

FPARS Costs and Benefits

Government Management Committee Meeting
November 21, 2013

Purpose of Report

This report responds to the Auditor General Recommendations:

That the Deputy City Manager and Chief Financial Officer prepare a detailed and comprehensive analysis of all related costs to date and costs to completion of the Financial Planning Analysis Reporting System (FPARS), including the anticipated financial and operational benefits

What is the Financial Planning Analysis Reporting System?

- FPARS is a complex, large-scale business transformation and information technology project within the City of Toronto
 - Council-approved
 - First project of its kind since amalgamation
 - First Public Sector Budget Formulation (PBF) project of its kind in the country
 - Total project budget: \$69.9 million (\$49.2 million spent by end-2013)
- Purpose is to support the move toward a new planning and budgeting framework based on City services
 - Service Planning and Multi-Year Budgeting
 - Performance Measures and reporting/analytics
 - Re-engineer financials, payroll and new complement management processes, data and systems
 - New SAP platform and tools

Why is FPARS necessary?

- With ever-present financial pressures, the City must allocate limited resources strategically
 - Requires detailed service-related information
- City is implementing planning and budgeting best practices endorsed by:
 - Government Financial Officers Association (GFOA)
 - Fiscal Review Panel
 - Credit Rating Agencies
- FPARS was initially launched in 2006 to:
 - Implement a new Council-approved multi-year financial planning, budgeting process
 - Re-organize financial, complement data according to City services
 - Examine technology solutions to enable business changes

What will FPARS deliver?

- Inventory of services (approximately 156 for City Divisions and Agencies)
 - “What does the City do?”
- Multi-year planning and performance framework and Processes (Service Planning and Multi-year budgeting)
 - “How does the City do it?”
- Performance reporting
 - “Are services meeting objectives?”
- Accountability, transparency
 - Greater public trust and understanding
- SAP tools
 - Integrate key financial, payroll and complement processes, rationalize “shadow systems”, provide analytics and reporting

What will FPARS Cost?

Table 1
FPARS Total Project Cost Summary
(\$ Millions)

Cost Description	Total Project Costs	Life to Date Cost Dec 31, 2012	2013 Actual Costs to Sept. 30, 2013	Total Projected Project Costs to Dec. 31, 2013	Projected Cost to End of Project
Actual Costs prior to 2009 (Configured Solution)	6.0	6.0	0.0	6.0	6.0
FPARS Project Business Transformation & Implementation	55.0	18.7	7.9	34.3	55.0
Business Transformation & Implementation Subtotal	61.0	24.7	7.9	40.3	61.0
Information Technology Division Costs prior to 2009 (Configured Solution)	2.3	2.3	0.0	2.3	2.3
Information Technology Division SAP Upgrade Allocated Costs	3.9	3.9	0.0	3.9	3.9
Information Technology SAP/PBF License Costs	2.7	2.7	0.0	2.7	2.7
IT Costs Subtotal	8.9	8.9	0.0	8.9	8.9
FPARS Grand Total	69.9	33.6	7.9	49.2	69.9

Economy, Efficiency and Value Added Benefits

Table - 4
Savings To Date (\$ Million)

2014 Operating Savings

	<u>Gross</u>	<u>Net</u>
Fleet Services	0.150	0.150
311 Toronto	0.213	0.191
Facilities Management & Real Estate	1.003	1.003
Legal Services	0.750	0.750
Office of the Chief Financial Officer	0.034	0.034
Office of the Treasurer	0.300	0.300
Information & Technology	1.039	1.039
Toronto Water	2.178	2.178
	5.668	5.646

2014 - 2023 Capital Budget and Plan Savings

	<u>Gross</u>	<u>Debt</u>
Financial Services *	2.030	2.030

*Note: from 2011 - 2020 Capital Budget and Plan for Business Information Warehouse project.

- \$5.646 million in ongoing salary, benefits savings in 2014 Operating Budget
 - Possible through PBF Personnel Expenditure Planning functionality
- \$2.03 million in savings in Financial Services' 2011 to 2020 Capital Plan
 - Due to new FPARS tools
- Other benefits will accrue over several years as changes are implemented, rooted and fully operational. Will report back.
 - Using value engineering approach to baseline
 - Focus on business process re-engineering

Economy, Efficiency and Value Added Benefits

- Reinforcing the City’s culture of “citizen-centred”, performance driven services with clean financial, complement and performance information
 - Provide information in a timely matter
 - Organized by service
 - Enable council and public to discuss and determine levels of service and budgeting decision making
- Improve accountability and transparency to the public regarding City services to answer:
 - Who provides services?
 - What services do the City provide?
 - Why does the City provide these services?
 - What is the value of the services?
 - How much do these services cost?
 - Are services meeting objectives through regular performance reporting?
- Make Toronto a leader in multi-year service planning and budgeting
 - Linking Mayor and Council priorities to outcomes
 - Provide a long-term view of the City’s service delivery plans
 - Manage financial pressures through priority setting

FPARS status

- ✓ Requirements completion
- ✓ Vendor selection, statement-of-work completion
- ✓ Vendor arrival (April 2, 2012)
- ✓ Project preparation
- ✓ Project blueprint activities
- ✓ New budgeting and reporting capability (PBF Tool-go-live date: May 6, 2013)
- ✓ New financial, payroll and complement management, reporting capability (go-live date: November 12, 2013)
- ✓ End-user budget and reporting training for 400+ divisional, agency staff (ongoing)
- ✓ End-user financial, payroll, complement management and reporting training for 2500+ divisional, agency staff (ongoing)
- ✓ Establish performance measure and reporting capability: underway
- ✓ Current project focus: sustainment

Integrated Planning and Performance Framework

