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### **Toronto computer project balloons to \$70M with little council scrutiny**

City auditor general Jeff Griffiths says computer upgrades to improve Toronto's service planning and budgeting have spiked to \$70 million from the initial budget of \$7.9 million.

**By: Paul Moloney** City Hall Bureau reporter, Published on Wed May 29 2013

Toronto councillors were not given a chance to properly scrutinize a city project whose costs ballooned from \$7.9 million to \$69.9 million, the city's auditor general says.

The lack of councillor input means that in 2010 — four years after the project launched — councillors approved a \$55 million increase without knowing details such as whether the changes would pay off in future savings.

So far, \$36.6 million has been spent on the Financial Planning, Analysis and Reporting System (FPARS), aimed at improving budgeting and service planning, council's audit committee was told Wednesday.

Staff emphasized that the bulk of the project's costs, \$55 million, were okayed by councillors as part of signing off on the \$9.2 billion budget that was approved for 2010.

Financial planning director Josie La Vita said the \$55 million bump-up came after "we finally got everybody in the room, all the corporate partners," to figure out staff, office, equipment and other resources that would be needed.

The players included representatives from financial planning, information and technology, accounting, human resources and payroll.

Key elements of the \$55 million increase included \$22.5 million "to fund increased management change capacity," \$12 million for technology and \$5.5 million for project office space.

A report should have been submitted to councillors at the time, "articulating exactly what FPARS is," Auditor General Jeff Griffiths told the committee.

Councillors deserved to know detailed costs and benefits, implementation timelines, why the city is doing it and whether it will create cost-saving efficiencies in the future, Griffiths said.

"I think that's the major issue that I have a concern with, is the fact that there hasn't been an overall reporting process to council, particularly in the context of a \$70 million project," Griffiths said.

City manager Joe Pennachetti, the city's top bureaucrat, who appeared before the committee, conceded that communication to city councillors has been weak.

"Was council fully apprised of what the project was about? Probably not, and that has to change," Pennachetti said. "Should we have been reporting about this in the past? Yes, we should have."

The review conducted by Griffiths' office revealed that the two key partners — financial planning and IT — disagreed on their roles, and that led to an “unproductive working relationship.”

In one case, a \$320,000 consultants report prepared for IT wasn't shown to financial planning, the audit found.

“This is exactly what Torontonians despise about the city,” said Councillor Mary-Margaret McMahon. “The left hand not talking to the right, people working in silos.”

“The City of Toronto does great work, but things like this do not help our reputation,” said McMahon, an audit committee member.

Councillor Janet Davis, who tracks budget issues closely, said she agreed completely with Griffiths that the escalating costs deserved a full report and discussion at a council committee.

“There was no real debate about it,” Davis said. “It was buried in a budget document and didn't appear (in a report) on a standing committee agenda.”

“This should have gone to the government management committee, where there could have been a full explanation about the exceptional additional costs. I don't recall there being any scrutiny.”

The audit report made nine recommendations, all of which have been accepted by city management, including reporting by July 31 on the anticipated financial and operational benefits of the project.