TORONTO

STAFF REPORT
ACTION REQUIRED

Update on the Shared Services Project

Date:	June 17, 2014
To:	Executive Committee
From:	Deputy City Manager and Chief Financial Officer
Wards:	All
Reference Number:	P:\2014\Internal Services\Cfo\Ec14002Cfo (AFS #19604)

SUMMARY

This report responds to City Council's request for the Deputy City Manager & Chief Financial Officer to report back with options to accelerate the implementation of shared services opportunities in the KPMG Shares Services Efficiency Study to achieve potential costs savings ranging from $10 million to $15 million in 2014.

To do this, the Deputy City Manager & Chief Financial Officer accelerated the creation of a project team that facilitated the creation of an Executive Steering Committee and 13 working groups. These working groups have started analysing options to accelerate implementation.

In addition, the Executive Steering Committee has expanded the project scope beyond the opportunities identified by KPMG to include the areas listed below.
- Three functions – Fleet Services, Facilities Management, Information & Technology Contract Management
- Two centres of excellence – Internal Audit, Real Estate

Based on the working group activities, the five opportunities listed below have been completed.
1. Enhance the Use of the City's Internal Audit Division by agencies that do not have their own Internal Audit Resources
2. Expand the City's provision of lessor services to the Toronto Transit Commission and Toronto Parking Authority
3. Establish a Fleet Services Centre of Excellence
4. Establish an Internal Audit Centre of Excellence
5. Establish a Real Estate Centre of Excellence

For the recommendations that are not complete, the high-level analysis performed by the working groups has shown:
- to estimate the actual potential savings and service improvements, a more detailed review and due diligence must be performed and an implementation plan created; and
- the full implementation of many recommendations is dependent on the successful implementation of a common information technology infrastructure.

The City and the agencies are already collaborating in many areas, including the areas listed below.
- Facilities Management
- Fleet Services
- Human Resources
- Information and Technology
- Information Management
- Insurance and Risk Management
- Internal Audit
- Legal Services
- Purchasing
- Real Estate Services

The transition to a shared services delivery model is a journey that takes leadership, careful planning, and strategic investments – often involving a multi-year, multi-phase transformation across multiple organizations. Although some opportunities may be implemented in a shorter time frame, a number of opportunities are broad transformational directions that require further due diligence to determine the potential service improvements and savings. Due diligence must be complete before an implementation strategy is created.

Shared services should not be viewed as a solution to existing organizational problems, but rather an opportunity to examine greater collaboration in various forms with the potential to reduce costs and improve service.

The Shared Services Project is a multi-year initiative that requires support from Council, the agency boards, and senior staff. For this reason, regular updates will be reported to Council and the agency Boards.

RECOMMENDATIONS

The Deputy City Manager & Chief Financial Officer recommends that:

1. Executive Committee receive this report for information.

FINANCIAL IMPACT

There are no financial impacts from the recommendations contained in this report beyond what has already been approved in the current year's budget. Any additional resources required to support the implementation of the Shared Services opportunities will be included in the 2015 Operating Budget and future years' budget process as required.

DECISION HISTORY

At its meeting on June 11, 12, and 13, 2013, in consideration of EX32.3 (*Results of the Shared Services Study - City Agencies*), Council directed staff to begin implementation of various short term shared services opportunities and to report back on a multi-year implementation plan for longer term shared services opportunities after consideration by the impacted agency boards.

EX32.3 (*Results of the Shared Services Study – City Agencies*) was considered by the Toronto Police Services Board on June 20, 2013 and by the Toronto Public Library Board on September 23, 2013.

At its meeting on January 29, 2014, in consideration of EX37.1 (*2014 Capital and Operating Budgets*), City Council requested the Deputy City Manager & Chief Financial Officer to report back to City Council in July 2014 with options to accelerate the implementation of shared service opportunities in the KPMG Shared Services Efficiency Study to achieve potential cost savings ranging from $10 million to $15 million in 2014.

ISSUE BACKGROUND

In 2012, The City Manager identified eight corporate support services to review as a part of a Shared Service Study and retained KPMG LLP (KPMG) to undertake the assignment. The corporate support services included were: information technology, internal audit, insurance and risk management, legal services, human resources/labour relations, procurement & materials management, real estate, and records management.

KPMG's study focused on the City's six largest agencies with a view to expanding any resulting opportunities to additional City agencies, where appropriate. The agencies included were: Exhibition Place, Toronto Parking Authority, Toronto Police Service, Toronto Public Health, Toronto Public Library, and Toronto Transit Commission.

City Council approved the implementation of eighteen opportunities and no further action on two opportunities. Eleven opportunities were recommended to be implemented in the shorter term and reported out as required through the City's 2014/2015 budget process or to a standing committee or specific agency board.

The remaining seven opportunities were broad transformational directions to the City and its agencies that require significant business process re-engineering, organizational change, and information technology investment to successfully implement. The City Manager referred these opportunities to the Deputy City Manager & Chief Financial Officer, in consultation with City agencies, for further due diligence, planning, and the development of a five-year shared service implementation plan.

Shared services are often described by organizations that have implemented these delivery models as a 'journey' that takes time, leadership, careful planning, strategic technology investments, and good governance. Implementing shared services often involves a multi-year

and multi-phase transformation to effect technology investments and business re-engineering across multiple organizations.

As described in EX32.3 (*Results of the Shared Services Study – Agencies*), KPMG quantified the financial benefits for four opportunities with a high-level estimate of potential cost savings $58.8 to $65.3 million per year with up-front investments of between $3.5 and $10.5 million. Of this $58.8 to $65.3 million per year in cost savings, KPMG estimated:
-   - $47 million cost savings from pursuing a joint labour relations and collective bargaining strategy; and
-   - $10 million cost savings from sharing common procurement and implementing strategic sourcing.

The City Manager and Deputy City Manager & Chief Financial Officer agree there are potential cost savings in these areas, but are of the opinion that cost savings will likely be lower than the KPMG estimates. Actual savings will be highly dependent on the viability of the opportunities as determined by more detailed review, due diligence, and implementation planning. Financial impacts of shared service models will be reported through future years' budget processes as required.

COMMENTS

1. Shared Services Project

Based on the direction to accelerate the implementation of the shared services opportunities given by Council on January 29, 2014, the Deputy City Manager & Chief Financial Officer accelerated the creation of a project team that facilitated the creation of an Executive Steering Committee and 13 working groups, which have started analysing options to accelerate implementation.

Shared Services Project Team: The Deputy City Manager & Chief Financial Officer has created a temporary Shared Services Project Team consisting of a Project Director, Senior Project Manager, and two Policy and Research Analysts. The Shared Services Project Team supports the overall project by acting as a liaison between the Executive Steering Committee and the various working groups.

Executive Steering Committee: As recommended by KPMG, the Deputy City Manager & Chief Financial Officer and the Shared Services Project Team created the Shared Services Executive Steering Committee to provide leadership and strategic direction to the Shared Services Project Team and the working groups. The Executive Steering Committee membership includes senior executives from the in-scope agencies, the Deputy City Manager & Chief Financial Officer, and the City division heads for the in-scope functions.

Working Groups: The Executive Steering Committee set up subject matter working groups consisting of staff from both the City and from the agencies; these working groups are responsible to further analyze the opportunities, determine their feasibility, and recommend

the strategy to move forward to the Executive Steering Committee. A list of the working groups is below.

- Change Management
- Facilities Management
- Fleet Services
- Health & Safety
- Information & Technology
- Information Management
- Insurance & Risk
- Internal Audit
- Labour Relations
- Learning
- Payroll & Pensions
- Purchasing
- Real Estate

Other details about the project are outlined below.

Project Goal: The goal of the Shared Services Project is for the City and the agencies to work collaboratively to identify and implement shared services opportunities that will achieve cost savings without service reductions and/or service improvements.

Resource Constraints: To perform a comprehensive analysis and due diligence on all opportunities is a time-consuming process that requires the dedication of many City and agency resources. Although all stakeholders agree that there is a great deal of value in this process, both the City and the agencies have limited resources and their constraints must be taken into consideration when planning participation in the working groups, examining the feasibility of an opportunity, and developing the strategy to move forward. When additional resources are required, the request will be made through the budget process.

Plan for Additional Agencies and Corporations: The Shared Services Executive Steering Committee has directed the Project Team to extend an invitation to Toronto Zoo (the Zoo), Toronto Community Housing Corporation, and Toronto Hydro (Hydro) for inclusion in the Project. The Project Team has met with senior executives at the Zoo and Toronto Community Housing Corporation and have started discussions regarding where there is value for their participation. Currently, the Zoo and Toronto Community Housing Corporation are part of the Cooperative Purchasing Working Group (see Appendix 1).

The Shared Services Project Team also met with Hydro to discuss their inclusion in the project. Since Hydro is regulated by the Ontario Energy Board, including them in the project's scope is complex, however, the Project Team and Hydro have agreed to be in regular contact about the status of the project and to discuss opportunities when they arise.

Centres of Excellence: KPMG recommended the establishment of various centres of excellence. The Executive Steering Committee, Project Team, and working groups have interpreted centre of excellence to be a group of professionals who meet regularly to discuss best practices, standards, and opportunities in the their service areas across different organizations.

Future Reporting: The Shared Services Project Team will provide regular update reports to City Council and the agency boards as the Shared Services Project progresses. This report has been sent to the agency boards.

2. Existing Shared Services Activities

Although the KPMG report identified many shared services opportunities in place, some shared services opportunities were not included in the list they provided. A more comprehensive list of existing shared services activities is outlined below.

Facilities Management
The City's Facilities Management Division is engaged with the agencies as listed below.
- The City provides a full range of services to Toronto Public Health.
- The City provides building operations, maintenance, and custodial services to Toronto Police Service.
- The City provides Energy and Environment services to the Zoo.
- The City provides various services to the other agencies upon request.

Fleet Services
The City's Fleet Services Division is engaged with the agencies as listed below.
- Fleet Management Steering Committee with representation from Exhibition Place, Toronto Parking Authority, Toronto Police Service, Toronto Public Health, Toronto Public Library, Toronto Transit Commission, Toronto Community Housing Corporation, the Zoo, and some City divisions.
- The City is the sole provider for fleet maintenance and management for Toronto Community Housing Corporation, Toronto Public Health, and Toronto Public Library.
- The City's fleet contracts can be accessed by the agencies (maintenance, rentals, tires).
- The City's Emergency Medical Services (EMS) Division vehicles use Toronto Police Service Fleet fuel locations to refuel.
- The agencies use the City's fuel locations to refuel.
- The agencies use the City's pricing to purchase fuel, where advantageous.
- The agencies use the City's pricing on vehicles, where advantageous.
- The agencies participate in the City's emergency management planning to provide a comprehensive overview of fleet contingencies, contacts, and resources.
- Agency fleet training opportunities are available to City division employees.
- The City provides training to the agencies when requested.

Human Resources
The City's Human Resources Division provides a full range of services to Toronto Public Health, full labour relations services, including bargaining, to Exhibition Place, and provides bargaining services to the Zoo. Additionally, The City's Health and Safety group is engaged with the agencies as listed below.
- Toronto Parking Authority, Toronto Public Library, and Exhibition Place use the City's Health & Safety group for Health & Safety training.
- The City's Health & Safety group offers some Health & Safety consultation to the agencies, upon request.

Information and Technology
The City's Information & Technology Division is engaged with the agencies as listed below.
- Provides a full range of Information Technology services to Toronto Public Health.

- The City's Chief Information Officer and the heads of Information Technology for Toronto Public Library, Toronto Transit Commission, and Toronto Police Service regularly meet to discuss strategy, policy, and collaboration opportunities.
- The City and the agencies meet regularly to share standards and best practices.
- The City, Toronto Public Health, and Toronto Community Housing Corporation are currently sharing a Data Centre.
- The City and the agencies regularly meet to discuss vendor products and identify opportunities for joint Information Technology purchasing.
- The City provides infrastructure and application services and support to the Zoo.
- Toronto Transit Commission will be leveraging the City's existing contract pricing of SAP licences.

Information Management
The City's Information Management Division is engaged with the agencies as listed below.
- The City provides low-cost, off-site records retrieval and storage services for more than 50 agencies, boards, committees, and corporations, including Exhibition Place, Toronto Parking Authority, Toronto Police Service, Toronto Public Health, Toronto Transit Commission, Toronto Community Housing Corporation, Hydro, the Zoo, Toronto Port Lands, Sinking Fund Committee, AOCC Boards, Business Improvement Areas, Heritage Toronto, St. Lawrence Centre for the Arts, Toronto Licensing Tribunal, and numerous Quasi-Judicial and Advisory Boards.
- Of the City's 800 Livelink Records Management Software licenses, over 50 are shared and used by the agencies listed above.
- The City provides archives services (preservation and access by the public) for Toronto Public Health, Toronto Transit Commission, Hydro, and the 519 Community Centre.
- The City processes Freedom of Information (FOI) Requests for Build Toronto, Toronto Public Health (for MFIPPA requests only), Arena Boards, AOCCS, the Zoo, and numerous Quasi-Judicial and Advisory Boards.
- The City provides advice to agencies on classification and scheduling of common administrative records such as financial, human resources, and administrative records.
- The City shares information management policies and standards with the agencies.
- The City has concluded Service Level Agreements for information management services with Toronto Public Health, Toronto Transit Commission, Harbourfront, The 519, Applegrove Community Centre, and Ralph Thornton Community Centre.

Insurance and Risk Management
The City's Insurance & Risk Management group is engaged with the agencies as listed below.
- The City provides a full range of services to Toronto Police Service, Toronto Public Health, Toronto Public Library, and the Zoo.
- The City provides services to the other agencies upon request.

Internal Audit
The City's Internal Audit Division is engaged with the agencies as listed below.
- The City provides audit services to Toronto Public Health.
- The City provides internal audit services to Exhibition Place on a fee per audit basis, which is determined at the beginning of each audit.

- The City has assisted Toronto Community Housing Corporation to implement recommendations from the Auditor General's report on Procurement.
- The City is working with the Toronto Police Service Board which identified two potential reviews.
- Toronto Community Housing Corporation, Toronto Transit Commission, Toronto Police Service, and the City have collaboratively established a Cross-agency Audit Working Group that meets quarterly. The quarterly meetings are intended to discuss emerging issues in the internal audit field, leverage training opportunities, exchange ideas, share tools, and share work programs. These meetings are deemed to be extremely beneficial to all participating organizations and all participating organizations have gained knowledge from the experiences of the others.

Legal Services

The City's Legal Division is engaged with the agencies as listed below.
- The City's provides legal support for real estate transactions to all agencies.
- The City provides all services to Exhibition Place, Toronto Public Health, and the Zoo.
- The City provides municipal law expertise to Toronto Public Library and Toronto Parking Authority.
- The City is the Toronto Police Services Board's legal counsel and provides legal support to both Toronto Police Service and the Toronto Police Service Board for contracts, employment law, and non-employment-related human rights claims.

Parking Services

Toronto Parking Authority is engaged with the City, Toronto Transit Commission, and Toronto Community Housing Corporation as listed below.
- Toronto Parking Authority operates 53 parking facilities owned by the City and Toronto Transit Commission on a year-round basis.
- Toronto Parking Authority operates 15 City locations during the summer months only.
- Toronto Parking Authority operates one parking facility for Toronto Public Library.
- Toronto Parking Authority has completed a successful pilot project with Toronto Community Housing Corporation to operate their parking facilities.

Purchasing

The City's Purchasing and Materials Management Division (PMMD) is engaged in procurement of common goods and services with the agencies in the ways listed below.
- The City provides a full range of procurement services to Exhibition Place and Toronto Public Health directly.
- The City and the agencies established a Cooperative Purchasing Group (CPG) which includes Toronto Public Library, Toronto Transit Commission, Toronto Police Service, Exhibition Place, Toronto Community Housing Corporation, and the Zoo to identify and work collaboratively on procurement initiatives.
- Agencies and Corporations use City Stores to pick up commonly held inventory, this includes Toronto Transit Commission, Toronto Community Housing Corporation, Toronto Police Service, Exhibition Place, Toronto Parking Authority, University of Toronto, the Zoo, University Settlement, Habourfront Community Centre, St Lawrence Centre for the Arts, 519 Church St Community Centre, and Deep Quong Non-Profit

Homes Inc. (See Appendix 2 for listings of joint purchases and piggy-back purchases done to date and future joint procurement opportunities identified.)

<u>Real Estate</u>
The City's Real Estate Services Division is engaged with the agencies as listed below.
- The City provides a full range of services to Toronto Public Health and Toronto Police Service.
- The City provides some lessor services to Toronto Public Library.
- The City provides leasing services to Toronto Transit Commission and Toronto Parking Authority in some circumstances.
- The City rents space to the agencies and the agencies rent space to the City.

<u>Toronto Public Health</u>
The City and Toronto Public Health are highly integrated and share all services. The City offers a full suite of services to Toronto Public Health in the areas listed below.

- Facilities Management	- Insurance and Risk Management
- Fleet Services	- Internal Audit
- Human Resources	- Legal Services
- Information and Technology	- Purchasing
- Information Management	- Real Estate

3. Summary of the Status of the Shared Service Recommendations

The chart below is a summary of the status of the shared services opportunities as broken down in EX32.3(*Results of the Shared Services Study – Agencies*). Detailed explanations for each opportunity are included in Appendix 1.

EX32.3 Rec. #	Recommendation / Task to Complete Recommendation	Status	Target Completion
Implement and Report as Required			
3a	Share generic training and learning functions		
	- Establish a Working Group	Established	Ongoing
	- Examine Shared Services Opportunities	In Progress	2014
3b	Coordinate and standardize common Health and Safety functions		
	- Establish a Working Group	Established	Ongoing
	- Examine Shared Services Opportunities	In Progress	2014
3c	Enhance the use of the City's Internal Audit Division by agencies		
	- Offer Internal Audit Services to EP	Complete	
	- Offer Internal Audit Services to TPL	Complete	
3d	Establish a Quality Assurance Centre of Excellence		
	- Establish a Centre of Excellence	In Progress	Ongoing
	- Consider extending membership to the Agencies	Not Started	2015
3e	Continue to rationalize the City stores and automate P2P processes		

EX32.3 Rec. #	Recommendation / Task to Complete Recommendation	Status	Target Completion
	- Rationalize Locations & Increase Direct Deliveries	In Progress	Ongoing
	- Automate P2P Processes	In Progress	2015
4	Provide the City's online submission application for FOI requests agencies		
	- Create a FOI Online Submission Application	In Progress	2014
	- Make the Application Available to the agencies	Not Started	2015
5	Expand the City's provision of lessor services to Toronto Transit Commission and Toronto Parking Authority		
	- Complete an Analysis of the Recommendation	Complete	
6	Insure the Toronto Transit Commission and the Toronto Parking Authority under the City's insurance		
	- Complete an Analysis for Toronto Parking Authority	In Progress	2015
	- Complete an Analysis for TTC	In Progress	2014
	- Develop a Strategy for Moving Forward with TTC	Not Started	2015
Implement Pending Further Due Diligence and Planning			
1	Develop a labour relations and collective bargaining strategy		
	- Establish a Working Group	Established	Ongoing
	- Develop a Strategy for Moving Forward	In Progress	2015
7a	Share procurement of common goods and implement strategic sourcing		
	- Establish a Cooperative Purchasing Group	Established	Ongoing
	- Establish Strategic Sourcing Working Group	Established	Ongoing
	- Perform Due Diligence	In Progress	2014
	- Develop a Strategy for Moving Forward [1]	Not Started	2015
7b	Standardize human resource information systems and share payroll administration		
	- Establish a Working Group	Established	Ongoing
	- Perform Due Diligence [1]	Not Started	2015
	- Develop a Strategy for Moving Forward [1]	Not Started	2015
7c	Share common information technology infrastructure		
	- Establish a Working Group	Established	Ongoing
	- Perform Due Diligence	In Progress	2014
	- Develop a Strategy for Moving Forward	Not Started	2015
7d	Rationalize information technology applications		
	- Establish a Working Group	Established	Ongoing
	- Perform Due Diligence	In Progress	2014
	- Develop a Strategy for Moving Forward	Not Started	2015
7e	Coordinate real estate contract and vendor management		
	- Establish a Working Group	Established	Ongoing
	- Complete an Analysis of the Recommendation	In Progress	2014
	- Develop a Strategy for Moving Forward	Not Started	2015

EX32.3 Rec. #	Recommendation / Task to Complete Recommendation	Status	Target Completion
7f	Establish a change management centre of excellence		
	- Establish a Working Group	Established	Ongoing
	- Develop a Strategy for Moving Forward	In Progress	2014
8	Include the agencies in a plan to transition to managing digital records		
	- Establish a Working Group	Established	Ongoing
	- Develop a Strategy for Moving Forward	In Progress	2016
Additional Shared Services Opportunities			
N/A	Incorporate the agencies in the Facilities Transformation Project		
	- Establish a Working Group	Established	Ongoing
	- Develop a Strategy for Moving Forward	In Progress	2015
N/A	Create a Fleet Management Centre of Excellence		
	- Establish a Fleet Management Steering Committee	Established	Ongoing
N/A	Establish an IT Contract Management Centre of Excellence		
	- Establish a Centre of Excellence	In Progress	2014
N/A	Create an Internal Audit Centre of Excellence		
	- Establish a Cross-agency Audit Working Group	Established	Ongoing
N/A	Create a Real Estate Centre of Excellence		
	- Establish a Community of Practice	Established	Ongoing

[1] – The completion of these items will depend on the outcome of internal projects.

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SIGNATURE

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Roberto Rossini
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ATTACHMENTS

Appendix 1: Detailed Status Recommendations
Appendix 2: Summary of Cooperative Purchases

APPENDIX 1: Detailed Status of Recommendations

This appendix details the status of the work being done to complete the shared services recommendations in the report. Throughout this appendix the agencies and Corporations are represented in abbreviation, as detailed below.

Acronym	Agency
EP	Exhibition Place
Hydro	Toronto Hydro
TCHC	Toronto Community Housing Corporation
TPA	Toronto Parking Authority
TPS	Toronto Police Service
TPH	Toronto Public Health
TPL	Toronto Public Library
TTC	Toronto Transit Commission
Zoo	Toronto Zoo

Status of Opportunities Recommended to Implement and Report Further as Required

Share Generic Training and Learning Functions

Council Directive
City Council refers the following shared service opportunities to the City Manager to commence implementation in 2014 and to report further as required:
> a. Share generic training and learning functions

What has been done to date?

A Learning Working Group formed between the City and the agencies and has met twice to discuss shared services opportunities, share best practices, and discuss sharing training space.

In 2013, two Requests for Proposal (RFPs) were completed by the City that identified that successful proponents could provide services at the same cost structures to the City's agencies and Corporations. The inclusion of the agencies and Corporations in the scope of the RFPs encouraged vendors to submit competitive bids and allows the agencies and Corporations to access high quality services based on a rigorous, competitive selection process without an additional RFP.

The first of many phases of the City's Learning Management System (LMS) went live on February 26, 2014 with a plan to complete the roll-out by 2018. The City included the agencies and Corporations in the contract for the LMS, allowing them to access the LMS using the City's pricing, however, they will need to conduct an analysis to determine whether the LMS meets their business needs.

The Learning Working Group will continue to meet regularly to discuss shared services opportunities and share best practices

In addition, the working group will hold a special meeting for agencies in the fourth quarter of 2014 demonstrate the features, functions, and cost of the LMS. The meeting will provide sufficient information to allow agencies to undertake their own internal assessment of their readiness, capacity, and interest in using the LMS to manage their learning functions.

Coordinate and Standardize Common Health and Safety Functions

Council Directive
City Council refers the following shared service opportunities to the City Manager to commence implementation in 2014 and to report further as required:
      b. Coordinate and standardize common health and safety functions

What has been done to date?
In April, 2014, the City and the agencies (TTC, TPL, TPS, EP and TPA) formed a Common Health and Safety Working Group. This initial meeting was to help create an inventory of services that each agency and the City provided in order to determine areas that can be explored more deeply in a shared services model. Some items that were noted as potential items to be shared include:
- Increased information sharing around advisory bulletins;
- Capitalizing on e-learning modules related to health and safety;
- Developing a common approach to comply with new training standards;
- Developing a common approach to responding to legislative changes;
- Identifying common procurement related to health and safety; and
- Identifying common equipment needs and services.

What is the framework for moving forward?
The Common Health and Safety Working Group will continue to meet monthly and have already identified areas for additional cooperation. For example, the City and the agencies will be exploring opportunities to coordinate a response to new Health & Safety training requirements and to take a common approach for the move toward the new Global Harmonized System for Classification and Labelling related to workplace hazardous materials.

Enhance the Use of the City's Internal Audit Division by agencies that do not have their own Internal Audit Resources

Council Directive
City Council refers the following shared service opportunities to the City Manager to commence implementation in 2014 and to report further as required:
    c. Enhance the use of the City's Internal Audit Division for compliance, assurance and business risk consulting services by agencies that do not have their own audit resources

What has been done to date?
Of the in scope agencies, TTC, TPS, and TPA have their own internal audit staff to complete audit services and therefore are not included in this recommendation.

Internal Audit currently provides audit services to EP on a fee per audit basis which is determined at the beginning of each audit. Internal Audit has also assisted TCHC to implement recommendations from the Auditor General's report on Procurement and met with the TPS Board which identified two potential reviews for completion in 2014/2015.

At a meeting on May 15, 2014, Internal Audit and TPL discussed the services Internal Audit could provide TPL similar to how EP engages Internal Audit services. In addition, Internal Audit shared some contract management tools with TPL.

What is the framework for moving forward?
Internal Audit will continue to work with the agencies to provide services upon request.

In an effort to ensure resources are available to perform work required by the agencies, Internal Audit suggested that audit requirements of the agencies be provided in advance. However, due to limited resources, the requirements will have to be assessed against other planned audits.

Establish a Quality Assurance Centre of Excellence

Council Directive
City Council refers the following shared service opportunities to the City Manager to commence implementation in 2014 and to report further as required:
   d. Establish a Quality Assurance Centre of Excellence to leverage tools, templates and specialized skills, coordinate work plans and share best practices

What has been done to date?
In 2013, the City's Internal Audit (IA) Division selected a sample of Quality Assurance (QA) units across the City divisions (Toronto Water, Toronto Employment and Social Services, Children's Services, and Shelter Support & Housing Administration) and one agency (TPH) as a pilot group. IA gathered information on QA activities being performed in each pilot group to familiarize themselves with the various QA functions throughout the City.

What is the framework for moving forward?
Once Internal Audit is familiar with the functions of the pilot QA groups, they will facilitate a meeting with the key participants from each pilot group to discuss benefits of the development of a Centre of Excellence to share the practices, methods, and tools. If it is decided that the development of a Centre of Excellence would add value to the City, platform alternatives for sharing this knowledge will be explored and evaluated and a plan to incorporate the agencies will be developed.

Continue to rationalize the City Stores and increase direct delivery of consumable goods and automate P2P processes

Council Directive
City Council refers the following shared service opportunities to the City Manager to commence implementation in 2014 and to report further as required:

    e. Continue to rationalize the City stores and increase direct delivery of consumable goods and automate P2P (purchase to pay) processes

What has been done to date?
This recommendation from KPMG's Shared Services Study related only to the City of Toronto and was consistent with recommendations from the Auditor General related to continuing to rationalize City Stores, increase direct delivery of products where appropriate and increase the use of technology. Rationalization of City Stores is a continual process of determining whether existing stores should be closed, consolidated or expanded and whether new stores should be opened.

The rationalization of City Stores began in 2006 with six Divisions in scope and a total of 7 Corporate Stores and 18 Divisional warehouses, for a grand total of 25 stores/warehouses. At the beginning of 2014, there were 4 Corporate Stores (60 Brant St, 320 Bering Avenue, 1050 Ellesmere Avenue and City Hall), 3 Corporate Warehouses (Finch, Rivalda, and Dohme) and 7 Divisional warehouses. As of the end of May 2014, PMMD has opened up a new Corporate Store/Warehouse located at 799 Islington Avenue by consolidating two (2) Corporate Stores (60 Brant Street and 320 Bering Avenue) into the new location, leaving three Corporate Stores and three Corporate Warehouses. 799 Islington is approximately a 32,000sq foot warehouse. Since the opening of 799 Islington, the Office of Emergency Management was able to move its emergency supplies (cots, blankets etc.) into 799 Islington at a savings of $48,000/yr in rentals.

City Divisions also have Divisional Warehouses, where the inventory is overseen/managed by PMMD but manned by staff from the respective City Division. At the beginning of 2014 the following Divisions had PMMD managed warehouses:
- Parks, Forestry and Recreation – 1 warehouse;
- Toronto Water – 2 warehouses;
- EMS – 1 warehouse; and
- Toronto Fire – 1 warehouse.

Finally, PMMD has been working on an overall supply chain management technology solution. PMMD has hired PricewaterhouseCoopers to conduct a fit-gap analysis and to provide a technology implementation roadmap in order for PMMD to enhance its use of technology, including items such as an online ordering capability for City staff to order from City stores and the use of scanners.

What is the framework for moving forward?
By the end of 2014, PMMD will further consolidate two Corporate Warehouses (Rivalda and Dohme) into 799 Islington Avenue and plan to close the City Hall Store (which currently

only operates on Wednesday), leaving two Corporate Stores and one Warehouse (799 Islington, 1050 Ellesmere and Finch).

PMMD will continue to work with the Divisions to rationalize the Divisional Warehouses and determine whether those warehouses can be consolidated further into 799 Islington Avenue. Discussions have already begun with PF&R to store seasonal equipment, with Facilities and with EMS. PMMD will also continue to create, validate, and use direct delivery options with vendors, where appropriate, without incurring unnecessary inventories of overstocked goods throughout the City in various departments.

The report from PricewaterhouseCoopers on a technology implementation roadmap will be completed in early September and the resulting business case will form the basis for a request to the 2015 capital budget submission.

The following table summarizes the number of stores/warehouses that the City has rationalized from 2006 to Jan 1, 2014 and the anticipated rationalization that will occur by the end of 2014

# of Stores/Warehouses in 2006	# of Stores/Warehouses as of January 1, 2014	# of Stores/Warehouses planned for end of 2014
25 (7 Corporate Stores & 18 Divisional Warehouses)	14 (4 Corporate Stores, 3 Corporate Warehouses & 7 Divisional Warehouses)	9 (3 Corporate Stores, 1 Corporate Warehouse & 5 Divisional Warehouses)

Provide the City's online submission application for Freedom of Information requests to interested agencies when it becomes available

Council Directive
City Council requests the City Clerk to provide as a best practice, the City's online submission application for Freedom of Information requests to interested agencies when it becomes available.

What has been done to date?
The Information Management Working Group, with representation from the agencies has met twice. TTC, TPL, EP, TPS, and various other City agencies are separate institutions under the *Municipal Freedom of Information and Protection of Privacy Act* (MFIPPA). Under the requirements of the legislation, each agency must process their own Freedom of Information (FOI) requests.

The City is currently developing an online FOI application system. This system will give the public the option of requesting and paying the application fee for FOI requests online. These agencies may be able to adapt the City's technical solution to their FOI intake process.

The City Clerk's Office expects to have the online submission and payment solution completed in the fourth quarter of 2014. While an online submission and payment will

benefit the public, only the City and the TPS receive more than 50 requests in a year (TPS received over 5,000, City of Toronto over 2,500), based on 2012 statistics.

What is the framework for moving forward?
The City Clerk's Office will continue to meet regularly with the agencies to update them on the status of the solution throughout 2014. Once the solution is deployed, the agencies will have the opportunity to determine if it meets their business requirements and can be adapted to their current technology infrastructure.

Expand the City's provision of lessor services to the TTC and the TPA

Council Directive
City Council requests the Chief Corporate Officer to work with the Chief Executive Officers of the Toronto Transit Commission and Toronto Parking Authority regarding the possibility of the City providing lessor services to their agencies.

What has been done to date?
The City's Real Estate Services Division has been working with the TTC and TPA since 2012 on certain leasing activities and has been providing a full-range of leasing services to TPL since 2004.

The City's Director of Real Estate Services met with the agencies on April 16, 2014 to discuss the value of the City providing further lessor services to TTC and TPA. They decided that the City increasing lessor services to TTC and TPA would create no significant value since the organizations' business models are too different.

They did agree, however, that the creation of a centre of excellence to share best practices and explore further shared services opportunities would create a great amount of value for both the agencies and the City.

What is the framework for moving forward?
The City's Director of Real Estate Services will coordinate regular meetings to review this opportunity and discuss further shared services opportunities and share best practices.

Insure the TTC and the TPA under the City's insurance where the City is able to provide similar coverage for a lower cost

Council Directive
City Council requests the City Manager and Deputy City Manager & Chief Financial Officer, to work with the Chief Executive Officers of the Toronto Transit Commission and Toronto Parking Authority, to insure the Toronto Transit Commission and the Toronto Parking Authority under the City's insurance for non-specialized policies and exclusive of claims, where the City is able to provide similar coverage for a lower cost and report further as required.

TPA

What has been done to date?
The City's Insurance and Risk Management Division performed an analysis in 2012 to include the TPA under the City's insurance. It confirmed that the TPA's insurance requirements could be blended with the City's and there would be savings for the TPA. In 2012 the TPA performed an analysis and found that a move to the City's higher deductible level, given the TPA's claims experience, would result in an increase in self-insured claim payouts greater than any premium savings. As a result the overall cost of the City's insurance program would increase. Furthermore, it is questionable whether the insurance premium review included other elements necessary to support the appropriate administration levels required by TPA and types of coverages necessary to meet the TPA's insurance needs.

What is the framework for moving forward?
On April 10, 2014 the City's Insurance and Risk Management group and TPA met to discuss this subject further. They have agreed that a detailed project plan is necessary to ensure that all elements of the TPA insurance program are reviewed. The scope of the review will require detailed analysis and the assistance of a consultant. It is expected that Insurance & Risk Management and the TPA will be in a position to begin this work in the first quarter of 2015.

TTC

What has been done to date?
The City's Insurance and Risk Management Division and the TTC have completed an industry consultation to get feedback from the industry with respect to whether the City and the TTC can combine brokerage services and insurance programs, excluding claims, in order to derive savings in brokerage fees and insurance premiums. Six brokerage firms were invited to participate in the industry consultation and three brokerage firms agreed to meet with the City and the TTC to discuss eleven questions.

The findings of the industry consultation determined that it is unlikely that there will be cost savings achieved by combining insurance programs due to the dissimilarity between the two organizations. With respect to combining insurance broker services, the industry said the City and TTC should not consider issuing a joint Request for Proposal for broker services until a decision is made about establishing a common insurance administration amongst the two entities.

What is the framework for moving forward?
The City's Insurance and Risk Management Division along with the TTC will renew existing brokerage agreements for a short-term period (1 or 2 years) and will continue to collaborate on whether establishing a common insurance administration framework is of value to the City and the TTC and what the scope of a common insurance administration framework would look like.

Status of Opportunities Recommended to Implement Pending Further Due Diligence and Planning

Develop a City-wide labour relations strategy

Council Directive
City Council authorizes the City Manager and the Executive Director, Human Resources to lead the development of a labour relations and collective bargaining strategy for the City and its agencies going forward, in consultation with City agencies, and report the strategy to the City's Employee and Labour Relations Committee for approval in principle.

What has been done to date?
The City's Executive Director of Human Resources has formed an HR Shared Services Steering Committee with the key agencies. This Steering Committee has been in discussions to enhance communications related to their various Labour Relations and Collective Bargaining Strategies. The discussions are ongoing and a corporate strategy has not been developed or sent to the City's Employee & Labour Relations Committee for approval. However, the discussions have led to the TTC's recently-negotiated agreements generally following the City's wages pattern and cost containment provisions, with some localized differences.

The discussions with the agencies have been mindful of the differences in governance structures and the various expiry dates of the City's and agencies' collective agreements. The following table sets out the expiry dates of the City's and agencies' collective agreements.

Organization	Expiry of Collective Agreement

City of Toronto	- December 31, 2014: TPFFA Local 3888
	
	- December 31, 2015:
	   - CUPE Local 79 - 4 agreements
	   - TCEU (CUPE) Local 416
	   - CUPE Local 2998

TTC	- March 31, 2018:
	   - ATU Local 113
	   - CUPE Local 2
	   - IAMAW Lodge 235
	   - CUPE Local 5089

TPS Board	- December 31, 2014: Toronto Police Association - 6 agreements - December 31, 2014: Senior Officers' Organization - 2 agreements
TPL	- December 31, 2015: CUPE Local 4948
TPA	- March 31, 2017: TCEU Local 416
EP	- December 31, 2015:

Organization	Expiry of Collective Agreement
	- CUPE Local 2840 - IBEW Local 353 - CUPE Local 5116 - IATSE Local 58 - Painters & Allied Trades - Carpenters Local 27 - Plumbers Local 46 - March 31, 2016: LIUNA Labourers Local 506

The TTC's recently negotiated agreements in 2014 generally follow the City's wages pattern and new cost containment provisions, with some localized differences, in part, facilitated by enhanced information sharing by the HR Shared Services Steering Committee.

The City and EP entered into a direct Shared Services Agreement in 2013, where the City's HR/Labour Relations Section provides direct labour relations services including leading collective bargaining, under the mandate authorized by the Board of Exhibition Place for its 8 unions.

Although the Toronto Zoo was not part of the KMPG's review, the City and Toronto Zoo entered into a direct Shared Services agreement in 2013, where the City's HR/Labour Relations planned and lead collective bargaining on behalf of and under the mandate of the Toronto Zoo's Board of Management for bargaining with CUPE Local 1600.

The City and the Toronto Police Services Board (TPSB), in March 2014, entered into a direct Shared Services Agreement where the City's HR/Labour Relations Section will plan and lead collective bargaining negotiations on behalf of and under the direction of the TPSB for upcoming negotiations with the Toronto Police Association.

What is the framework for moving forward?
The governance structure boards and legislation combined with the staggered multi-year collective agreement expiry dates of the numerous collective agreements put limitations on the ability of the City and the agencies to have a one-size fits all coordinated labour relations and collective bargaining strategy. However, the City's HR liaison activities and the collaborative sharing of information with the agencies combined with the direct service agreement arrangements create the beginnings of the development of a successful working framework.

The HR Shared Services Steering Committee will continue to meet regularly to share information and discuss collective bargaining strategies, best practices and successful strategies and bargaining outcomes. Any coordinated labour relations strategy will need to be brought to the City's Employee and Labour Relations Committee and the respective agencies' Boards for their independent adoption.

KPMG has estimated that pursuing this opportunity may yield annual cost savings 1% of the City's annual salary/benefits budget or approximately $47M. The City Manager, DCM & CFO, and Executive Director of Human Resources agree that there are potential cost savings, particularly the avoidance of higher and rising future costs, but are of the opinion that cost savings will likely be lower than the KPMG estimates given the complexity of the collective bargaining process and the pragmatic realities of collective bargaining in the public sector – specifically for those agreements that are subject to binding arbitration.

Share procurement of common goods and services and implement strategic sourcing

Council Directive
City Council refers the following shared service opportunities to the City Manager for further due diligence and consultation with City agencies and report back to Executive Committee with a multi-year shared service implementation plan and after consideration by boards of affected City agencies:
   a. Share procurement of common goods and services and implement strategic sourcing

What has been done to date?
The City and agencies established a Cooperative Purchasing Group (CPG) in September 2013 for the purpose of identifying common procurement opportunities, which includes TPL, TTC, TPS, EP, and Toronto Community Housing Corporation. The Toronto Zoo Board and TPA joined the CPG in 2014.

The CPG has been meeting monthly to review, streamline, consolidate and collaborate on procurement opportunities, where feasible. The goal is to identify the common purchases of goods and services in order to conduct a joint procurement and to align future contracts such that the City and the agencies can benefit from economies of scale in larger purchases. During the meetings, the City provides a list of contracts that involve multiple City Divisions as starting point to identify joint procurement opportunities with the agencies. The agencies also bring forward their own existing contracts that are expiring during the year to determine if there is an opportunity to do a joint procurement with the City or with another agency. Once a joint procurement opportunity is identified the agencies and the City will meet outside the CPG's meeting in order to further analyze the requirements of the opportunity to ensure that it an appropriate opportunity to work together on.   The CPG monthly meetings are also used to discuss emerging issues in the purchasing field, exchange ideas, share tools and best practices and invite subject matter experts in various commodities or services such as Printing Services, City Stores, and Information and Technology to identify further shared service opportunities.

The City and its agencies have participated collaboratively in a number of procurement opportunities. These opportunities have been in the form of conducting a joint procurement (where the City and agency work together to ensure their respective requirements are included in the call document from the beginning), or where an agency has piggy-backed off an existing City contract to establish their own agreement/contract with the successful bidder. Appendix 2 provides a list of the purchases done jointly with one or more agencies and/or where an agency has piggy-backed off the City's contract.

<u>What is the framework for moving forward?</u>
The CPG will continue to meet monthly to identify new joint procurement opportunities. Appendix 2 includes a list of possible joint procurement opportunities that the CPG members have identified to date as potential opportunities that require further due diligence. This list is not static, and further joint procurement opportunities will be identified as the CPG group moves forward. The CPG will also do the following to improve the joint procurement process during 2014:

- formalize the governance structure of the CPG by finalizing terms of reference;
- improve and strengthen ways of sharing information in order to identify potential joint purchasing opportunities more efficiently;
- review and compare the City's and the agency's standard terms and conditions in order to better align contract terms; and
- identify metrics to track benefits from participating in joint procurements.

With respect to implementing strategic sourcing, KPMG recommended that the City should re-organize a part of Purchasing and Materials Management Division (PMMD) in order to manage purchasing on a Category Management basis, and once that has proven successful develop a shared service model with the agencies for common procurement. The Chartered Institute of Purchasing & Supply defines Category Management as:

> "organising the resources of the procurement team in such a way as to focus externally onto the supply markets of an organisation (as against having a focus on the internal customers or on internal Procurement departmental functions) in order to fully leverage purchasing decisions".

PMMD has to conduct further due diligence on the concept of category management, including conducting a spend analysis and how the City may implement category management within PMMD. The further due diligence PMMD will conduct over 2014 includes developing an internal City steering committee, a project team, gathering data on the City and agencies common spend by commodities, consulting with the appropriate stakeholders, including the Unions, and conducting a review of PMMD's structure, with the assistance of an external consultant, to provide an implementation plan on how to move PMMD from its current state to one that recommends incorporating strategic sourcing such as category management. Once an appropriate implementation plan has been developed, any changes to PMMD's structure will be recommended in a future budget submission.

Standardize human resource information systems and share payroll and benefits administration

<u>Council Directive</u>
City Council refers the following shared service opportunities to the City Manager for further due diligence and consultation with City agencies and report back to Executive Committee with a multi-year shared service implementation plan and after consideration by boards of affected City agencies:

  a. Standardize human resource information systems and share payroll and benefits administration

What has been done to date?
The City's Pension, Payroll, and Employee Benefits Division (PPEB) completed a Program Review of operations, including a complete review of its end-to-end business process, in 2013.

Based on the results of this review, PPEB has embarked on three major IT infrastructure projects - the Employee and Management Self Service Portal (ESS/MSS); an Enterprise Time, Attendance and Scheduling Management program (TASS); and a major update to SAP as it relates to payroll (CATS).

The ESS/MSS project commenced in March 2014 and will be completed in 2015. The City is in the final stages of completing a RFP for the CATS/TASS project and it is expected to be released in June 2014. It is anticipated the project will commence in late 2014 with the work completed in 2016.

It was recommended by both the consultant who conducted the Program Review and KMPG that prior to the City examining shared services opportunities in depth it needs to upgrade its IT infrastructure and modernized its end-to-end processes. As a result, the focus over the next 2 years will be implementing the 3 capital projects and reviewing its business process and organizational structure to prepare the foundation for shared services.

The City and agencies, however, do feel that mutual benefit can be gained by creating a community of practice immediately to share best practices and examine any potential shared services opportunities. The first of these meetings took place on April 16, 2014.

What is the framework for moving forward?
The City's Director, PPEB will also be engaging a Project Manager in order to lead a team of staff to ensure PPEB is utilizing best practices which will ensure that the implementation of the three major capital projects will be done to best practices standards.

The City's Director, PPEB will coordinate monthly meetings with the agencies to update the agencies on the status of the major capital projects, to share best practices, review all collective agreements and business requirements, and determine potential shared services opportunities, given the differences in each agency's business.

Share common information technology infrastructure

Council Directive
City Council refers the following shared service opportunities to the City Manager for further due diligence and consultation with City agencies and report back to Executive Committee with a multi-year shared service implementation plan and after consideration by boards of affected City agencies:

a. Share common information technology infrastructure with a focus on infrastructure management, data management and storage

What has been done to date?
The City's I&T Division has assigned a project manager in I&T to oversee the common IT infrastructure shared service opportunity, the applications rationalization shared service opportunity discussed below, and the establishment of the IT Contract Management Centre of Excellence. I&T has also identified the need to engage external Information and Communications Technology (ICT) consultants through the city's RFP process to lead the analysis of the Shared Services Recommendations and develop an implementation plan. I&T has already begun the development of a RFP to engage a consultant with expertise in ICT Infrastructure operation and management and this RFP is expected to be completed and awarded by July.

A project team with both City and agency representatives has been assembled to undertake the due diligence required to appropriately assess and identify recommendations to potentially implement a common IT infrastructure. This team includes IT, financial, and labour relations experts from both the City and the agencies.

In addition, high level discussions regarding a common data centre are underway with the agencies.

What is the framework for moving forward?
The next step to moving forward on this opportunity is to hire engage the ICT consultant and, with the IT project team, develop the appropriate implementation plan.
In contrast to the KPMG approach, the ICT Consultant will consider all common I&T infrastructure provided by the City and agencies as in scope until the due diligence is conducted that determines that a particular form of infrastructure should be out of scope. Options related to IT Shared Services, including a data centre strategies, will be developed, including a cost/benefit analysis for each option. Based on these options, a recommendation with a high-level plan and budget will be presented. It is expected that this will be complete in the first quarter of 2015.

Rationalize information technology applications

Council Directive
City Council refers the following shared service opportunities to the City Manager for further due diligence and consultation with City agencies and report back to Executive Committee with a multi-year shared service implementation plan and after consideration by boards of affected City agencies:
a. Rationalize information technology applications

What has been done to date?
In order to properly include the agencies in a rationalization exercise, the City first needs to understand their portfolio and associated functionality. To that end, the City has undertaken an initiative to address the IT Application Portfolio Rationalization for the 44 city divisions.

As a first step in this rationalization, the City is collecting an inventory of software applications, including information related to developer, software and hardware platform, functionality, and divisional use. A RFP will be developed to acquire the service of a consultant specialist to develop a application rationalization framework for shared services. The RFP will be issued in Q4 2014 and a high level recommendations with options and budget can be expected to complete by Q4 2015.

What is the framework for moving forward?
The potential rationalization of applications across the City and the agencies will require the development of a process for identifying common functionality of software applications in use, specific application architecture and performance requirements for shared services, as well as the required application infrastructure platform to support a new shared application services environment. A cost/benefit analysis approach to determining which applications should be candidates for rationalization and associated application infrastructure and administration will be developed.

With the implementation of a well defined and well architected common IT infrastructure, application rationalization opportunities will increase. However, this cannot be fully realized until such time that a comprehensive assessment of city's application and systems portfolio is complete to determine the required relevant infrastructure. Meanwhile, the assessment and cost/benefit analysis for a common infrastructure can establish at least a base line for shared services options.

Coordinate real estate contract and vendor management through an information technology platform

Council Directive
City Council refers the following shared service opportunities to the City Manager for further due diligence and consultation with City agencies and report back to Executive Committee with a multi-year shared service implementation plan and after consideration by boards of affected City agencies:
  e. Coordinate real estate contract and vendor management through an information technology platform

What has been done to date?
The City's Director of Real Estate Services met with the agencies on April 16, 2014 to discuss sharing information related to Real Estate Services. All agencies agreed that it would be beneficial to share information and to meet regularly to examine further shared services opportunities and best practices.

The creation of a common information technology platform will depend on the City's Information and Technology Division.

What is the framework for moving forward?
The City's Director of Real Estate Services will coordinate regular meetings to review this recommendation and discuss further shared services opportunities and share best practices.

Establish a Change Management Centre of Excellence

Council Directive
City Council refers the following shared service opportunities to the City Manager for further due diligence and consultation with City agencies and report back to Executive Committee with a multi-year shared service implementation plan and after consideration by boards of affected City agencies:
  f.   Establish a change management centre of excellence to support the implementation of shared services and other major City change initiatives.

What has been done to date?
The amount of change management support needed to implement Shared Services will not be fully known until the assessments and due diligence for opportunities is complete and the strategies for moving forward have been developed. Once the amount of change management support required has been determined, a strategy will be created for the Change Management Centre of Excellence.

The City's Director Organizational Development, Learning, and Workforce Planning and the City Manager's Office have been working on a plan to create a Community of Practice for Change Management from across the organization to increase the capacity to support the change management activities that will be required as implementation of shared services changes proceeds.

What is the framework for moving forward?
The City's Director Organizational Development, Learning, and Workforce Planning and the City Manager's Office will continue to meet regularly to form this Community of Practice for Change Management.

Include in the Information Management Strategy for the City, a plan to transition to managing digital records and phased-in implementation to include City agencies

Council Directive
City Council requests the City Clerk, in consultation with the City Manager and the Chief Information Officer, to include in the Information Management Strategy for the City, a plan to transition to managing digital records and phased-in implementation to include City agencies.

What has been done to date?
The Information Management Working Group, with representation from the agencies has met twice to discuss common strategies, requirements and opportunities.

The City and the agencies are at differing stages of reviewing and implementing digital records management. Digital record keeping initiatives underway in the City, TPS, TTC, and TPL, are based on different legislative and business requirements and time lines. Other shared service initiatives outlined in this report, including common information management

infrastructure, procurement, payroll administration, rationalized applications, and coordinated contract and vendor management, will build capacity for managing digital information and records in these specific projects.

There are more than 100 pieces of legislation that govern the management of City records including the *City of Toronto Act, 2006* and Municipal Code Chapter 217. The City is currently undertaking an Enterprise Document and Records Management System (EDRMS) capital project to manage digital and paper records in City divisions. As part of the EDRMS capital project, the City is evaluating the Ontario Government's Vendor of Record for Document Management with a preferred vendor, and a robust solution that can be purchased in bundles, based on fixed prices. This solution may provide the flexibility for the City and the agencies to acquire components of the solution that best meets their business needs, based on a common platform.

Along with the EDRMS project, the City's Information Management Strategy will include the development of information management policies, guidelines and procedures and preparations for training to City staff in preparation for the cultural shift across the organization to manage digital records. These policies, guidelines, procedures and training materials are shared with agencies through the Information Management Working Group.

<u>What is the framework for moving forward?</u>
Continuing the dialogue between the City and the agencies around digital record keeping will help to identify common solutions and approaches. The development of the Information Management Strategy in 2015 will be another opportunity to identify and include common information management challenges and objectives. Other shared services recommendations, as detailed above, need to be integrated into the Strategy as key phases for implementing technologies, practices and standards. For this reason, it is essential that the working groups for the inter-related recommendations work together through the due diligence process and be consulted on any identified shared services opportunities and implementation plans.

As indicated earlier, the potential of using the Government of Ontario's Vendor of Record may provide a solution with flexible components that can provide a common digital records management platform while meeting specific legislative and business requirements.

Status of Additional Shared Service Opportunities

Establish a Fleet Services Centre of Excellence

<u>What has been done to date?</u>
This recommendation was added to the Shared Services Project by the Executive Steering Committee in March 2014.

The City and the agencies have been meeting since 2006 to identify and implement opportunities for joint participation in fleet management services and activities that achieve cost savings and improve service delivery. Currently the Fleet Management Steering Committee (FMSC) meets monthly to ensure that city-wide fleet-related functions are

economically, efficiently and effectively delivered sharing expertise and resources. The committee is chaired by the City and comprised of senior management staff from the City and agencies. Participants include: Fleet Services, Emergency Medical Services, Toronto Fire Services, TPL, TPS, TTC, EP, Toronto Zoo, and PMMD – TPA was added to the committee in 2014.

The City and its agencies who support a fleet have already participated collaboratively in many initiatives, including fuel management, common procurement, fleet maintenance, fleet training, emergency management shared fleet contingency plans, performance metrics, and environmental initiatives.

Additionally, Fleet Services provides fleet management services for TCHC, TPL, and TPH. All are represented on the FMSC by Fleet Services.

What is the framework for moving forward?
The FMSC will continue to meet monthly for 2014 and, depending on projects/initiatives, will consider bi-monthly meetings thereafter, with one meeting dedicated to an annual strategy review event to evaluate new regulations and directions.

Incorporate the agencies in the Facilities Transformation Project

What has been done to date?
This recommendation was added to the Shared Services Project by the Executive Steering Committee in March 2014.

The Facilities Transformation Project (FTP) started in 2008 and its purpose was to examine shared services opportunities related to facilities operations, facilities maintenance, custodial, facilities security, and facilities state of good repair amongst the City divisions. The scope of this project has been expanded to include the agencies.

What is the framework for moving forward?
The City will include the agencies in the scope of the FTP. Each agency and the City will perform an assessment of the service areas of the FTP and determine if any significant cost savings or service improvement can be gained by working more collaboratively. If further cooperation in any service area is assessed to be mutually beneficial, further due diligence will be performed and an implementation strategy will be developed.

In addition, the City will add the agencies to the membership of the already-existing Facilities Management Service Standards Committee – a community of practice for facilities management – and the City's Manager of Quality Assurance in the Facilities Management Division will coordinate regular meetings with the agencies to update them on the status of the FTP and examine any additional shared services opportunities.

Establish an Information Technology Contract Management Centre of Excellence

<u>What has been done to date?</u>
The City's I&T Division has assigned a project manager in I&T to oversee the Common Information Technology Infrastructure, the Applications Rationalization shared service opportunity discussed below, and the establishment of the IT Contract Management Centre of Excellence.

In addition, the City, TTC, Hydro, TCHC, and TPS met on May 12, 2014 to discuss a coordinated approach to migration to SAP for the agencies examining a change in their current systems. TPS and the City are currently on SAP, TTC has decided to start the transition to SAP, and both Toronto Hydro and TCHC are currently determining which Enterprise Resource Planning (ERP) system is the best suit for their organization.

<u>What is the framework for moving forward?</u>
As the City develops the project plan for the other IT shared service activities, it will include the creation of an IT Contract Management Centre of Excellence. In addition, as City agencies and Corporations contemplate the implementation or change of an ERP system, they will work with the City to assess the feasibility and value of using the same system as the City and leverage any existing City contracts, where advantageous.

Establish an Internal Audit Centre of Excellence

<u>What has been done to date?</u>
Going above the KPMG recommendations, TCHC, TTC, TPS, and the City have collaboratively established a Cross-Agency Internal Audit Working Group that meets quarterly. These meetings are intended to discuss emerging issues in the internal audit field, leverage training opportunities, exchange ideas, and share tools and work programs. These meetings are deemed to be extremely beneficial to all participating organizations and all participating organizations have gained knowledge from the experiences of the others.

<u>What is the framework for moving forward?</u>
The quarterly meetings of the Cross agency Working Group will continue in order to develop and maintain a shared repository of best practices as each agency continues to share their methodologies on general internal audit functions such as succession planning, risk assessment, project costing, and control co-assessment. The membership of this group will be expanded to include TPA.

Establish a Real Estate Centre of Excellence

<u>What has been done to date?</u>
The City's Director of Real Estate Services met with the agencies on April 16, 2014 to discuss the creation of a community of practice to share best practices and explore further shared services opportunities. All participants agreed that the community of practice would create a great amount of value for both the agencies and the City.

<u>What is the framework for moving forward?</u>
The City's Director of Real Estate Services will coordinate regular meetings discuss further shared services opportunities and share best practices.

APPENDIX 2: Summary of Cooperative Purchases

The following two tables identify the cooperative purchases completed to date (either through a joint procurement where agency requirements are built into the City's call before issuance or through piggy-backed procurement where an agency entered into a contract with the City's vendor after the fact) and identify future opportunities identified by the CPG for further analysis to become joint procurements.

Any purchases noted in Table 1 are automatically considered for future opportunities for Table 2. In addition, future opportunities will continue to grow as more analysis on common spending is done through the CPG.

Table 1 – Joint and Piggy-Backed Purchases Done to Date

Description of Product/Service	Organizations Participating with the City
Antifreeze	TPS
Automotive Chassis Springs & Suspension Parts	TPS
Automotive Rust Control	TPS
Bagged Salt	Education Municipal Purchasing Group
Banking	Zoo
Benefit Consulting	TTC
Cisco Network Equipment	TTC, TPL
Collections	TPS
Data Network Services	TPL
Desktop Equipment	TPL
Doors and Maintenance	EP
Employee and Pensioner Health Benefits	TTC, TPS
Executive Search Services	TTC
Fertilizers	Education Municipal Purchasing Group
Fire Extinguisher Maintenance	TPS
Fine Paper	TTC, EP, TPL, Zoo, TPS
Fuel	TTC, TPS, Zoo, EP, TPL, TDSB, York University, Humber College
Fuel Site Maintenance & Repair	TPS
Garbage Bags	University of Toronto, York University, Ryerson University
Garment Cleaning and Rental	TPS, EP
Graffiti Removal Services	TCHC
Hydro & Natural Gas	TPL
IT Resources Roster	TTC, TCHC
Janitorial Supplies	TPL
Maintenance of Signal Equipment	TTC
Metals	TTC, EP, TPS

Description of Product/Service	Organizations Participating with the City
Moving Services	TTC, TPL
New Signal Installation	TTC
Over the Phone Language Interpretation	TPS, TCHC, TTC
Pest Control	TTC
Pick up and Recycling of Lamps	EP
Picnic Tables	TPS
Plumbing Supplies	TTC, EP, TCHC
Purchasing Card	TTC, TPL
Rental of Mops	EP
Rock Salt	TTC, EP, Zoo, TCHC, University of Toronto, McMaster University, York University
Safety Shoes	TPS
Servers & Warranty	TPL
Stationary	TTC, EP, TCHC, TPL
Supply & Install of Transit Shelters	TTC
Symantec Veritas Licenses & Support	TPL
Training Courses	EP
Various Lumber	TTC, EP
Vehicle Maintenance	TPS
Waste Oil Removal	TPS
Welding Gases	TPS, EP
Wireless Telecommunications Services/Equipment	TTC, TPL, TCHC, EP

Table 2 – Future Opportunities Not Identified in Table 1

Description of Product/Service
ARC Resistant Clothing (Orange)
Auto Parts
Chain Link Fencing
Electrical Components
Electrical Supplies
Freon R22
Hand Cutting Tools
Honda Parts
Industrial Supplies
Misc. Hardware and Bldg Products
Office Equipment Repairs
Office Furniture Repairs
Orthotics
Paper products - wipes, towels, toilet
Parts Cleaning Stations - Service

Description of Product/Service
Safety Prescription Eyewear
Safety Products/Equipments
SAP Licenses
Shredder Service
Snow Plowing
Time & Attendance Mgt System
Towels
Towing Services
Work Clothing