Request for Proposals disclosed the approved funding for the project. Proposals received for these requests tended to be priced in a narrow range near the maximum approved funding amount. In such cases, there is no assurance that the City has received the best price for the goods or services acquired.
- (7) Invoices submitted by consultants often provide insufficient information to allow staff responsible for invoice approval to determine whether the service has been rendered or that the amount invoiced is reasonable and legitimate. In two of the contracts that we reviewed, out of pocket expense reimbursements, in our view, were excessive.
- (8) Project scope and deliverables are often not defined in sufficient detail to permit the effective management of consulting contracts, and to ensure that the project objective has been, or is being, met.
- (9) The City, in certain areas, has put itself at significant risk due to its reliance on various consulting organizations. The termination of certain services provided by consultants at the present time would have significant impact on the ability of the City to continue its day-to-day operations. In these cases, there is no long-term plan to replace the knowledge of those consultants, who are critical to the operation of the City, with City staff.
- (10) Consultants are often required because of insufficient staff resources or an absence in the skills necessary to complete certain work. Opportunities for cost savings exist where departments can identify a long-term need for these skills or resources.

Detailed Observations

Reporting of Consultant Expenditures

According to the Chief Administrative Officer's report to the Policy and Finance Committee entitled "Contracting of Consulting Services in 1999", the term "consultant" was defined as:

"Any firm or individual providing expertise, advice, or professional services that are not readily available from City staff" (i.e., skills that are not present or are not able to be accommodated internally in a timely fashion).

According to the report, the term "consultant" does not include "anyone considered an employee, nor does it include contracts for the purpose of services such as soil or concrete testing, language translation, certain inspections or other fee-for-service activities, such as training course instructors, required to support operations."

In the new policy proposed by the Chief Administrative Officer and Chief Financial Officer and Treasurer, in their March 2001 report entitled "Policy for the Selection and Hiring of Professional and Consulting Services" the definition was slightly modified as follows:

"Any firm or individual providing time limited expertise, advice, or professional services that are not readily available from City staff. The skills are not present because it is not economical for the City to hire staff for that purpose, or the work is not able to be accommodated internally in a timely fashion."

In a report dated August 31, 1998, prepared by the City Auditor entitled "Use of Long Term Consultants" in the Works & Emergency Services Department, it was recommended that "the Chief Administrative Officer be requested to report to Council every six months on the use of consultants by the City and all its Agencies, Boards and Commissions." This recommendation was approved by Council, but at a later date was amended to require that such information be reported on an annual basis. Reports for 1998 and 1999 have been forwarded to Council. The information related to 2000 is still in progress and is expected to be submitted to the July 2001 Administration Committee meeting.

(1) Consulting Expenditures Reported for 1998

At its meeting on January 13, 1999, the Budget Committee requested the Chief Administrative Officer to report on "the hiring of outside consultants City-wide, including Agencies, Boards and Commissions." In order to comply with the request of the Budget Committee, all City Departments, Agencies, Boards and Commissions were contacted and asked to "provide details on the consulting services they contracted in 1998."

The Chief Administrative Officer, in his report, also indicated that the "contracts included in this report are for consulting services only and do not include contracts for the purchase of services, such as soil testing, medical professionals, translation services, etc. made by City Departments, Agencies, Boards and Commissions."

In his report to the Policy and Finance Committee in June 1999, the Chief Administrative Officer noted that City Departments, Agencies, Boards and Commissions issued 928 consulting contracts, inclusive of amalgamation, transition and restructuring consulting contracts, having a total value of \$29 million in 1998. Of this total, City Departments issued 760 consulting contracts (with a total contract value of \$19 million), and Agencies, Boards and Commissions issued 168 consulting contracts (with a total contract value of \$10 million).

While the request for information from the City's Departments, Agencies and Commissions was explicit, certain responses were not in compliance with the request. For instance, our review of the \$29 million in consulting expenditures for certain departments indicated that in some cases this amount did not consist of the amount of contracts awarded but represented actual expenditures incurred during the year. It is possible and, in some cases, likely that these reported expenditures related to contracts awarded prior to amalgamation.

In actual fact, it is unclear as to what information Council requested in terms of the use of consultants in 1998. The request from Council was a requirement to report on the "hiring of consultants". There was no reference as to whether the total contract awards should be reported on actual expenditures or contracts awarded. The amounts reported to Council represent a mix of consulting contracts awarded during 1998 and expenditures incurred during 1998.

The amount of \$29 million in consulting costs reported to Council is, therefore, inaccurate. The extent of this inaccuracy has not been determined.

(2) Consulting Expenditures Reported for 1999

In September 2000, the Chief Administrative Officer reported to the Policy and Finance Committee details related to the contracting of consulting services in 1999. In his report to the Policy and Finance Committee, the Chief Administrative Officer indicated that in 1999, City Departments, Agencies, Boards and Commissions incurred expenditures of \$159 million (approximately 2.3 percent of the City budget) on consulting services.

In the Chief Administrative Officer's report of September 2000, City Council was advised in reference to 1998 expenditures that "the 1998 data submitted was acknowledged by Departments as questionable for some operations and it was concluded that consulting expenditures were likely under reported for that year." In addition, City Council was also advised that for the "1999 data, departments were asked to not submit data on contracts for purchased services. An examination of the data submitted, however, suggests that this has not been adhered to consistently. In addition, departmental tracking and reporting management systems are still evolving. It is expected that more accuracy and clearer trends on City consulting expenditure levels will emerge in future years through continued analysis using improving systems."

While the Chief Administrative Officer has recognized the limitations relating to the accuracy of consulting expenditures reported to City Council, the extent of the inaccuracies are significant. For example, our review of 1999 consulting expenditures reported to Council identified the following:

- (a) the reported 1999 consulting costs included the value of consulting contracts related to six multi-year projects (commenced in late 1999) totalling \$35 million;
- (b) certain departments only reported payments on new contracts issued in 1999, and excluded payments on active contracts committed prior to 1999;
- (c) certain departments reported all contract expenditures paid in 1999; and
- (d) contracted-out professional services were also included in the total amount reported.

The reporting of consulting expenditures to Council for 1999 was inaccurate. Departments have generally been unclear as to what is required to be reported and as a result, information from departments has been inaccurate, inconsistent and, in some cases, incomplete.

(3) Consulting Expenditures for 2000

We understand that consulting expenditures for the year 2000 will be reported to the July 3, 2001 meeting of the Administration Committee. At the time of our review, the compilation of this information was in process. However, our initial review of the financial information system in relation to year 2000 consulting expenditures identified the following:

- (a) our review of 90 payments to various consulting organizations that total \$13.1 million, identified 16 of these payments related to non-consulting expenses. The dollar value of these items was \$6.8 million, which included \$5.6 million of direct capital construction payments. Thus, of the \$13.1 million that we reviewed, \$6.8 million (52 percent) should not have been classified as consulting expenditures given the proposed definition of consulting; and
- (b) we also noted five instances where payments to consultants were recorded in non-consulting accounts such as regular salaries and utilities. These payments totalled almost \$200,000 but represent a small sample of the expenditures we reviewed.

Summary

The reporting of prior years consulting expenditures has been a mix of the value of contracts awarded along with actual expenditures incurred.

Should Council wish to know the value of consulting contracts issued as well as the value of actual consulting expenditures incurred during a particular year, these can be reported independently. Financial reporting, for the most part, including regular variance reporting, is based on actual expenditures incurred and this is the basis on which consulting expenditures should be reported.

Recommendation:

1. 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 Chief Administrative Officer be required to communicate to senior staff the recommended reporting requirement.

Detailed information and analysis relating to consulting expenditures is not yet available on a centralized basis on the current SAP financial information system. Consequently, the collection of information required to compile the analysis of consulting expenditures for Council is requested by the Finance Department on a department by department basis. As a result, there is a significant time delay in preparing the annual report on consulting costs. Recently, the Finance Department, in consultation with the Chief Administrators' Office, has amended the account structure of the City's financial system to facilitate the recording of consulting costs. In order to provide relevant, complete and accurate information on the City's annual consulting costs, it is important that City staff understand what constitutes consulting expenditures, and how they should be accounted for in the City's financial system. Regular scrutiny of expenditures recorded in consulting and other professional services accounts will also minimize the risk of inaccurate reporting of the consulting expenditure.

Recommendation:

2. The Chief Financial Officer and Treasurer advise all departmental staff of the specific reporting requirements for consulting expenditures. In addition, the Chief Financial Officer and Treasurer emphasize the importance of the need to accurately analyse all consulting related invoices in order to ensure that such expenditures are recorded accurately in the financial information system. Departmental staff be required to review such accounts on a regular basis and make appropriate and timely accounting adjustments, where necessary.

The Justification for the Hiring of Consultants

The responsibility for ensuring that the use of consulting services is required rests with departments. Our review of various documentation and discussions with departments noted that while departments may have implicitly assessed their need for consulting services, there was often no business case, or justification analysis, formally documenting the determination of the need for such services.

Specifically, there was little documentation to demonstrate that departments had adequately considered alternative service delivery options, such as using internal resources or offering longer-term employment contracts to qualified proponents. In addition, there appeared to be little consideration given as to whether it is necessary to have a consultant complete all stages of a project rather than using staff to conduct the major portion of the work and engaging the consultant on a more limited basis to provide direction and advice at critical stages of the project.

While it is possible that certain of these steps have been considered, there was generally little documentation in place which would confirm this to be the case.

The Chief Administrative Officer and the Chief Financial Officer and Treasurer, in a joint report dated March 8, 2001 entitled "Policy for the Selection and Hiring of Professional and Consulting Services", provided detailed information relating to the administrative requirements for the selection of consultants. This policy does not, however, contain information relating to the requirement that the hiring of consultants be justified from a business case perspective.

Given the significant consulting expenditures incurred by the City, the requirement for a properly documented business case, or justification analysis, would impose a degree of discipline and consistency in the engagement of consultants. In addition, it would ensure that the need for consulting services is justified and that the project will be conducted in the most cost-effective manner. Given the varying size of consulting contracts, it may be advantageous to implement a scaleable business case process based on the dollar value of the project being considered.

Recommendations:

3. The Chief Administrative Officer be required to add to the "Policy for the Selection and Hiring of Professional and Consulting Services" the following, "A justification analysis is required prior to the engagement of a consultant 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.”

4. The Chief Administrative Officer to report back on the dollar threshold above which departments are required to prepare detailed business cases prior to the hiring of consulting resources. Consideration be given to the development of a formalized template and/or checklist in order to assist staff in the development of a standard business case or justification analysis. The justification analysis should be approved by each Commissioner and should be filed in the department for future management review and subsequent audit.

Compliance with the Toronto Municipal Code, Policies and Procedures

The Toronto Municipal Code, Chapter 195, Purchasing, established procedures and authority for the procurement of goods and services. The Municipal Code provides the “Purchasing Agent” (defined as “the person holding the position of Director of Purchasing and Materials Management in the City’s Finance Department and whose responsibility it is to supervise and carry out the procurement function on behalf of the City in accordance with the by-law, and includes his or her designate.”) with the authority to make an award and enter into a commitment on behalf of the City. The purchase order is the mechanism used by the Purchasing Agent to authorize payments for a commitment.

The Chief Administrative Officer and Department Heads are authorized to make an award, in respect of consulting services, where the commitment resulting from the award is within the spending authority for such persons under the provision of the Financial Control By-law.

The following table summarizes the conditions and spending authority delegated by the Chief Administrative Officer.

Authority	\$ Amount	Conditions
Chief Administrative Officer	- Up to \$500,000	
Commissioners	- Up to \$250,000	- Where approved procurement procedures have been followed.
	- Up to \$50,000	- Where normal purchasing procedures are not possible, i.e., sole source, emergencies, time constraints, or where for economic reasons it is not possible to follow accepted procedures, etc.
General Managers*	- Up to \$250,000	- Where approved procurement procedures have been followed.
Executive Directors* Executive Director of HR Fire Chief City Clerk Medical Officer of Health City Solicitor City Auditor	- Up to \$25,000	- Where normal purchasing procedures are not possible, i.e., sole source, emergencies, time constraints, or where for economic reasons it is not possible to follow accepted procedures, etc.
Directors*	- Up to \$100,000	- Where approved procurement procedures have been followed.

* subject to delegation from the Commissioners

The Financial Control By-law requires that any commitment in excess of \$500,000 be approved by the Bid Committee, Standing Committee or Council.

Once staff have made the final selection of a consultant and obtained proper authority to award a contract, the Purchasing Agent is required to make a formal commitment on behalf of the City in the form of a purchase order or contract.

In our report dated April 24, 1999 entitled "Review of Commissioner Street Transfer Station Project Expenditures", we identified a number of situations where policies were not complied with. As a result, this particular audit report recommended that "the Chief Administrative Officer advise all department heads that the selection and engagement of all consulting services be made in accordance with the City's purchasing policies." While the Chief Administrative Officer communicated this requirement to the Commissioners, it is apparent that there continues to be instances of non-compliance in regard to purchasing policies.

Our current review identified a number of cases where City policies and procedures were not complied with. The following are some examples.

- (a) In our review of 26 professional service consulting contracts, seven were awarded without the involvement of the Purchasing Agent and consequently, a purchase order was not issued. The value of these contracts in total was \$1.1 million.
- (b) In 1999 and 2000, the Year 2000 Office had the delegated authority from Council, to recommend to the Year 2000 Steering Committee that the City extend, re-negotiate, terminate or enter into new contracts on Year 2000 related projects that affected priority business functions. The City also entered into a master agreement with each of the consulting firms retained to conduct Year 2000 work. While individual contract schedules were issued by the Corporate Services Department to authorize contract awards to these firms, a purchase order was not always issued. In addition, in our review of contracts awarded in 2000 and referenced to the Year 2000 authority, there were a number of instances of new contracts and contract extensions for projects/assignments that do not appear to be Year 2000 related. In these cases the City's purchasing procedures, such as the normal competitive process, the involvement of the Purchasing Agent and the issuance of a purchase order, as required under the Toronto Municipal Code, Chapter 195, were not followed.

Circumstances where purchase orders are not issued for consulting services, have internal management control consequences. The processing of a purchase order provides assurance that purchasing procedures are in compliance with the authorization to enter into commitments as outlined in the Municipal Code and, in particular, that a competitive process has been followed. Issuing a purchase order also allows complete and accurate information to be centrally maintained in the corporate financial information system for accounting, monitoring, control and reporting purposes. The monitoring of payments to consultants is conducted through the purchase order process as it identifies requests for payments in excess of contracted amounts.

The processing of payment requests through a "non-P.O. voucher" by-passes this control. In these circumstances, there is no central accounting control in place which prevents the payment to a consultant in excess of their contracted amount.

In addition, in our review of 90 payments made to consultants, approximately 71 percent of them were processed as non-P.O. vouchers. Included in our review were four instances where actual payments to the consultant had exceeded the total value of the purchase order issued by the City. In one instance, a consulting firm was paid more than \$10 million in 2000, yet the total value of purchase orders recorded in the accounting system relating to this firm was only \$2.1 million. The services for this consultant were initially procured prior to amalgamation by the former Metro for the provision of information technology services to Metro departments for the years 1997, 1998 and 1999. The contract with the consultant was subsequently renewed in 2000 with the City under the Year 2000 authority without the involvement of the Purchasing Agent and, as a result, no purchase order was processed.

Contracts totalling approximately \$2.1 million were set up on the accounting system under the original authority as these contracts have been processed through the Purchasing Agent. The balance of the contracts were not processed through the Purchasing Agent.

Our review with staff of this particular contract indicated a general level of uncertainty and confusion relating to the need to issue a purchase order for consultants currently engaged by the City.

Recommendations:

5. The Chief Administrative Officer take immediate steps to ensure that the engagement of all consulting services is made in accordance with the City's purchasing policies. Consultants not be engaged until the appropriate approvals have been obtained and a duly authorized purchase order is processed and recorded on the financial management information system.
6. The Chief Administrative Officer require the Commissioners to provide the appropriate information on existing consulting contracts so that purchase orders can be processed by the Purchasing Agent. The Purchasing Agent take the necessary steps to record such purchase orders on the financial information system. Any payments processed in excess of original contract amounts be identified and explanations obtained for such occurrences. The need to process such purchase orders in the future will not be required if proper procedures are followed.

Control Over Sole Source Procurement Decisions

The objective of the public procurement process is to provide fair and open competition to all interested vendors to ensure the City obtains its required goods and services at the best possible price. The use of sole source contracting is generally discouraged.

There are, however, situations when the service to be provided is of such a unique nature that only one person or firm is clearly and legitimately available to provide the service. In other cases, normal purchasing procedures are not possible due to time constraints. In these circumstances sole sourcing may be appropriate. If so, a purchase order or contract indicating the maximum contract value, will be issued by the Purchasing Agent as a formal commitment from the City.

The proposed Policy for the Selection and Hiring of Professional and Consulting Services. outlines situations where sole source procurement is authorized, as follows:

“Sole Source shall mean entering into a commitment without the issuance of a Request for Quotation (RFQ) or a Request for Proposal (RFP). This is applied only in cases where normal purchasing procedures are not possible (i.e., emergencies, time constraints or where for economic reasons it is not possible to follow accepted procedures).”

Our review of sole source contracts awarded in 2000 found that:

- the justification for awarding sole source contracts often did not meet the criteria set forth in the City's guidelines.
- the justification for awarding sole source contracts was inadequately documented; and
- sole source contracts were sometimes awarded retroactively;

Our specific observations in relation to sole source contracts are as follows:

- (a) In a sample of 24 sole source justification reports. 13 cited “continuity”, “involvement in the earlier phase of the project”, or “previous working relationship with the consultant” as the reason for sole sourcing. In some cases, the consultant was initially sole sourced. New contracts were subsequently awarded to these consultants by using “involvement in the earlier phase of the project” as a reason for sole source contract extensions. Some of these consultants had commenced work before the purchase order was issued or the contract was signed. There was no competitive process in the procurement of these services.
- (b) In a number of instances the Purchasing Agent was not notified of sole source contracts contrary to the Toronto Municipal Code.
- (c) There was generally very little documentation to demonstrate that the sole source consultant was “clearly and legitimately” the only individual qualified to perform the service, or that it would be more economical to hire a consultant than using City staff.
- (d) Two consultants have been engaged as project managers to develop and maintain financial information systems in the Finance Department for a number of years. In 2000, while their contract limits were \$180,000 and \$100,000, they were paid \$501,000 and \$456,000 (inclusive of reimbursable expenses such as airfare, hotel accommodation,

meals, etc.) respectively. Although the \$180,000 and \$100,000 were outlined in a schedule to an existing contract, we were not able to locate a contract specifically relating to the payments in excess of these amounts. We have been informed by staff that the two consultants were retained because of their previous experience and knowledge of the information systems of the former City of North York.

The contracts with these consultants in 2000, totalling \$180,000 and \$100,000 respectively pertained specifically to the Year 2000 project. The Finance Department, however, also engaged the services of these consultants for day to day systems maintenance activities without a formal contract outlining the services to be rendered and the upset limit.

The engagement of consultants in the circumstances described above could be construed as providing preferential treatment to certain consultants simply because they had previously performed work for the City. It also does not afford the City assurance that an equally qualified firm is given an opportunity to provide the same quality service at a fair market price.

The justification for sole sourcing citing reasons such as "continuity", "involvement in the earlier phase of the project", and "previous working relationship", in our view, does not meet the criteria for sole sourcing.

The Chief Administrative Officer issued a directive to the Commissioners, dated January 15, 2001, entitled "Sole Sourcing of Consultants", which states "sole sourcing of consultants should be the exception in hiring consultants. It is important staff understand this means that with the exception of unforeseen circumstances, the hiring of consulting services should be done through proper purchasing procedures. Increasing a sole source amount, directly soliciting proposals, having work done before obtaining approvals and allowing projects to run close to or past the deadline dates are not valid reasons for sole sourcing."

Recommendation:

7. The Chief Administrative Officer advise all Commissioners that in making sole source procurement decisions, clear justification, target completion date of the project, duration of the consulting engagement, and estimated contract value be documented, properly authorized, and, as required by City policy, be submitted to the Chief Administrative Officer, and to the Purchasing Agent for issuance of a purchase order or contract. Where the justification does not meet the City criteria for sole sourcing such contracts be subject to a competitive tender process in accordance with the City's purchasing policies.

Contract Management

Our review identified a general need for improved management of consulting contracts, particularly with respect to the management of the consulting project's scope, schedule and budget, as well as the payment process. The Chief Administrative Officer has recognized the need for an upgrading of staff skills in this area and has initiated project management training for appropriate staff.

Project Scope, Schedule and Budget

Best practices call for a consultant's scope of work statement to communicate to consultants what is required of them in clear, measurable statements of expected services and clearly defined performance standards (quality, quantity and timeliness) whenever possible.

Our review noted instances in which contracts were awarded without clearly defined and measurable deliverables, making it difficult to monitor project progress, control project costs, and to determine the extent to which the deliverables were achieved.

If the scope of work is not clearly defined, opportunities exist for disagreements related to the extent of the work contracted for. For instance, in one situation, a consultant was awarded a contract with a submitted bid of \$67,000. Due to the generality in which the deliverables were defined, the consultant was able to successfully argue that the scope of the work was expanded beyond the original requirements identified, and the value of the contract was increased to \$107,000.

We also noted a number of instances where billings for system development and maintenance projects were issued based on hours worked, instead of by service delivered (e.g., specified deliverables, milestones or other productivity measures). In these circumstances, the payments to the consultant may not necessarily be commensurate with the value of the services rendered, and there is no assurance that the City is receiving value for money. Without a clear definition of the deliverables, it is also difficult to determine completion, with one possible result being that the contract continues with no finite end, and with no process in place to monitor and control its costs.

It is important that appropriate benchmarks are developed against which to measure the performance of each consultant in order to ensure that the project satisfies the needs for which it was undertaken. How well deliverables are defined and articulated will have a direct impact on the quality of the consultant's performance, and the ability of the City to manage the consultant contract thus ensuring the City receives value for consulting fees paid.

In addition, our review of consulting contracts pertaining to system development and maintenance projects noted a number of situations where the requirements with respect to system documentation were not adequately defined. Discussions with departmental staff indicate that the technical documentation provided by the consultants, in many cases, was not detailed enough to facilitate the transfer of knowledge to City staff. This exposes the City to the potential risk of receiving a non-supportable system and may result in a dependency on the consultant for the future maintenance and support of the system.

Recommendation:

8. The Commissioners take the necessary action to ensure that staff assigned to project management duties, especially where consultants are hired, have an appropriate combination of training and experience in project management and knowledge in the

subject of the assignment, especially in the areas of developing clear and measurable deliverables, milestones, and performance evaluation criteria.

Procurement

According to the City's Purchasing Policy, the Purchasing Agent is required to issue a Request for Quotation (RFQ) or a Request for Proposal (RFP) when the value of a consulting assignment is expected to exceed the Departmental Purchase Limit. A RFQ is used when tasks and deliverables for the consulting project are highly specific, and consultants will likely use a similar approach to the project. A RFP is used when there is no clear or single solution to a complex problem or matter to be resolved, although the objectives, timing and deliverables can be defined, and as such, the method of reaching the results will be left to proponents to submit for comparative evaluation, and the price is not necessarily the primary factor for evaluation.

We noted that whenever the Purchasing Agent was involved in the procurement process, either a RFQ or RFP was appropriately developed jointly by the Purchasing Agent and the user department, and issued for competitive calls. Bids were received and opened by the Purchasing Agent, and later forwarded to the user department for review. An evaluation team, comprised of key departmental staff members who have relevant knowledge and experience of the project, evaluated the bids according to pre-determined criteria and submitted their evaluation summary and recommendation for award. The Purchasing Agent would then review the evaluation results to ensure adherence to proper procedures, and accordingly, issue the purchase order.

Our review did, however, identify several instances in which the RFP disclosed the budget for the assignment. With all bidders submitting similar quotes, all being at or near the disclosed budget amount, there is no assurance that the City has received the best price.

The Purchasing Agent indicated to us that the disclosure of the actual proposed budget was only done at the insistence of the user departments and is not a practice recommended by the Purchasing Agent. Departments indicated that they sometimes have a limited budget for the assignment and the disclosure of the upset limit for the assignment eliminates the need to re-tender if all bids exceeded the approved funding level. In those situations, the price factor was assigned a weighting factor of 10 percent in the evaluation process.

For high dollar value assignments, where the possibility exists for a large disparity in the bids submitted, the disclosure of the project budget does not ensure the City receives a fair, competitive price.

Recommendation:

9. The Chief Financial Officer and Treasurer advise staff that request for proposal documents should not contain information relating to the actual project budget.

Payment and Expense Authorization

Several instances were noted in which the practices with respect to the review and approval of invoices submitted by consultants were inadequate to ensure that expenditures for consulting work was reasonable and accurate.

Approximately 24 percent of the 90 payment vouchers examined during the course of our review did not contain sufficient information to identify the nature of the service provided, project progress, hours worked or the rates charged. Given the circumstances, it is difficult to comprehend how staff were able to determine the appropriateness of the amounts invoiced and whether or not the services or the payment terms were in accordance with the provisions of the contract.

In certain consulting contracts, provision is made for the reimbursement of out of pocket expenses such as air fare, hotels, meals, transportation and other sundry expenses. In two particular cases, our review indicated that expense reimbursements totalling approximately \$100,000 in 2000 were paid to two consultants as invoiced but without supporting documentation. The expense reimbursements included weekly air fares to and from Toronto to the United States, as well as reimbursements for meal expenses totalling as much as \$175 per day.

In regard to the administration of reimbursable out of pocket expenses, certain municipalities in North America require that all such expenditures be included in the original contract price. Such a process would eliminate the need to administer and evaluate the appropriateness of out of pocket expenses.

Recommendation:

10. The Commissioners be required to re-evaluate the administrative internal controls in their departments in order to ensure that invoices submitted by consultants are reviewed for reasonableness, proper supporting documentation and verified to the terms of the contract prior to authorization for payment. The review should also ensure that individuals approving invoices are in a position to assess whether the service has been rendered. In regard to reimbursable out of pocket expenses, consideration be given to including all such expenditures as part of the original contract price.

Quality Control

The eventual design of a system or the receipt of a report does not in itself provide evidence that proper quality management was exercised or that value was received for money paid to a consultant. As part of our work, we reviewed ten consulting contracts to determine if the work being conducted by the consultants was effectively managed to ensure that directed actions were carried out as planned to achieve the desired action or goal.

While four of the projects noted that regular project status meetings were held with the consultant, there were no minutes maintained providing evidence that issues identified were addressed in a timely manner, if at all.

In addition, in all cases, there was no formal documented evaluation of the consultant's work at the completion of the project to assess the quality of the consultant's performance and to determine whether the consultant fully honoured the terms and conditions of the contract. A number of the consulting projects which we reviewed did not have pre-established measurable standards or acceptance criteria, to facilitate such an evaluation in order to determine whether the goals and objectives of the project had been achieved.

Recommendation:

11. The Commissioners take the necessary steps to ensure that:
 - (a) measurable standards and acceptance criteria are included in contracts executed with consultants;
 - (b) regular, properly documented, meetings are held with consultants to ensure that the consultant is meeting contractual obligations and performing as required; and
 - (c) upon completion of a project, the consultant's performance is documented and made available for review to relevant City staff, including the Purchasing Agent, when considering consultants for new projects.

Reducing Reliance on Consultants and Contracted Services

Consultants are required for their specialized expertise, professional advice, impartial third-party evaluations, and to supplement existing staff resources. The implementation of policies and procedures outlined in the Chief Administrative Officer's proposed Policy for the Selection and Hiring of Professional and Consulting Services will provide consistency across the City for selecting, evaluating and awarding professional and consulting contracts, and support City staff in effectively controlling the use of consulting and professional services for the assignments.

However, there are opportunities to reduce the cost of consulting and professional services in the City. Over the past two years, circumstances such as restructuring and amalgamation activities, as well as significant one-time Year 2000 Project activities, were key drivers of consulting costs. While the demands driven by the Year 2000 project are now greatly reduced, the level of ongoing initiatives in the City, combined with staffing levels inadequate to meet these needs as well as day to day operational needs, will likely necessitate an ongoing need for the use of consultants and contracted services. Opportunities for cost savings exist where departments can identify a long-term need for a resource or particular set of skills. Where such needs are identified, every effort should be made to evaluate all service delivery alternatives prior to the hiring of consultants.

Notwithstanding the obvious benefits of using contracted professional services, such as easy access to "just-in-time resources", rates charged by consulting firms for these professionals, which also include the firms administrative charges and overhead, are relatively high.

Our review identified a number of situations where there are opportunities to reduce consulting costs and, more importantly, makes the City less vulnerable to reliance on certain consultants.

- (a) Two consultants have been working on projects such as the Property Database, Tax Billing and Water Billing systems since 1998 at the City and prior to that at one of the amalgamating municipalities. Total payments to these consultants were in the range of \$1 million in both 1999 and 2000. We were advised that since these systems need regular maintenance to address ongoing changes in provincial legislation, long-term ongoing full-time support is required. If this is truly a long-term need, consideration should be given to bringing this in house. An immediate plan is required to transfer the skills to City staff ensuring adequate depth of knowledge.
- (b) In 2000, a consulting firm was contracted to provide, among other information technology related services, a number of desktop support staff to City Departments at approximately \$110,000 each per year. The contract limit established for the engagement of desktop support staff totalled \$1 million for the first six months of 2001. City staff who work in similar capacity are paid significantly less. Again, savings may be achieved by either hiring staff to fulfil this long-term need or, investigating other alternative service delivery methods.
- (c) Two former City employees are currently working as sole source consultants on a system development project that is targeted for completion in 2004. The approved maximum contract value for each of them is approximately \$344,000 for 2001. In comparison, the pay scales of their positions, as City employees prior to amalgamation, were approximately \$80,000 to \$100,000 annually (including benefits). The work these consultants are doing is expected to take in excess of one year from start to finish. In such a case, savings may have been achieved by engaging the necessary staff as contract employees, if possible.

In relation to these two consultants, they were originally engaged individually. Subsequently, a decision was made by the City to engage these consultants through a consulting firm, thus avoiding employee/employer relationships and its potential employee/employer withholding tax consequences. These two consultants were subsequently engaged by that firm and continued providing services to the City with their time being billed through the consulting firm. As a result of these changed arrangements, the cost to the City for these consultants increased by approximately 60 percent.

It should also be noted that one of the above former City employees took advantage of the employee separation program of the City in January 1999. According to the City policy entitled "Re-employment of Former Employees After Reorganizing", such employee is prohibited from participating, as a consultant, in projects directly or indirectly related to the City or its special purpose bodies for a period of two years. The

policy also stipulates that the Chief Administrative Officer must recommend and City Council approve any re-hiring under extenuating circumstances before the two-year period expires.

The engagement of this former City employee in June 2000 was in contravention of the above City policy.

In many cases, significant cost savings could be realized through in-sourcing, particularly in situations where there may be an on-going requirement for certain skills or expertise. It makes good business sense to meet this long-term resource requirement through a combination of contracted service, in-house staff training and development, hiring new staff with the required skills, and hiring professionals as contract employees, perhaps at premium rates. In certain cases this may require adding to the City's complement of full-time employees. This should be considered only where the need is long term and the skills are transferable between projects or departments.

Recommendations:

12. The Chief Administrative Officer, in consultation with the City's Commissioners, identify areas where departments have skill shortages or insufficient staff resulting in the consistent and extensive long-term use of consultants and:
 - (a) present the appropriate business cases justifying meeting long-term operational demands by increasing staffing levels, such increases to be financed by the transfer of funds from consulting budgets to salaries and wages budgets;
 - (b) where possible, ensure sufficient City staff are trained in skills required frequently and on a long-term basis, thus reducing the City's reliance on consultants to perform such duties; and
 - (c) ensure that the continuous operation of critical management information systems is not dependant upon a single individual consultant.
13. The Chief Administrative Officer communicate to and remind each Commissioner of the policy relating to the hiring of former employees, either directly or indirectly, as consultants for a specified period of time after they participated in the employee separation program of the City.
14. The Chief Administrative Officer review the practice whereby individual consultants are required to contract with consulting firms for providing their services to the City rather than being engaged directly as individuals.

Agencies, Boards and Commissions

This report contains a number of recommendations, which, in all likelihood, will have relevance to the City's Agencies, Boards and Commissions. It is therefore important that these entities be

required to review the recommendations in this report, and implement those recommendations applicable to their operations.

Recommendation:

15. In view of the fact that the recommendations contained in this report may be relevant to the City's Agencies, Boards and Commissions, the General Manager of each of these entities be required to report to their respective Boards by August 31, 2001 on such recommendations and their applicability in relation to their operations. In addition, the respective Boards be requested to forward such reports to the City Audit Committee.

The March 16, 2001 report of the Chief Administrative Officer articulates specific policies in relation to the selection and hiring of consultants and provides clear direction and the need for consistency across the City for selection, evaluating and awarding consultants contracts in a fair, open and competitive process. The policy, however, is of little value if its contents are disregarded. Many of the issues in this audit report are examples of circumstances where current existing policies have been disregarded. The policy needs to clearly establish staff accountability for compliance and consequences for non-compliance.

Recommendations:

16. The Chief Administrative Officer be required to add to the "Policy for the Selection and Hiring of Professional Consulting Services" specific details relating to the consequences of non-compliance with the policy. The amendment to the policy be reported to the Administration Committee by August 31, 2001.
17. The Chief Administrative Officer be required to report to the next meeting of the Administration Committee on the plans and timetable relating to the implementation of recommendations contained in this report.

Management Initiates Underway to Address Concerns

Initiatives are in process which address certain of the concerns outlined in this report. These initiatives include the following:

- The development of a policy for the Selection and Hiring of Professional and Consulting Services.
- Recent recommendations made by the Chief Administrative Officer in various reports, such as the development of a review and approval process to justify the use of consultants.
- Training programs in project management sponsored by the Chief Administrative Officer's Department.

- Plans by the Commissioner of Corporate Services to review all consulting positions in the Departments within 60 days and, where appropriate, bring such contracts in-house.
- Plans by the Commissioner of Corporate services to issue requests for proposals in those cases where current contracts have been inappropriately sole sourced.
- Hiring the position of Director of Information Technology in the planning area who will ultimately oversee contract management.
- Increasing staff in the Contracts Management Office in the Information Technology Division of the Corporate Services Department.

We support the above initiatives as being a step in the right direction in addressing many of the recommendations in this report.

Conclusions:

In the first three years of the new City, there was a general need to use consultants. In fact, Council clearly directed early in its first term that staff should obtain objective, impartial third party advice to assist in dealing with issues specific to the amalgamation process. Combined with the issues relating to amalgamation were concerns associated with the Year 2000 computer problem. Both of these areas were a contributing factor to the inordinately high levels of consulting expenditures incurred at the new City since its formation. In 2001, there should be a significant decline in consulting expenditures and, in fact, a process should be in place where certain consulting work is transferred to City staff.

Since amalgamation in 1998, there have been improvements to definitions, data collection efforts, and reporting on the use of consultants in the City. Audit Services concurs with recent reports from the Chief Administrative Officer which indicate more work is required. Definitions need to be tightened or clarified, data accumulation structures need to be refined, and reporting made less cumbersome and more timely.

Some of the circumstances surrounding certain consulting agreements we have reviewed indicate inadequate attention on the part of staff to ensuring the City has received value for the money it has paid in consulting fees. In the systems development area particularly, in several cases, the City has left itself in a position where critical systems cannot be maintained without the services of external consultants. Immediate steps need to be taken to ensure that the City has the necessary information to continue operating critical systems should a consultant decide to withhold services. Plans need to be formulated to transition from a dependence on these consultants to developing sufficient depth of in-house expertise for these critical applications.

The actions required to achieve these goals will need support at the senior City staff level and the political level. Resources are required to continue existing and future projects. If staffing is insufficient to meet the demand, then continued reliance on consultants can be expected. In some cases creative compensation arrangements may be necessary to attract and retain the required expertise. These situations will need to be carefully reviewed to ensure value for money

is obtained on a long-term basis. Diligence must be exercised to ensure that staffing is not increased merely to meet short-term needs for resources. Thus, there will continue to be a need for consultants in an organization with such diverse services as the City of Toronto. However, savings are possible through investigation of alternative service delivery options and improved control over the processes involved in procuring, compensating, and evaluating consultants engaged by the City.

Action is being taken by senior staff to address certain of the concerns raised in this report. Clearly, there is a need to improve how and in what circumstances consultants are hired and how their performance is managed. The recommendations contained in this report will assist the City in better managing consulting costs throughout the City.

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Jeffrey Griffiths
City Auditor

ac/dl/cg

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 **TORONTO** STAFF REPORT

May 31, 2002

To: Audit Committee – In Camera
From: City Auditor
Subject: Forensic Audits on Various Consulting Contracts

Purpose:

To report to the Audit Committee on the forensic audits on various consulting contracts as requested by City Council. This report also addresses a further request from City Council that the City Auditor, in consultation with the City Solicitor, report on the “possibility of recovery of funds to consultants where payments were made without invoices, proper receipts or contractual agreement.”

Financial Implications and Impact Statement:

There may be a recovery of funds as a result of this report. In addition, the City may be liable for unremitted GST. The extent of the potential recovery and the liability is undeterminable at this time.

Recommendations:

It is recommended that:

- (1) the Chief Financial Officer and Treasurer, in consultation with the City Solicitor, make a demand on Beacon Software Revenue Systems, LLC for the recovery of expenses inappropriately charged to the City as a result of the application of incorrect US exchange rate calculations;
- (2) the City Solicitor report back to the next meeting of Audit Committee on the merits and relative costs of legal action to recover monies inappropriately paid to Beacon Software Revenue Systems, LLC and Remarkable Software, Inc.;
- (3) the Chief Financial Officer and Treasurer be required to file appropriate GST rebate claims with Revenue Canada in relation to GST paid on expenses claimed by and reimbursed to Beacon Software Revenue Systems, LLC and Remarkable Software, Inc.;

- (4) the Chief Financial Officer and Treasurer, in circumstances where consultants are reimbursed for expenses, ensure that the necessary supporting documentation is provided to the Finance Department in order that appropriate GST rebates are claimed;
- (5) the Chief Financial Officer and Treasurer review the issues relating to non-resident withholding tax and the self-assessment of GST as identified in the body of this report and report to the next Audit Committee meeting on an appropriate course of action;
- (6) the Chief Financial Officer and Treasurer create a commodity and sales tax specialist function within the Accounting Services Division of the Finance Department in order to address issues on a proactive basis such as GST, provincial sales tax, various withholding taxes, including non-resident withholding tax and all other relevant commodity taxes and ensure the City is in compliance with applicable tax legislation; and
- (7) the Chief Administrative Officer and Commissioners, in consultation with the City Solicitor, ensure that all contracts with external contractors and consultants contain provisions that allow access by City officials to appropriate supporting documentation respecting the services provided.

Background:

The Audit Committee, at its meeting on November 29, 2001, (Clause No. 10 contained in Report No. 10 of the Audit Committee, which was adopted by City Council at its meeting held on December 4, 5 and 6, 2001) directed the City Auditor to:

“conduct a forensic audit of the contracts referred to in the report (June 19, 2001) from the City Auditor, titled, “Selection and Hiring of Professional and Consulting Services Review”, contained in Administration Committee Report No. 11, Clause No. 1, respecting the five instances where actual payments to the consultant had exceeded the total value of the purchase order issued by the City; and the two consultants who were engaged as project managers to develop and maintain financial information systems in the Finance Department for a number of years; and that this audit be a complete review from the original date of the contract to the current time and all details be reported to the Audit Committee in June 2002.”

At the same meeting City Council requested that “The City Auditor, in consultation with the City Solicitor, report to the Audit Committee on the possibility of recovery of funds to consultants where payments were made without invoices, proper receipts or contractual agreement.”

Comments:

This report relates to audit work conducted on Beacon Software Revenue Systems, LLC and Remarkable Software, Inc., two US based consulting firms engaged for the purpose of providing systems development and maintenance services with respect to the tax and water billing systems in the Finance Department of the City.

Forensic audits on the balance of the consulting contracts will be commenced in the near future.

Beacon Software Revenue Systems, LLC (Beacon) had been providing consulting services to the former City of North York since prior to amalgamation. In 1999, one of the principals of Beacon discontinued his relationship with that company and formed a separate company called Remarkable Software, Inc. (Remarkable).

Beacon is based in Rhode Island and Remarkable is based in Virginia Beach. Beacon's contract with the City ended in September 2001. Remarkable's contract is due to end in the latter part of June 2002.

Scope of Review

The review of the Beacon and Remarkable consulting contracts included the following:

- (a) the process that was followed for the selection of these consultants and the authorization of contracts awarded to these two firms since amalgamation;
- (b) the contract management and payment approval processes followed by the Finance and Corporate Services Departments in order to ensure compliance with the terms of the agreements;
- (c) the management process followed and the internal administrative controls in place in order to ensure that expense claims submitted by the consultant were appropriate and accurate;
- (d) the examination, on a sample basis, of various invoices and receipts submitted by the consultants in support of monthly billings;
- (e) an evaluation as to whether or not contracted deliverables were met; and
- (f) to the extent possible, a review of the process that was followed for the selection and authorization of contracts awarded to these two firms prior to amalgamation.

We have not been able to conduct any audit work in relation to the period prior to January 1998, other than a review of two agreements signed with Beacon in December 1997. Prior to 1998, Beacon was engaged by the former City of North York. We have not been able to locate details relating to the contracts with the former City of North York.

System Development and System Maintenance in the Finance Department - Background

The City currently operates a consolidated tax billing system that bills and collects approximately \$4.55 billion in annual property taxes. Since amalgamation, the system has required ongoing modifications and upgrades, as well as the development of new modules to accommodate the numerous changes in assessment and taxation legislation by the Province.

The water billing system bills and collects approximately \$400 million in annual revenue. In view of the Finance Department's strategic vision of having one bill for the City, the water system was built on the same platform as the property tax system in order to facilitate future integration.

In mid to late 1997, the Treasurers of the former Metropolitan Toronto municipalities were required to evaluate a tax billing system and recommend such a system for the new City of Toronto. The evaluation focused on two tax billing systems in various stages of development – TXM 2000, which was being jointly developed by the City of Mississauga and the former City of Scarborough, and TMACS a tax billing system in operation at the former City of North York, which was being developed and maintained by Beacon.

The Treasurers of the former municipalities presented a recommendation to the Toronto Transition Team to proceed with the development of the TXM 2000 system. We have been advised that the former Chief Financial Officer and Treasurer of the newly formed City of Toronto supported the continued development of TXM 2000 but, at the same time in order to mitigate any risk in connection with the functionality of the proposed system, continued to maintain the TMACS system. This, in our view, was an appropriate and prudent course of action.

Various issues arose in connection with the progress and functionality of TXM 2000 during 1998 which led to a recommendation to the former Chief Financial Officer and Treasurer by the current Director of Revenue Services to convert all of the former municipalities to the TMACS system. This decision was supported by the former Executive Director of Information and Technology and subsequently endorsed by the former Chief Financial Officer and Treasurer.

Both Beacon and Remarkable were instrumental and key players in the development of the former North York tax billing system (TMACS) and the water billing system (WMACS).

In a memo to the City Auditor from the former Chief Financial Officer and Treasurer dated September 14, 1999, entitled "Selection of a Tax System for the City of Toronto," it was noted that the principals of both Beacon and Remarkable were initially contracted by the former City of North York in the early 1990's as a part of a Company called AMS who, at that time, were the City's financial systems provider.

Due to the involvement of Beacon and Remarkable in the design, development and maintenance of the tax and water billing system, they were retained throughout 1998, 1999, 2000 and 2001 to continue to develop, maintain and support both TMACS and WMACS. In addition, Remarkable continued to provide consulting services into 2002.

A third consulting firm, Synerware EDP Services Inc. (Synerware) has also been involved in similar work for the former City of North York and the City Toronto. Synerware is a Toronto based company. Although we were not requested to conduct a review of the Synerware contract with the City, this report does include certain information relating to Synerware.

We have not reviewed the appropriateness of the decision to proceed with TMACS in preference to TXM 2000 as this is outside the scope of this review. However, it is important to put into perspective the fact that, despite the many challenges imposed by the 1998 and 2001 reassessments and corresponding changes, Toronto was one of the few municipalities to issue all of its tax bills on time since 1998. In addition, we have also been advised by the Finance Department that in 2001 Toronto was one of only two municipalities in Ontario that issued its final tax bills on time despite the significant programming required to incorporate legislative requirements mandated by Bill 140.

In addition, at this time we have not reviewed the appropriateness of the amounts expended on the TMACS and WMACS system since amalgamation. The amounts in question approximate \$4.6 million. We have, however, expressed concerns in terms of the lack of documentation available to support the system. This is information which should have been prepared by the consultants. In terms of the transition of the system to internal staff, we understand that appropriate documentation is now being assembled.

Consultants Billing Practices - Background

Invoices submitted by Beacon and Remarkable to the City contained details of hours worked charged to the City on a per hour basis. These amounts are charged to and paid by the City in US dollars. The agreements with Beacon in 1998 and in 1999 and with Remarkable in 1999 contain hourly rates in US dollars with a provision in the 1999 contracts that all invoices should be payable in US dollars. Prior to 1999, Beacon had always been paid in US dollars. We understand that this payment arrangement was requested by Beacon and agreed to by the former Chief Financial Officer and Treasurer.

There are also provisions in the 1998 agreements requiring that "all associated travel expenses in providing consulting services to the City will be paid by the City." The 1999 contracts with both Beacon and Remarkable indicates that the "City is responsible for all associated travel expenses in providing services to the City" up to a maximum amount of \$40,000 Canadian. Synerware, due to the fact that it is a local company, does not bill for "associated travel expenses". All billings from Synerware were in Canadian dollars.

Each invoice submitted by Beacon and Remarkable contained a summary, with no receipts, of travel expenses, including taxis and airfare, accommodation and meal and entertainment expenses converted to US dollars. The conversion to US dollars was calculated by Beacon and Remarkable. Cheques are prepared by the City on a US bank account.

Subsequent to the approval of the City Auditor's report of June 19, 2001, entitled "Selection and Hiring of Professional and Consulting Services Review," receipts have been provided to the City in support of all expense claims.

Detailed Findings

The detailed findings as a result of this audit parallel those issues raised in our report dated June 19, 2001, entitled "Selection and Hiring of Professional and Consulting Services Review." The recommendations in June 19, 2001, also have relevance in connection with the issues identified in this report. The 2001 recommendations have not been repeated in this report as they are currently being addressed by the Chief Administrative Officer.

It is important to emphasize that the deficiencies identified in this report relate to the period prior to June 2001. Subsequent to the June 2001 report, the deficiencies identified were addressed by staff. We have reviewed a sample of invoices, including supporting documentation for the period subsequent to that time, and confirmed that significant improvements in management processes have been made.

In general terms, the deficiencies identified during this review for the period up to mid 2001 include:

- consulting contracts not made in accordance with the City's purchasing policies;
- decisions to sole source consultant's contracts not appropriately justified;
- inadequate contract management controls;
- lack of due diligence in approving invoices;
- failure to request receipts from the consultants in support of expense claims;
- absence of clear measurable deliverables in contracts;
- certain GST rebate claims not filed with the appropriate authorities; and
- non-residents tax not appropriately withheld from payments to the US consultants.

Specific findings include the following:

1. Policies and guidelines in relation to the hiring of Beacon and Remarkable in 1998 were not followed. Contracts were awarded on a sole source basis with no documented justification analysis prepared. Contracts appeared to be "split" in order to circumvent policies.
2. The 1999 contracts awarded to Beacon and Remarkable under the Y2K authority provided to the former Chief Administrative Officer did not fully relate to Y2K issues. Consequently, staff did not have the authority to sign such contracts.
3. Payments to the consultants in 1999 were in excess of the agreed upon contract amounts. Payments to the consultants in 2000 were in excess of purchase orders issued. No authority was requested or received for the over expenditures.
4. Receipts and other documents supporting expense claims were not submitted by the consultants. This information was not requested by staff. In the absence of such documentation, staff were not in a position to verify the accuracy of each billing. Nevertheless, expenses were reimbursed.

5. Our review of a sample of supporting receipts provided to us at our request indicates instances where expenses, in our view, should not have been reimbursed or, at the least, should have been questioned. These expenses include the following:

- airfares over and above "normal" airfares to both Rhode Island and Virginia Beach;
- airfares for family members;
- car rental expenses incurred in the US, which do not appear to be related to the provision of consulting services;
- car rental expenses incurred in Canada, which do not appear to be related to the provision of consulting services;
- entertainment expenses incurred in Rhode Island;
- expenditures incurred on golf games with certain City staff members; and
- personal expenses charged to the City.

Certain of these expenses may have been appropriate although, without supporting receipts or explanations, staff were unable to confirm or question the validity of such expenses.

6. Invoices containing details of billable hours were not reviewed in detail by staff and, consequently, unusual amounts were not questioned. For example:

- time was charged to the City on days when the consultants were returning to the US in mid-afternoon;
- time was charged to the City on a number of days when entertainment expenses submitted to the City Auditor clearly indicated that the consultant was not in the office; and
- billings for as much as 20 hours in one day were charged to the City.

While again it may be possible that the hours billed are appropriate, no review was conducted by staff to determine if this was the case.

7. The conversion by the consultants to US dollars of reimbursable expenses incurred in Canadian dollars was based on an inappropriate exchange rate. This was done consistently during the period under review and was done to the advantage of the consultants. These exchange rates were not questioned or reviewed by City staff. We have estimated that the over billings since January 1998 related to inflated exchange rates are in the range of \$15,000 for Beacon and approximately \$10,000 for Remarkable. Remarkable has been advised of this over billing and payments to the company have subsequently been reduced by \$10,445 to account for the over billings.

8. The City did not claim its share of the GST rebate on expenses paid to Beacon and Remarkable. The information required to file such claims was not made available to the Finance Department. The Finance Department did not request such information.

9. There was a lack of understanding by City staff in the Finance and Corporate Services Departments as to who was accountable for the management of the various contracts.
10. There appeared to be a general lack of understanding of the conflict of interest/code of ethics guidelines in staffs relationships with the consultants. For instance, Beacon, on a number of occasions, hosted golf games with certain staff members. The costs relating to these golf games were charged back to the City.

Agreements with Beacon and Remarkable Subsequent to Amalgamation

December 1997 and 1998 Agreements

Agreements with Beacon for December 1997 and 1998 were based on specific proposal letters submitted by the principal of the company to the former Chief Financial Officer and Treasurer. These proposals were approved by the former Chief Financial Officer and Treasurer and formed the contractual basis under which Beacon and the City operated. We have been advised that the Purchasing and Materials Management Division of the Finance Department had no involvement in these agreements.

The total amount contracted for in 1998 (including an amount approved in December 1997) was \$875,000. Each proposal contained hourly rates in US dollars for each of the two consultants. Specific details relating to these proposals were as follows:

Date	Amount of Proposal (\$ Cdn.)	Terms of Agreement
December 8, 1997	100,000	To April 1998
December 8, 1997	100,000	To April 1998
March 13, 1998	50,000	To June 1998
March 13, 1998	50,000	To June 1998
May 15, 1998	50,000	To July 1998
May 15, 1998	50,000	To July 1998
July 17, 1998	250,000	No specific term
July 17, 1998	<u>225,000</u>	No specific term
	<u>\$875,000</u>	

Two separate proposals were provided on each of the above dates. Each time, the second proposal involved the consultant who subsequently formed a separate company, Remarkable Software, Inc. However, each of the above proposals was submitted by Beacon and the contractual agreements were with Beacon.

Each of the proposals contained a provision requiring that "all associated travel expenses in providing consulting services to the City will be paid by the City." Upper limits in regard to these expenses were not included in the proposals.

In addition, there is no provision in these proposals for third party access by City staff to documentation supporting invoices.

1999 Agreements

In and around 1999, one of the principals of Beacon set up his own consulting company Remarkable Software, Inc. We have not been able to determine the reasons for the incorporation of a separate company. We have discussed this with the principal of Remarkable who advised that he was instructed by Beacon to incorporate a separate company. During that year, two separate master agreements were signed by Beacon and Remarkable under the Y2K authority delegated to the former Chief Administrative Officer. The contracts were signed by the former Chief Administrative Officer and the former Director of the Y2K project. A schedule to the agreement indicated contract amounts of \$450,000 and \$375,000 for Beacon and Remarkable respectively. The schedules were signed by the Director of Revenue Services, the former Director of the Y2K project and the Revenue Manager, Water Project Manager.

Both of these contracts specifically contained an audit access clause as follows:

"The Consultant shall make available all appropriate accounts, books and records respecting the provision of the Services for inspection and audit by the Commissioner of Finance and Treasurer for the City, the Auditor for the City or such person as either Commissioner or the Auditor shall authorize in writing – any of whom who may make copies of such documents or take extracts from them – and the Consultant shall afford all facilities for such inspections and audits and shall furnish the Commissioner and the Auditor or their respective authorized representatives with all such information and such assistance and co-operation as she or he may from time to time require with reference to such accounts, books and records."

There is also a provision in the contracts for the reimbursement of travel expenses in the amount of \$40,000 Canadian for each company.

2000 Agreements

In 2000, purchase orders to Beacon and Remarkable in the amounts of \$180,000 and \$100,000 respectively were issued by the Purchasing and Materials Management Division under the Y2K authority delegated to the former Chief Administrative Officer.

2001 Agreements

In January 2001, a report was submitted to City Council recommending that "the contracts with the companies listed in Attachment II be extended until June 30, 2001, with the provision that these contracts are to be terminated following new contract awards resulting from a Request for Proposal Process." Included in the Attachment II were contract extensions to Beacon and Remarkable in the amount of \$300,000 for each company.

In July 2001, Council approved a further contract extension in the amount of \$60,000 for Beacon and \$220,000 for Remarkable. These contracts were extended with the provision "that these services are to be terminated following the finalization of a new contract or the transfer of responsibility to internal staff. Any new contract(s) will be the result of a Request for Proposal."

2002 Agreements

In December 2001, a further joint report was submitted to City Council from the Chief Administrative Officer, the Acting Chief Financial Officer and the Commissioner of Corporate Services which included recommendations that:

“management and maintenance of the Tax and Water Revenue Systems and associated subsidiary systems be fully transitioned to internal City staff from the current contracted services personnel over a transition period covering a full tax and water revenue billing and collection cycle as described in this report;

to facilitate the necessary knowledge transfer to City staff so that these systems can be adequately and appropriately maintained internally, a contract extension be granted to Remarkable Software, Inc. to June 30, 2002, in the amount not to exceed \$200,000;”

This joint report recognized the issues identified in the City Auditor's report of June 19, 2001, in particular, the recommendation that the Chief Administrative Officer “ensure that the continuous operation of critical management information systems is not dependant upon a single individual consultant.”

The agreements for 2000, 2001 and 2002 were based on the same terms and conditions as contained in the “master” agreement of 1999.

Total amounts contracted with Beacon and Remarkable since amalgamation, including amounts paid to both companies, are outlined on Appendix I and II (attached).

Authority for Agreements

December 1997 and 1998 Agreements

The contracts awarded in December 1997 were issued under the former City of North York purchasing by-law which required that, “where the Department Head, in consultation with the Director, deems it in the best interests of the City to acquire professional and consulting services or any of them from a particular supplier, the Department Head shall submit a report for the approval of Council to acquire the services from that supplier.”

We have not been able to locate any report to Council in this regard.

The specific contracts for four separate amounts of \$50,000 in March and May 1998 were approved as sole source purchases by the former Chief Financial Officer and Treasurer. At that time, the criteria for sole source purchasing was contained in a directive from the former Chief Administrative Officer entitled “Interim Spending Commitment and Contract Awarding Authority” dated February 5, 1998. The directive indicated that “in situations where normal purchasing procedures are not possible (i.e., sole source, emergencies, time constraints, or where for economic reasons it is not feasible to follow accepted procedures, etc.), I am delegating \$50,000 to each of the Commissioners.”

The authority provided by the directive of the former Chief Administrative Officer was the basis on which these contracts were awarded in 1998. The contracts were an extension of already existing agreements. In view of the fact that two separate amounts for \$50,000 were awarded on two occasions to the same company these awards, in our view, were "split" to circumvent the former Chief Administrative Officer's delegated authority.

In regard to the contracts awarded in July 1998 of \$250,000 and \$225,000, it appears as if the former Chief Financial Officer and Treasurer was relying on the provision contained in the former Chief Administrative Officer's directive that "for all consulting services, where approved procurement procedures have been followed, up to \$250,000" is delegated to each of the Commissioners. Even though the agreements were signed in regard to services to be separately provided by the two principals of Beacon, both agreements in fact were with Beacon. In regard to these two contracts, normal procurement procedures were not followed and, as a result, the former Chief Financial Officer and Treasurer had no authority to award these contracts. We have not been able to locate any authority in regard to these agreements other than the former Chief Financial Officer and Treasurer's signature on two proposal letters submitted by Beacon in the amounts of \$250,000 and \$225,000.

Each of the above proposals contained a provision that "all associated travel expenses in providing consulting services to the City will be paid by the City."

Purchase orders were not prepared for the 1997 and the 1998 agreements. Consequently, purchase orders were not set up in the accounting system and, as a result, it was difficult to monitor expenses against approved purchase orders.

While the decision to proceed with the services of Beacon immediately subsequent to amalgamation may have been appropriate from a business perspective, particularly in view of the Company's involvement in the initial development of the TMAC system, the management approval process was, nonetheless, inappropriate.

Agreements in both 1999 and 2000 were also deficient in terms of approval processes. It was not until Council was advised of the need to extend existing agreements with Beacon and Remarkable in 2001 and 2002 were appropriate approvals obtained.

1999 Agreements

The master agreement for the 1999 contracts was signed by the former Chief Administrative Officer and the former Director of the Y2K project under the Y2K authority delegated to the former Chief Administrative Officer. The contract was for work to be completed during the period January 1, 1999 through December 31, 1999.

The master agreement did not contain any information relating to the approved contract costs. These costs are included in a schedule in the amount of \$450,000 to Beacon and \$375,000 to Remarkable. The schedules to the contracts also include an outline of the responsibilities of the consultants. The schedules were signed by the Director of Revenue, the former Director of the Y2K project and the Revenue Manager, Water Project Manager. We have been advised by City

Legal that these staff did not have the delegated authority to sign the schedules. We have discussed this matter with the Director of Revenue who advised us that she was informed by both the former Chief Financial Officer and Treasurer and the former Executive Director of Information and Technology that it was appropriate for her to sign the relevant schedules.

In addition, there is a provision in the contract for the reimbursement of "associated travel expenses in providing services to the City" to a maximum of \$40,000 Canadian for Beacon and \$40,000 Canadian for Remarkable. All payments under the contract including "associated travel expenses" were required to be made in US funds.

We have reviewed the deliverables outlined in one of the schedules to the contract and, while certain of the services appeared to be Y2K related, the majority of these services have little relevance to Y2K issues. Accordingly, for the portion of services which were not Y2K related, appropriate authority was not received. We have also reviewed two business cases dated October 1998 related to Y2K remediation prepared by the Finance Department for the tax billing and collection and the water revenue systems. Both business cases indicate a cost of only \$40,500 each to address Y2K issues.

2000 Agreements

In 2000, purchase orders for \$180,000 and \$100,000 were issued to Beacon and Remarkable respectively on the basis of purchase requisitions prepared by the former Executive Director of Information and Technology. Both purchase requisitions indicate a description of the services as "open order contract to cover cost of services provided by consultants as per Council report January 1 – December 31, 2000." We are not clear as to what Council report between January 1 and December 31, 2000, is being referred to. Both purchase requisitions were accompanied by a Year 2000 Delegated Approval form signed by the Director of Revenue Services (the representative of the requesting department) the former Director of the Y2K project, the former Executive Director of Information and Technology (as a member of the Y2K Steering Committee) and the former Chief Administrative Officer.

These purchase requisitions were submitted as a renegotiation and extension of the previous year's contracts. This extension, while containing elements of Y2K services, was not completely Y2K related and, as such, was not appropriately authorized.

2001 Agreements

The contracts extended in 2001 were approved by City Council at its meeting held on January 30, 31 and February 1, 2001, and its meeting held on July 24, 25 and 26, 2001.

2002 Agreement

The contracts extended in 2002 were approved by City Council at its meeting held on December 4, 5 and 6, 2001.

Contract Management Controls

Expenditures incurred on the Beacon and Remarkable contracts were in excess of the actual contracts awarded in both 1999 and 2000. Expenditures in 1998, 2001 and 2002 were within budgeted amounts. Details of the over expenditures in 1999 and 2000 are as follows:

Year		Contract \$ Cdn.	Actual Expenditure \$ Cdn.	Over Expenditure \$ Cdn.
1999	Beacon	450,000	533,964	83,964
	Travel	40,000	74,464	34,464
	Remarkable	375,000	424,637	49,637
	Travel	40,000	77,933	37,933
2000	Beacon	180,000	543,631	363,631
	Remarkable	100,000	437,897	337,897
Total		1,185,000	2,092,526	907,526

These contracts were administered by the Information and Technology Division due to the fact that the budgets for these amounts were maintained in that Division. According to documented policy related to Y2K expenditures contained in a Y2K policy manual, the Information and Technology Division was required to monitor purchase orders to expenditures and, in this case, the Finance Department was also to "keep track of their own spending and not go over their stated amounts requested." In our view, in spite of the policy, there was a lack of an understanding in terms of who actually was responsible for the administration of the contracts because, even though the budget was maintained in the Information and Technology Division, the system being developed, in fact, was a Finance Department system.

Purchase orders were not set up in the financial information system in 1999 and, as a result, it was not possible to automatically monitor expenditures to ensure that amounts expended were not in excess of contracts awarded. This was an issue that was raised in our June 19, 2001 report.

We have discussed the significant over expenditures in 2000 with the Director of Revenue Services. It was her understanding that the 2000 contracts were merely an extension of the 1999 contracts at the same fee levels. There is no documentation to support this. Even if the 2000 contract was, in fact, an extension of the 1999 contract at the same fee level, there would still have been significant over expenditures.

Access to Consultants Receipts

In order for us to determine the propriety of expenses reimbursed to Beacon and Remarkable, we requested, in writing, records and original receipts in support of their invoices to the City from January 1, 1998 to December 31, 2001.

We have since received photocopies of certain records and receipts from both companies. Beacon indicated that, while the company's records were available to us, they were only available at the company's office in Rhode Island. The City Auditor contacted one of his professional colleagues in Rhode Island and requested that they attend Beacon's office to photocopy information we requested. This was done at a cost to the City and the information was submitted to the City Auditor's office.

We have also received documentation from Remarkable for the year 2001 only. We have been advised that due to the tight time schedules at the City in connection with systems work required in relation to the property tax system, including the issuance of interim tax bills, Remarkable has not had the time to provide this information. Our subsequent discussions with Remarkable confirm that they intend providing us with the requested receipts once the tax billing deadlines have been met.

In correspondence received from both Beacon and Remarkable, they indicate that their "customary reimbursement standards required receipts for expenses over \$75 US." Consequently, no receipts were provided for amounts less than \$75 US. While this may have been the standards of both companies, it is not the City's standard. Nevertheless, receipts below \$75 US have not been provided to us.

The information provided by Beacon only includes documentation subsequent to January 1999. We were advised by the principal of Beacon that, due to the fact that there was no audit access provision in the arrangements with the City prior to 1999, he was not prepared to provide any documentation relating to that time period. We have also discussed this issue with Remarkable who has indicated that they will be doing the same.

The total travel and associated expenses charged by Beacon subsequent to amalgamation total approximately \$326,000. We have been provided with certain documentation for \$148,200. The total expenses charged by Remarkable subsequent to amalgamation total approximately \$248,000. We have been provided with certain documentation for \$94,550.

Based on our review, discussions with staff and our own observations, it is likely that the issues which we have identified in this report relating to expense reimbursements and which relate to the period subsequent to January 1999 will also apply to the period prior to that time.

Reimbursable Travel Expenses

The consultants have been reimbursed for travel expenses, accommodation and meal and entertainment expenses. The 1998 agreements and the 1999 contracts with both Beacon and Remarkable indicate that the "City is responsible for all associated travel expenses in providing services to the City." The City has, in fact, been providing reimbursement for expenses which are not, in our view, consistent with the provisions of the contract (e.g., meals and entertainment). We have discussed this issue with City Legal who indicated that any legal action may not be productive given that these types of expenses were consistently reimbursed by the City for a number of years and even if the City had a successful argument, the legal costs

associated with enforcement in the US may outweigh the amounts in question. It is suggested that the City Solicitor report back to Audit Committee on this particular issue.

The 1998 contracts contained no limits in relation to reimbursable expenses. The 1999 contracts contained upset limits of \$40,000. The upset limits were exceeded by significant amounts. There is no documentation on file indicating the reasons or explanations relating to why these excess amounts were approved.

Synerware EDP Services Inc.

In addition to services provided by Beacon and Remarkable, a third company called Synerware EDP Services Inc. has also been providing programming services to the City in connection with TMACS and WMACS. As indicated earlier, Synerware is a Toronto based company and, as a result, has not been submitting claims for expense reimbursements to the City.

Synerware, since amalgamation, has contracted with and has been paid by the City as follows:

	Contract Amounts	Actual Billings	Over Expenditures
1998	(Note 1)	157,980	-
1999	180,000	189,218	9,218
2000	(Note 2)	167,080	-
2001	300,000	182,595	-
2002 (to May 13, 2002)	170,000	70,995	-

Note 1: Synerware and the City signed a 12-month contract dated December 22, 1997, for "programming services" at the rate of \$90 Canadian per hour. The contract does not include maximum amounts.

Note 2: We have not been able to locate an agreement related to the year 2000.

The contracts for 2001 and 2002 were approved by Council.

The absence of defined deliverables in regard to the services to be provided by Synerware may be problematic in terms of the Company's consulting arrangement with the City. Revenue Canada, in the circumstances under which Synerware has been hired, may view the arrangement with the City to be one where an employer/employee relationship exists. While the contract with Synerware indicates that the consultant is an independent contractor, this has no relevance. Specifically, calling the arrangement "independent contracting" doesn't make it independent contracting unless the facts support such a claim. The relevance of this particular issue relates to the fact that, if an employee/employer relationship exists, the City is required to make statutory deductions including income tax, Canada Pension and Employment Insurance from payments made to the consultant. If the consultant does not make relevant tax payments to the authorities, the City will be liable for the amounts owing by the consultant due to its failure to make the necessary deductions.

Summary of Total Payments to Beacon, Remarkable and Synerware

The total payments including expenses to Beacon, Remarkable and Synerware since amalgamation have been in excess of \$4.6 million allocated as follows:

	Beacon	Remarkable	Synerware	Total
1998	817,933	-	157,980	975,913
1999	608,428	502,570	189,218	1,300,216
2000	543,631	437,897	167,080	1,148,608
2001	337,418	430,117	182,595	950,130
2002 (to May 13)	-	144,210	70,995	215,205
Totals	2,307,410	1,514,794	767,868	4,590,072

The above costs (with minor differences) up to November 7, 2001, were reported to Council at its meeting of December 4, 5 and 6, 2001.

Non-resident Withholding Taxes and GST

In accordance with Revenue Canada directives, payments to non-residents are subject to a 15 percent withholding tax. Failure to withhold such payments may make the City liable for the amount not so withheld plus a penalty of 10 percent. Prior to January 1, 1999, the City did not withhold the 15 percent tax from Beacon's and Remarkable's invoices and, as a result, did not remit such tax to Revenue Canada.

In addition, billings from Beacon and Remarkable since amalgamation have not included a GST component. As of January 1, 2000, the City has been self-assessing GST on all of the companies' invoices and remitting such GST to Revenue Canada. For the period prior to January 1, 2000, the City is liable for its share of the GST.

We would suggest that the Chief Financial Officer and Treasurer review the issues relating to the failure to withhold non-residents tax prior to January 1, 1999, as well as the failure to self assess for GST prior to January 1, 2000, and take appropriate action.

Legislation relating to GST and other commodity taxes can be relatively complicated. The expertise relating to this area does not currently exist at the City. At least one of the former amalgamating municipalities had an individual specifically responsible for GST and other commodity tax issues. On amalgamation this position was eliminated as the former Chief Financial Officer and Treasurer was of the view that the specialized expertise was not needed.

It has been our opinion since amalgamation, which we expressed to the former Chief Financial Officer and Treasurer, that the City requires an in-house dedicated resource with expertise in GST and commodity taxes. Such a resource would, in our view, more than pay for itself on an annual basis, as well as ensure that the City is complying with applicable tax legislation in carrying out its business. Consequently, we are recommending that this position be established in the Accounting Services Division of the Finance Department.

Conclusions:

Many of the detailed findings in this report mirror those contained in our report dated June 19, 2001, entitled "Selection and Hiring of Professional and Consulting Services Review." Consequently, we have not repeated the recommendations contained in that report. The Chief Administrative Officer has developed an implementation plan in regard to the June 2001 recommendations which will address the deficiencies outlined in this report. We have reviewed this report and concur with the Chief Administrative Officers course of action.

Since June 2001, the City has also developed a strategy which will ultimately lead to the transition to internal City staff, the management and maintenance of the Tax and Water Revenue Systems from the current contracted service personnel. Until fairly recently, the City was at significant risk due to the fact that the knowledge base related to these systems was essentially limited to external consultants. This transition will significantly mitigate this risk.

We have also reviewed, on a test basis, the procedures in place relating to the review by staff of invoices and receipts submitted by the consultants since September 2001. Our review indicated that significant improvements have taken place since that time.

The City Solicitor has been consulted in the preparation of this report.

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E-mail: ACheung1@city.toronto.on.ca



Jeffrey Griffiths
City Auditor

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List of Attachments:

Appendix I: Consulting Engagements with Beacon Software Revenue Systems, LLC and Remarkable Software, Inc. 1998 – 2002

Appendix II: Consulting Engagements with Beacon Software Revenue Systems, LLC and Remarkable Software, Inc. 2001 – 2002

3 A

Beacon Software Revenue Systems, llc

Giuliana Carbone
 Director of Revenue
 City of Toronto
 5100 Yonge St.
 North York, Ont.

Date: 06/27/00
 Invoice: 00009

Project management, training and support for Tax Billing for the period May 30 through June 23, 2000

Services
 Mike Saunders 186.50.0 hrs @ \$150.00 US \$ 27,975.00 US

Total Services \$ 27,975.00 US

Travel	Air	Hotel	Meals	Trans & Misc	Total
Mike Saunders May 30 - Jun 2	672.38	-0-	332.00	192.87	1,197.25
Mike Saunders Jun 6 - Jun 9	928.22	101.11	119.39	179.34	1,328.06
Mike Saunders Jun 13 - Jun 16	1,273.49	303.33	370.78	162.06	2,109.66
Mike Saunders Jun 20 - Jun 23	928.22	303.33	315.50	189.45	1,736.50
			Total Travel		6,371.47
	4.20		Total Invoice		\$ 34,346.47 US


 Michael Saunders
 Beacon Software Revenue Systems, Llc



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IT 2106 - 4045

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B
Taxi TO NOVATEL
2 HOTEL

60 -

60 -

4/14

20 -

59 -

47 -

4/15

20 -

47 -

36 -

4/16

20 -

416.64

27.57

35 -

24 -

35 -

1457.49

652.17

2109.66

D

B

L HOTEL

D

B

L HOTEL

D

B

HOTEL

MILE

Taxi TO AIRPORT

L

Taxi TO NEWPORT

815.21

AIR
1273.49

TRANS
140 -

MEALS
370.78

HOTEL
303.33

MILE
22.06

00 415 284
 PASSENGER TICKET AND BAGGAGE CHECK
 ISSUED BY
 ETKT
 AIR CANADA
 FALLS ROAD TRAVEL
 SAUNDERS/MICHAEL

0133646
 010073
 YYZ
 OPVD AC 1444 Y 16JUN Y21NR
 YYZ AC 1441 Y 20JUN Y21NR

0133642
 010073
 PVD
 OVTZ AC 1441 H 06JUN H14NR
 PVD AC 1444 H 16JUN H14NR

0133642
 010073
 PVD
 OVTZ AC 1441 H 06JUN H14NR
 PVD AC 1444 H 16JUN H14NR

00 415 284
 PASSENGER TICKET AND BAGGAGE CHECK
 ISSUED BY
 ETKT
 AIR CANADA
 FALLS ROAD TRAVEL
 SAUNDERS/MICHAEL

0133646
 010073
 YYZ
 OPVD AC 1444 Y 16JUN Y21NR
 YYZ AC 1441 Y 20JUN Y21NR

0133642
 010073
 PVD
 OVTZ AC 1441 H 06JUN H14NR
 PVD AC 1444 H 16JUN H14NR

0133642
 010073
 PVD
 OVTZ AC 1441 H 06JUN H14NR
 PVD AC 1444 H 16JUN H14NR

PASSENGER RECEIPT 1 OF 1
 SITI US
 21585383

NAME: SAUNDERS/MICHAEL
 TOUR CODE: 014 7789679929 3

ISSUED IN EXCHANGE FOR:
 ORIGINAL ISSUE: VMHFUZ/AA
 FARE CALCULATION: Y10 AC PYD Q21.00 218.50V21NR AC Y10 Q21.00 199.50V21NR CAD066.00 END ZPTZPYDXT6.00

FARE: CAD 468.00 USD 309.00
 TAX: US 23.20
 ZP 5.00
 XT 30.70
 TOTAL: USD 367.90

PASSENGER RECEIPT 1 OF 1
 SITI US
 21585383

NAME: SAUNDERS/MICHAEL
 TOUR CODE: 014 7789679929 3

ISSUED IN EXCHANGE FOR:
 ORIGINAL ISSUE: VMHFUZ/AA
 FARE CALCULATION: Y10 AC PYD Q13.95 106.00H14NR AC PYD Q13.95 106.00H14NR USD0399.90 END ZPVDYTX16.00

FARE: USD 399.90
 TAX: US 29.99
 ZP 5.00
 XT 9.00
 TOTAL: USD 443.89

NOT VALID FOR TRANSPORTATION THROUGHOUT YOUR JOURNEY
 NOT REFUNDABLE AND FEE ON CHANGES

014 7789679929 3

NOT VALID FOR TRAVEL
 014 7789679929 3

NOT VALID FOR TRANSPORTATION THROUGHOUT YOUR JOURNEY
 NOT REFUNDABLE AND FEE ON CHANGES

014 7789679929 3

NOT VALID FOR TRAVEL
 014 7789679929 3

DOCUMENT IS HEAT SENSITIVE

DOCUMENT IS HEAT SENSITIVE

00 1112 1122
 PASSENGER TICKET AND BAGGAGE CHECK
 ISSUED BY
 ETKT

ARC
 AIR CANADA
 2687A Y00
 0801/0201 SS PASS
 / BALTIMORE MD
 21585303
 010073 0133080

PASSENGER RECEIPT 1 OF 1
 Y1Z
 OPYD AC 1444 H 16JUN H14NR
 Y1Z AC 1441 H 08AUG H14XR

FAIR CALCULATION
 YTO AC PVD Q21.00 271.50H14NR AC YTO Q21.00 271.50H14NR CAD585.00 END ZPPYZPYDX16.00
 X1Z7.40XG3.00XF XFPV03

ISSUED IN EXCHANGE FOR
 ORIGINAL ISSUE
 FINE CODE
 VKLZ03/AA
 CLASSIFICATE
 CLASSEMENT

ISSUED IN EXCHANGE FOR
 ORIGINAL ISSUE
 FINE CODE
 VKLZ03/AA
 CLASSIFICATE
 CLASSEMENT

ADDITIONAL SEAT INFORMATION
 PCL CL.VT. UNCL.VT. SEATCL. PCL CL.VT. UNCL.VT.
 SEATCL. PCL CL.VT. UNCL.VT. SEATCL. PCL CL.VT. UNCL.VT.

NOT VALID FOR TRAVEL
 DOCUMENT NUMBER
 014 7789679983 1

00 1112 1122
 PASSENGER RECEIPT AND BAGGAGE CHECK
 ISSUED BY
 ETKT

ARC
 AIR CANADA
 2687A Y00
 0801/0201 SS PASS
 / BALTIMORE MD
 21585303
 010073 0133080

PASSENGER RECEIPT 1 OF 1
 Y1Z
 OPYD AC 1444 H 16JUN H14NR
 Y1Z AC 1441 H 08AUG H14XR

FAIR CALCULATION
 YTO AC PVD Q21.00 271.50H14NR AC YTO Q21.00 271.50H14NR CAD585.00 END ZPPYZPYDX16.00
 X1Z7.40XG3.00XF XFPV03

ISSUED IN EXCHANGE FOR
 ORIGINAL ISSUE
 FINE CODE
 VKLZ03/AA
 CLASSIFICATE
 CLASSEMENT

ADDITIONAL SEAT INFORMATION
 PCL CL.VT. UNCL.VT. SEATCL. PCL CL.VT. UNCL.VT.
 SEATCL. PCL CL.VT. UNCL.VT. SEATCL. PCL CL.VT. UNCL.VT.

NOT VALID FOR TRAVEL
 DOCUMENT NUMBER
 014 7789679983 1

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26

3 B

Beacon Software Revenue Systems, llc

Giuliana Carbone
 Director of Revenue
 City of Toronto
 5100 Yonge St.
 North York, Ont.

Date: 09/25/00
 Invoice: 00012

Project management, training and support for Water and Tax application for the period August 14 through September 22, 2000

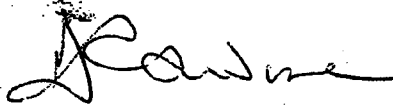
Services
 Mike Saunders 132.0 hrs @ \$150.00 US \$ 19,800.00 US

Total Services \$ 19,800.00 US

Travel	Air	Hotel	Meals	Trans & Misc	Total
Mike Saunders Aug 8 - Aug 15	813.41	777.75	562.97	195.96	2,350.09 ✓
Mike Saunders Sep 4 - Sep 14	-0-	1,111.10	582.71	622.23	2,316.04 ✓
			Total Travel		4,666.13 ✓

Total Invoice \$ 24,466.13 US ✓


 Michael Saunders
 Beacon Software Revenue Systems, Llc

1.27 Aug 14-17 4 days
 Aug 29-30 2 days
 Sept 4-8 5
 Sept 11-15 5 CFS - 903-1
 Sept 18-21 2 

Doc #
 2000191235-

903.41
 8/15
 35-
 24-
 35-
997.91
 1357.68
2355.09

655-
 972.16
 69.94

 1697.10

HOTEL
 MISC
 TAXI TO AIRPORT
 D
 TAXI TO NEWPORT

Air
 813.41

Trans
 140.00

Meals
 567.97

HOTEL
 777.75

Misc
 55.94

00 878 3000
 PASSENGER TICKET AND BAGGAGE CHECK
 SUBJECT TO CONDITIONS OF CONTRACT
 ETKT

ARC
 AIR CANADA
 TEL: FALLS ROAD TRAVEL
 NAME: SAUNDERS/CAROL

DATE OF ISSUE: 20 MAY 88
 CARRIER: 8811/0281 *SS/ASS
 CLASS OF SERVICE: Y
 FROM: BALTIMORE MD
 TO: PITTSBURGH PA
 TRIP CLASS: Y
 TRIP DATE: 13 JUN 88
 TRIP TIME: 11:00 AM
 TRIP STATUS: OK

PASSENGER RECEIPT 1 OF 1
 SIT US
 21505383

016073 0133001
 PVD 007Z AC 1441 H 13JUN 88AXNR
 PVD AC 1444 H 15AUG 88AXNR

ISSUED IN EXCHANGE FOR:
 WEPR/AA
 CPKL INT. NO.

FORM OF PAYMENT:
 V1412883502573762*0102/ 728890
 STOK CONTROL NUMBER: 0014 7789679984 2
 DOCUMENT NUMBER:

FARE	USD	399.90
TAX	US	29.99
TAX	ZP	5.00
TAX	XT	9.00
TOTAL	USD	443.89

0 014 7789679984 2

NOT VALID FOR TRAVEL
 0014 7789679984 2

014 7789679984 2

574 86

DOCUMENT IS HEAT SENSITIVE - Do not expose to prolonged periods of excessive heat or light

00 2800 0000
PASSENGER TICKET AND BAGGAGE CHECK
SUBJECT TO CONDITIONS OF CONTRACT
NOT TRANSFERABLE

ETKT

PASSENGER RECEIPT

5649

01

67168

288

18483

ARC

ISSUED BY
AIR CANADA

LYNX SKI TOURS

SAUNDERS/MICHAEL

NOT VALID FOR

TRANSPORTATION

TICKET NON REFUNDABLE

FP VI4128003502573762 EXP0102/ 34630 FC 15AUG YYZ
AC PVD-Q21.00 199.50V21XNR AC YYZ Q21.00 218.50V21N
R CAD460.00 END ZPYYZPVD XT 21.74XG 6.00XY 5.00ZP 3
.00XFPVD3

FARE
CAD460.00
TAX
USD3140.50 CR
US23.28
TAX
XT35.74
TOTAL
USD369.52

CPN
0 014 7715691889 3

ALLOW PCS WT UNCRD
DOCUMENT NUMBER
0 014 7715691889 3

NAME OF PASSENGER
SAUNDERS/MICHAEL
PNR
YYZPVDAC1446 V15AUG
PVDYYZAC1441 V28AUG

TOUR CODE
AGENT CODE
PLACE OF ISSUE
RESERVATION
STATUS
ISSUING AGENCY
SITI
1VFN3

NOT VALID FOR TRAVEL
0 014 7715691889 3

3 C

Beacon Software Revenue Systems, llc

2 000058509

Giuliana Carbone
 Director of Revenue
 City of Toronto
 5100 Yonge St.
 North York, Ont.

Date: 03/19/00
 Invoice: 01004

Project management, training and support for Water and Tax application for the period February 12 through March 16, 2001

Services
 Mike Saunders 149.0 hrs @ \$150.00 US \$ 22,350.00 US

Total Services \$ 22,350.00 US

Travel

	Air	Hotel	Meals	Trans & Misc	Total
Mike Saunders Feb 5 - Feb 15	491.57	1,111.07	712.42	354.03	2,669.09 ✓
Mike Saunders Feb 19 - Feb 22	924.45	333.32	239.79	169.74	1,667.30 ✓
Mike Saunders Mar 12 - Mar 15	243.24	333.32	229.00	198.67	1,004.23 ✓
+					

Total Invoice \$ 27,690.62US ✓ \$5,340.62 ✓


 Michael Saunders
 Beacon Software Revenue Systems, Llc

ck

Toronto
2/5 - 2/15

2/5	491 57	Air
	35-	Taxi to RID
	20-	B
	35-	Taxi to Noote-
	40-	L HOTEL
	47-	D
2/6	15-	B
	54-	D
2/7	15-	B
	80-	L HOTEL
	42-	D
2/8	15-	B
	36-	L HOTEL
	44-	D
2/9	15-	B
	35-	L
	44-	D
2/10	15-	B
	28-	L
	54-	D
2/11	15-	B
	24-	D
2/12	15-	B
	40-	L
	24-	D
	<u>581.57</u>	687-
		697-

00 000 000
PASSENGER TICKET AND BAGGAGE CHECK
SUBJECT TO CONDITIONS OF CONTRACT
NOT TRANSFERABLE

ETKT

ARC

PASSENGER RECEIPT SITI

01 30080 041 26759

ISSUED BY
AIR CANADA
LYNX SKI TOURS
SAUNDERS/CAROL
NOT VALID FOR
CALIFORNIA TRANSPORTATION
TICKET NON REFUNDABLE
FP VI4128003502573762 EXP0102/ 625209 FC 5FEB PVD
AC YZ Q23.25 82.00 AC PVD Q23.25 82.00 USD210.50
END ZPPVDYZ XT 6.00XY 5:50ZP 3.00XFPVD3

FARE
USD210.50
TAXES
USD15.78
TOTAL
XT14.50
USD240.78

ALLOW PCB WT UNCD
0 014 7740372844 1

NOT VALID FOR TRAVEL
0 014 7740372844 1

NAME OF PASSENGER
SAUNDERS/CAROL
PROY PVDYZAC1441 L05FEB
YZPVDAC1444 L15FEB

00 000 000
PASSENGER TICKET AND BAGGAGE CHECK
SUBJECT TO CONDITIONS OF CONTRACT
NOT TRANSFERABLE

ETKT

ARC

PASSENGER RECEIPT SITI

01 30086 043 26760

ISSUED BY
AIR CANADA
LYNX SKI TOURS
SAUNDERS/MICHAEL
NOT VALID FOR
CALIFORNIA TRANSPORTATION
TICKET NON REFUNDABLE
FP VI4128003502573762 EXP0102/ 704161 FC 15FEB YV
Z AC PVD Q34.66 119.50 AC YZ Q34.66 119.50 CAD30
8.32 END ZPYZPVD XT 14.45XG 6.00XY 5.50ZP 3.00XFPV
D3

FARE
CAD308.32
TAXES
USD206.36
TOTAL
USD515.48
XT28.95
USD250.79

ALLOW PCB WT UNCD
0 014 7740372844 1

NOT VALID FOR TRAVEL
0 014 7740372844 1

NAME OF PASSENGER
SAUNDERS/MICHAEL
PROY PVDYZAC1441 L15FEB
PVDYZAC1441 L19FEB

NOT VALID FOR TRAVEL
0 014 7740372845 2

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4

March 9, 2002

RECEIVED

MAR 13 2002

Mr. Jeff Griffiths
City of Toronto
City Auditor
Audit Services
9th Floor, Station 1090
55 John St.
Toronto, ON M5V 3C6

Dear Mr. Griffiths

Thank you for narrowing your request to a manageable number. I have enclosed a table in the same order of items requested by you. I have provided reasons and names as required and noted the enclosed item identification for all required receipts. I contacted Citibank to request original receipts and I was informed that the original receipts are kept by the merchant so I have copied monthly statements for proof of expense. I hope this meets with your satisfaction. Because this account is used for personal charges I have blanked out charges and account numbers which do not pertain to your request.

There are car rental charges on the expense reimbursement due to a death in the family in April of 1999. I rented a car for transportation from a rural location outside of Athens, TN to Knoxville, TN. This rental was for a number of weeks (3 to 4). I was not able to cancel trips to Toronto because of the Main billing. This was an extraordinary but not a lavish expense incurred for travel to and from Toronto.

There are a number of day business outings with Finance staff in this selected sample. The Golf outings were for ½ day at the local municipal course. These business outings were to foster open communication between the development and support staff and system users. They were infrequent and again not lavish.

As you will note a few corrections have been noted in the posting of travel expenses which were under and over and are of no consequence. I sincerely believe that the invoices actually submitted would be neutral to any minor deviation from time lag under and over requisitioned amounts due to the fact on my heavy travel schedule. BSRS maintained and directed the tax collection system in a virtually seamless fashion, which I believe has not been fully appreciated. I lived day and night out of town, which enabled me to work long hours to keep the system running which was everyone's priority under those set of circumstances. There were no lavish expenses incurred but those that were necessary and ordinary expenses in the business under taken.

I look forward to the conclusion of this review.

Yours very truly,



Michael R. Saunders
Beacon Software Revenue Systems, LLC

Encl

C: Giuliana Carbone, Director, Revenue Services

DATE	ATTENDEES	PURPOSE	RECEIPT REQUIRED
JAN 15 - 18, 2001	N/A	Immigration Employment Authorization	Copy already provided. Incorrectly posted as \$120 US should be \$150 CD
FEB 7, 2001	Giuliana Carbone, Dave Maxson	Business Lunch	On the Hotel bill provided already
Feb 14, 2001	Dave Maxson	Business Dinner	Under limit No receipt
May 4, 2001	BSRS office manager - Home Office RI. Business lunch A4-7	Schedule Travel arrangements for upcoming work in Toronto	Receipt already provided
May 16, 2001	Dave Maxson	Business lunch	Under limit no receipt. Incorrectly posted as US should be posted as Canadian
Jan 25, 2000	Wanda Liczyk, Giuliana Carbone	Business Dinner	Receipt already provided
Feb 23, 2000	Steve, Randy, Margo Brunning	Business outing	Copy of statement item A enclosed. Incorrectly posted should be \$102 CD
April 28, 2000	N/A	Rental car - transportation between rural location outside of Athens, TN to airport in Knoxville, TN Travel to Toronto A4-i	Receipt already provided. do not have rental agreement
May 17, 2000	N/A	Business outing ½ day	Copy of statement item B enclosed
May 31, 2000	N/A	Business outing ½ day	Cash transaction 4 green fees and carts at Don Valley Municipal Course - Rain cancel while on Course
June 20, 2000	N/A	Business outing	Copy of statement item C enclosed. Incorrectly posted should have been \$700.00 CD - Maxson
Sept 26, 2000	N/A	Business dinner	Copy of statement item D enclosed
Jan 21, 1999	BSRS office manager - Home office in RI Business Dinner	Toronto Travel arrangements for the upcoming water project	Receipt already provided.
April 1, 1999	N/A	Personnel expense	Receipt already provided.
April 11, 1999	N/A	Rental car - transportation between rural location outside of Athens, TN to airport in Knoxville, TN Travel to Toronto for three to four weeks. A4-i	Receipt already provided. No rental agreement.
June 7, 1999	Giuliana Carbone, Wanda Liczyk	Business dinner	N/A

October 6, 1999	Giuliana Carbone, Wanda Liczyk	Business Dinner	N/A
October 4, 1999	Glenn V., Wanda Liczyk, Jim Andrew	Business outing ½ day	Copy of receipt item E enclosed. Incorrectly posted as US should be \$220.00 CD
December 8, 1999	Andy K.	Business Lunch	N/A
December 23, 1999	Dave, Robert, Cameron, Edwin	Business lunch	N/A

To ron TO
4/25 - 4/28

4/25 334 -
328.45

35 -

15 -

35 -

Air

Taxi TO PVD

B

Taxi TO NOVOTEL

56 -

L HOTEL

41 -

D

4/26

10 -

B

15 -

L

34 -

D

4/27

18 -

B

96 -

L HOTEL

24 -

D

4/28

10 -

B

35 -

Taxi TO airport

51.19

MISC

1321.00

876.89

269.76

1146.65

car rental

337.19

Air

562.45

TRANS

299.44

MEALS

293.80

MISC

40.96

TORONTO

4/80 - 4/82

57-44

4/80 520.90

4/81 336.13

4/82 15 -
60 -
HB -

Air

Auto rental

B
Tax to FYS
Tax to HOTEL

47 - L HOTEL

54. P

4/81 10 - B

15 - L

24 - D

4/82 10 - B

15 L

59.02 Misc

Tax to NEWPORT

40 -
1292.03

519.02

175.22

1207.25

Air
520.90

Trans
470 -

meals
169.13

Misc
47.22

5

K44-1

JWC

Remarkable Software Inc.
Concerns: June 26 - 29, 2001

Information received from D. Maxson on May 30, 2002 re vehicle rental:

D. Maxson explained to the City Auditor that he rented a vehicle from June 26 - 29, 2001 because his grandma had passedway (or seriously ill) and he had to be there (the States).

Amount invoiced to the City for services provided June 26, 2001 - 29, 2001:

US \$\$

Services:	K44-1 ✓ 40 hours	\$5,000
Expenses:		
(A) AIRFARE	\$499.73 (airline ticket showed \$449.73 for departure on June 29, 01)	
(B) MISC	410.73	
(C) MEALS	434.53	1,344.99
Total		\$6,344.99 (\$8,504.38 Cdn)

Information gathered:

Per airline tickets: K44-1-6 267.04 US (cost claimed as July 13 exp.)
 Arrival (Toronto): June 26, 01 (Tues) @ 10:28 AM
 Departure: June 29, 01 (Friday) @ 4:45 PM

MISC Per Hertz invoice: K44-1-1 Cdn \$ \$169.67 US \$ \$
 Check out: June 26, 01 @ 12:37
 Return: June 29, 01 @ 12:09

Gas (no receipt)	26.51	
Hotel (no receipt)		68.99
Parking (no receipt)		28.00
Hotel - Novotel		344.15 (AM EX chit)
Taxi		35.00 ?? Taxi in Toronto
	\$196.18	407.15

MEALS: (no receipt) US ??

Jun-26	15.00	Breakfast
	24.00	lunch
Jun-27	8.00	Breakfast
	39.91	Dinner
Jun-28	8.00	Breakfast
	26.98	Dinner
	15.00	lunch
Jun-29	24.00	lunch
	20.00	tips
Jun-29	10.00	Snack
	190.89	

Conclusions:

- it is questionable how he could put in 40 hours while travelling in the States.
- the City should recover the following:

Fees	5000	US
Vehicle rental & Gas	156	(\$195 Cdn)
Meals	191	
Hotel	69	
Hotel - Novotel	344	
	\$ 5,760.00	US ± \$ 8900 Cdn.

@ 1.544

L

Remarkable Software, Inc.

June 29, 2001

Giuliana Carbone
 Director of Revenue
 City of Toronto
 5100 Yonge St.
 Toronto, Ont.

INVOICE - #2001-44

Services Provided June 26, 2001 through June 29,2001

Services

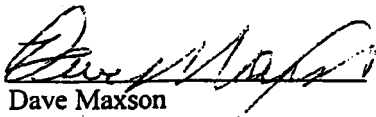
Assessment and Phase In Windows, MS Appeals, Grant Billing, Apportionment

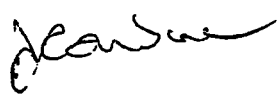
40 hours at \$125.00/hr Service Total \$5,000.00

Expense Dates	Miscellaneous	Meals	Airfare	Totals
05/29/01-06/1/01	\$410.73	\$434.53	\$499.73	\$1,344.99
Expense Total				\$1,344.99

Invoice Total \$6,344.99


Make Payable to: Remarkable Software, Inc.
 Mail Payment to: Remarkable Software, Inc.
 4548 Church Point Place
 Virginia Beach, VA 23455


 Dave Maxson



FS0037-4424

ENTERED ON SAP PURCHASE # 8016904

DATE: July 12, 2001 INITIALS: 



HERTZ CANADA LIMITED

RENTAL: 86-26-81 1337 NORTH YORK
RETURN: 86-29-81 1289 NORTH YORK

0816833
0816833

#344

FORM 978299346-82

DR MAXSON CDP: 8008998258 #1:
FT:

DAYS 3 (B) \$ 158.00

DNRI/VEH: 08197/6733711 81 CAVALIER

SEDAN LIC: AKDH865 VEH CLASS: C

LDW DECLINED
PLP DECLINED

MILEAGE IN: 1232
MILEAGE OUT: 167
MILES DRIVEN: 1845

MILEAGE CHG (B) \$ 8.80

FPO DECLINED - FUEL & SVC APPLIED
\$ 2.28 Litre TK CAP: 54.8
FUEL OUT: 8/8 FUEL IN: 8/8

TR-X MILES DRIVEN:
MILES ALLOWED: 1965
MILES CHARGED:

SUB TOTAL 158.86
DISCOUNT 5X \$ -7.50

ADDITIONAL CHARGES:

PLAN IN: REZ-D \$25.00 / EX HOUR
PLAN OUT: REZ-D \$50.00 / DAY
RATE CLASS: B \$50.00 / EX DAY
\$8.00 / KM

GST (N) \$ 10.33

TFRC (B) \$ 1.20
VLF RECOVERY (B) \$ 1.71
ACSURCH RECOVERY (B) \$ 2.13
PST .00000 \$ 11.80
TOTAL CHARGES \$ 169.67

RENTAL FORM OF PAYMENT: AMX XXXXXXXXXXXX3981 #383 AUTH: \$388.88/28
RETURN FORM OF PAYMENT: AMX XXXXXXXXXXXX3981 #383 AUTH: \$388.88/28

CHARGED ON AMX \$ 169.67
BALANCE DUE \$ 9.80

THANK YOU FOR RENTING FROM HERTZ

RESERVATION INFORMATION: 8499245E231 / B
PREPARED BY: M9885 COMPLETED BY: 84482
STATEMENT OF CHARGES - NOT VALID FOR RENTAL
86-29-81 1289 84482 816833

RENTAL RECORD 9 7 8 2 9 9 3 4 6

Expenses from 1/1/2001 through 9/21/2001

Expense Date	Expense Amount	Description	Receipt Number
6/12/01	35.00	Taxi	
6/14/01	40.00	Dinner	
6/14/01	1.95	Snack	
6/15/01	68.97	Dinner	
6/15/01	7.06	Snack	
6/15/01	28.00	Park	
6/15/01	35.00	Taxi	
6/15/01	289.74	Air	310
6/15/01	542.81	Hotel	311
6/19/01	35.00	Taxi	
6/19/01	15.00	Breakfast	
6/20/01	40.00	Lunch	
6/22/01	35.00	Taxi	
6/22/01	7.06	Snack	
6/22/01	51.97	DF	
6/22/01	28.00	Park	
6/22/01	1350.62	Air	320
6/22/01	640.22	Hotel	321
6/26/01	15.00	Breakfast	
6/26/01	24.00	Lunch	
6/26/01	35.00	Taxi	
6/27/01	8.00	Breakfast	
6/27/01	39.91	Dinner	
6/28/01	8.00	Breakfast	
6/28/01	26.98	Dinner	
6/28/01	15.00	Lunch	
6/29/01	24.00	Lunch	
6/29/01	26.51	Gas	
6/29/01	20.00	Tip	
6/29/01	169.67	Hertz	344
6/29/01	28.00	Park	
6/29/01	68.99	Hotel	

Mar. 13
Hotel
Mar. 13
Mar. 13
Mar. 13
Mar. 13

Smith World Travel, Inc.

TEC008358



9191 Sheridan Boulevard, Suite 200A
Westminster, CO 80031-3023 • (303) 427-6700
E-mail: swt@smithworldtravel.com
1-800-633-3026 • FAX (303) 427-8560

MAXSON/DAVE

366

K4-4-4

MR DAVE MAXSON
4548 CHURCH POINT PL.
VIRGINIA BEACH VA 23455

W/Max

*Paid
American
express*

INVOICE NUMBER: 74601 DATE OF ISSUE JUN 14 2001

26 JUN 01 - TUESDAY

US AIRWAYS 425 COACH CLASS CONFIRMED
LV: NORFOLK VA 650A NONSTOP
AR: PITTSBURGH 212A
ELAPSED TIME- 1:22 EOP-FOKKER JET SEAT- 7C

US AIRWAYS 674 COACH CLASS CONFIRMED
LV: PITTSBURGH 925A NONSTOP
AR: TORONTO 1028A
ELAPSED TIME- 1:03 EOP-BOEING 737 JET SEAT- 7C

13 JUL 01 - FRIDAY *changed to July 12*

US AIRWAYS 3146 COACH CLASS OPERATED BY-US AIRWAYS EXPRESS CONFIRMED
LV: TORONTO 430P NONSTOP
AR: BALTIMORE 615P
ELAPSED TIME- 1:45 EOP-DHC 8 TURBO SEAT- 3D

- FRIDAY

US AIRWAYS 3243 COACH CLASS OPERATED BY-US AIRWAYS EXPRESS CONFIRMED
LV: BALTIMORE 645P NONSTOP
AR: NORFOLK VA 745P
ELAPSED TIME- 1:00 EOP-DHC 8 TURBO SEAT- 7D

TICKET IS NONREFUNDABLE AND HAS A PENALTY FOR CHANGE
THIS TICKET IS ELECTRONIC. ALL ELECTRONIC TICKETS
ARE PAPERLESS. THE INFORMATION IS STORED IN THE AIRLINE
COMPUTER. PLEASE CHECK IN AT THE TICKET COUNTER OR
THE GATE AT LEAST 60 MINUTES BEFORE FLIGHT TIME.
A GOVERNMENT ISSUED PHOTO ID IS REQUIRED TO CHECK IN.
TICKET NAMES MUST MATCH PASSPORT OR DRIVER'S LICENSE NAMES
PLEASE VERIFY SPELLING AND ALL OTHER INFORMATION
AIRLINE REVISION FEES APPLY FOR ANY CHANGES AFTER
TICKET ISSUANCE. WE ISSUE TICKETS AND DOCUMENTATION
BASED ON NAMES AND INFORMATION ABOVE.

TICKET NUMBER/S: MAXSON/DAVE 03727759362763 252.04
373275981462003

AIR TRANSPORTATION 206.50 TAX 45.54 TTL 252.04
Thank you for doing business with Smith World Travel, Inc. 15.00
SUB TOTAL 267.04

6

FILE COPY

Beacon Software Revenue Systems, llc

Giuliana Carbone
Director of Revenue
City of Toronto
5100 Yonge St.
North York, Ont.

Date: 05/22/01
Invoice: 01007

Project management, training and support for Water and Tax application for the period April 30 through May 20, 2001

Services
Mike Saunders 197.5 hrs @ \$150.00 US \$ 29,625.00 US

Total Services \$ 29,625.00 US

Travel	Air	Hotel	Meals	Trans & Misc	Total
Mike Saunders Apr 30 – May 3	241.24	333.32	199.48	140.00	894.39
Mike Saunders May 7 – May 10	354.24	333.32	253.93	140.00	1,081.49
Mike Saunders May 14 – May 17	263.81	333.32	285.52	140.00	<u>1,022.65</u>

\$3,018.18

Total Invoice \$ 32,643.18US



Michael Saunders
Beacon Software Revenue Systems, Llc

P.O. # 801 4352

fine

PASSENGER RECEIPT SITI
 NAME OF PASSENGER SAUNDERS/MICHAEL
 SAUNDERS/MICHAEL
 YYZPVDAC144 L10MAY
 PVDYYZAC144 L14MAY
 DENVER
 COUS28MAR01
 1X14SPRG
 THIS IS YOUR RECEIPT
 1VFLJD
 335363 FC 10MAY YY
 Q34.66 119.50 CAD30
 13.86XG 6.00XY 5.50ZP 3.00XFPV
 EXP0102/ 8.32 END ZPYYZPVD XT
 USD128.02
 69156999660
 XT28.36
 USD241.24

0033
 Server: JOSEPH L
 05/04/01 14:37, Swiped
 Rec: 15
 Terminal: 1

CASTLE HILL
 590 OCEAN ROAD
 NEWPORT, R.I. 02840
 (401)849-3800
 MERCHANT #:

CARD TYPE VISA ACCOUNT NUMBER 4128003502573762 EXP 02/01
 Name: MICHAEL R SAUNDERS
 00 TRANSACTION APPROVED
 AUTHORIZATION #: 877784
 Reference: 33

CHECK: 97.56
 TIP: 15.44
 TOTAL: 113.-

Michael R Saunders

PHONE: ()
 CARDHOLDER WILL PAY CARD ISSUER ABOVE
 AMOUNT PURSUANT TO CARDHOLDER AGREEMENT
 NOT A CARBON! PLEASE TAKE ONLY ONE COPY!

The above expense was invoiced and
 included as 'airfare' - Invoice # 01007 for
 the period April 30 - May 20, 2001

Airfare 354.24
 (1) Air 241.24
 (1) Meal 113.-
 354.24

DOCUMENT IS NEAR SENSITIVE -
 Do not expose to prolonged periods of constant heat or light

7 A

March 9, 2002

RECEIVED

MAR 13 2002

Mr. Jeff Griffiths
City of Toronto
City Auditor
Audit Services
9th Floor, Station 1090
55 John St.
Toronto, ON M5V 3C6

Dear Mr. Griffiths

Thank you for narrowing your request to a manageable number. I have enclosed a table in the same order of items requested by you. I have provided reasons and names as required and noted the enclosed item identification for all required receipts. I contacted Citibank to request original receipts and I was informed that the original receipts are kept by the merchant so I have copied monthly statements for proof of expense. I hope this meets with your satisfaction. Because this account is used for personal charges I have blanked out charges and account numbers which do not pertain to your request.

There are car rental charges on the expense reimbursement due to a death in the family in April of 1999. I rented a car for transportation from a rural location outside of Athens, TN to Knoxville, TN. This rental was for a number of weeks (3 to 4). I was not able to cancel trips to Toronto because of the Main billing. This was an extraordinary but not a lavish expense incurred for travel to and from Toronto.

There are a number of day business outings with Finance staff in this selected sample. The Golf outings were for ½ day at the local municipal course. These business outings were to foster open communication between the development and support staff and system users. They were infrequent and again not lavish.

As you will note a few corrections have been noted in the posting of travel expenses which were under and over and are of no consequence. I sincerely believe that the invoices actually submitted would be neutral to any minor deviation from time lag under and over requisitioned amounts due to the fact on my heavy travel schedule. BSRS maintained and directed the tax collection system in a virtually seamless fashion, which I believe has not been fully appreciated. I lived day and night out of town, which enabled me to work long hours to keep the system running which was everyone's priority under those set of circumstances. There were no lavish expenses incurred but those that were necessary and ordinary expenses in the business under taken.

I look forward to the conclusion of this review.

Yours very truly,



Michael R. Saunders
Beacon Software Revenue Systems, LLC

Encl

C: Giuliana Carbone, Director, Revenue Services

DATE	ATTENDEES	PURPOSE	RECEIPT REQUIRED
JAN 15 - 18, 2001	N/A	Immigration Employment Authorization	Copy already provided. Incorrectly posted as \$120 US should be \$150 CD
FEB 7, 2001	Giuliana Carbone, Dave Maxson	Business Lunch	On the Hotel bill provided already
Feb 14, 2001	Dave Maxson	Business Dinner	Under limit No receipt
May 4, 2001	BSRS office manager - Home Office RI. Business lunch A4-7	Schedule Travel arrangements for upcoming work in Toronto	Receipt already provided
May 16, 2001	Dave Maxson	Business lunch	Under limit no receipt. Incorrectly posted as US should be posted as Canadian
Jan 25, 2000	Wanda Liczyk, Giuliana Carbone	Business Dinner	Receipt already provided
Feb 23, 2000	Steve, Randy, Margo Brunning	Business outing	Copy of statement item A enclosed. Incorrectly posted should be \$102 CD
April 28, 2000	N/A	Rental car - transportation between rural location outside of Athens, TN to airport in Knoxville, TN Travel to Toronto A4-7	Receipt already provided. do not have rental agreement
May 17, 2000	N/A	Business outing 1/2 day	Copy of statement item B enclosed
May 31, 2000	N/A	Business outing 1/2 day	Cash transaction 4 green fees and carts at Don Valley Municipal Course - Rain cancel while on Course
June 20, 2000	N/A	Business outing	Copy of statement item C enclosed. Incorrectly posted should have been \$700.00 CD - <i>Was on 10/12 June</i>
Sept 26, 2000	N/A	Business dinner	Copy of statement item D enclosed
Jan 21, 1999	BSRS office manager - Home office in RI Business Dinner	Toronto Travel arrangements for the upcoming water project	Receipt already provided.
April 1, 1999	N/A	Personnel expense	Receipt already provided.
April 11, 1999	N/A	Rental car - transportation between rural location outside of Athens, TN to airport in Knoxville, TN Travel to Toronto for three to four weeks. A4-7	Receipt already provided. No rental agreement.
June 7, 1999	Giuliana Carbone, Wanda Liczyk	Business dinner	N/A

October 6, 1999	Giuliana Carbone, Wanda Liczyk	Business Dinner	N/A
October 4, 1999	Glenn V., Wanda Liczyk, Jim Andrew	Business outing ½ day	Copy of receipt item E enclosed. Incorrectly posted as US should be \$220.00 CD
December 8, 1999	Andy K.	Business Lunch	N/A
December 23, 1999	Dave, Robert, Cameron, Edwin	Business lunch	N/A

Entertainment Expenses - City Staff

Date	Hrs. charged	Date	Participant
June 7, 1999			
June 22, 1999			
August 24, 1999			
Oct 4, 1999			
Oct 6, 1999			
Dec 8, 1999			
Dec 23, 1999			
Jan 25, 2000			
Feb 07, 2000			
Feb 23, 2000			
Feb 23, 2000			
May 15, 2000			
May 31, 2000			
June 20, 2000			
Sept 26, 2000			
Feb 07, 2001			

Date	Description	Hrs.	Participant
J4-5-1314	Entertainment - Park & Rec (Golf?)	7	Wanda, Giuliana & M.Saunders. Charged 15 hrs.
J4-5-1413	Golf	701.20	charged \$560.96 US J4-5-14
J4-5-1413	Golf	62.10	Entertainment - Golf
J4-5-1413	Golf	144.83	Wanda, Jim Andrew, Glenn V. & M.Saunders
J4-5-1413	Golf	129.00	Wanda, Giuliana & M.Saunders. Charged 12 hrs.
J4-5-1413	Golf	121.00	Andy K. & M.Saunders. Charged 13 hrs.
J4-5-1413	Golf	110.00	Dave, Robert, Cameron, Edwin & M.Saunders. Charged 10 hrs.
J4-5-1413	Golf	116.00	Wanda, Giuliana & M.Saunders. Charged 13.5 hrs.
J4-5-1413	Golf	95.00	Wanda, Giuliana & M.Saunders. Charged 13.5 hrs.
J4-5-1413	Golf	114.00	Steve, Randy (in Collingwood@15:40) & M.Saunders
J4-5-1413	Golf	150.00	Statement showed a charge of \$102 on Feb.23 (Craigleith Ski Club, C)
J4-5-1413	Golf	266.00	Wanda, Giuliana & M.Saunders. Charged 12 hrs.
J4-5-1413	Golf	226.00	Wanda, Jim, Glenn & M.Saunders
J4-5-1413	Golf	548.88	Ed, Ron, Glenn, Al, Dave, Karen & M.Saunders Ed again charged 7 hrs.
J4-5-1413	Golf	231.00	Wanda, Giuliana, Al, Ivana & M.Saunders. Charged 12 hrs.
J4-5-1413	Golf	80.00	Giuliana, Dave Maxson & M.Saunders. Charged 11 hrs.

TOTAL 63 3,291.01 Cdn.

\$ 9,450 US

\$ 1,511

Note 1: Cannot locate timesheet.

Wanda	Finance	CFO & Treasurer
Giuliana	Finance	Director, Revenue Services
Al	Finance	Director, Accounting Services
Margo	Finance	Manager, Collections, Receivables
Ivana	Finance	Director, Pension, Payroll, Empl. Benefits
Jim	CS - IT	Executive Director, IT Division
Steve	Finance	Supervisor, Collections & Receivables
Randy	Finance	Supervisor, Regional Customer Service, East York
Glenn V.	Finance	former Director of Budgets
Karen		
Andy Kwong	Comp. IT	AIX administrator - Don Mills Rd.
Ron	Finance	Senior Analyst, Corp. Services & Finance
Ed/Edwin	Consultant	Syneware
Dave	Consultant	Remarkable Software, Inc.
M.Saunders	Consultant	Bacon

7 B

Toronto
6/21 - 6/24

6/21 209.69 Air

35 - Taxi to PVD

15 - B

35 - Taxi to HOTEL

44 - L HOTEL

24 - D

6/22 10 - B

15 - L

Ⓐ 560.96 J4-5 ENT Park & Rec (No Receipt)

24 - D

6/23 10 - B

32 - L HOTEL

24 - D

6/24 10 - B

15 - L

26.70 } 66.70 cd misc
90 - } " 53.36 us misc (No Receipt)

35 - Taxi to AIRPORT

35 - Taxi to NEWPORT

940.65 351.70

501.36 x 1.2% = 201.36

1142.01

Air	Trans	MEALS	MISC
209.69	140.00	210	582.32

On invoice, he split ^{golf} 560.96 into: Airfare + 609.69 (= 209.69 + 400) and misc. \$182.32
J4-5-15

To: **Giuliana Carbone**
Director of Revenue
City of Toronto

From: **Mike Saunders** *MS*
Beacon Software Revenue Systems, LLC

Re: **Project management, training and support for Water and Tax Client Server Solution for the period June 21, 1999 through July 23, 1999.**

June 21

Preparation and review	3.0
Water review	6.0
Tax review	2.0
Tax Libraries	3.0
	<hr/>
Total for day	14.0

June 22

Tax and Payment Libraries	6.0
Payment exe	3.0
Water meeting	3.0
Water testing	2.0
	<hr/>
Total for day	14.0 J4-5

June 23

Water testing	9.0
Planning	3.0
Tax support	2.0
	<hr/>
Total for day	14.0

June 24

Water exe	6.0
Water testing	3.0
Review of schedule	3.0
	<hr/>
Total for day	12.0

June 25

Consulting	3.0
	<hr/>
Total for day	3.0

7 C

TO-OW-TO
10/4 10/17

10/4 610.11

35 -
Novotel North York
3 Park Home Ave.
North York, Ontario
15 -

72 -

72.83

10/5

52 -

10 -

32 -

24 -

10/6

10 -

15 -

129 -

10/7

10 -

35 -

65.17

15 -

35 -

594.94

289.74

1184.18

362.17

Air

Taxi TO PVP

B

Taxi TO NOVOTEL

L

GOLF

GOLF

Arrived late - from airport

Golf

54.52 charged 14 hrs

P

B

L HOTEL

D

B

L

D

B

Taxi TO AIRPORT

Misc

L

Taxi TO NEWPORT

Air

610.11

Taxi

140.00

MEALS

127.66

MISC

206.57

Item E

C1-20

Receipt

Beer Creek Golf Course
Glen Cedars Golf Course
The Academy
(905) 427-7737

SAUNDERS
RUBY 10/04/1999 12:36PM
4 Players

Date: 10/04/1999 Time: 12:18:46

Invoice# 0015972

ITEM	QTY	TOTALS
DC-RPT	4	149.50
GCNC	4	52.20
Sub-total		201.70
GST		14.10
gst		4.19
Total		220.00
Credit Card		220.00
Bank Card		0.00
Tendered		0.00
Change		0.00

GST# 147901673

To: Giuliana Carbone
Director of Revenue
City of Toronto

From: Mike Saunders *MS*
Beacon Software Revenue Systems, LLC

Re: Project management, training and support for Water and Tax Client Server Solution for the period
September 26, 1999 through October 22, 1999.

September 26.

Consulting	3.0
Total for day	<u>3.0</u>

September 27

Preparation and review	4.0
Conversion review Et	4.0
Project status	4.0
Water fixes	3.0
Total for day	<u>15.0</u>

September 28

Water fixes	6.0
Water billing process	4.0
Water project meeting	3.0
User support	2.0
Total for day	<u>15.0</u>

September 29

Conversion testing	8.0
Meeting with SPUC	3.0
Water exe	3.0
Total for day	<u>14.0</u>

September 30

Reports	4.0
Review	5.0
User support	3.0
Total for day	<u>12.0</u>

October 4

Conversion review and testing Toronto	14.0
Total for day	<u>14.0</u>

7 D

2/21 381.56
35-
15-
35-

TRAVEL TO PWD

TRAVEL TO HOTEL

24-

L HOTEL

24-

D

3/22

10-

B

Arrival 02/1100
Departure 02/2400

54-

L

Room 1014
Bunk 1014
Bath 1014
Food 1014

22-

D

2/23

10-

B

4-5-30

114-

ent - stereo, Randy J & coll

150-

L

75-

54-

D

2/24

73.52

B

MISC

35-

Taxi to airport

15-

L

35-

Taxi to Newport

557.56

520.52

416.42

967.98

1415

Trans

meals

Misc

341.56

180.60

182.40

24.0

DUPLICATE COPY

C1-16

Item A

Account Number	Payment Due Date	New Balance	Minimum Amount Due	Enter Amount Enclosed

00 A1 1289 4 VA 4
MICHAEL R SAUNDERS

() ()
 New Home Phone New Business Phone
 Please print Change of Address or Phone Number above.

To avoid additional FINANCE CHARGE being applied to your current purchases on next month's statement, pay the entire new balance on this statement in full by the due date.

Citibank A⁺Advantage[®]
 Account Number A registered trademark of American Airlines, Inc.

For Customer Service, call or write
 1-800-950-5114
 BOX 6500
 SIOUX FALLS, SD
 57117

To report billing errors, write to this address; calling will not preserve your rights

Statement/Closing Date	Total Credit Line	Cash Advance Limit	New Balance	Available Credit Line	Available Cash Limit
03/07/00	\$ 00	\$	\$	\$	\$

Row	Row	Row	Row	Row	Row	Row	Row	Row	Row
Row	Row	Row	Row	Row	Row	Row	Row	Row	Row
2/23	2/23	L8HYFGFS	CRAIGLEITH SKI CLUB	102.00	COLLINGWOOD	CA			
					CANADIAN DOLLAR				
2/25	2/25	STP78HRS	SQUIRE JOHN'S INC	114.99	COLLINGWOOD	CA			
					CANADIAN DOLLAR				

Pl
Ac
Tr

F
I
C
I
L

To: **Giuliana Carbone**
Director of Revenue
City of Toronto

From: **Mike Saunders** *ms*
Beacon Software Revenue Systems, LLC

Re: **Project management, training and support for Water and Tax Client Server Solution for the period**
February 21 through March 17, 1999.

February	21	12.0
	22	12.0
	23	10.0
	24	12.0
March	6	4.0
	7	12.0
	8	12.0
	9	12.0
	10	2.0
	13	12.5
	14	12.0
	15	12.0
	16	10.0
17	1.0	

135.5

↙ S/B 2000
MS

7 E

TORONTO

J4-5-25

5/15 - 5/19 2000

5/15 262.50

35-

15-

35-

Air

Taxi TO PVD

B

Taxi TO HOTEL

15-

L

93-

D Guiana, meals (4)

5/16

10-

B

15-

L

24-

D

5/17

10-

B

20-

L

HOTEL

* Should be
Golf @
Dorvalley

588 - J4-5-26

ENT 97ere, Randy, Margo

COL

39-

D

5/18

10-

B

35-

Taxi TO AIRPORT

62.17

MISC

50-

L

35-

Taxi TO NEAPORT

437.50

564.17

451.34

888.84

AIR

262.50

TRANS

140-

MEALS

231.80

MISC

254.54

J4-5-26

DON VALLEY G. C.

o/b GOLF PLUS MKTG. INC.

GOLF CAR RENTAL AGREEMENT

GOLF CAR NO. 15+16. CHARGE VISA M/C AX

ADULT CASH

SENIOR _____

ADULT TWILIGHT _____ DATE AND TIME OF RENTAL _____

SENIOR TWILIGHT _____

ADULT 9 HOLE _____

SENIOR 9 HOLE _____ 15:17 00.17 AM

RENTAL FEE 66.00

IN CONSIDERATION of the covenants herein contained, Golf Plus Mktg. Inc. hereby rents the Golf Car described above to the undersigned upon the terms and conditions herein set out :

1. The undersigned will obey and comply with the rules and regulations of the Golf Course.
2. The Golf Car will not be operated by any person who is drunk or who has consumed any alcohol or who is under the influence of drugs or narcotics or by anyone under the age of eighteen (18) years.
3. The Golf Car will not be operated in any race or speed test or contest.
4. The Golf Car is to be operated in a safe, sensible manner with only two (2) riders on the Golf Car.
5. The undersigned agrees to the holding of a \$500 security deposit by Golf Plus MKTG. Inc. and assumes all liabilities for property or personal damage and injuries while the Golf Car is assigned to him (her).
6. The Golf Car is not to be driven within twenty (20) feet of Tees or Greens.

RELEASE, WAIVER AND INDEMNITY

IN CONSIDERATION of the acceptance of my application to rent a golf car for use at DON VALLEY Golf Course, I, for myself, my heirs, executors, administrators, successors and assigns HERBY, RELEASE, WAIVE AND FOREVER DISCHARGE The Municipality of Metropolitan Toronto, The Metropolitan Toronto and Region Conservation Authority, Golf Plus MKTG. Inc., David Richardson and appointed officials, heirs, executors, administrators, successors and assigns, OF AND FROM ALL claims, demands, damages, costs, expenses, actions and causes of action, whether in law or equity, in respect of death, injury, loss or damage to my person or property HOWSOEVER CAUSED, arising or to arise by reason of my rental of the said golf car.

I FURTHER HEREBY UNDERTAKE TO HOLD AND SAVEHARMLESS and AGREE TO INDEMNIFY all of the aforesaid from and against any and all liability by any or all of them arising as a result of, or in any way connected with my rental of the golf car.

I ACKNOWLEDGE HAVING READ, UNDERSTOOD AND AGREED to the above RELEASE, WAIVER AND INDEMNITY. I WARRANT that I am physically fit to safely utilize the said golf car.

Telephone _____

Print Name Richardson

Signature [Signature]

0477

DUPLICATE COPY

CI-17

Item B

Account Number	Payment Due Date	New Balance	Minimum Amount Due	Enter Amount Enclosed

00 A1 1289 5 VA 4
MICHAEL R SAUNDERS

() ()
New Home Phone New Business Phone
Please print Change of Address or Phone Number above.

To avoid additional FINANCE CHARGE being applied to your current purchases on next month's statement, pay the entire new balance on this statement in full by the due date.

For Customer Service, call or write
1-800-950-5114
BOX 6500
SIOUX FALLS, SD
57117

To report billing errors, write to this address; calling will not preserve your rights

Citibank AAdvantage

Account Number A registered trademark of American Airlines, Inc.

Statement/Closing Date Total Credit Line Cash Advance Limit New Balance Available Credit Line Available Cash Limit
06/08/00 \$3000 0.00 \$228.04 2771.56 \$5000

Bill Date	Post Date	Reference Number	Activity Since Last Statement	Amount
5/17	5/17	07746LXP	DON VALLEY GOLF COURSE NORTH YORK CA 160.00 CANADIAN DOLLAR	
5/17	5/17	ZH7P*GFS	GOLF PLUS MARKETING INC TORONTO CA 75.45 CANADIAN DOLLAR	

J4 5-27

To: Giuliana Carbone
Director of Revenue
City of Toronto

ju

From: Mike Saunders *[Signature]*
Beacon Software Revenue Systems, LLC

Re: Project management, training and support for Tax Billing for the period May 8 through May 26,

1999. → S/B 2000 *[Signature]*

May	8	15.0
	9	15.0
	10	13.0
	11	11.0
	12	3.0
	15	15.0
	16	15.0
	17	12.0
	18	11.0
	19	2.0
	23	15.0
	24	15.0
	25	14.0
	26	14.0

J4-5

170.0 w

7 F

TORONTO
5/30 - 6/2, 2000

5/30	335.77	(for June 2-5)	Air
	35-		Taxi TO PVD
	20-		B
	35-		Taxi TO NOVOTEL
		24-	P
5/31		10-	B
		15-	L
		226-	GOLF - Wanda, Jim, Glenn J4-1 (Budgets)
		24-	D
6/1		10-	B
		25-	L
		24-	P
6/2		10-	B
		6608	MISC (incl room service)
	35-		Taxi TO AIRPORT
	20-		L
	35-		Taxi TO PVD
	515.77	431.88	
	304.87	@ 1.25 ^	
	869.64		

60.61	MISC	TRANS	MEALS	MISC
	335.77	140.00	332-	52.87
			(included Golf - \$226)	

Invoiced	1197.25
Per above	<u>869.64</u>
Diff.	327.61 (unaccountable for)

7 G

DUPLICATE COPY

21-18

Item C

Account Number	Payment Due Date	New Balance	Minimum Amount Due	Enter Amount Enclosed

00 A1 1289 5 VA 4
MICHAEL R SAUNDERS

() ()
New Home Phone New Business Phone
Please print Change of Address or Phone Number above.

To avoid additional FINANCE CHARGE being applied to your current purchases on next month's statement, pay the entire new balance on this statement in full by the due date.

For Customer Service, call or write
1-800-950-5114
BOX 6500
SIOUX FALLS, SD
57117

To report billing errors, write to this address; calling will not preserve your rights

Citibank Advantage

Account Number A registered trademark of American Airlines, Inc.

Statement/Closing Date 06/08/00 Total Credit Line \$ 3000 Cash Advance Limit \$ 5000 New Balance \$ Available Credit Line \$ Available Cash Limit \$ 5000

Statement/Closing Date Total Credit Line Cash Advance Limit New Balance Available Credit Line Available Cash Limit

Statement/Closing Date	Total Credit Line	Cash Advance Limit	New Balance	Available Credit Line	Available Cash Limit
06/08/00	\$ 3000	\$ 5000	\$	\$	\$ 5000

Statement/Closing Date	Total Credit Line	Cash Advance Limit	New Balance	Available Credit Line	Available Cash Limit
06/08/00	\$ 3000	\$ 5000	\$	\$	\$ 5000

Statement/Closing Date	Total Credit Line	Cash Advance Limit	New Balance	Available Credit Line	Available Cash Limit
06/08/00	\$ 3000	\$ 5000	\$	\$	\$ 5000

	Previous Balance	(+) Purchases & Advances	(-) Payments	(-) Credits	(+) Finance Charge	(+) Late Charges	(=) New Balance	Purchase Advance Amount	Fees	Past Due	Minimum Amount Due
Purchases											
Advances											
Total											205.00

Rate Summary	Purchases	
Number of days this Billing Period	35	
Calculation Method	Daily	Daily
Periodic Rate	.05041%	.05476%
Nominal Annual Percentage Rate	18.400%	19.990%
Annual Percentage Rate	18.400%	19.990%
Balance Subject to Finance Charge		

Tours TO

6/30 - 6/23, 2000

34,20
35 -
30 -
70 -

Air

Taxi to RVD

B

Taxi to

548.98

GOLF

Park & Rec

Edgar, Glenn, AL
D. W. K. W. K.

20 -

L

24 -

D

6/21

10 -

B

15 -

L

24 -

D

6/22

10 -

B

44 -

L

HOTEL

24 -

D

6/23

10 -

B

416.64

HOTEL

50.54

MISC

35 -

Taxi to Airport

20 -

L

35 -

Taxi to Airport

949.20

1197.08

557.12

1906.87

Air	Taxi	Hotel	Meals	Misc
734.20	175 -	333.13	184.96	479.56

8

Remarkable
Summary of Questionable/Non Eligible Claims, 1999

Date	US \$	Cdn \$\$	
01/04/1999		150.00	Work Permit H I
01/04/1999		10.00	Gym
01/11/1999		10.00	Gym
01/25/99		10.00	Gym
01/26/99		10.00	Gym
02/02/1999		10.00	Gym
02/03/1999		10.00	Gym
02/08/1999		15.00	Gym
02/10/1999		5.00	Gym
02/10/1999		15.00	Gym
02/15/99		62.00	Dinner, no receipt →
02/15/99		15.00	Gym
02/16/99		15.00	Gym
03/01/1999		15.00	Gym
03/02/1999		15.00	Gym
03/08/1999		6.31	Toiletries
03/09/1999		15.00	Gym
03/23/99		170.00	Dinner, no receipt
03/24/99		15.00	Gym
03/25/99		180.04	Dinner, no receipt
03/28/99		15.00	Gym
03/30/99		140.00	Stage Door at Hotel
03/31/99		15.00	Gym
04/13/99		68.60	Golf, no receipt
04/19/99		15.00	Gym
04/20/99		80.00	Café Nicole at Hotel
04/26/99		15.00	Gym
04/27/99		100.00	Stage Door at Hotel
04/29/99		20.00	Tips
04/29/99		69.00	Lunch, no receipt
05/05/1999		200.00	?? No receipt
05/31/99		15.00	Gym
06/02/1999		15.00	Gym
06/04/1999		15.00	Gym
06/09/1999		15.00	Gym
06/14/99		96.02	Dinner, no receipt
06/14/99		15.00	Gym
06/30/99		15.00	Gym
07/02/1999		10.00	Gym
07/02 - 07/03/99	116.85		Hotel @ O'Hare Airport, Chicago - Robert Maxson, Incl. Purchase of \$23 US- Sports edition
07/06/1999		10.00	Gym
07/14/99		20.00	Tip, no receipt
07/15/99		10.00	Gym
07/20/99		10.00	Gym
07/20/99		68.00	Café Nicole at Hotel
07/21/99		10.00	Gym
07/22/99		10.00	Gym
07/27/99		15.00	Gym
07/28/99		15.00	Gym
07/30/99		15.00	Gym
08/04/1999		15.00	Gym
08/11/1999		14.00	Gym
08/13/99		15.00	Gym
08/18/99		70.00	Golf, no receipt
08/26/99		15.00	Gym
08/27/99		18.01	Golf, no receipt
09/01/1999		15.00	Gym
09/03/1999		15.00	Gym
09/13/99		10.00	Gym
09/15/99		10.00	Gym
09/22/99		83.00	Golf, no receipt
09/23/99		15.00	Gym
09/29/99		15.00	Gym
10/01/1999		49.51	Golf, no receipt
10/04/1999		15.00	Gym
10/05/1999		15.00	Gym
10/06/1999		15.00	Gym
10/13/99		15.00	Gym
10/14/99		15.00	Gym
10/20/99		15.00	Gym
10/20/99		78.22	Stage Door at Hotel
10/23/99		15.00	Gym
11/02/1999		15.00	Gym
11/11/1999		15.00	Gym
11/12/1999		10.00	Gym
11/13/99		40.86	1 long distance call
11/18/99		15.00	Gym
12/16/99		15.00	Gym

116.85 2521.57

Provided to Director, Revenue Service for recovery

9 A

Toronto

57-34

3/29 - 4/1

3/29 195.50
 35 -
 15 -
 35 -

Air
 Taxi TO PVD
 B
 Taxi TO NOVOTEL

28 - L HOTEL
 24 - D

3/30

10 - B
 54 - L HOTEL
 24 - D

3/31

10 - B
 21 - L HOTEL
 87 - D

4/1

10 - B
 53 - MISL
 214 - MISC

15 -
 35 -
 330.90
 428.27
 758.77

535.37
 Taxi TO HQ EXPORT

Air	Trans	Meals	MISC
155.90	105 -	247 -	210.87

TEC007831

J4-8-35
puc

ANTIPASTI

4918 Yonge Street, North York
Tel: (416) 250-8728

CREDIT CARD TRANSACTION RECORD

LCB0000 4726
PEARSON AIRPORT 12 LEP1E1
TOLMID ON
ID: LCB170000998 20123067

CASH REGISTER: 0001 EMPLOYEE: 400

NO.: 4128003502573762 V3 EXPIR.: 0201

AMOUNT \$214.00

PURCHASE

99/04/01 13:36:44 AUTHQR: 950735 001
003G SEG: 000001084030

APPROVED-THANK YOU

Michael Saunders
CUSTOMER'S SIGNATURE

I agree to pay the above total amount
according to card issuer agreement.

043 0728 001 400 6058

VISA

SAUNDERS/MICHAELR
4128003502573762 EXPIRY 01/02
AUTH 570229 ONLINE
MERCHANT# 20169490 DATE 03/31/99
CHECK 27398 TABLE 3

FOOD TOTAL 53.75
BAR TOTAL 11.75
PST 5.48
GST 4.59

SUBTOTAL \$ 75.57

TIP \$ 11.43

TOTAL \$ 87

*** CUSTOMER COPY ***

You have been served by MARIA

THANK YOU

GST Number 120344734

WE APPRECIATE YOUR PATRONAGE
PLEASE VISIT US AGAIN

9 B

TORONTO
6/18 - 6/21

6/18	393.34		Air
	35-		taxi TO Airport
	20-		B
	35-		taxi TO NOXOTEL
	75-		Tickets
		20-	L
		35-	D
6/19		10-	B
		54-	L
		54-	D
6/20		10-	B
		41-	D
6/21		10-	B
	416.64		Hotel
	38.95		misc
	35-		taxi TO NEWPORT
	20-		L
	35-		Taxi TO Airport
	<u>648.34</u>	<u>659.57</u>	
	<u>527.66</u>		
	1176-		

1977	Town &c	meals	Hotel	misc
593.34	140-	205.20	583.52	106.14

10

AIR CANADA

1 : 11 JUL 01

MICHAEL SAUNDERS
17 FRANCIS ST
NEWPORT RI USA
02840

THIS IS YOUR E-TICKET ITINERARY/RECEIPT. YOUR TICKET COUPONS ARE ELECTRONICALLY STORED IN OUR COMPUTER SYSTEM. CONDITIONS OF CONTRACT AND OTHER IMPORTANT NOTICES RELATING TO THE USE OF THE TICKET ARE PROVIDED WITH THIS DOCUMENT.

RECEIPT

BOOKING REF: STS6BQ

SAUNDERS/MICHAEL MR

TICKET NUM: 014 2104 111356

FF: AC0516329828

DATE OF ISSUE: 11 JUL 01

IATA NUMBER: 62990071

PLACE OF ISSUE: YWGTDAC

WINNIPEG

CANADA

FARE

1266.32CAD

TAX

89.34GST

TAX

62.24XT

TOTAL PER PASSENGER

1417.90CAD

CALC: 12JUL01YYZ AC PVD Q34.66R598.50AC YYZ Q34.66R598.50CAD1266.32
END ROE1.52038 XT38.65US10.00SQ9.06XY XF4.53PVD3

\$ 926.7 u.s

PAYMENT(S): CC VI4128003502573762

NOT TRANSFERABLE

ITINERARY

AIR CANADA

AC1444 Y-CONFIRMED

EQUIP: DH1

DEPART:

ARRIVE:

TORONTO PEARSON INTL THU 12JUL01 1459

PROVIDENCE RI THU 12JUL01 1659

SEATS: 3C

THIS FLIGHT IS OPERATED BY: AIR ONTARIO

DEPARTS FROM: TERMINAL T2

AIR CANADA

AC1441 Y-CONFIRMED

EQUIP: DH1

DEPART:

ARRIVE:

PROVIDENCE RI MON 23JUL01 0715

TORONTO PEARSON INTL MON 23JUL01 0930

SEATS: 3C

THIS FLIGHT IS OPERATED BY: AIR ONTARIO

ARRIVES AT: TERMINAL T2

BAGGAGE ALLOWANCE IS 2 PIECES PER PERSON.

PAGE: 1

* USD *

7-6-01

Beacon Software Revenue Systems, llc

Gloriana Carbone
Director of Revenue
City of Toronto
5100 Yonge St.
North York, Ont.

Date: 07/25/01
Invoice: 01011

Project management, training and support for Water and Tax application for the period July 3 through July 12, 2001

Services
Mike Saunders 50.5 hrs @ \$150.00 US \$ 7,575.00 US

Total Services \$ 7,575.00 US

Travel	Air	Hotel	Meals	Trans & Misc	Total
Mike Saunders Jul 9 - Jul 12	1,134.32	333.32	179.60	216.60	1,863.84
Mike Saunders Jul	265.93				265.93
					Total 2,129.77

Total Invoice \$ 9,704.77 US

ENTERED ON SAP PURCHASE #
8017545

Michael Saunders
Michael Saunders
Beacon Software Revenue Systems, Llc

DATE: July 31/01

INITIALS: *MS*

MS
July 31/01

F50037-4474