TORONTO

REPORT FOR ACTION

BID AWARD PANEL CONTRACT AMENDMENT

Amendment to Purchase Order Number 6052971 with Ernst & Young LLP for the Provision of Active Risk Management Advisory Services for Financial System Transformation Program

Date: August 4, 2022
To: Bid Award Panel
From: Acting Chief Procurement Officer
Wards: All

SUMMARY

The Acting Chief Purchasing Officer recommends that the Bid Award Panel, pursuant to Section 195-8.3.A(2) of the Municipal Code, Chapter 195, Purchasing, exercise the power of a Standing Committee to grant authority to amend Purchase Order Number 6052971.

The purpose of this report is to request authority to amend Purchase Order Number 6052971 with Ernst & Young LLP, for the provision of Active Risk Management Advisory Services for Financial System Transformation Program. The total additional amount being requested is $950,000 net of all taxes and charges ($966,720 net of Harmonized Sales Tax recoveries), increasing the Purchase Order value from $3,285,610 net of all taxes and charges ($3,343,436 net of Harmonized Sales Tax recoveries) to $4,235,610 net of all taxes and charges ($4,310,156 net of Harmonized Sales Tax recoveries).

The requested funds will allow the Financial System Transformation Program (FSTP), the Office of the Controller, to complete the design of the Target Operating Model (TOM) to a sufficiently detailed level, socialize the refined TOM with leadership stakeholders, update the FSTP benefits case, and prepare a roadmap and plan to enable the implementation of the new enterprise-wide Finance TOM in alignment with the overall FSTP timelines.

At its meeting on December 22, 2021, the Bid Award Panel approved Item 2021.BA169.8, and granted authority to award a contract to Ernst & Young LLP (Vendor) for Active Risk Management Advisory (ARMA) Services for FSTP. The requested increase to the Purchase Order value is required at this time to support the completion of the Finance TOM and create buy-in for the operating model framework,

the absence of which poses significant risks to the timely and successful delivery of FSTP. This change is in accordance with the provisions of the ARMA contract such that the City can request adjustments to Vendor's efforts in accordance with the risk profile of FSTP.

RECOMMENDATIONS

The Acting Chief Procurement Officer recommends that:

1. The Bid Award Panel, in accordance with Item 2022.CC47.4, "Delegation of Authority for the Remainder of the 2018-2022 Council Term", grant authority to amend Purchase Order Number 6052971 issued to Ernst & Young LLP, increasing the blanket contract value by $950,000 net of all taxes and charges ($966,720 net of Harmonized Sales Tax recoveries), revising the current blanket contract value from $3,285,610 net of all taxes and charges ($3,343,436 net of Harmonized Sales Tax recoveries) to $4,235,610 net of all taxes and charges ($4,310,156 net of Harmonized Sales Tax recoveries).

FINANCIAL IMPACT

The total value identified in this report is $950,000 net of all taxes and charges. The cost to the City is $966,720 net of Harmonized Sales Tax recoveries.

Funding is available in the 2022 Approved Capital Budget for the Office of the Controller under the Financial Systems Transformation Program as detailed in Table 1 below.

Table 1: Financial Impact Summary of Recommended Purchase Order Amendment

Year	Cost Centre	G/L	Amount net of HST Recoveries
2022	CFS050-01	4079	$966,720

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting on July 19 and 20, 2022, City Council approved Item 2022.CC47.4, "Delegation of Authority for the Remainder of the 2018-2022 Council Term", and granted delegated authority to the Bid Award Panel to award any operating contracts that are up to 10 years (inclusive of any option years) provided that the pre-conditions to an award by the Bid Award Panel as set out in section 195-8.2 A and B of the Municipal Code Chapter 195, Purchasing are met.

City Council Decision Document can be found at:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.CC47.4

At its meeting on December 22, 2021, the Bid Award Panel approved Item 2021.BA169.8, "Award of Ariba Document Number 3192328446 to Ernst & Young LLP for the Active Risk Management Advisory Services for Financial System Transformation Program for Office of the Controller", and granted authority to award a contract to Ernst & Young LLP for Active Risk Management Advisory Services for Financial System Transformation until August 31, 2023.
The Bid Award Panel Decision Document can be found at:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.BA169.8

COMMENTS

Through the Financial System Transformation Program, the City of Toronto (City) is responding to the enterprise need to undergo a financial transformation, enabled by modern technologies that will meet current and future business needs. This includes standardizing finance processes, modernizing the finance service operating model, and streamlining the underlying financial platform to ensure consistent access to timely financial information in an efficient and effective system.

Fully embracing the scope of transformation contemplated by FSTP will require the City to change the structure and way that its enterprise-wide finance function operates. The requested funds will allow the City to complete the design of the Target Operating Model (TOM) to a sufficiently detailed level, socialize the refined TOM with leadership stakeholders, update the FSTP benefits case, and prepare a roadmap and plan to enable the implementation of the new enterprise-wide Finance TOM in alignment with the overall FSTP timelines. This work is anticipated to span a period of approximately six months, starting in July/Aug 2022 through to November/December 2022.

The award of contract to Ernst & Young LLP for Active Risk Management Advisory Services for FSTP is in accordance with current implementation best practice. The contract scope includes risk mitigation as related to delays and overruns to enable successful program delivery throughout the course of implementation. In accordance with contract terms, the City has discretion to adjust the size, compositions and/or level of effort of the Vendor's team based on the risk profile of FSTP and/or any of its work streams.

The Finance TOM is a prominent work stream of FSTP (Program). The absence of sufficient details to support the Finance TOM and lack of organizational buy-in for the operating model framework is identified as a significant risk to timely and successful delivery of FSTP. Given Program time constraints, coupled with Ernst & Young LLP's history of involvement with FSTP and their knowledge and expertise in applying effective approaches to address this risk, the City is requesting authorization for the Purchase Order amendment as outlined in this report.

CONTACT

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SIGNATURE

Sandra Lisi, Acting Chief Procurement Officer