

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON
MUNICIPALITÉ RÉGIONALE D'OTTAWA-CARLETON

REPORT
RAPPORT

Our File/N/Réf.
Your File/V/Réf.

DATE 23 March 1997

TO/DEST. Co-ordinator
Corporate Services and Economic Development Committee

FROM/EXP. Finance Commissioner

SUBJECT/OBJET **CONSULTANT APPOINTMENT -
FINANCIAL SYSTEMS RENEWAL**

DEPARTMENTAL RECOMMENDATION

That the Corporate Services and Economic Development Committee and Council approve the appointment of KPMG Consultants, Ottawa, Ontario, to provide consulting services to the Corporate Financial Systems Renewal Project, for a total contract provision of \$184,000, exclusive of GST.

BACKGROUND

Regional Council has approved the Financial Systems Renewal Project as part of the 1996 and 1997 Capital Budgets. The purpose of the project is to review the corporation's financial systems and processes with the twin objectives of reducing the cost of financial transaction processing and more importantly, improving the quality of financial information provided to Council and departmental program managers. It is expected that the project will identify the requirement (and rate of return) for an investment in significant new financial software. This is also an operational necessity in that the Region's current mainframe-based corporate financial system is not year 2000 compliant and the long term corporate information system strategy plans for the elimination of the mainframe computing platform by the year 2000.

DISCUSSION

In January 1997, staff issued a request for proposal for consulting services in conjunction with this project. A copy of the request for proposal is attached at Annex A for information. The following responses were received:

<u>Firm</u>	<u>Location</u>	<u>Proposed Fee</u>
Murray, Nicholas and Associates	Ottawa, Ontario	\$152,200
Deloitte & Touche Consulting Group	Ottawa, Ontario	\$155,000
Coopers & Lybrand Consulting	Ottawa, Ontario	\$159,720
Process Renewal Group	Ottawa, Ontario	\$175,000
Anthony, Macauley & Associates	Ottawa, Ontario	\$180,000
KPMG Consulting	Ottawa, Ontario	\$184,000
DRT Consulting Group	Ottawa, Ontario	\$185,325
Price Waterhouse	Ottawa, Ontario	\$196,199

The Financial Systems Renewal Steering Committee reviewed the responses to the request for proposal giving regard to the following evaluation criteria:

1. price,
2. level of resources proposed,
3. experience of resources proposed,
4. understanding of the RMOC's requirements,
5. proposed methodology,
6. workplan and schedule, and
7. benchmarking resources

Following this review, the Committee shortlisted Deloitte & Touche, Coopers & Lybrand and KPMG for interviews. The purpose of the interviews were to meet all the team members proposed by each firm, review in detail the firm's understanding of the project objectives and the efficacy of the consultants proposed methodology in achieving those objectives.

Coopers & Lybrand declined the invitation to interview due to internal resource issues that arose after the submission of their proposal. Two sets of interviews were held with both Deloitte & Touche and KPMG. Following the interviews it was the conclusion of the Committee that the KPMG proposal was the best suited to the requirements of the RMOC and the most cost-effective.

FINACIAL STATEMENT

	\$
Approved Budget to Date	1,920,000
Total Paid & Committed	614
Balance Available	<u>1,919,386</u>
This Request	<u>196,900</u>
Balance Remaining	<u><u>1,722,486</u></u>

Funds have been provided in the 1997 Capital Budget, Account No. 912-17942, Corporate Financial System (reference page 51 in the 1997 Draft Capital Estimates as approved by Council on February 26, 1997).

Approved by
J.C. LeBelle
Finance Commissioner

Attach (1)

ANNEX A**REGIONAL MUNICIPALITY OF OTTAWA-CARLETON
FINANCE DEPARTMENT
REQUEST FOR PROPOSAL
FINANCIAL SYSTEMS RENEWAL - PHASE ONE****INTRODUCTION**

The Regional Municipality of Ottawa-Carleton (RMOC) is conducting a review of corporate financial processes and systems to identify opportunities to improve the cost-effective delivery of meaningful financial and management information to support program management. This review has been initiated by the Chief Administrative Officer and Management Committee. The review is integral to the Finance Department's corporate role and mission statement.

FINANCE DEPARTMENT MISSION STATEMENT

"To provide effective management of corporate finances and to support Regional Departments with financial management information and technology services."

BACKGROUND

The current accounting system, ASAFIN, was implemented in 1988. The system is comprised of the following core components: general ledger, accounts payable, accounts receivable, purchase order, encumbrance accounting, inventory, treasury management, budgeting and financial reporting. ASAFIN is written in a combination of COBOL and MAPPER software and operates in a mainframe environment.

ASAFIN was designed to serve fiduciary accounting objectives and provides for the RMOC's legislated and regulated reporting requirements. The system is not effective in providing timely, relevant information to program management. This is evidenced by the use of departmentally specific "black book" systems that have been created and used by departments to meet their growing need for key financial management information.

The current processes employed by the Corporation in the use of ASAFIN continue to be characterized by batch-processing where transactions are collected in batches and processed at periodic intervals. This affects the timeliness of financial information provided by ASAFIN

which in turn affects the information's relevance to program decision-making. Another primary weakness of ASAFIN is the extent to which coding is used in the description of transactions and their sources. It is difficult for program managers to identify individual transactions and what action they relate to.

In the past year, there have been several strategic corporate and technological changes which have increasingly focused on the need for the RMOC to review its financial systems.

- Identification by program managers of the increasing requirement for relevant and reliable financial management information.
- Corporate Review focus on reducing the cost of administrative processes.
- Adoption of performance management principles that cannot be supported by ASAFIN.
- Creation of a supply and materials management function.
- Implementation of a PeopleSoft human resource and payroll information system.

It is anticipated that contemporary financial systems will have the ability to address the RMOC's need for more cost-effective financial information. They are component based, integrated client/server business applications. Typical components include: general ledger, accounts payable, accounts receivable, purchase order, materials management, inventory control, encumbrance accounting, fixed asset management, project management, financial planning/budgeting, financial reporting, and treasury management.

More importantly, contemporary financial systems integrate these applications with:

- Process Workflow Management including;
 - ⇒ Imaging and electronic routing of documents
 - ⇒ Electronic attachments
 - ⇒ Reporting on process flow and status
 - ⇒ Integration with word processing, E-Mail and FAX
 - ⇒ Distribution and use of information
- Data Access Applications including;
 - ⇒ Access to on-line real time, batch and archival information
 - ⇒ On-line access, retrieval and management of archival data typically stored off-line or on micro fiche; e.g. Computer output to laser disk.
- Statistical and quantitative data including;
 - ⇒ Activity Based Costing
 - ⇒ Performance Measurement Indicators.

OBJECTIVE

To review corporate financial processes and systems to identify opportunities to implement a new system and related processes that will meet the corporate requirement for improved, cost-effective financial and management information.

SCOPE

The scope of this request for proposal includes an assessment of the technology and business processes currently employed by the RMOC, as well as analysis, comparison and benchmarking with other Municipalities and similar organizations. The study will require an evaluation of internal and external solutions and will provide a business case for an integrated technology and application suite.

DELIVERABLES

The primary deliverable of this assignment is the development of a report detailing the conclusions of the review and recommending a business case for investment in new systems and/or processes.

It is anticipated that the strategy for the review will include the following elements leading to the development of the business case:

- Mapping of current processes including resource utilization and processing times.
- Gather benchmarks and data on leading practices.
- Identify performance issues.
- Develop service standards.
- Analyze gaps between RMOC current and targeted performance levels.
- Identify opportunities for technology to be used taking into consideration the Region's technology standards.
- Identify performance improvement opportunities and quantify in measurable terms.
- Develop key questions to address each opportunity and summarize the potential answers into value propositions.
- Set concrete project goals, both qualitative and quantitative as part of a business case decision.
- Define the investment and pay back period.

Specific project milestones which will result in report deliverables are:

1. Current State Analysis
2. Benchmarking and Development of Service Standards
3. Development of a Future State Vision
4. Development of the Business Case

Each deliverable is to be reported in draft form for review and comments by the Financial Systems Renewal Steering Committee prior to the final version submission.

TIMEFRAME

The following is a list of the project stages and their suggested timeframes:

- | | |
|--|----------------|
| • Consultant Selection | February 97 |
| • Current State Analysis | March/April 97 |
| • Benchmarking, and development of Service Standards | May/June 97 |
| • Development of a Future State Vision | July 97 |
| • Development of a Business Case | August 97 |
| • Council Approval | September 97 |

MANAGEMENT ROLES AND RESPONSIBILITIES

Responsibility for the successful completion of this review has been assigned by the CAO and Management Committee to the Finance Commissioner. While this is congruent with the corporate role of the Finance Department, it is recognized that, for the review to meet its objectives, significant involvement of program management will be necessary. Program Managers and Directors within the Corporation are accountable for the financial management and results of corporate programs. As the primary client group of a renewed financial system, it is imperative that their needs are fundamentally understood and articulated.

Operational and technological responsibility for the development, implementation and support of corporate financial systems rests with:

- Representatives of corporate program management
- Financial Services Division, Finance Department
- Finance and Administration Divisions in all corporate departments
- Information Systems Division, Finance Department
- Technical support positions in all corporate departments

A steering committee is responsible for directing the review. Membership of the Financial Systems Renewal Steering Committee is indicated below and has been developed with recognition given to the organizational responsibilities described above:

J. LeBelle	Treasurer, Chair
K. Kirkpatrick	Deputy Treasurer, Project Director
To Be Determined	Project Manager
W. Martin	Social Services, Finance and Administration and ICS
J. Yelle-Weatherall	Environment & Transport, Performance Measurement, F&A, MMS
D. Palmer	Audit, Performance Measurement
Sandy Lechner	Information Systems
D. Fraser	Police Services
S. Mincoff	OC Transpo

Working Committees will be appointed by the Steering Committee to conduct specific review work in conjunction with the project consultants. The Working Committees will be composed of representatives of all corporate departments assigned with the responsibility of the respective functions to be studied.

QUALIFICATIONS

The successful Project Consultant must be thoroughly familiar with contemporary financial systems and related financial processes and must have completed similar projects, in complexity, size and scope.

SELECTION CRITERIA

The selection of the successful consulting firm will be based on, but not limited to, the following criteria:

Cost

- Fixed price proposal with identified progress payments tied to project deliverables

Methodology and Workplan

- Demonstrated understanding of the project scope and objectives
- Sound, practical approach toward report production
- Adequacy and flexibility of workplan and schedule
- Identification of milestones including timeframes and interim draft deliverables
- Break-down of planned resources per module/activities included in the workplan
- General approach and methodology
- Expected responsibilities of the client
- Planned role of the Financial Systems Renewal Steering Committee, including: regular progress meetings, presentation of findings and draft deliverables

Company and Project Team

- Management consulting firm specializing in information systems and business process renewal
- Proven competence in relevant related work (references to be supplied)
- Sufficient resources
- Relevant experience and skills of proposed project team

Other

- Innovation, new ideas
- Presentation and organization of proposal
- Independence from hardware and or software solutions vendors

Short listed candidates may be required to make a formal presentation before a selection committee.

A bidder's meeting will be held on January 14, 1997, at 1:00 p.m. in Training Room C, Human Resources Department, 1st floor, at Regional Headquarters, for the purpose of answering vendor's questions surrounding the project and request for proposal.

TERMS AND CONDITIONS

1. The proposal shall be valid for 90 days after the RFP closing date.
2. The RMOC assumes no contractual obligations by submitting the Request for Proposal for consideration. The RMOC reserves the right to amend the RFP at any time prior to final Vendor selection.
3. The proposal is a basis to develop a contract based on any or all commitments.
4. All proposals submitted become the property of RMOC. All information submitted to the RMOC is subject to the provisions of the Municipal Freedom of Information and Protection of Privacy Act, R.S.O. 1990, c. M.56.
5. The RMOC reserves the right to reject any or all proposals or any part or parts thereof or to accept any proposal or any parts should it be deemed in the interests of the RMOC to do so. Should there be only one proposal received, the RMOC reserves the right to reject it or accept any part or parts of it. The RMOC may cancel the RFP process at any time.
6. Vendors taking exception to any part or section of the Request for Proposal documents shall indicate such exception as part of their proposal submission. Explanation shall be made for each item for which exception is taken, giving in detail the extent, reason of the exception, and alternate means by which the Vendor will achieve the intent of the item. Failure to indicate

any exceptions shall be interpreted as the Vendor's intent to comply fully with all the requirements of the Contract Documents as written.

7. The RMOC may make such investigation as it deems necessary to determine the ability of the Vendor to furnish the required services. All Vendors shall furnish to the RMOC all such information and data outlining their qualifications with the proposal.
8. This Request for Proposal does not commit the RMOC to pay any costs or expenses incurred by a Vendor in the preparation of its proposal, or to contract for any goods or services.
9. All right, title and interest in and to the components and documentation developed by the Vendor in performance of the project under the proposed contract shall remain the property of the RMOC.
10. It is understood and accepted by the Vendor that all decisions as to whether the proposal meets or to what degree it meets the requirements is in the sole discretion of the RMOC. The RMOC reserves the right to request additional information, and negotiate changes in the content of the most satisfactory proposal.

PROPOSAL SUBMISSION

Bidders shall submit five (5) copies of their proposal. Submissions must be received by 3:00 p.m. on January 28, 1997, in the Regional Clerk's Department addressed to:

Mary Jo Woollam
Regional Clerk
Regional Municipality of Ottawa-Carleton
111 Lisgar St.,
Ottawa, Ontario
K2P 2L7

No extensions will be granted past that time.

Proposals will be treated as confidential by the Corporation. However, all proposals will be subject to the provisions of the Municipal Freedom of Information and Protection of Privacy Act. Respondents are advised that proposals may become public documents as a result of this legislation.

It is the practice of the RMOC to destroy or return all unsuccessful proposals once the contract has been awarded. If you wish to have your materials returned, you must advise the RMOC in writing as part of your submission. Your company will be responsible for making arrangements to pick up the materials following the awarding of the contract.