



Change Order: Quality Assurance Services for the HoMES Project

Item 5

March 8, 2022

Building Investment, Finance and Audit Committee

Report: BIFAC:2022-38

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

From: Vice President, Information Technology Services

Date: February 4, 2022

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 to:

1. Approve a change order to **KPMG LLP** for \$48,000 (exclusive of taxes) to add two (2) months of Quality Assurance Management Services at the current negotiated rates to accommodate an extended Track 2B-2 rollout as outlined in Project Background

- a. Monthly QA Management Services to be billed at a fixed rate of \$24,000/month from April 1 to May 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. Track 2B-1 contains the space bookings and was launched on October 25, 2021. The final and largest rollout is the maintenance and tenant support business functions.

The HoMES Project Management Office ("PMO") completed a review with key stakeholders on the feasibility of commencing in-person training scheduled for late January 2022 in light of the most recent developments of the COVID-19 pandemic. There is great concern that increased illness absences compounded by training absences will mean that TCHC services to tenants will be significantly impacted over the coming months. Therefore, the training scheduled to commence in January 2022 for the final phase has been postponed. A new training plan, incorporating a hybrid approach, reduced class size from original plan, and enhanced COVID protocols, has been developed.

This has resulted in a delay in the final track launch. The final phase of the HoMES project should be implemented prior to the transition of the Seniors Housing Corporation scheduled for June 1, 2022 to minimize the additional complexity of a project launch involving two independent corporations and to avoid system updates to legacy applications should Track 2B-2 not go live before the transition. A new Go Live Date of May 9, 2022 has been selected. Therefore, an extension of KPMG's services as the HoMES Quality Assurance advisor is required.

As outlined in the HoMES Integrated Project Plan, an additional two (2) months of Quality Assurance Management Services at a rate of \$24,000 per month, which is a further reduction of 20%, relative to the existing rate of \$30,000 per month, is required to accommodate the delay of the final launched due to a TCHC's decision to delay in-person training until March 2022.

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
3	21393	October 18, 2021	Change Order #3	Decouple Track 2B and delay fourth rollout	\$90,000
Cumulative approved change orders to date					\$793,270
Change order as requested in this report					\$48,000
Total Cumulative change orders					\$841,270
Original contract awarded (VAC 18584)					\$546,720
Revised total contract amount					\$1,387,990
Cumulative CO % of contract award/purchase order					153.9%

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 32 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 2 months with a reduction of 20% 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.

The cost of this extension will be allocated to COVID-19 expenses.

SIGNATURE:

"Luisa Andrews"

Luisa Andrews
Vice President, Information Technology Services

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