

Attachment 1

Toronto Public Library

Applicability and Implementation Plan for Recommendations contained in the City Auditor's Report (June 28, 2001)

Selection and Hiring of Professional Consulting Services Review

Toronto Public Library
Applicability and Implementation Plan

	Recommendations from the City Auditor's Report: Selection and Hiring of Professional and Consulting Services Review	Applicability and Implementation	Completion Date (If Applicable)
1	All future reporting of consulting expenditures be based on actual expenditures incurred and not on the value of contracts awarded unless specifically requested by Council. In order to ensure that such reporting is accurate, all consulting costs reported to Council be reconciled to the City's financial information system by each Department. The Chief Administrative Officer be required to communicate to senior staff the recommended reporting requirement.	<p>All reporting of consulting expenditures is based on actual expenditures incurred.</p> <p>Communicate reporting requirements to finance staff.</p>	<p>Mar 2002</p> <p>Jan 2002</p>
2	The Chief Financial Officer and Treasurer advise all departmental staff of the specific reporting requirements for consulting expenditures. In addition, the Chief Financial Officer and Treasurer emphasize the importance of the need to accurately analyze all consulting related invoices in order to ensure that such expenditures are recorded accurately in the financial information system. Departmental staff be required to review such accounts on a regular basis and make appropriate and timely accounting adjustments, where necessary.	<p>Ensure staff are trained on the use of the six categories of consulting.</p> <p>Finance staff currently reviews all consulting invoices to ensure proper account coding.</p>	<p>Nov 2001</p> <p>Nov 2001</p>
3	The Chief Administrative Officer be required to add to the <i>Policy for the Selection and Hiring of Professional and Consulting Services</i> the following, "A justification analysis is required prior to the engagement of a consultant which outlines in general terms the costs and benefits of using a consultant, including reasons why the consulting study cannot be conducted by internal staff, either in whole or in part."	The "Justification Analysis" requirement has been included in the Library's <i>Policy for the Selection and Hiring of Professional and Consulting Services</i> .	Apr 2002

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4	The Chief Administrative Officer to report back on the dollar threshold above which Departments are required to prepare detailed business cases prior to the hiring of consulting resources. Consideration be given to the development of a formalized template and/or checklist in order to assist staff in the development of a standard business case. The business case should be approved by each Commissioner and should be filed in the department for future management review and subsequent audit.	Justification Analysis template being developed by the City. Consider adopting the City's dollar threshold when ready. Internal business cases are being reviewed by TPL's Finance department and approvals follow the <i>Policy for the Selection and Hiring of Professional and Consulting Services</i> .	As available from the City As available from the City Jan 2002
5	The Chief Administrative Officer take immediate steps to ensure that the engagement of all consulting services is made in accordance with the City's purchasing policies. Consultants not be engaged until the appropriate approvals have been obtained and a duly authorized purchase order is processed and recorded on the financial management information system.	All management and Finance staff have been trained on purchasing procedures for consultants. Purchase orders issued for all consultants. Use of consultants is monitored and reported on by the Finance staff.	Nov 2001
6	The Chief Administrative Officer require the Commissioners to provide the appropriate information on existing consulting contracts so that purchase orders can be processed by the Purchasing Agent. The Purchasing Agent take the necessary steps to record such purchase orders on the financial information system. Any payments processed in excess of original contract amounts be identified and explanations obtained for such occurrences. The need to process such purchase orders in the future will not be required if proper procedures are followed.	All consulting contracts reviewed by Purchasing Manager. Purchase orders are issued for all consulting contracts. Payments are charged against purchase orders and explanations recorded for any payments in excess of original contract amounts.	Jan 2002

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7	The Chief Administrative Officer advise all Commissioners that in making sole source procurement decisions, clear justification, target completion date of the project, duration of the consulting engagement, and estimated contract value be documented, properly authorized, and, as required by City policy, be submitted to the Chief Administrative Officer, and to the Purchasing Agent for issuance of a purchase order or contract. Where the justification does not meet the City criteria for sole sourcing such contracts be subject to a competitive tender process in accordance with the City's purchasing policies.	A sole source justification template is currently being used that incorporates the recommended criteria. When completed, this document is reviewed by the Purchasing Manager prior to approval by the City Librarian. If the sole source justification cannot be established, the contract is subject to a competitive process.	Jan 2002
8	The Commissioners take the necessary action to ensure that staff assigned to project management duties, especially where consultants are hired, have an appropriate combination of training and experience in project management and knowledge in the subject of the assignment, especially in the areas of developing clear and measurable deliverables, milestones, and performance evaluation criteria.	Project management training for Library staff commenced in May 2002 and will be offered on an on-going basis.	May 2002 and on-going
9	The Chief Financial Officer and Treasurer advise staff that request for proposal documents should not contain information relating to the actual project budget.	TPL's request for proposal documents do not contain information relating to actual project budget.	Nov 2001

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10	<p>The Commissioners be required to re-evaluate the administrative internal controls in their departments in order to ensure that invoices submitted by consultants are reviewed for reasonableness, proper supporting documentation and verified to the terms of the contract prior to authorization for payment. The review should also ensure that individuals approving invoices are in a position to assess whether the service has been rendered. In regard to reimbursable out-of-pocket expenses, consideration be given to including all such expenditures as part of the original contract price.</p>	<p>Purchasing training has been provided to management and Finance staff.</p> <p>An initial internal review was done in the fall of 2001 of the invoice approval and payment process which included consulting invoices.</p> <p>In addition, a review by the City Auditor was completed in March 2002 to determine compliance with appropriate policies and procedures and included (i) the procurement and use of consultants and (ii) payments relating to fleet, consultants and maintenance and repairs.</p> <p>Recommendations from these reviews were implemented to strengthen the controls relating to consulting invoices.</p> <p>All future consulting contracts will include reimbursable and out-of-pocket expenses as part of the original contract price.</p>	<p>Nov 2001</p> <p>Oct 2001</p> <p>Mar 2002</p> <p>June 2002</p>

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11	<p>The Commissioners take the necessary steps to ensure that:</p> <p>(a) measurable standards and acceptance criteria are included in contracts executed with consultants;</p> <p>(b) regular, properly documented, meetings are held with consultants to ensure that the consultant is meeting contractual obligations and performing as required; and</p> <p>(c) upon completion of a project, the consultant's performance is documented and made available for review to relevant City staff, including the Purchasing Agent, when considering consultants for new projects.</p>	Selected staff have already been trained in project management. The project management training is to be provided in-house to a larger group.	Oct 2002 for in-house training
12	<p>The Chief Administrative Officer, in consultation with the City's Commissioners, identify areas where departments have skill shortages or insufficient staff resulting in the consistent and extensive long-term use of consultants and:</p> <p>(a) present the appropriate business cases justifying meeting long-term operational demands by increasing staffing levels, such increases to be financed by the transfer of funds from consulting budgets to salaries and wages budgets;</p> <p>(b) where possible, ensure sufficient City staff are trained in skills required frequently and on a long-term basis, thus reducing the City's reliance on consultants to perform such duties; and</p> <p>(c) ensure that the continuous operation of critical management information systems is not dependent upon a single individual consultant.</p>	<p>A quarterly review of consulting expenditures will identify long-term use of consultants.</p> <p>Where there is long-term use of consultants, a justification analysis will be prepared.</p> <p>The justification analysis will be reviewed by the Purchasing Manager.</p>	Nov 2002

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13	The Chief Administrative Officer communicate to and remind each Commissioner of the policy relating to the hiring of former employees, either directly or indirectly, as consultants for a specified period of time after they participated in the employee separation program of the City.	This policy has been communicated to appropriate staff.	Jan 2002
14	The Chief Administrative Officer review the practice whereby individual consultants are required to contract with consulting firms for providing their services to the City rather than being engaged directly as individuals.	Review current practice and determine if any changes are required.	July 2002
15	In view of the fact that the recommendations contained in this report may be relevant to the City's Agencies, Boards and Commissions, the General Manager of each of these entities be required to report to their respective Boards by August 31, 2001 (<i>revised to June 30, 2002</i>) on such recommendations and their applicability in relation to their operations. In addition, the respective Boards be requested to forward such reports to the City Audit Committee.	Board Report prepared for Toronto Public Library Board meeting on June 10, 2002. Board Report recommends forwarding the report to the City Audit Committee.	Jun 2002 Jun 2002
16	The Chief Administrative Officer be required to add to the <i>Policy for the Selection and Hiring of Professional Consulting Services</i> specific details relating to the consequences of non-compliance with the policy. The amendment to the policy be reported to the Administration Committee by August 31, 2001 (<i>revised to June 30, 2002</i>).	City policy is being developed. Consider adopting the City's policy on consequences of non-compliance as part of Library's policy, when ready.	As available from the City