

**Management's Response to the Auditor General's Review of
Procurement of 311 Toronto's Information Technology System – Lessons for Future Procurement Processes**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> (Comments are required only for recommendations where there is disagreement.)	<u>Action Plan/ Time Frame</u>
1.	City Council request the Director, Purchasing and Materials Management Division, to review and enhance the existing Purchasing and Materials Management review process such that inaccurate or questionable information on purchase request documents is identified and addressed prior to approval of the purchase request documents.	X			PMMD will review the processes related to purchase order amendments and sole source requests, and update the processes, as necessary, to ensure PMMD staff are identifying and having Divisions address questionable information prior to the approval of the purchase order amendment or sole source. Time frame: March 31, 2013
2.	City Council request the Director, Purchasing and Materials Management Division, to define in all pertinent purchasing policies and procedures that the purchase amount for contract increases and sole-source approvals refers to the gross cost to the City (excluding taxes), not net costs after deductions, refunds, or credits.	X			PMMD will review the purchasing policies and procedures to ensure that the procedures are clear that the authority to approve the purchase order amendment or sole source will be based on the gross cost to the City (excluding taxes) and not the net cost. Time Frame: December 31, 2012

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<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>
3.	City Council request the City Manager, in consultation with the Director, Purchasing and Material Management Division, to take necessary steps to ensure that, where a contract service is not acquired under a fixed price agreement, the unit pricing, labour rates, and estimated labour hours are established prior to commencing the contract services, and the hours of contract services are tracked and documented.	X		It should be noted that, this particular circumstance occurred immediately before and during the 2009 Labour Disruption. The DCM authorized proceeding with a change order to the Master Agreement signed in 2008 with Bearing Point for deliverables needed to meet the 311 launch date set for September 2009.	The City Manager in consultation with PMMD will develop guidelines to staff that when staff are requested approval for a contract based on time and materials that staff ensure that the appropriate unit rates/labour rates and estimated labour hours are established prior to the commencement of the work and are properly tracked. Time frame: March 31, 2013
4.	City Council request the Director, Purchasing and Materials Management Division to take the necessary steps to ensure that divisions comply with the City purchasing policies regarding the timely submission of sole-source purchase requests for approval by the Purchasing and Materials Management Division.	X			PMMD will review and update as necessary the training for Divisions on sole source procedures to ensure it emphasizes the need for timely submittals of sole source approval forms. PMMD as part of review of the sole source purchases will continue to bring to the attention of Division Heads any untimely submissions of sole source requests. Time Frame: December 31, 2012

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5.	<p>City Council request the City Manager to forward the recommendations contained in the audit report entitled “Procurement of 311 Toronto’s Information Technology System – Lessons for Future Procurement Processes” to the City’s major Agencies, Boards, Commissions, and Corporations, for consideration in future procurement processes.</p>	X			<p>The City Manager will forward the Report and the Recommendations to the City's major Agencies, Boards, Commissions and Corporations for consideration.</p> <p>Time Frame: June/July 2012</p>