



Investigation into the Procurement of the PayIt Platform

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**AUDITOR
GENERAL**

TORONTO

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Executive Summary

City Council requests Paylt investigation following 2024 audit report

This report provides the outcome of the Auditor General’s Office’s investigation into the procurement of the Paylt platform.¹

In 2024, after the Auditor General’s Office issued an [audit report on the procurement and implementation of Paylt’s unsolicited proposal](#), City Council requested the Auditor General to consider further investigating:

- a) the decision-making process that resulted in the score sheet used for the Request for Proposal;
- b) whether there are additional City records located on the City’s servers or on private cell phones and emails of senior City staff that merit further investigation; and,
- c) whether a further forensic investigation on the procurement is required.

Our investigation examined two lines of inquiry:

What we investigated

Scoring breakdown and any wrongdoing

- i. an explanation for the removal of the detailed scoring breakdown in the published call document for proponents of the Swiss Challenge negotiated Request for Proposal (SC-nRFP), determining who removed the detailed scoring and who approved this change; and, beyond City Council’s request, whether any wrongdoing² occurred on behalf of any current or former City staff and/or Senior Management³; and,

¹ The Paylt platform refers to a digital government platform offered by Paylt LLC.
² Wrongdoing, as defined by Chapter 192 of the *Toronto Public Service By-law*, is: Serious actions that are contrary to the public interest including but not limited to: (1) Fraud; (2) Theft of City assets; (3) Waste: mismanagement of City resources or assets in a willful, intentional or negligent manner that contravenes a City policy or direction by Council; (4) Violations of the City’s Conflict of Interest rules set out in Article IV; and (5) Breach of public trust.
³ Senior Management refers to the City Manager, Deputy City Managers, the Chief Financial Officer & Treasurer, and Division Heads (including the Chief Technology Officer, Chief Procurement Officer, Director of Revenue Services, and the Controller), that were at the City during the unsolicited proposal and procurement of Paylt, unless otherwise stated.

Lack of compliance with City policy and reasons – unsolicited proposal, proof of concept, lack of transparency in reporting and any wrongdoing

- ii. based on additional interviews and any potential additional City records located on City servers or on private cell phones and emails of senior City staff that provide further information and/or merit further investigation, and beyond City Council’s request, to determine any further reasoning for not following the City’s policy and process throughout the procurement of the Paylt platform during 2019 to 2021. This includes the unsolicited proposal, proceeding with the proof of concept, and the transparency of reporting to City Council; and whether any wrongdoing occurred on behalf of any current or former staff and/or Senior Management.

What we found

A. Lack of Evidence and Conflicting Testimonial Evidence on Changes to Scoring Breakdown

Detailed scoring breakdown removal on final draft

Initial drafts of the SC-nRFP call document included a more detailed scoring breakdown than the final published version. More specifically, Stage 2B, which related to the rated evaluation of the proponent’s organizational capabilities, did not provide a detailed breakdown of the 100 points allocated for this stage. This was not best practice for City procurements and was perceived as unfair by the other proponent responding to the SC-nRFP.

[Then] Senior Corporate Buyer removed detailed scoring breakdown; conflicting/insufficient evidence on who approved and why

After reviewing draft versions of the SC-nRFP call document, reviewing emails, and interviewing past and present City staff, we concluded that the [then] Senior Corporate Buyer in Purchasing and Materials Management Division (PMMD) removed the detailed scoring breakdown before publishing the call document. They and their superiors stated that this change would not have been made without direction from the business, meaning the Customer Experience unit⁴ and/or the Technology Services Division. However, there was conflicting and insufficient evidence to determine who provided direction, who approved the change, and why it was made.

⁴ During the procurement period, the Customer Experience unit was part of the Deputy City Manager of Corporate Services’ office and not a standalone division.

No recollection of discussion regarding the removal of the scoring breakdown, but speculated reasoning provided

None of the interviewees questioned about removing the scoring breakdown, including a third-party consultant and others outside of PMMD and the Customer Experience unit, could recall a specific discussion or meeting related to this matter. It is also important to note that the SC-nRFP occurred approximately seven years ago, which made it challenging for our Office to obtain electronic devices and records and likely affected the recollection of interviewees (see the scope limitations in the Objectives, Scope and Methodology section for further information). Interviewees could only speculate why the detailed scoring in Stage 2B was removed. Speculation included: discouraging proponents from ‘cherry-picking’ specific questions to answer; alleviating possible confusion regarding how the breakdown totaled 100 points; and for consistency with other stages.

Based on our investigation findings and given there is no requirement to provide a detailed breakdown of the scoring, and all proponents received and were evaluated on the same criteria, Paylt does not appear to have received an unfair advantage.

B. Lack of Compliance with City Policy and By-laws During Procurement of Paylt Platform

City staff and [then] Senior Management did not always follow policies and processes

Similar to our 2024 audit report, our investigation found that City staff and [then] Senior Management did not always follow City policies, processes, by-laws, and best practices throughout various stages of the procurement.

During the **unsolicited proposal process**, the [then] Senior Leadership Team⁵ allowed a “proof of concept” to take place before recommending a non-competitive procurement, rather than bringing the unsolicited proposal to City Council requesting their authority on whether a Swiss Challenge should be undertaken, as is required by the *Unsolicited Quotations for Proposals Policy*. Unsolicited quotations or proposals should not be allowed to circumvent the City’s procurement process.

⁵ Senior Leadership Team includes the City Manager, Deputy City Manager of Corporate Services, and the Chief Financial Officer & Treasurer, that were at the City during the unsolicited proposal and procurement of Paylt, unless otherwise stated.

[Then] Senior Management should have known the City's policy, and given the criteria for considering the unsolicited proposal were not clearly met, it would have been more appropriate for the City to have proceeded with a normal competitive procurement process.

The [then] Senior Leadership Team also **proceeded with the proof of concept** without authority from City Council, despite concerns raised by certain members of [then] Senior Management. The reasoning provided by interviewees is they believed a proof of concept was necessary for Council to make an informed decision about the platform before it was procured and that proof of concepts were a common and established practice of the Technology Services Division. However, this was **not in compliance with the City's policy** and also **lacked transparency** in reporting to City Council.

Staff provided staff reports to Paylt prior to them being made public

A staff member also provided reports to Paylt **prior to them being made public**, once during the unsolicited proposal process and once during the Swiss Challenge procurement, which is a breach of the *Toronto Public Service By-law* and the *Procurement By-law*. Although it was to seek factual accuracy and it is reasonable to verify some details within a staff report to ensure accuracy, it is our view that only relevant excerpts from the staff report should have been sent for input, instead of the entire document.

However, we note that this did not appear to provide Paylt with an unfair advantage since the reports were made public shortly thereafter.

City staff also sometimes sent emails from their **personal email** addresses during the procurement, which is a breach of the City's *Acceptable Use of Information Technology Assets Policy*.

Policy and by-law violations do not meet the threshold for wrongdoing

Despite the above noted policy and by-law violations, based on the interviews and available evidence reviewed, in the Auditor General's view, these do not meet the threshold for wrongdoing as defined by the *Toronto Public Service By-law* as these policy and by-law violations were to solicit feedback from Paylt on the factual accuracy of two City reports, which would be made public shortly after and did not provide Paylt with any advantage.

C. Other Observations – Including Personal Emails and Potential Reasons/Motivation for Not Complying with City Policy and By-laws

Personal emails were sometimes used in correspondence with Paylt

Our investigation found that at times, some City staff and [then] Senior Management used personal email addresses to conduct City business. This included at least one staff member corresponding with Paylt through personal email and sending emails from work to personal email addresses before sending them to Paylt. The [then] staff member stated in their interview that they were told to be mindful of Freedom of Information (FOI) requests. Specifically, they stated that when they started at the City, they did not have a personal phone and they were told in general to be mindful of FOI requests.

Although the correspondence indicated a close working relationship⁶ between a City staff member and Paylt; based on the available information, the email contents, and the volume of personal emails reviewed, this does not meet the threshold of wrongdoing.

Culture with above-average pressure provided as motivation by some staff and Senior Management

Our investigation also examined the **potential reasons and motivation** for the non-compliance with City policies and by-laws. Given the lack of available documentation, our evidence for this area was primarily based on interviews (under oath) and emails. We heard from both staff and [then] Senior Management that they experienced pressure to proceed with the Paylt procurement for different reasons.

During our interviews, some staff indicated they felt an above-average level of pressure⁷ from the [then] Senior Leadership Team throughout the procurement due to tight timelines, which were intensified because of the COVID-19 pandemic. Additionally, several City staff members working on the Paylt procurement were new to their role. Some of these interviewees indicated that these factors contributed to the feeling of pressure during the process and the desire to please [then] Senior Management. On the other hand, the [then] Senior Leadership Team indicated that they felt pressure to deliver results, given the City's need for digital transformation and operational efficiencies, to modernize the customer experience and to better serve the public, which was accelerated by the COVID-19 pandemic.

⁶ A close working relationship as defined in this report is referring to a professional partnership, which is not typically seen between City staff and a proponent prior to signing a contract. This type of close working relationship during the procurement period could lead to the perception of favouritism or the perception that the proponent can influence the City's decision making.

⁷ Above-average pressure as defined in this report is a level of pressure in addition to regular day-to-day work pressure, more than a typical work situation would usually entail.

No wrongdoing identified based on available evidence reviewed

When interviewed under oath, former members of the Senior Leadership Team indicated that they did not have any knowledge, suspicions or concerns of any wrongdoing. Based on the interviews and available evidence reviewed, we did not identify indications of wrongdoing.

Scope limitations due to the passage of time

Given the length of time that has passed since the unsolicited proposal and procurement of Paylt began (approximately seven years), there are a number of scope limitations with this investigation, including that the recollection of events by City staff and [then] Senior Management could be impacted due to the length of time that has passed.

Why this investigation matters

The findings of this investigation reinforce the need to implement the nine recommendations from our 2024 audit. This will improve the City's unsolicited proposal policy and process and the procedure for conducting a Swiss Challenge, as well as support addressing the proof of concept process concerns. This investigation and our 2024 audit report also reinforce the importance of management's leadership and commitment to ensuring openness, fairness, and transparency in City procurement. Since the Paylt procurement, the Senior Leadership Team that were involved have retired from the City. The current Senior Leadership Team can continue to model and promote a culture that encourages compliance with City policies and by-laws.

Auditor General's view that further investigation is unlikely to provide further information or benefits

Given the challenges that arise from the length of time that has passed since the unsolicited proposal and procurement of Paylt began (approximately seven years), including the lack of available information and devices, as well as the inability of individuals to recall accurately or completely, it is the Auditor General's view that further investigative work is unlikely to yield any further relevant information and/or benefits that would materially impact the findings of this investigation. We also note that Senior Management and the Senior Leadership Team referred to in this report are no longer with the City or are in different roles.

Thank you

We express our appreciation for the co-operation and assistance we received from current and former City staff and Senior Management throughout our investigation.

Background

Auditor General’s Office conducted a performance audit of the procurement and implementation of the Paylt unsolicited proposal in 2024

This report provides the results of the Auditor General’s Office’s investigation into the procurement of the Paylt platform.

The Auditor General’s Office conducted a performance audit of the procurement and implementation of the Paylt unsolicited proposal in 2024.⁸ The objective of this performance audit was to review the procurement and outcomes achieved to date, and identify lessons learned and opportunities to clarify and/or improve the City’s [Unsolicited Quotations for Proposals Policy](#) and [Process for Receiving and Reviewing Unsolicited Quotations and Proposals](#). The audit aimed to answer:

- Did the procurement with Paylt properly follow the City’s policy and process for unsolicited proposals?
- Did the implementation of the Paylt platform achieve the intended financial and non-financial outcomes and benefits (as reported to City Council)?

The resulting audit report, [Reinforcing the Importance of Openness, Fairness and Transparency in City Procurement: An Audit of the Procurement and Implementation of the Paylt Unsolicited Proposal](#), (2024 audit report) was presented to the Audit Committee and to City Council in the fall of 2024.⁹

City did not follow the unsolicited proposal policy and process

The audit concluded that the City did not follow the unsolicited proposals policy and process. This includes:

- not ensuring pre-conditions for considering an unsolicited proposal have been clearly met;
- not properly obtaining City Council’s authority on the way forward for the unsolicited proposal, and instead proceeding with a proof of concept and subsequently recommending a non-competitive contract award;
- not retaining complete records of key decisions.

⁸ An unsolicited proposal involves an offer for a new or innovative idea submitted to the City on the initiative of a proponent for the purpose of obtaining a contract with the City with the express intent of securing a financial return for the proponent.

⁹ The 2024 audit report was presented at [Audit Committee – Meeting 6](#) on October 15, 2024 and [City Council – Meeting 23](#) on November 13-14, 2024.

The audit report contained nine recommendations which aimed to strengthen the oversight, policy, and process for receiving, reviewing, and responding to unsolicited proposals. The audit report also reinforced the importance of management’s leadership and commitment to ensuring openness, fairness, and transparency in City procurement.

Management advised that the City has started to implement the recommendations from the 2024 audit report. For example: management advised in May 2025, that the unsolicited proposal process transitioned from the Strategic Partnerships Office to the Purchasing and Materials Management Division (PMMD); PMMD scheduled training sessions in June 2025 for Divisions involved in the unsolicited proposals process; and updates were made to the City’s *Conducting a Swiss Challenge Procedure*.

The 2024 audit report contains important background information and should be read prior to this report.

City Council requests investigation

At its November 2024 meeting, City Council requested the Auditor General to consider further investigating:

- a. the decision-making process that resulted in the score sheet used for the Request for Proposal;
- b. whether there are additional City records located on the City’s servers or on private cell phones and emails of senior City staff that merit further investigation; and,
- c. whether a further forensic investigation on the procurement is required.¹⁰

Auditor General’s Office retained an external professional services firm to support the investigation

Following City Council’s request, the Auditor’s General Office retained a third-party professional services firm to support the investigation, which sought to address the above considerations. In addition, the professional services firm was asked to consider whether there was any evidence of wrongdoing on behalf of any current or former City staff and/or Senior Management in relation to the procurement of the Paylt platform.

¹⁰ [Agenda Item History - 2024.AU6.2](#)

Investigation Results

Investigation Objectives

Two lines of inquiry

To address the request by City Council in November 2024, the objective of the investigation was to address the following lines of inquiry:

1. **Scoring breakdown and any wrongdoing**
 - i. an explanation for the **removal of the detailed scoring breakdown** in the published call document for proponents of the Swiss Challenge negotiated Request for Proposal (SC-nRFP), determining **who removed** the detailed scoring and **who approved** this change; and, beyond City Council's request, **whether any wrongdoing occurred** on behalf of any current or former City staff and/or Senior Management; and,
 - ii. based on additional interviews and any potential additional City records located on City servers or on private cell phones and emails of senior City staff that provide further information and/or merit further investigation and beyond City Council's request, to **determine any further reasoning for not following the City's policy and process** throughout the procurement of the Paylt platform during 2019 to 2021, including the **unsolicited proposal, proceeding with the proof of concept** and the **transparency of reporting to City Council**; and **whether any wrongdoing occurred** on behalf of any current or former staff and/or Senior Management.
2. **Lack of compliance with City policy and reasons – unsolicited proposal, proof of concept, lack of transparency in reporting; and any wrongdoing**

The investigation results related to the above lines of inquiry are provided in the sections below as follows, with all three including conclusions on any potential wrongdoing:

- A. Scoring Breakdown (**first line of inquiry**)
- B. Lack of Compliance with Policy and By-laws During Procurement of Paylt Platform (including the unsolicited proposal, proceeding with the proof of concept and the transparency of reporting to City Council for **second line of inquiry**)
- C. Other Observations Including Personal Emails and Potential Reasons/Motivation for Not Complying with City Policy and By-laws (for **second line of inquiry**)

A. Scoring Breakdown

A.1. Lack of Evidence and Conflicting Testimonial Evidence on Changes to Scoring Breakdown

As detailed in the audit report, after City Council debated a recommendation to complete a non-competitive procurement for the Paylt platform and they decided to refer the matter back to the [then] City Manager. A decision was made by [then] Senior Management to conduct a Swiss Challenge¹¹ to procure a government digital platform.

Draft call document included a detailed breakdown of scoring points for Stage 2B

Initial drafts of the resulting Swiss Challenge negotiated Request for Proposal (SC-nRFP) call document included more information on the scoring breakdown than in the final published version. More specifically, Stage 2B of the final SC-nRFP, which related to the rated evaluation of the proponent's organizational capabilities, did not provide a breakdown of the 100 points allocated for this stage. Not having a detailed points breakdown was not the best practice in procurement and the lack of points breakdown was perceived as unfair by the other proponent responding to the SC-nRFP, as they may not have known which requirements to focus on.

Figure 1 shows the last known draft version of the call document with the detailed scoring breakdown for Stage 2B in brackets beside the requirements (dated September 15, 2020 at 4:03 p.m.), and the first known version without the detailed scoring (dated September 16, 2020 at 1:32 a.m.). The final call document was published on September 17, 2020 at 3:55 p.m. The Auditor General's Office has added red circles to highlight the scoring breakdown in both versions of the document. All other tracked changes and highlights are part of the original source document.

¹¹ A Swiss Challenge is a procurement method where the City receives and evaluates an unsolicited quotation or proposal from a proponent. The original proponent is provided with the opportunity to match or improve upon the most favourable offer received as part of the SC-nRFP process.

Figure 1: Comparison between the last known version of the SC-nRFP call document with the scoring breakdown and the first known version without the scoring breakdown (red circles highlight the scoring breakdown)

Last known draft version of Stage 2B with the scoring breakdown in brackets. Sent via email from Customer Experience staff to PMMD and Customer Experience on September 15, 2020 at 4:03 pm:

First known draft version of Stage 2B without detailed scoring. Sent from PMMD staff to Customer Experience, fairness monitor consultants, Legal Services, and Internal Audit on September 16, 2020 at 1:32 am:

STAGE 2B – RATED EVALUATION - ORGANIZATIONAL CAPABILITIES	100	STAGE 2B – RATED EVALUATION - ORGANIZATIONAL CAPABILITIES	100
Item No. 1 – Letter of Introduction	N/A	Item No. 1 - Letter of Introduction	N/A
Item No. 2 – Executive Summary	N/A	Item No. 2 - Executive Summary	N/A
Item No. 3 – Organizational Capabilities		Item No. 3 - Organizational Capabilities	
<ul style="list-style-type: none"> • A profile and summary of corporate history (1) • a company-approved Supplier diversity policy that details the Supplier's commitment to an active Supplier diversity program and describes a commitment to providing equitable access to subContracting opportunities for diverse Suppliers and demonstrated results of the policy (1) and • a company-approved diverse hiring policy describing the Supplier's commitment to a pro-active employment diversity program and demonstrated results of the policy (1) • Diverse Supplier: If the Supplier is certified by a Supplier Diversity Organization, the Supplier should provide evidence of such certification (1) • Provide details on organization's experience and capabilities in driving digital adoption, preferably for public sector customer-facing organizations (9) • Provide details on your platform's capabilities as a turnkey solution to support the rapid deployment and iteration of Services including at a minimum property taxes, parking fines, utilities, and permits (15) • Provide details of successful implementations that intersect Govtech and Fintech <ul style="list-style-type: none"> a. What are the total number of implementations in this space that you have successfully completed? (A minimum of three implementations would be required by the City) (3) b. Provide details on three (3) examples to include: <ul style="list-style-type: none"> i. Implementation duration (6 points per implementation). An answer would be considered "Good" if it provides BOTH a duration in terms of a start date and end date, and it describes the technical complexity of what was delivered in that time, such that the duration can be assessed against the complexity of what was delivered. ii. Functionalities (6 points per reference). An answer would be considered "Good" if it provides a comprehensive list aligned to the functionalities outlined in "Item No 5. Customer Experience" indicating that the platform has delivered functionalities in line with the features of the desired City of Toronto platform. iii. Services supported (5 points per reference) An answer would be considered "Good" if it lists a detailed set of services that are in line with the services of the desired City of Toronto platform, as described in the Proof of Concept stage at a minimum, and indicates that the platform delivers a diverse set of similar government services, indicating that the platform can provide accelerated implementation of critical payment and non-payment related municipal services. iv. Success with customer uptake (6 points per reference) An answer would be considered "Good" if it provides both a figure of annual customer uptake in absolute numerical terms, and as a percentage of the addressable market given other channel options that are available, AND a description of the complexity of the system that customers are using, such that an assessment of the customer uptake can be fully contextualized. 	100 Points	<ul style="list-style-type: none"> • A profile and summary of corporate history • A company-approved Supplier diversity policy that details the Supplier's commitment to an active Supplier diversity program and describes a commitment to providing equitable access to subcontracting opportunities for diverse Suppliers and demonstrated results of the policy; and • A company-approved diverse hiring policy describing the Supplier's commitment to a pro-active employment diversity program and demonstrated results of the policy; • Diverse Supplier: If the Supplier is certified by a Supplier Diversity Organization, the Supplier should provide evidence of such certification. • Provide details on organization's experience and capabilities in driving digital adoption, preferably for public sector customer-facing organizations • Provide details on the platform's capabilities as a turnkey solution to support the rapid deployment and iteration of Services including at a minimum property taxes, parking fines, utilities, and permits • Provide details of successful implementations that intersect Govtech and Fintech <ul style="list-style-type: none"> a. What are the total number of implementations in this space that you have successfully completed? (A minimum of three implementations would be required by the City) b. Provide details on three (3) examples to include: <ul style="list-style-type: none"> i. Implementation duration ii. Functionalities iii. Services supported iv. Success with customer uptake 	100 Points
<p>Suppliers must score a minimum of 75% (or 75 out of 100 points) in total from Stage 2B - Rated Evaluation - Organizational Capabilities, and must be one (1) of a maximum of three (3) top ranked Suppliers (excluding the Unsolicited Proposals Supplier) to advance to Stage 2C - Rated Evaluation - Functional Technical Capabilities. Only a maximum of three (3) top ranked Suppliers, and the Unsolicited Proposals Supplier, will progress to the next stage, with all others being declared as unsuccessful. The City, at its discretion, reserves the right to decrease the threshold in the amounts of 5% increments to ensure a maximum three (3) Suppliers (with no score less than 60%), and the Unsolicited Proposals Supplier are given the opportunity to move forward in the evaluation process qualified to proceed to Stage 2C - Rated Evaluation - Functional Technical Capabilities. Suppliers which move forward to Stage 2C - Rated Evaluation - Functional Technical Capabilities will then have their scores reassigned to Zero (0).</p>		<p>Suppliers must score a minimum of 75% (or 75 out of 100 points) in total from Stage 2B - Rated Evaluation - Organizational Capabilities, and must be one (1) of a maximum of three (3) top ranked Suppliers (excluding the Unsolicited Proposal's Supplier) to advance to Stage 2C - Rated Evaluation - Functional Technical Capabilities. Only a maximum of three (3) Top Ranked Suppliers, and the Unsolicited Proposal's Supplier, will progress to the next stage, with all others being declared as unsuccessful. The City, at its discretion, reserves the right to decrease the threshold in the amounts of 5% increments to ensure a maximum three (3) Suppliers (with no score less than 60%), and the Unsolicited Proposal's Supplier are qualified to proceed to Stage 2C - Rated Evaluation - Functional Technical Capabilities. Suppliers which move forward to Stage 2C - Rated Evaluation - Functional Technical Capabilities will then have their scores reassigned to Zero (0).</p>	

Detailed scoring breakdown

No detailed scoring breakdown

PMMD staff member removed the scoring breakdown, but it is not known who approved the change or why

After reviewing draft versions of the SC-nRFP call document, reviewing emails and conducting interviews, we concluded that **the [then] Senior Corporate Buyer in PMMD removed the detailed scoring breakdown** before publishing the call document. However, **there was conflicting and insufficient evidence to determine who provided direction and who approved the change, and why it was made.**

PMMD stated it did not authorize removing the detailed scoring breakdown

While the [then] Senior Corporate Buyer acknowledged that they would have removed the scoring, given their role as the pen holder, they and their superiors stated that this change would not have been made without direction from the business, meaning the Customer Experience unit and/or Technology Services Division. PMMD staff stated that they had an advisory role. The Division is the owner of the business requirements.

PMMD staff member stated that a Customer Experience or Technology Services staff member directed removing the points breakdown to avoid ‘cherry-picking’

The [then] Senior Corporate Buyer did not recall who instructed them to remove the breakdown and initially did not recall the reasoning for doing so. However, the [then] Senior Corporate Buyer stated that it could have only been a member from the Customer Experience unit and/or Technology Services Division that could instruct them to remove the breakdown. It was suggested by the [then] Senior Corporate Buyer, in a later interview, that the removal of the scoring breakdown was to avoid the possibility of proponents ‘cherry-picking’ specific questions to answer. They further stated that ‘cherry picking’ may result in proponents strategically selecting which portions of Stage 2B to answer to pass the stage, rather than providing fulsome responses for all requirements of this stage, which could impact the quality of the submissions.

Customer Experience staff stated they did not direct the removal of the detailed scoring breakdown

While Customer Experience staff provided content for the call document, they stated they did not recall how or why the detailed scoring breakdown for stage 2B was removed. However, they stated that the approval to do so would have come from PMMD, not the Customer Experience unit. The [then] Customer Experience (CX) staff member specifically stated on oath they did not have the authority to direct the Senior Corporate Buyer to remove the detailed scoring breakdown and they would not have authorized removing the detailed scoring breakdown, saying, *“I can go on record to say I did not interfere with removing any breakdown. No one told me to do it...”*

The [then] CX staff member also suggested that a third-party Strategic Sourcing Category Management consultant who provided advice about the SC-nRFP may have been involved in the decision to remove the breakdown. It would be very unusual for a consultant to provide direction to City staff; therefore, this was raised with the [then] Chief Procurement Officer and the consultant during their interviews.¹² They agreed that the consultant was in an advisory role and the City is ultimately responsible for the decision to remove the scoring.

No recollection of discussion regarding the removal of the scoring breakdown, but speculated reasoning provided

None of the interviewees questioned about removing the scoring breakdown, including the third-party consultant and others outside of PMMD and Customer Experience, could recall a specific discussion or meeting related to this matter. It is important to note that the SC-nRFP occurred approximately seven years ago, which made it challenging to obtain electronic devices and records and likely affected the recollection of interviewees (see the scope limitations in the Objectives, Scope and Methodology section). Interviewees only speculated why the detailed scoring in Stage 2B was removed. In addition to potential ‘cherry picking’ outlined above, speculation included alleviating possible confusion regarding how the breakdown totaled 100 points¹³, and for consistency¹⁴ with other stages.

Fairness monitor engaged and attested that the SC-nRFP process was fair

As noted in our 2024 audit report, the City engaged a fairness monitor for the Swiss Challenge who determined that the SC-nRFP procurement process was conducted in a fair, open and transparent manner.

¹² PMMD retained a third-party Strategic Sourcing Category Management consultant to assist the City with a transformation project, which was separate from the Paylt procurement. PMMD staff asked a [then] Manager from the consulting firm to assist with the Paylt SC-nRFP. The Manager stated that they reviewed the draft SC-nRFP call document and attended some related progress meetings with the City, but did not recall any conversations related to removing the scoring breakdown. They acknowledged they may have provided advice related to this section of the call document. The Manager did provide comments in the draft SC-nRFP. However, the City is ultimately responsible for the decision to remove the scoring given the consultant acted in an advisory capacity.

¹³ Legal Services staff included a comment on the draft call document asking how the scoring added to 100 points. Although the points did add to 100, it was not straightforward as the stage included a request for three examples and therefore, the points had to be multiplied by three for each example.

¹⁴ When interviewed, PMMD staff suggested the points in Stage 2B may have been removed to “*make things consistent*” as they did not see a breakdown of points for the financial proposal section (i.e., another stage in the call document). We note that all stages of the SC-nRFP included a breakdown of the points (except for Stage 2B). However, they were not presented consistently. For example, Stage 2D, which related to a proof of concept, included a breakdown in brackets beside the description, whereas other stages included a breakdown in the table rows for each stage.

The fairness monitor's lead consultant explained they typically review the entire call document at the outset and *"provide comments in a separate Word document and the authority will make changes and track change and [they] can go through and check to see that [their] changes have been addressed"* and that they *"never take the pen on the documents."* They would then verify that their comments were appropriately addressed by the authority, being the City in this case, in subsequent drafts.

Unlikely that fairness monitor reviewed the scoring breakdown removal

The fairness monitor's lead consultant had no recollection of the removal of the scoring breakdown. According to records provided by the lead consultant, it is unlikely that they reviewed this change because there were no prior comments for this section in the call document and the scoring breakdown removal was not done in tracked changes or otherwise brought to the fairness monitor's attention.

City staff and [then] Senior Management agreed no unfair advantage

At the time of their interview, the fairness monitor's lead consultant could not comment on whether removing the detailed scoring breakdown in Stage 2B of the call document would have led to an unfair advantage to Paylt, without reviewing the SC-nRFP and file in its entirety. However, City staff and [then] Senior Management from various divisions agreed that removing the detailed scoring breakdown would not have necessarily resulted in an unfair advantage to Paylt since all proponents received and were evaluated on the same criteria. Further, there is no requirement in the *Procurement By-law*, the *Conducting a Swiss Challenge Procedure* or the *Request for Proposal Procedure* to provide a detailed breakdown of the scoring in a call document.

A. 2. Conclusion

Our investigation determined the [then] Senior Corporate Buyer removed the detailed scoring breakdown, but there was conflicting and insufficient evidence to conclude on who directed them to do so. All interviewees did not specifically recall any discussions regarding the removal of the detailed scoring in Stage 2B of the call document. Although the removal of the detailed scoring breakdown is not best practice and the timing of the removal (without tracked changes) is unusual, given there is no requirement to provide a detailed breakdown of the scoring and all proponents received and were evaluated on the same criteria, Paylt does not appear to have received an unfair advantage in the procurement process.

As per our first line of inquiry, throughout the investigation we considered whether there was any indication of wrongdoing in the procurement process. Based on the interviews and available evidence reviewed, no wrongdoing was identified related to the scoring breakdown removal in Stage 2B of the call document.

B. Lack of Compliance with City Policy and By-laws During Procurement of Paylt Platform

B. 1. Unsolicited Proposals Policy not Followed by City Staff

Paylt submitted an unsolicited proposal to the City

In 2019, Paylt representatives reached out to City staff with an unsolicited proposal for a digital payment platform. Similar to our 2024 audit report, our investigation found that City staff and [then] Senior Management did not always follow City policies, processes, by-laws, and best practices throughout various stages of the procurement of this digital payment platform. Specifically:

- [Then] Senior Management should have been familiar with the City’s unsolicited proposals policy and process and directed Paylt to the Strategic Partnerships Office; and
- Given it was not clear that the criteria for considering an unsolicited proposal was met, we believe that a normal competitive procurement process would have better supported the principles of transparency, openness, fairness, and best value for the City.

See **Section B. 2** for non-compliance and lack of transparency regarding the proof of concept during the unsolicited proposal period.

See **Section B. 3** for further non-compliance with communications during the unsolicited proposal period and the procurement period.

Refer to **Exhibit 1** for a high-level chronology of events related to the unsolicited proposal and procurement periods.

B. 2. Proof of Concept and Lack of Transparency in Reporting to City Council

Paylt submitted an unsolicited proposal for a proof of concept

In August 2019, before the City issued a Swiss Challenge, Paylt submitted an unsolicited proposal to the City. In or around October 2019, the City’s Customer Experience unit and Strategic Partnerships Office discussed the idea of a “proof of concept”. Between November 2019 and February 2020, Paylt’s proof of concept took place. The proof of concept occurred before any competitive procurement and is not something that is contemplated or allowed under the City’s existing unsolicited proposals policy.

By allowing a proof of concept to occur prior to a competitive procurement, it may provide an unfair advantage to the original proponent. This is because they may gain insights and knowledge from the City that they would not have known otherwise.

Proof of concept commenced based on erroneous belief

According to interviews, at the start of Paylt's proof of concept, Customer Experience staff erroneously believed they could proceed with the proof of concept. As a result, the business did not obtain authorization from City Council, and there was no signed statement of work or formal agreement between the City and Paylt for the proof of concept, which would have been expected.

Based on our review of documentation available, we note that the former Chief Technology Officer (CTO) was an integral person in moving the digital transformation project, including the proof of concept, forward for the City. We were unable to interview them as part of this investigation (see the scope limitations in the Objectives, Scope and Methodology section). The [then] CTO declined an interview and a summons was not possible given they reside outside of Canada. Therefore, their perspective is not included in this report.

Concerns raised by [then] Chief Procurement Officer and [then] Director Revenue Services

Upon learning that the proof of concept had started, the [then] Chief Procurement Officer and the [then] Director of Revenue Services raised concerns, including: the need for Council authority to proceed with a proof of concept prior to a Swiss Challenge; whether the proof of concept approach would give Paylt an unfair advantage; and whether Paylt's proposal should even be considered under the unsolicited proposal policy. A staff report to seek City Council's approval when the above concerns were raised would have alleviated any transparency concerns with the proof of concept process.

City staff and [then] Senior Management continued with proof of concept despite concerns

Even after these concerns were raised, the proof of concept continued. Based on the interviews conducted, many interviewees believed a proof of concept was necessary for Council to make an informed decision about the platform before it was procured. In general, according to the interviews, the [then] Senior Leadership Team collectively decided on how to proceed throughout the Paylt procurement as a group. City staff stated that they relied on the [then] Senior Leadership Team to make decisions and guide their work. For example, the [then] Chief Financial Officer stated that the decision to continue with the proof of concept was made collectively by the [then] Senior Leadership Team.

In addition, we found that in November 2019, Customer Experience staff emailed the [then] Deputy City Manager of Corporate Services (DCM of CS) to advise them of the concerns. They stated, “... we actually need to instead make a report to Council in order to get the authority to do a proof of concept [PoC] ahead of a Swiss Challenge procurement. ... Partnerships have told us that the report need not be a long process ..., and we can develop it in parallel while still moving forward with the PoC. We don’t want this new development to slow down the great work that’s already happened on the PoC ... but we also want to be completely transparent and make sure we move forward with this proof of concept in the right way ...”

Emails that followed this update stated, in part:

“Work on POC continues” – [then] CX staff

“Based on your chat ... don’t let this get too delayed” – [then] DCM of CS

“Yes POC continues, no change for now” – [then] CX staff

The proof of concept did continue and the above emails suggest that the DCM of CS was supportive. The DCM of CS stated that since proof of concepts are a common and established practice within the Technology Services Division, there was therefore an understanding that it could continue, which was supported by the [then] Senior Leadership Team.

Table 1 summarizes the views expressed by interviewees related to the proof of concept continuing to proceed forward.

Table 1: Views expressed by former staff and Senior Management regarding the continuation of the proof of concept

Interviewee	Views Expressed
[Then] Director of Strategic Partnerships Office	<p>Regarding any procurement where there is a deviation from the regular policy process outlined, including conducting a proof of concept during an unsolicited proposal, they stated, “I think at that time we always revert to, if you want to do this, you've got to get Council authority to do it. ... So, there were internally ... a lot of conversations and conversations that we weren't involved in either ... up to the DCM and the CFO level as well. And so from our area, we didn't feel that we had the authority to just say, stop, you can't go. ... So, ... as a Division that sort of provided guidance and advice as much as we were able to with very little authority, our guidance would ... be you can't do this unless you get Council approval and a Council authority to do this. So you gotta be clear and transparent there and make sure you have that as you move forward.”</p> <p>They also stated, “I think in retrospect, as you look at this, when we found out about the POC happening, if I had the</p>

	<i>authority at that time and felt like the authorities were there, we [would have] stopped it.”</i>
[Then] CX Director	<p>They were following the expectations of their superior, i.e., the [then] DCM of CS, as they were new to their role and did not have the authority to approve the proof of concept.</p> <p>They stated, <i>“In all matters on this file I was following the direction and desires of my superiors who were the most senior people in the organization. I followed their lead. With respect to the POC, the executive leaders were aware of the issue that the Chief Procurement Officer recommended a Swiss Challenge in order to do a POC. We were asked to continue and explore different ways to move it onside. ... As a director, I took direction, and the City is accountable for the executives it has put in charge to lead staff. On no matter related to this file did I or [CX staff] act independently.”</i></p>
[Then] Director of Technology Services	<p>Their team assisted and took part in the proof of concept, which provided future benefits to the City extending beyond the Paylt procurement.¹⁵</p> <p>For example, they stated, <i>“I’m going to look at the positive outcomes such as we’re now going to have an API that’s available to everybody. Yeah, because that infrastructure is in place, not just for Paylt, but for across the board now.”</i></p>
[Then] Deputy City Manager of Corporate Services	<p>With respect to the proof of concept proceeding after concerns were raised, they stated:</p> <ul style="list-style-type: none"> • <i>“I don’t recollect ... that they [the Strategic Partnerships Office] said absolutely not.”</i> • <i>“We had done POCs in the past. So, it wasn’t abnormal to do a POC. ... The intent was always to do something important for the residents. ...”</i> • <i>“... Probably to keep things moving to see what we could actually do here. It was not in any way to not adhere to stuff. It was just, we’ve got something going, let’s see what we can do with this. And obviously, the City Manager and the team would make the final decision.”</i> <p>When asked if there was any authority needed for the City to enter into a proof of concept, they stated, <i>“I do not have the answer for that. ... I’m assuming through the Technology group ... they probably have a few of these proof of concepts come</i></p>

¹⁵ According to the [then] Director of Technology Services, the benefits included establishing a standard that allowed [the City] to hold vendors more accountable. More specifically, prior to this process, [the City] did not have an Application Programming Interface (API) with test data.

	<p><i>their way, so I'd say that would probably be the best way to know. I don't know what the policy is to be very frank."</i></p> <p><i>They further stated, "It wasn't hidden that the proof of concept was being done. ... It's something to see if it actually can be viable at the end of the day. ... The conversations weren't, 'we shouldn't be doing this,' it was like, 'it is different.' ..."</i></p>
<p>[Then] Director Revenue Services</p>	<p>When asked whether the concerns that they raised were addressed, they stated, <i>"I don't know ... whether all of my concerns were addressed. ... it was decided there are sufficient concerns here that we need to report to Council for one thing before we consider doing this ... proceeding with the POC because when you proceed with that proof of concept, you're sort of indicating an intention."</i></p> <p>When asked about the intention, they stated, <i>"... it would be natural for Paylt to assume ... ok, ... we're [going to] proceed."</i></p>
<p>[Then] Controller</p>	<p>When discussing the timing of the proof of concept, they stated, <i>"You certainly need to get approval before making any commitment that can't be walked back ... you need to do due diligence to some degree, especially in a circumstance where you're talking about [something that has] never been done before, unusual and complex for the City to do. I wouldn't go to Council without having the answer, 'Well, will this work?'"</i></p> <p>When asked whether [then] Senior Management discussed concerns raised about the proof of concept, they stated, <i>"I think we would have had those conversations because ... you can't go to Council without answers and ... we would have needed to address those questions that were [raised]."</i></p>
<p>[Then] Chief Procurement Officer</p>	<p>With respect to the proof of concept proceeding after concerns raised:</p> <p><i>"CX and Technology Services were having conversations with Paylt and that led to them doing a proof of concept without any authority, of which I raised a few times. They proceeded regardless of my advice and then got to a point where they needed authority."</i></p> <p><i>"My view was that it did give them an unfair advantage. Allowing for a proof of concept in the SC-nRFP was a way to mitigate that unfair advantage, but up until we moved onto the SC-nRFP path, Paylt certainly had an advantage."</i></p> <p><i>"My advice was provided in writing and on the phone to individuals, but to the decision makers being the DCM of Corporate Services and the CFO at the time, I was never in a</i></p>

	<p>room with them to hear their response. I don't even know fully how my advice was presented."</p>
<p>[Then] Chief Financial Officer</p>	<p>"[Senior Leadership Team] were made aware of issues and ... when we made ultimate decisions, we thought we had followed processes. That implies that issues had been addressed." [However, no specifics could be recalled on how the issues were addressed.]</p> <p>"The proof of concept had to have been done to tell us whether or not there was even a viable opportunity for us to consider how we, in actual fact, pursued the opportunity later, through a Swiss Challenge, through a sole procurement. The fact is that the proof of concept ... had to happen for us to actually understand and be able to support a business case. That proof of concept, in my mind at the time, did not lead to any sort of commitment. It was done in a very, very secure way that didn't pose any risk to the City. ... And so that business case was fundamental to us being able to go to Council ..."</p>
<p>[Then] City Manager</p>	<p>"In terms of whether the decision to do a proof of concept, without knowing the specifics of all of our policies and everything else ... I don't recall it. But, as I am here today, the idea of looking at something as to whether or not it is what it purports to be and would it work in our system ..., and if that's what a proof of concept is, then I don't think that's unreasonable to do. Now, whether or not the policy suggests that we do that first and that steps were missed, whatever has happened, has happened. ... you wouldn't want to procure anything no matter what the process is, that wouldn't work ... that's just logic. ... In terms of how you go about doing it, why you would do it, and all those kinds of specific things, again, this is not something that I'm terribly familiar with. I take the advice of my staff, I ask questions and then we move forward."</p> <p>When asked about conversations regarding the proof of concept process, they stated, "I don't recall the conversation, but more importantly, I don't recall there being an issue that would require me to intervene. ... It wasn't presented, or I didn't understand it to be a major breach of anything ... If someone said to me ... this is an issue ... then, I can understand the seriousness of the situation ..."</p>

Some interviewees stated the proof of concept did not provide an unfair advantage

Some interviewees expressed that conducting the proof of concept did not provide Paylt with an unfair advantage. Successful proponents of the SC-nRFP would have had an opportunity to provide a proof of concept to the City.

Paylt may have received additional benefits from the proof of concept

Paylt conducted a proof of concept before the Swiss Challenge and as a result may have received additional benefits such as stakeholder feedback on the performance of their platform or feedback on how the platform could be adjusted to better integrate with and meet the City’s needs, which could then be included in their response to the SC-nRFP. However, the SC-nRFP was transparent by stating, *“the Unsolicited Supplier has already developed a Proof of Concept which has been evaluated for the proceeding requirements and will be exempt from this stage.”*

[Then] Senior Leadership Team knew or ought to have known there was no authority to proceed with proof of concept

Since concerns were raised or made known to the [then] Senior Leadership Team and because a proof of concept was not something that was contemplated or allowed under the unsolicited proposals policy, our investigation found that staff and the [then] Senior Leadership Team knew or ought to have known that there was no authority from City Council to proceed with the proof of concept but proceeded anyway.

B. 3. Communications Between City Staff and Paylt, Including During the Blackout Period

Open communication between Paylt and the City

Throughout the unsolicited proposal and Swiss Challenge procurement processes, there was open communication between Paylt representatives and a few City staff.

B. 3. 1 Unsolicited Proposal Period

Strategic Partnerships Office was not sole point of contact

As noted in our 2024 audit report, contrary to the City’s *Process for Receiving and Reviewing Unsolicited Quotations and Proposals* procedure, the Strategic Partnerships Office was not the sole point of contact for Paylt’s unsolicited proposal as required.

Similar to our audit report, our investigation found that in many cases, even after the unsolicited proposal was submitted, the Strategic Partnerships Office was not involved in or copied on communication between City staff and Paylt. Despite the City’s [then] Chief Procurement Officer advising City staff involved in the Paylt procurement about the procedure, communication continued.

Paylt Providing Procurement Information and Proof of Concept Proposal

Early communication from Paylt described its “unique” offering and the City’s ability to procure the Paylt platform as a non-competitive procurement

Paylt presented a demonstration of its digital platform to the City in July 2019. At this time, Paylt provided a handout to City staff and [then] Senior Management. The handout summarized certain criteria for a non-competitive procurement (also called a sole source) under the City’s by-law and policy and provided potential rationale for the City to engage with Paylt on that basis. In addition, following discussions with City officials, Paylt staff submitted a proposal, that included a “proof of concept” in August 2019, which outlined Paylt’s “unique”¹⁶ offering and value proposition. Ultimately, the City decided to undertake the proof of concept with Paylt, initially without the knowledge of the [then] Chief Procurement Officer.

Refer to **Exhibit 2** for Paylt’s handout and an excerpt of its proposal.

Paylt also provided a competitive analysis to a [then] CX staff member’s personal email address in July 2020, comparing Paylt’s platform to other organizations. The document stated, “*Paylt is the only digital platform that positions Toronto to execute this vision.*”

It is unknown whether these communications from Paylt influenced [then] Senior Management’s decision to pursue this procurement as a sole source and the extent to which they relied on Paylt’s information that they were unique (part of the criteria for an unsolicited proposal) without doing their own formal and thorough competitive analysis.

¹⁶ According to the audit report, twelve potential competitors were identified by the City or its external consultant as part of their market research.

Draft and Final Copies of July 2020 Report for Action for City Council provided prior to agenda publication deadline

July 2020 Report for Action addressed to City Council sent to Paylt in advance of its publication

During the unsolicited proposals period, a [then] CX staff member sent emails from their personal email address to Paylt, which included draft versions and a final version of the July 2020 Report for Action for City Council prior to its agenda publication date.¹⁷

According to the personal email correspondence that we reviewed, the [then] CX staff member sent the draft report to Paylt to solicit their input on some report contents.

According to their interview, the [then] CX staff member stated that the reason for sending the report was for “*partnership of sharing*” and because Paylt was a stakeholder. When asked if the Strategic Partnership Office was aware that they were sharing the draft versions of the report, the [then] CX staff member said, “*no.*”

Although it is reasonable to verify some details within a staff report to ensure accuracy, it is our view that only relevant excerpts from the staff report should have been sent for input, instead of the entire document. This correspondence should also have been completed through the staff member’s City work email, as it is a business record.

By-law prohibits disclosing confidential information, including draft staff reports

Section 192-1 of the *Toronto Public Service By-law* states confidential information includes draft **staff reports**. In addition, section 192-16 states a City **employee may not disclose any confidential information** unless required by law or authorized by the City. Refer to **section C. 1** for further discussion on the use of personal email.

B. 3. 2. Swiss Challenge Blackout Period

Communication continued between a City staff member and Paylt

Once the procurement of the digital platform moved to the Swiss Challenge process, our investigation found that some communication continued between one City staff member and Paylt, in addition to the designated PMMD employee assigned to the procurement. This communication occurred after the SC-nRFP was published and before the contract was awarded and executed (known as the blackout period), which is generally not allowed.

¹⁷ The July 2020 Report for Action was included as background information for [2020.EX15.5 – Innovative Partnership for Digital Government Platform](#), which the Executive Committee considered on July 21, 2020 and by City Council on July 28 and 29, 2020.

Procurement By-law states that all supplier communications shall be with the Chief Procurement Officer or the employee specifically designated for that purpose

Section 195-13.9 of the *Procurement By-law* relates to prohibited communication during a solicitation:

“No supplier, or affiliated person, may discuss or communicate either verbally, or in writing, with any employee, public office holder, or the media in relation to any solicitation between the time of the issuance of the solicitation to the award and execution of final form of contract, unless such communication is expressly permitted in the solicitation and in compliance with Chapter 140, Lobbying. All supplier communications shall be with the Chief Procurement Officer or the employee specifically designated for that purpose in the solicitation.”

Generally, the PMMD buyer is the designated employee for a procurement. Similarly in this case, the [then] PMMD Senior Corporate Buyer was the designated employee.

For this SC-nRFP, the blackout period was from September 17, 2020 (issuance of the solicitation) to June 25, 2021 (execution of final form of contract).

Communication between [then] CX staff member and Paylt

Our investigation found that, in addition to the designated PMMD staff member, a [then] CX staff member corresponded with Paylt representatives during the blackout period.

April 2021 Report for Action addressed to City Council sent to Paylt before publication

A [then] CX staff member emailed the CEO of Paylt from their personal email address before the contract was awarded with a copy of the Report for Action for City Council related to the April 2021 report prior to the publication date.¹⁸

In this case, the email correspondence appears to include a final version of the report, but the [then] CX staff member asks Paylt for any concerns and solicits feedback on a specific section of the report. As noted in the previous section, it is our view that only relevant excerpts from the staff report should have been sent for input and this should have been completed through the City work email.

¹⁸ The April 2021 Report for Action was included as background information for [2021.EX23.2 - Innovative Partnership to Accelerate Digital Services with Payments](#), which the Executive Committee considered on April 29, 2021 and by City Council on May 5 and 6, 2021.

Confidentiality requirements of the Toronto Public Service By-law violated

Emailing a City report prior to the publication date is a violation of the confidentiality requirements of the *Toronto Public Service By-law*, and, as detailed in **section C. 1** below, the use of personal email is also a violation of the *Acceptable Use of Information Technology Assets Policy*.

Communication from [then] PMMD Senior Corporate Buyer

PMMD provided Paylt with a breakdown of requirements needed for the SC-nRFP

During the blackout period, the [then] Senior Corporate Buyer communicated with Paylt from their City email address about Paylt's response to the SC-nRFP. Although this communication is allowed under the By-law, it appeared unusual that guidance was being provided to the original proponent only. It also appeared to demonstrate a close working relationship¹⁹ between the City and Paylt.

For example, an email dated September 23, 2020, indicated that a response from Paylt was needed due to the City's additional requirements in relation to the procurement of a digital platform in the SC-nRFP. The email included a breakdown of the requirement headings as per the SC-nRFP call document and noted which of the requirements Paylt had already provided as part of their unsolicited proposal, and what remained outstanding.

In follow-up correspondence, the [then] Senior Corporate Buyer confirmed that Paylt had already satisfied the requirements that were noted as "already provided".

Refer to **Exhibit 3** for correspondence between PMMD and Paylt during the blackout period.

Communication between City and Paylt not necessarily a procurement violation

The [then] Chief Procurement Officer stated in their interview that they were unaware of the blackout period correspondence but given the communication came from PMMD, and the fairness monitor was copied on the initial correspondence, it does not mean the *Procurement By-law* was violated. They indicated that they would have liked an opinion from Legal Services had they known about the correspondence at the time.

¹⁹ As noted previously, a close working relationship as defined in this report is referring to a professional partnership, which is not typically seen between City staff and a proponent prior to signing a contract. This type of close working relationship during the procurement period could lead to the perception of favouritism or the perception that the proponent can influence the City's decision making.

Legal Services was not aware of any advice solicited at the time and indicated that they would not have expected to be consulted on *“routine email communications between suppliers and the buyer who has been designated as the Procurement Contact.”*

The City’s current Chief Procurement Officer is of the view that the correspondence from the designated PMMD staff would not breach the *Procurement By-law*. However, they stated that the Chief Procurement Officer or PMMD Director ought to have been consulted prior to this communication being sent as a matter of best practice.

Communication from the designated PMMD staff to Paylt appeared to be more administrative in nature and did not disclose any new information. Therefore, there does not appear to be a breach of the *Procurement By-law* regarding the [then] Senior Corporate Buyer’s correspondence with Paylt.

B. 4. Conclusion

Concerns that City policies and procedures were not followed

Our investigation found concerns regarding City staff and [then] Senior Management not following City policies, processes and best practices.

- For the **unsolicited proposal process**, [then] Senior Management should have known the City's policy and given the criteria were not clearly met, the City should have proceeded with a competitive procurement. This is consistent with the 2024 audit report findings.
- [Then] Senior Leadership Team **proceeded with the proof of concept** without seeking authority from City Council, creating a **lack of transparency** during the process. It is unclear whether conducting a proof of concept prior to a Swiss Challenge would result in an unfair advantage for the original proponent. As noted, Paylt's proof of concept was disclosed in the SC-nRFP, other successful proponents would have had an opportunity to conduct a proof of concept, and the City's *Conducting a Swiss Challenge Procedure* allows the original proponent to match any other proposal.
- Additionally, a staff member provided reports to Paylt **prior to them being made public** during the unsolicited proposal process and the Swiss Challenge procurement, which is a breach of the *Toronto Public Service By-law* and the *Procurement By-law*. However, we note that this did not appear to provide Paylt with an unfair advantage since the reports were made public shortly thereafter.

As per our second line of inquiry, throughout the investigation we considered whether there was any indication of wrongdoing in the procurement process. When asked during interviews under oath, [then] Senior Management indicated that they did not have any knowledge, suspicions or concerns of any wrongdoing.

Although there were policy and by-law violations as noted in this report, in the Auditor General's view, these do not meet the threshold for wrongdoing as defined by the *Toronto Public Service By-law*.

Based on the interviews and available evidence reviewed, we did not identify indications of wrongdoing in relation to the procurement of Paylt.

Implementing the 2024 audit report recommendations will improve the unsolicited proposal policy and process and support addressing the proof of concept process concerns.

C. Other Observations – Including Personal Emails and Potential Reasons/Motivation for Not Complying with City Policy and By-laws

C. 1. Use of Personal Email Addresses for Communication

Our investigation found that there was direct communication between Paylt and City staff through personal email addresses.

Policy requires City-related business to be stored on City devices or the City's server

The City's *Acceptable Use of Information Technology Assets Policy* clearly states, "All information, records and data related to City business and created or legally acquired using the City's Information Technology Assets must be stored on the City's network server or on an Information Technology Asset owned or under contract to the City."

Types of correspondence sent via personal email addresses

Further to the communications noted in **section B. 3** above, we found additional correspondence through personal email addresses between [former] City staff, [then] Senior Management and Paylt. A [then] CX staff member and Paylt's co-founders voluntarily provided the Auditor General's Office with personal emails related to the procurement. The Auditor General also issued a summons to a [then] CX staff member and [then] Deputy City Manager of Corporate Services, for all email correspondence and all text messages on personal devices related to Paylt, as they both had key roles in the procurement process and we had reasonable grounds to summons the information.

Personal email communications provided to us voluntarily or via summons included:

- data, talking points, and feedback from Paylt, some of which included non-public information about the company;
- draft and final copies of staff reports, presentations, excerpts, and a business case to Paylt, in addition, a link to a procurement notification for the upcoming SC-nRFP;
- status updates and administrative items, such as confirming and arranging telephone calls;
- news media related to the procurement; and
- requests from Paylt related to potential business development opportunities with other government entities and to assist with being a reference.

Most of the emails were brief and contained an attachment or link without additional context.

Some correspondence was sent from a [then] CX staff member's City email address to their personal email address before they then sent the communication to Paylt. This suggests that the use of personal email was purposeful and not simply a matter of convenience. The [then] CX staff member stated in their interview that they were told to be mindful of Freedom of Information (FOI) requests.²⁰ Specifically, they stated that when they started at the City, they did not have a personal phone and they were told in general to be mindful of FOI requests.

Although the correspondence indicated a close working relationship between a City staff member and Paylt; based on the available information, the email contents, and the volume of personal emails reviewed, this does not meet the threshold of wrongdoing.

Interviewees noted it was not common to use personal phones

Interviewees noted it was uncommon to use personal phones to conduct City-related work. However, some stated it may have occurred on an exceptional basis. No personal text messages from City staff and/or [then] Senior Management were provided during the investigation. As noted in the scope limitations, personal mobile device records were not summoned, except for personal text messages and emails related to Paylt from a [then] CX staff member and the [then] Deputy City Manager of Corporate Services. Overall, due to the length of time since the procurement, it is difficult to determine the extent of communication through personal devices.

Emails from City email addresses to personal email addresses of City staff and from personal email addresses to other City staff

Email review and interviews also revealed that some City staff and [then] Senior Management sent emails from their City email address to their own personal email address and to each other at times. One interviewee commented they sometimes did that to be able to print from home. We recognize that the Paylt procurement took place during the COVID-19 pandemic and some City staff may not always have had access to City printers.

Similarly, there was correspondence between City staff and [then] Senior Management from and to personal email addresses. For example, correspondence from Paylt was forwarded to the personal email address of a member of the [then] Senior Leadership Team and a member of the [then] Senior Leadership Team shared a media article with City staff.

²⁰ Freedom of Information (FOI) requests are formal requests for records of the City of Toronto. The *Municipal Freedom of Information and Protection of Privacy Act* establishes a general right of access to the information held by local governments and institutions. The Act also protects the privacy of individual's personal information that are part of government records.

Conclusion

City staff and [then] Senior Management, at times, used their personal email addresses to conduct City business, which is a breach of the City's *Acceptable Use of Information Technology Assets Policy*.

The full extent of business conducted through personal devices and email addresses is unknown. Although the correspondence reviewed indicated a close working relationship between City staff and Paylt, based on the available information, the email contents, and the volume of personal emails reviewed, this does not meet the threshold of wrongdoing as defined by the *Toronto Public Service By-law*.

C. 2. Culture Appeared to Motivate City Staff and Senior Management Actions

One of our objectives of this investigation as outlined in our second line of inquiry, was to determine any further reasoning or motivation for staff not following the City's policy and process throughout the procurement of the Paylt platform, based on additional interviews and any potential additional City records located on City servers or on private cell phones and emails of senior City staff.

This section of the report outlines our observations with regards to this objective and given the lack of available documentation, is based primarily on interviews and emails. This includes the views and opinions expressed by the interviewees.

Above-average pressure felt by certain interviewees

Throughout our interviews, certain interviewees indicated they felt and/or witnessed an above-average level of pressure from the [then] Senior Leadership Team throughout the procurement due to tight timelines, which were intensified because of the COVID-19 pandemic. In addition, there was a general understanding that the [then] Senior Leadership Team wanted the digital transformation, that included the procurement of Paylt, to keep moving forward.

Certain interviewees did not feel supported by [then] Senior Management

Certain interviewees expressed that they did not feel consistently supported or encouraged to have open dialogue with [then] Senior Management. Rather, certain interviewees expressed they were hesitant to have dissenting views and felt compelled to continue moving forward with the procurement.

For example, certain staff felt pressure to continue with the proof of concept after learning there was no authority for this, since it had already started and the [then] Senior Leadership Team continued to ask for updates on the project. In addition, certain staff members agreed that there was pressure to ensure that Paylt submitted a valid bid, as they did not want the whole process to be in vain.

When asked about the above, a member of the former Senior Leadership Team said that *“it’s not reflective of how I operate or the culture expected. In complex situations, perceptions can differ, and it’s important to reflect on that. What I can say is there was a clear process in place, so staff had clarity as they moved forward and with open dialogue.”*

Several City staff members were new to their role with the City

Several City staff members working on the Paylt procurement were new to their role. Some of these interviewees indicated that this may have contributed to the feeling of pressure during the process, and the desire to please [then] Senior Management.

No documented resolution to the concerns raised

As previously noted, the [then] Chief Procurement Officer’s concerns surrounding the proof of concept were not adequately addressed and the project moved forward without obtaining the proper authority to do so. The [then] Chief Procurement Officer was not included in discussions with the [then] Senior Leadership Team and was not advised how or whether their concerns were addressed, despite sending a follow up email in January 2020. No documentation or email correspondence was found to confirm how the concerns were addressed.

When asked about this, former members of the Senior Leadership Team stated there was a *“governance cadence of regular meetings at all levels where many opportunities and challenges were discussed”*. Further, at the time *“we had in person meetings as part of our typical governance structure on projects which we did not take minutes for, at that time follow up was not done in emails or memos, we did much of our work, decision making etc. verbally”*.

Further, the [then] Chief Procurement Officer stated their name appeared as a contact (rather than as a signatory) on the July 2020 report to City Council recommending that the Paylt platform be procured as a sole source; however, this did not mean they supported the approach. The [then] Chief Procurement Officer’s view was that by not signing the report, it was a *“way to show lack of support”* as the [then] Chief Procurement Officer explained they would normally be a co-signatory to a procurement report to Committee and City Council.

Motivations of [then] Senior Leadership Team

In our interviews, the former Senior Leadership Team expressed that their motivation for pursuing the Paylt procurement included:

- The need for digital transformation and operational efficiencies at the City to modernize the customer experience and to better serve the public, which was accelerated by the COVID-19 pandemic
- The Paylt platform was viewed as favourable since there were no up-front capital costs and no commitment required by the City (prior to the award of the contract)
- The short timeframe needed for Paylt to implement and scale the platform
- To meet the expectations of the residents of Toronto and City Council

For example, the [then] CX staff member stated that they were told by a member of the [then] Senior Leadership Team the City was *“constantly criticized for not being fast enough and not delivering services quick enough.”*

The [then] City Manager stated in their interview that there was pressure in terms of,

“we have deadlines, we have the quality of work that needs to be done ...” However, they also stated, *“no one was [concerned about] any kind of repercussion to their employment because of working on this file. ...If someone did raise that kind of thing to me, that would probably set off alarm bells for me as to whether or not the culture, the working environment is a good one ...”* and, *“I didn’t get anything ... to say that we were ‘off our rails’, burning people out, compromising people’s integrity or anything like that. That never came through by any of my recollection ...”*

They agreed that the idea that individuals may have felt an above average level of pressure was *“concerning”* and that they would have liked *“to understand [the nature of] it.”*

During their interview, while discussing the proof of concept, the [then] City Manager also commented on the need for innovation by stating, *“...just keep in the back of your mind about government and the need to innovate and the need to be able to do things that are not conventional...”* but also recognized that there is a need for policies and procedures by stating, *“I’m not saying ignore the policies, don’t worry about it and innovation is number one, I’m not saying that at all.”*

Conclusion

Based on what was expressed during the interviews, both staff and [then] Senior Management expressed feelings of pressure for different reasons. Also, based on interviews, staff and [then] Senior Management were not aware of any further motivations beyond what was stated above and in this report.

Conclusion

This report presents the results of the Auditor General’s investigation into the Paylt platform, including further investigation of the breakdown in the score sheet used for the SC-nRFP; whether there are additional City records that merit further investigation; and whether further investigation on the procurement is required.

Our first line of inquiry was:

*“an explanation for the **removal of the detailed scoring breakdown** in the published call document for proponents of the Swiss Challenge negotiated Request for Proposal (SC-nRFP), determining **who removed** the detailed scoring and **who approved** this change; and, beyond City Council’s request, **whether any wrongdoing occurred** on behalf of any current or former City staff and/or Senior Management.”*

[Then] Senior Corporate Buyer removed detailed scoring breakdown; conflicting/insufficient evidence on who approved and why

Our investigation determined the [then] Senior Corporate Buyer removed the detailed scoring breakdown, but there was conflicting and insufficient evidence to conclude on who directed them to do so and who approved the change, and why the change was made. None of the interviewees questioned could recall a specific discussion or meeting related to this matter. Given there is no requirement to provide a detailed breakdown of the scoring and all proponents received and were evaluated on the same criteria, Paylt does not appear to have received an unfair advantage.

Based on the interviews and available evidence reviewed, our investigation did not identify wrongdoing related to the scoring breakdown removal in Stage 2B of the SC-nRFP call document.

The second line of inquiry was:

*“based on additional interviews and any potential additional City records located on City servers or on private cell phones and emails of senior City staff that provide further information and/or merit further investigation and beyond City Council’s request to **determine any further reasoning for not following the City’s policy and process** throughout the procurement of the Paylt platform during 2019 to 2021, including the **unsolicited proposal, proceeding with the proof of concept** and the **transparency of reporting to City Council**; and, **whether any wrongdoing occurred** on behalf of any current or former staff and/or Senior Management.”*

City staff and management did not always follow policies and processes

Consistent with the findings of our 2024 audit report, our investigation found that City staff and [then] Senior Management did not always follow City policies, processes and by-laws. We specifically noted the following instances of non-compliance:

- for the **unsolicited proposal process**, [then] Senior Management should have known the City's policy and since the criteria were not clearly met, the City should have proceeded with a competitive procurement;
- [then] Senior Management proceeded with the **proof of concept** without seeking authority from City Council, creating a **lack of transparency** in the process;
- a staff member provided reports to Paylt **prior to them being made public** during the unsolicited proposal process and the Swiss Challenge procurement, which is a breach of the *Toronto Public Service By-law* and the *Procurement By-law*;
- City staff sent and received emails from their **personal email** addresses during the procurement, which is a breach of the *City's Acceptable Use of Information Technology Assets Policy*.

Implementing recommendations from our 2024 audit report, [Reinforcing the Importance of Openness, Fairness and Transparency in City Procurement: An Audit of the Procurement and Implementation of the Paylt Unsolicited Proposal](#), will improve the unsolicited proposal policy and process and the *Conducting a Swiss Challenge Procedure*, and will support addressing the first two concerns above.

With regards to the third and fourth concerns above, we note that since the Paylt procurement, the Senior Leadership Team that were involved have retired from the City. The current Senior Leadership Team can continue to model and promote a culture that encourages compliance with City policies and by-laws.

Pressure felt by both staff and the former Senior Management, for different reasons, contributed to non-compliance with City policies

With regards to the reasoning for not always following the City's policies and procedures, both staff and the former Senior Management interviewees said they felt pressure, for different reasons, to proceed with the digital transformation, which included the Paylt procurement. The former Senior Leadership Team also wanted to meet the City's need for digital transformation and operational efficiencies, to modernize the customer experience and to better serve the public, which was accelerated by the COVID-19 pandemic.

No wrongdoing identified based on available evidence reviewed

When asked during interviews under oath, [then] Senior Management indicated that they did not have any knowledge, suspicions or concerns of any wrongdoing. Based on the interviews and available evidence reviewed, although there were policy and by-law violations noted in this report, we did not identify wrongdoing as defined by the *Toronto Public Service By-law*.

Auditor General's view that further investigation is unlikely to provide further information or benefits

Given the challenges that arise from the length of time that has passed since the unsolicited proposal and procurement of Paylt began (approximately seven years), including the lack of available information and devices, as well as the inability of individuals to recall accurately or completely, it is the Auditor General's view that further investigative work is unlikely to yield any further relevant information and/or benefits that would materially impact the findings of this investigation. We also note that Senior Management and the Senior Leadership Team referred to in this report are no longer with the City or are in different roles.

If new information becomes available, the Auditor General will re-evaluate the need to conduct further investigative work at that time.

We express our appreciation for the co-operation and assistance we received from current and former City staff and Senior Management throughout our investigation.

Objectives, Scope and Methodology

Objective was to address two lines of inquiry

The objective of the investigation was to address the following lines of inquiry:

- i. an explanation for the **removal of the detailed scoring breakdown** in the published call document for proponents of the Swiss Challenge negotiated Request for Proposal (SC-nRFP), determining **who removed** the detailed scoring and **who approved** this change; and, beyond City Council's request, **whether any wrongdoing occurred** on behalf of any current or former City staff and/or Senior Management; and,
- ii. based on additional interviews and any potential additional City records located on City servers or on private cell phones and emails of senior City staff that provide further information and/or merit further investigation and beyond City Council's request to determine **any further reasoning for not following the City's policy and process** throughout the procurement of the Paylt platform during 2019 to 2021, **including the unsolicited proposal**, proceeding with the **proof of concept** and the **transparency of reporting to City Council**; and, **whether any wrongdoing occurred** on behalf of any current or former staff and/or Senior Management.

Scope

The investigation focused on the period of the unsolicited proposal and the procurement of the Paylt platform, primarily from January 2019 to June 2021.

This investigation did not include reviewing the registration of potential lobbying matters and compliance with *Toronto Municipal Code* Chapter 140, *Lobbying and City of Toronto Act* sections 168 and 169. Inquiries into lobbying registration and compliance with the system of registration fall under the jurisdiction of the City's Lobbyist Registrar.

Similarly, this investigation did not include reviewing any potential involvement or conduct of members of City Council and elected and appointed City officials. Inquiries into the application of the Code of Conduct for Members of Council, the application of any procedures, rules and policies of the City governing the ethical behaviour of members of City Council, and the application of sections 5, 5.1, 5.2 and 5.3 of the *Municipal Conflict of Interest Act* to members of City Council fall under the jurisdiction of the City's Integrity Commissioner.

Methodology

Our office conducted the investigation with the support of a professional services firm. We undertook sufficient work to address the lines of inquiry. The investigative approach included:

- reviewing and analyzing available emails and electronic documents;
- interviewing current and former City staff, Senior Management, and relevant stakeholders;
- reviewing relevant City policies and procedures; and,
- other investigative and analytical procedures, as required.

Detailed Approach

The Auditor General's Office and the external professional services firm relied on the following information when conducting the investigation:

a) Interviews:

- Twenty-six interviews with 20 individuals were conducted, including current and former City staff and Senior Management, the fairness monitor consultants, a third-party consultant, and two City councillors.
- Interviews of external stakeholders and former employees that reside in Ontario were conducted under oath or affirmation²¹, and interviews of other stakeholders, such as interviews of Councillors or those residing outside of Ontario, were not under oath. Interviews of current employees were not under oath as current employees are required to fully co-operate under the *Toronto Public Service By-law*.
- Current and former City staff and Senior Management interviewed were from the following City divisions and offices: Purchasing and Materials Management, Customer Experience unit (part of the Deputy City Manager of Corporate Services' office), Technology Services, Revenue Services, 311 Toronto, Finance & Treasury Services, Corporate Services, Strategic Partnerships Office (part of the City Manager's Office), and Legal Services.
- Former Senior Leadership Team members interviewed included the [then] City Manager, the [then] Deputy City Manager of Corporate Services and the [then] Chief Financial Officer & Treasurer.

²¹ Former employees and third parties within Ontario were issued a summons to appear for an interview under oath or affirmation under the *Public Inquiries Act* pursuant to the Auditor General's *City of Toronto Act* powers. Employees are expected to fully co-operate in an investigation as required under the *Toronto Public Service By-law* and therefore, employees did not need to be summonsed and issued an oath or affirmation.

- b) Email review of City email accounts of 12 relevant current or former City staff and/or Senior Management.
- c) Email review of personal emails produced voluntarily and/or under summons by some individual stakeholders.
- d) Electronic document review, including but not limited to:
 - Proof of Concept Proposal to the City of Toronto prepared by Paylt (July 2019)
 - Paylt Kickoff Presentation prepared by the City of Toronto (November 2019)
 - Proof of Concept Evaluation prepared by the City of Toronto (March 2020)
 - Swiss Challenge Negotiated Request for Proposals (SC-nRFP) for the Provision of a Digital Government Platform prepared by the City of Toronto (September 17, 2020)
 - Swiss Challenge Negotiated Request for Proposals (SC-nRFP) for the Provision of a Digital Government Platform – Evaluator Technical Scoring Workbook, (November 3, 2020)
 - Digital Government Platform Procurement Process, Fairness Monitor’s Report (January 11, 2021)
 - Letter from the City regarding post-award dispute for the Swiss Challenge Negotiated Request for Proposal (May 25, 2021)
 - Auditor General performance audit interview notes
- e) Purchasing and Materials Management Division’s shared drive on the City server for the Paylt procurement
- f) Documentation related to the procurement of the digital government platform from the online procurement system, SAP Ariba
- g) City policies and procedures, including:
 - Unsolicited Quotations for Proposals Policy (September 2007)
 - Process for Receiving and Reviewing Unsolicited Quotations and Proposals (January 2008)
 - Conducting a Swiss Challenge Procedure (June 2008)
 - Acceptable Use of Information Technology Assets Policy (February 2018)
- h) City Council meeting recordings, including July 28, 2020 (EX15.5), March 10, 2021 (DM30.1) and May 5, 2021 (EX23.2)

- i) Executive Committee meeting recordings, including July 21, 2020 (EX15.5), and April 29, 2021 (EX23.2)

Scope limitations

The Auditor General's Office and the external professional services firm identified the following scope limitations:

- a) Lack of available City-issued electronic devices and records:
 - i. City-issued devices, including laptops, mobile phones and tablets for former City staff and Senior Management were unavailable for most individuals involved in the Paylt procurement. Since they have left the City, their devices were decommissioned or redeployed to other users.
 - ii. Text messages from former City staff and Senior Management were unavailable since they were stored locally on the devices that were decommissioned or redeployed to other users except as otherwise noted.
 - iii. Call logs related to City cell phone numbers were not reviewed, except for one City staff member, as the call logs do not provide the message contents, but rather capture the phone numbers called, the call date, location, and the number of SMS messages in a month. Call logs also do not show other messaging platform content such as iMessage or WhatsApp messages.
 - iv. Jabber chat histories were stored locally on staff devices, and therefore no records were available for review since devices were decommissioned or redeployed.
 - v. WebEx²² call history is only held for 30 days and was therefore unavailable for the time of interest. WebEx instant messaging was introduced in 2021 after the period of interest and is only held for 30 days.
- b) Personal emails and mobile device records were not summonsed for all stakeholders. Personal emails and text messages were summonsed for one former City staff member and one former Senior Leadership Team member since there was evidence of personal email use, thereby providing reasonable grounds to issue a summons. In addition, one former City staff member and Paylt's co-founders voluntarily provided personal emails related to Paylt.

²² WebEx by Cisco refers to the system used by the City for communication for the scope period of our investigation, including videoconferencing, messaging and calls.

- c) Lack of availability of certain former City staff and/or Senior Management and third parties:
- The City's former Chief Technology Officer declined to participate in an interview. Since they currently reside outside Canada, we could not issue a summons due to jurisdictional reasons. To partially mitigate this limitation, a Technology Services Division staff member that was involved in the procurement of Paylt was interviewed.
 - In lieu of an interview, the lobbyist and the CEO of Paylt responded in writing to multiple rounds of questions provided by the Auditor General's Office.
- d) Consistent with the 2024 audit report, we found a general lack of meeting minutes or notes to document key decisions.
- e) The length of time that has passed since the procurement may have affected interviewees' ability to recall events fully or accurately, and personal notes may have been disposed.

Despite these limitations, based on the detailed analysis and the evidence obtained, we have gathered and reviewed sufficient appropriate information to provide a reasonable basis for our findings, conclusions and concerns.

As detailed above, due to the lack of available information and devices, as well as the length of time passed since the Paylt procurement, further investigative work is unlikely to yield information and/or benefits that would materially impact the findings of this investigation. However, if new information becomes available, the Auditor General will re-evaluate the need to conduct further investigative work at that time.

**This is an investigation,
not an audit**

The work performed in relation to this investigation report does not constitute an audit conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS).

Exhibit 1: High-Level Chronology of Events

Year	Month	Event
2019	Jan	- Paylt representative reached out to City staff
	Feb	- Paylt provides demonstration for senior City management
	July	- Paylt provides a second demonstration for senior City management. Meeting is followed by action items including possible proof of concept
	Aug	<ul style="list-style-type: none"> - Paylt submits proposal to City staff - Project staff contact the [then] Chief Procurement Officer about the potential for a sole source approach - Chief Procurement Officer identifies that the proposal looks like an unsolicited proposal and refers staff to the Strategic Partnerships Office - Project staff contact Strategic Partnerships Office and receive guidance on how to proceed, including the need for a Swiss Challenge - Strategic Partnerships Office receives an unsolicited proposal from Paylt
	Sept	- Strategic Partnerships Office sends project staff the Swiss Challenge procedure
	Oct	<ul style="list-style-type: none"> - Strategic Partnerships Office meets with project staff to discuss unsolicited proposal - Divisional staff and [then] Senior Leadership Team decide to proceed with the proof of concept
	Nov	<ul style="list-style-type: none"> - Paylt proof of concept commences - Project staff appeared to reach out to the Strategic Partnerships Office on next steps - [Then] Chief Procurement Officer learns about the proof of concept, raises concerns regarding authority to project staff, the Controller and Legal
	Dec	- Divisional staff and Paylt work closely on proof of concept
2020	Feb	- Proof of concept finishes
	Mar	- Report is submitted to the City Clerk's Office to include in the March 2020 Executive Committee meeting agenda. Meeting does not proceed due to the COVID-19 pandemic
	July	<ul style="list-style-type: none"> - [Then] CX staff member sends draft and final report for City Council to Paylt representative - City Council considers report recommending City Council authorize sole sourced agreement with Paylt. City Council refers the item back to the [then] City Manager Agenda Item History - 2020.EX15.5 (toronto.ca)
	Aug	<ul style="list-style-type: none"> - Notice of Intended Procurement for Swiss Challenge nRFP is posted - City engages fairness monitor
	Sept	- Swiss Challenge nRFP is issued
	Oct	- Swiss Challenge nRFP closes
	Nov	- Evaluation of Swiss Challenge nRFP
	Dec	- Paylt is declared the preferred supplier
2021	Jan	- Fairness Monitor completes fairness attestation
	Feb	- Negotiations begin with Paylt
	Mar	<ul style="list-style-type: none"> - City Council considers (Jan 2021) report providing an update on the Swiss Challenge nRFP process and outlining next steps. City Council requests the Auditor General to consider a review of the Toronto Office of Partnerships as part of the next Auditor General's Annual Work Plan, with a focus on its relationship to public procurement Agenda Item History - 2021.DM30.1 (toronto.ca)
	Apr	- [Then] CX staff member sends a final report for City Council to Paylt representative

May	- City Council considers (Apr 2021) report recommending City Council authorize staff to enter into an agreement with Paylt. Council adopts the recommendations Agenda Item History - 2021.EX23.2 (toronto.ca)
June	- Agreement with Paylt is signed

Exhibit 2: Early Communication from Paylt

A. Handout Provided to Customer Experience Staff During Early Paylt Demonstration

On August 8, 2019, the registered lobbyist for Paylt emailed Customer Experience staff the attachment below stating, “Please find attached the document we handed out in the demo a few weeks ago...” This handout summarizes certain criteria for a non-competitive procurement under the City’s procurement by-law and policy and provides potential rationale for the City to engage with Paylt on that basis.



City of Toronto Can Easily Engage Directly With Paylt

- Toronto’s Procurement Process States in **Purchasing by-law, Article 7, SS 195-7.1.;**
 - *A non-competitive procurement may be undertaken where both the proposed non-competitive procurement and the particular supplier can be justified in good faith, based on one or more of the following:*
 - *“B. An absence in the marketplace for technical reasons”*
 - *“C. The existence of exclusive rights such as patent, copyright, license or warranty restrictions;”*
 - *K. “Another organization is funding, or substantially funding, the procurement and the City has determined that the supplier and the terms and conditions of the proposed contract*
 - **Source:** https://www.toronto.ca/wp-content/uploads/2017/12/8ce2-1184_195.pdf

Compliant with Toronto’s Procurement Policy, Paylt’s platform is patent-pending, exclusive and proprietary intellectual property – therefore there is an absence of competitors and cannot be replicated.

- Toronto’s Procurement Process States in **Procurement Process Policy Article 15.1.1;**
 - *“...the City staff accountable for the noncompetitive procurement must still be satisfied that the negotiation process achieves the optimum value for public money, prior to the approval of the non-competitive contract.”*
 - **Source:** <https://www.toronto.ca/wp-content/uploads/2017/08/9587-Procurement-Processes-Policy-January-1-2017.pdf>

Compliant with Toronto’s Procurement Policy, engaging with us will incur no cost on behalf of the City of Toronto

Directly Engaging with Paylt will provide Solutions to:

- Currently, the City of Toronto does not have its own online payment portal, so:
 - a) Is NOT equipped to take payments from Debit Cards or non big 5 bank cards (PC financial etc.) leaving a large portion of city residents, especially younger residents, unable to utilize the payment part of digitized Toronto Services
 - b) Has been leaking revenue by assuming the ‘administration fee’ of each transaction
- *Direction from the Mayor will allow Paylt to provide solutions to these issues immediately without disruption to Toronto’s existing online infrastructure.*



B. Excerpt from PayIt's Proposal

On August 12, 2019, PayIt's Co-Founder emailed Customer Experience staff with PayIt's proposal, which included information on PayIt's "unique" offering.

Unique Offering

There is no vendor in the Canadian or U.S. markets that provides the end-to-end service delivery in this space with all of the components offered by PayIt, including a turnkey process that can be configured and implemented in an accelerated time fashion (e.g. 3 months). The following factors and combination of features are unique to PayIt and are not provided by any other vendor in the market:

- The PayIt platform and product offering has been awarded patent-pending status by the United States Patent and Trademark Office.
- PayIt products are delivered via our enterprise grade government transaction platform; not via custom-developed applications.
- PayIt delivers all services into one unified application across all government services – presenting one modern web and mobile application to citizens for all City services.
- PayIt integrates payment processing (including settlement, reporting and reconciliation) with digital government services in a single, fully-managed solution.
- The PayIt platform supports both enterprise web and mobile applications through a single code base.
- PayIt solutions are configured and delivered in a matter of weeks, fully supported under a SaaS agreement, efficiently maintained, enhanced, and adjusted as-needed on an ongoing basis.
- PayIt solutions are delivered to the City at no cost; utilizing transaction fees to support the platform.
- PayIt provides a unique combination of features, that are present only in the PayIt platform, including:
 - *Users can create a payment profile which enables quick, easy payment across any government transaction; payment and profile information is encrypted to facilitate secure storage and simplify subsequent transactions.*
 - *PayIt products provide continuity between web and mobile applications (e.g. a user can begin a process on the web application and complete it on the mobile application, all user profile information is available in both applications, etc.).*
 - *PayIt's government wallet allows individuals to securely store key government documents, including bills, receipts, and permits/licenses electronically in a single, accessible repository.*
 - *The PayIt platform leverages emails, push notifications and in-app alerts to notify citizens of upcoming bills, court appointments, and other key milestones to enhance timely revenue collection and support citizen compliance.*
 - *PayIt leverages a conversational user-interface which simulates a face to face conversation with citizens, taking the guesswork out of doing business with a user.*

Exhibit 3: Correspondence between PMMD and Paylt During Blackout Period

Re: City of Toronto Doc2613823889 - Swiss Challenge Negotiated Request for Proposal, Follow-Up

[Redacted] @payitgov.com>

Reply Reply All Forward

Fri 10/30/2020 11:03 AM

If there are problems with how this message is displayed, click here to view it in a web browser.
Click here to download pictures. To help protect your privacy, Outlook prevented automatic download of some pictures in this message.

Ahh! I will adjust the submission and upload those files as zips.

Thanks! - [Redacted]

Right-click or tap and hold here to download pictures [Redacted]

[Redacted] payitgov.com

Newsroom | LinkedIn

Right-click or tap and hold here to download pictures [Redacted]

On Oct 30, 2020, at 10:00 AM, [Redacted] @toronto.ca> wrote:

Hi [Redacted]

I was just about to reach out and low and behold I see that you submitted your response. I don't anticipate the below being a problem, however if multiple files are being uploaded they should be done so as a zipped file. I will continue to keep you posted on next steps!

[Redacted]
Senior Corporate Buyer, Professional Services
Purchasing & Materials Management Division
19th Floor West Tower City Hall, 100 Queen Street West, M5H 2N2

VACATION ALERT:
November 12th, 13th, 27th
December 11th, and tentatively 29th, 30th, 31st

From: [REDACTED]@payitgov.com]
Sent: October 30, 2020 10:57 AM
To: [REDACTED]@toronto.ca>
Cc: [REDACTED]@payitgov.com>
Subject: Re: City of Toronto Doc2613823889 - Swiss Challenge Negotiated Request for Proposal, Follow-Up

[REDACTED]

I am confirming that we have submitted our full response. One note, the procurement site would not allow multiple files to be uploaded for any section, nor was there a mechanism to upload a file elsewhere. Therefore we appended the narrative on value added benefits to the primary response file and provided an explanation as to why we did this.

Please let me know if there is anything else needed, etc.

Thank you for your assistance in this process!

- [REDACTED]

 [REDACTED]
[REDACTED]
[REDACTED]@payitgov.com
[Newsroom](#) | [LinkedIn](#)

On Oct 26, 2020, at 5:57 PM, [REDACTED]@toronto.ca> wrote:

Hi [REDACTED]

Addendum No. 5 has been published.
Please note that Part 5 – Pricing has been updated and that your proposal must accompany this updated price form in order to be deemed compliant. Let me know if you have any questions or concerns, thank you.

[REDACTED]
Senior Corporate Buyer, Professional Services
Purchasing & Materials Management Division
19th Floor West Tower City Hall, 100 Queen Street West, M5H 2N2
[REDACTED]

VACATION ALERT: October 13th to 16th, and November 9th to 13th.

<image001.png>

From: [REDACTED]
Sent: October 22, 2020 9:02 PM
To: [REDACTED]@payitgov.com>; [REDACTED]@payitgov.com>
Subject: City of Toronto Doc2613823889 - Swiss Challenge Negotiated Request for Proposal, Follow-Up
Importance: High

Hi [REDACTED]

Hoping this communication finds you both safe and well.
We are one week away from closing on our Swiss Challenge Negotiated Request for Proposal, and I just wanted to check in to see how things were progressing with our updated requests to the Unsolicited Proposal.
I have confirmation that you have all signed up in the Ariba system, and have been receiving the Addendums, and have attached for your convenience.

Are you able to provide an update, and/or confirmation with regards to where things are on your end so to ensure we, the City, are able to hit the ground running as soon as the deadline has been reached?

Any feedback you can provide is appreciated. Thank you,

[REDACTED]
Senior Corporate Buyer, Professional Services
Purchasing & Materials Management Division
19th Floor West Tower City Hall, 100 Queen Street West, M5H 2N2
[REDACTED]

VACATION ALERT: November 9th to 13th.

<image001.png>

<Doc2613823889 Addendum 5.zip>

RE: City of Toronto Doc2613823889 - Swiss Challenge Negotiated Request for Proposal, PayIt

[REDACTED]
To [REDACTED]
Cc [REDACTED]

Reply Reply All Forward ...

Wed 09/30/2020 3:56 PM

 Click here to download pictures. To help protect your privacy, Outlook prevented automatic download of some pictures in this message.

Hi [REDACTED]

Thank you for the quick response. For the items listed as "already Provided", it is confirmation that you have already satisfied the requirement. With the exception of the POC, which you will be exempted from having to do again, the intention is to have a proposal from yourself in the manner requested for (structurally as per proposal content) to ensure an easy read, and fair evaluation by the evaluators. It would be nice if you could include the already provided information in your proposal as would be more user friendly for the evaluators. Let me know if still unclear.

Further to this, I noticed you did not participate in the optional information session held last Friday September 25 @ 1:00p.m for a walkthrough of the procurement process, and requirements for deliverables. Given this, I trust that everything thus far is self-explanatory given your role and City expectations in the process. If not, please let me know at your earliest convenience.

Cheers,

[REDACTED]
Senior Corporate Buyer, Professional Services
Purchasing & Materials Management Division
19th Floor West Tower City Hall, 100 Queen Street West, M5H 2N2
[REDACTED]

VACATION ALERT: October 13th to 16th, and November 9th to 13th.



From: [REDACTED]@payitgov.com]
Sent: September 30, 2020 1:37 PM
To: [REDACTED]@toronto.ca>
Cc: [REDACTED]@payitgov.com>; [REDACTED]@toronto.ca>; [REDACTED]
Subject: Re: City of Toronto Doc2613823889 - Swiss Challenge Negotiated Request for Proposal, Payit

I can confirm we are able to accommodate the asks. One clarifying question at this point... For the items that are labeled "ALREADY PROVIDED", does that mean we do not need to provide them in this new proposal?

Thank you! - [REDACTED]

Right-click or tap and hold here to download pictures [REDACTED]
[REDACTED]
[REDACTED]@payitgov.com
[Newsroom](#) | [LinkedIn](#)
Right-click or tap and hold here to download pictures [REDACTED]

On Sep 30, 2020, at 12:14 PM, [REDACTED]@toronto.ca> wrote:

H [REDACTED]

Just checking in as I will be off this Friday, and the week of thanksgiving.. were there any questions or concerns in relation to the earlier communication sent to your attention? I want to ensure its clear what City expectations are, and that Payit will in fact accommodate the asks to ensure the process set out for the successful award of this service. Thank you,

[REDACTED]
Senior Corporate Buyer, Professional Services
Purchasing & Materials Management Division
19th Floor West Tower City Hall, 100 Queen Street West, M5H 2N2
[REDACTED]

VACATION ALERT: October 13th to 16th, and November 9th to 13th.

<image001.png>

From: [REDACTED]@payitgov.com]
Sent: September 24, 2020 9:38 AM
To: [REDACTED]@toronto.ca>
Cc: [REDACTED]@payitgov.com; [REDACTED]@toronto.ca>; [REDACTED]
Subject: Re: City of Toronto Doc2613823889 - Swiss Challenge Negotiated Request for Proposal, Payit

H [REDACTED] Confirming receipt of your email. Will follow up with any questions after we review.

Have a great day!

[REDACTED]

On Sep 23, 2020, at 7:29 PM, [REDACTED]@toronto.ca> wrote:

Hello [REDACTED]

Hoping this communication finds you safe and well. We have not yet been introduced, however my name is [REDACTED] and I am a Senior Buyer with the City of Toronto. My intention for reaching out is in relation to your Unsolicited Proposal for a Digital Government Platform.

As you have already been made aware, the City has recently posted its [Swiss Challenge Negotiated Request for Proposal](#) in regards to your Unsolicited Proposal for a Digital Government Platform. I know in the past you have worked with [REDACTED] and [REDACTED] but as we are now in a blackout period they are prohibited from communicating to any Supplier, including yourselves, with regards to this opportunity to ensure the integrity of the set out process which is to be an open, transparent, and most importantly fair one. If you are unfamiliar with the Black-out period, the City enters a black-out period during which all communications from any potential Supplier or Supplier planning to submit a proposal will be prohibited. During the black-out period, only the Procurement Services Contact will be able to communicate with potential Suppliers, including those that may submit questions during the proposal process. Any communications must be coordinated through the Procurement Services Contact (myself).

I am also not sure if you have been made aware, but would like to let you know that the City has hired a Fairness Monitor to monitor all processes related to this initiative; I have copied [REDACTED] and [REDACTED] Colleague [REDACTED] whom should be copied on all communications moving forward, and would appreciate if you did as well for all correspondence related to this procurement.

In speaking with City delegates and the Fairness Monitor, we are hopeful that your firm will accommodate a proposal building off your existing Unsolicited Proposal, but also in the manner of which the City has requested for in its current posting. In general, what we require is a proposal that includes the information therein the Unsolicited Proposal, but also includes any additional asks of the City for which can be further evaluated for. The intention is to use this proposal and evaluate it in the same manner for which counter proposals will be accepted and evaluated. Restructuring your existing proposal and incorporating the additional asks will greatly help the evaluators in not only evaluating your offer, but gives you the opportunity to secure points like the rest of your competition, and will allow for a defensible approach in any award should the City declare you as the Successful Supplier for the sought out service.

For your review and consideration, please find attached the existing Swiss Challenge Request for Proposal on market. I have spoken with the business [REDACTED] and they have confirmed that based on already provided information, your new proposal should include the following;

Item	Paylt to Provide as per SC-nRFP?
MDANTORY TECHNICAL REQUIREMENTS	
AODA declaration	YES
PCI DSS compliance	ALREADY PROVIDED
PCI DSS responsibility matrix	ALREADY PROVIDED
Hosted in Canada	YES
NDA	YES
Acknowledge Product Roadmap and Architecture Overview	YES
Technical Requirements Checklist	YES
PROPOSAL CONTENT	
Letter of Introduction / Exec summary	ALREADY PROVIDED
Organizational Capabilities	YES
Customer Experience 1	YES
Customer Experience 2	YES
Customer Experience 3	YES
Technology 1	YES
Technology 2	YES
Pricing Form	YES
Proof of Concept	ALREADY PROVIDED

In terms of submitting this new proposal, it is preferred that you do it through the City's online procurement System, Ariba.

If I have missed anything, please forgive me, but welcome any feedback, questions or concerns you may have.


Senior Corporate Buyer, Professional Services
Purchasing & Materials Management Division
19th Floor West Tower City Hall, 100 Queen Street West, M5H 2N2


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<Doc2613823889 - Swiss Challenge Negotiated Request for Proposal.zip>

**AUDITOR
GENERAL**

TORONTO

