



Change Order: Quality Assurance Services for the HoMES Project

Item 6

November 3, 2021

Building Investment, Finance and Audit Committee

Report: BIFAC:2021-120

To: Building Investment, Finance and Audit Committee
("BIFAC")

From: Vice President, Information Technology Services

Date: October 17, 2021

PURPOSE:

The purpose of this report is to seek the BIFAC's approval for a change order for Quality Assurance Management services provided by KPMG LLP for TCHC's Business Transformation project now known as the HoMES Project.

BIFAC approval is required for the recommended change order, as the cumulative amount of all change orders exceeds 20% of the original award and exceeds the financial approval limit of Toronto Community Housing's ("TCHC") Procurement Award Committee ("PAC").

RECOMMENDATIONS:

It is recommended that BIFAC approve the following recommendations:

1. Approve a change order to **KPMG LLP** for \$90,000 (exclusive of taxes) to add three (3) months of Quality Assurance Management Services at the current negotiated rates to accommodate an extended Track 2B rollout as outlined in Project Background

- a. Monthly QA Management Services to be billed at a fixed rate of \$30,000/month from January 1 to March 31, 2022.
2. Authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

REASONS FOR RECOMMENDATIONS:

The HoMES project was approved on February 27, 2019 by TCHC's Board of Directors and was launched in May 2019 to replace 30+ legacy applications with one integrated housing management solution. The first and second rollouts under Track 1 were completed in July 2020 and January 2021 respectively. Track 2 was split into two rollouts, with 2A planned for June 2021 and 2B planned for October 2021. The 2A rollout was completed in June 2021 as planned, leaving the largest rollout, 2B, remaining. Track 2B contains the space bookings and maintenance and tenant support business functions.

During the third quarter of 2021, the HoMES Project Management Office met to review the status of the project and to determine the feasibility to launch the full Track 2B scope as planned in October 2021.

Upon completion of this review and after discussions with key project resources, the HoMES Project Management Office ("PMO") brought forward a proposal to the HoMES Steering Committee to consider postponing the final Track 2B launch to go live at the end of February 2022.

The proposal to postpone the final rollout was endorsed by the HoMES Steering Committee and approved by the Executive Sponsor will be brought forward to the Building Investment, Finance and Audit Committee in November 2021 for information.

As outlined in the HoMES Integrated Project Plan, an additional three (3) months of Quality Assurance Management Services at a rate of \$30,000 per month, which is a reduction of 24%, relative to the existing rate of \$39,226 per month, is required to accommodate the decoupled rollout as initiated by TCHC.

Table 1: Purchase Order and Change Order Summary

CO No.	VAC #	Approval Date	Description	Reason	Individual CO Amount
0	18584	November 5, 2018	Quality Assurance Management Services RFP: 18042	Original Contract	
1	BIFAC	November 12, 2019	Change Order #1	Expansion of Scope and Timeline	\$507,140
2	21064	March 14, 2021	Change Order #2	Decouple Track 2 and Delay Second Rollout	\$196,130
Cumulative approved change orders to date					\$703,270
Change order as requested in this report					\$90,000
Total Cumulative change orders					\$793,270
Original contract awarded (VAC 18584)					\$546,720
Revised total contract amount					\$1,339,990
Cumulative CO % of contract award/purchase order					145.1%

PROCUREMENT PROCESS:

This change order is recommended under the following justification under section 4.3(a) of TCHC's Procurement Policy:

- v. To ensure compatibility with goods and services previously acquired where there are no reasonable alternatives or substitutes.

IMPLICATIONS AND RISKS:

KPMG has been providing Quality Assurance management services for the past 28 months (RFP 18042). KPMG has developed in-depth knowledge and understanding of TCHC's business operations, project plan, project risks and the organization's culture. It developed the Quality Assurance Management Strategy and the Quality Assurance Management Plan that is governing the provision of this work. This knowledge is critical to provide effective quality assurance management services for this project.

The Vice-President, Information Technology Services has reviewed the pricing and determined it to be reasonable and acceptable for the work. The calculation of the change order is based on the extension of resources for 3 months with a reduction of 24% in billable hours to reflect the reduced effort required in the last months of the HoMES project. The rates for the resources are aligned with the original agreement.

SIGNATURE:

"Luisa Andrews"

Luisa Andrews
Vice President, Information Technology Services

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