TORONTO

REPORT FOR ACTION

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: September 11, 2023
To: General Government Committee
From: Controller and Chief Procurement Officer
Wards: All

SUMMARY

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 the Financial System Transformation Program. The total amount being requested for this amendment is $3,608,500 net of all taxes and charges ($3,672,010 net of Harmonized Sales Tax recoveries), increasing the Purchase Order value from $4,544,960 net of all taxes and charges ($4,624,951 net of Harmonized Sales Tax recoveries) to $8,153,460 net of all taxes and charges ($8,296,961 net of Harmonized Sales Tax recoveries).

The amendment is required to allow sustained risk identification and mitigation support throughout the implementation (Build to Deploy) and post-implementation phases of the Financial System Transformation Program until April 30, 2025.

Provision of Active Risk Management Advisory Services for the Financial System Transformation Program is supported by best practice for enterprise resource planning transformation programs of similar size and scale to enable successful program delivery by mitigating against delays and overruns.

RECOMMENDATIONS

The Controller and Chief Procurement Officer recommend that:

1. The General Government Committee, in accordance with Section 71-11.1C of the City of Toronto Municipal Code Chapter 71 (Financial Control By-law), grants authority to amend Purchase Order Number 6052971 issued to Ernst & Young LLP, increasing

the contract value by $3,608,500 net of all taxes and charges ($3,672,010 net of Harmonized Sales Tax recoveries), revising the current contract value from $4,544,960 net of all taxes and charges ($4,624,951 net of Harmonized Sales Tax recoveries) to $8,153,460 net of all taxes and charges ($8,296,961 net of Harmonized Sales Tax recoveries).

FINANCIAL IMPACT

The total value of the amendment identified in this report is $3,608,500 net of all taxes and charges. The cost to the City is $3,672,010 net of Harmonized Sales Tax recoveries.

Funding is available in the 2023-2032 Approved Capital Budget and Plan for the Office of the Controller under the Financial Systems Transformation Program. However, as the Financial System Transformation Program project is going to be extended until April 2025, its cash flow funding commitments for the years 2024 and 2025 within the 2023-2032 Approved Capital Budget and Plan will need to be realigned and the realignment will be submitted in the 2024-2033 Capital Budget and Plan for the Office of Controller during the annual budget process. Planned funding details for the recommended Purchase Order amendment are summarized in Table 1 below.

Table 1: Financial Impact Summary of Recommended Purchase Order Amendment

Year	**Cost Centre**	**G/L Account Info**	**Amount (net of HST Recoveries)**
2023	CFS050-01	4079	$770,602
2024	CFS050-01	4079	$2,271,740
2025	CFS050-01	4079	$629,668
Total			$,3,672,010

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

DECISION HISTORY

At its meeting on March 3, 2023, the General Government Committee adopted item GG2.25, "Use of Temporary Delegated Authority Regarding Procurement-Related Activities During Council's 2022 Municipal Election Recess," which outlined the uses of delegated authority granted to City staff on a time-limited basis to ensure that City business could continue from the conclusion of the last City Council meeting of the 2018-2022 Council term until the start of the new Council term. An amendment to Purchase Order Number 6052971 in the amount of $314,795 was accounted within this report.

https://secure.toronto.ca/council/agenda-item.do?item=2023.GG2.25

At its meeting on December 22, 2021, the Bid Award Panel adopted 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".
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's 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.

The award of contract to Ernst & Young LLP for Active Risk Management Advisory Services for the Financial System Transformation Program 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. The requested funds are required at this time to continue to manage program risks, including assessing program processes related to planning, controlling, analysis and response, and ensuring that they are designed and carried out appropriately throughout program implementation.

Purchase Order Number 6052971 was extended from August 31, 2023, to April 30, 2025 by Purchasing and Materials Management Division upon the request of the Office of the Controller, Financial System Transformation Program, to allow sustained risk identification and mitigation support throughout the implementation (Build to Deploy) and post-implementation phases of the Financial System Transformation Program. The time extension was requested and applied in accordance with current replanning for the Financial System Transformation Program and informed by discussions with the Program's System Integrator, Deloitte, Inc. to extend implementation timelines.

Given program time constraints, coupled with Ernst & Young LLP's history of involvement with the Financial System Transformation Program, their knowledge and expertise in applying effective approaches to address and manage program risks, the City is requesting authorization for the Purchase Order amendment as outlined in this report.

CONTACT

Clarman Yang, Acting Manager, Purchasing Client Services, Corporate Services and Finance and Treasury Services, Purchasing and Materials Management, Tel: 416-392-1302, Email: Clarman.Yang@toronto.ca

Stuart Campbell, Director, Financial Control and Process Improvement, Tel: 416-392-8034, Email: Stuart.Campbell@toronto.ca

SIGNATURE

Andrew Flynn,
Controller

Geneviève Sharkey,
Chief Procurement Officer