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City of Toronto 2002 budget information

Consulting services

Senior City staff and the City Auditor, have identified the need for more rigorous internal management controls over consulting expenditures. These controls will improve purchasing processes, management of consulting contracts, human resource management and the review of administrative internal controls. Spending on consultants was reduced by 6 per cent in 2001 and will be further reduced in 2002.

As is the case with any large organization, there are times when the use of consultants makes financial and business sense. For example, when highly specialized skills are required for a short period of time or when there is a peak demand for service, the use of consultants is economical as the City only pays for the level of service it requires at that time.

Prior to the release of the Auditor's report, the Chief Administrative Officer (CAO) and the Finance department had been working together to strengthen management controls and reduce expenditures. For example, in March 2001, the former CAO proposed a policy on consultants that would provide consistency across the City for selecting, evaluating and awarding professional and consulting services in a fair, open and competitive process.

In an implementation plan presented to Audit Committee and approved by Council, CAO Shirley Hoy recommended that the City take strong, corrective action based upon standard business protocols, accountability, transparency and building human resources and staff capacity in the organization. This is the City's path to excellence in service delivery.

Actions taken to date include:

1. Establishment of six classification of consultants for tracking:
 1. technical and professional
 2. management
 3. system development
 4. legal
 5. research and development
 6. creative communications

2. More stringent definition of sole sourcing circumstances:
 - used in cases of extreme urgency, economy or value in continuing prior work,
 - business case must be established
 - approval permitted by General Managers, Executive Directors, Fire Chief, City Clerk, Medical Officer of Health, City Solicitor or City Auditor on contracts up to \$25,0000
 - sole source contracts up to \$50,000 require Commissioner approval
 - sole source contracts up to \$500,000 require CAO approval

- sole source contracts above \$500,000 require Committee and Council approvals

3. Overall across the board 5 per cent cut in consulting budgets.

4. Enhanced accountability within Information Technology to the Chief Information Officer (review of all contracts, contract management and acquisition management).

A formal Request for Proposals process is used by departments when consulting services will cost more than \$7500. This process includes precise definitions of the scope of work to be completed and evaluation criteria for the consideration and the eventual awarding of the contract to the successful bidder. Contracts over \$500,000 require Committee and Council approval.

Consulting Costs 2000 - 2002

	2000 Actual	2001 Proj. Actl.	2001 Budget	2002 Est.
Operating (millions)	\$23.4	\$5.0 Consult \$16.0 Prof. & tech.	\$5.6	\$5.6
Capital (millions)	<u>\$45.5</u> \$68.9	<u>\$43.5</u> \$64.5 (-6%)		