

Clause 11 in Report No. 11 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on June 28, 2018.

11

Professional Services for  
Risk Management Software System Support

Committee of the Whole recommends adoption of the following recommendations contained in the report dated June 4, 2018 from the Commissioner of Finance:

1. Council approve an extension of a contract with the vendor listed in Private Attachment 1 for professional services in support of the existing risk management software system, for a five-year term commencing on July 1, 2018 and expiring on June 30, 2023, with a maximum cumulative value of \$100,000.
2. The Commissioner of Finance be authorized to execute this agreement in accordance with the Region's Purchasing Bylaw.

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Report dated June 4, 2018 from the Commissioner of Finance now follows:

1. Recommendations

It is recommended that:

1. Council approve an extension of a contract with the vendor listed in Private Attachment 1 for professional services in support of the existing risk management software system, for a five-year term commencing on July 1, 2018 and expiring on June 30, 2023, with a maximum cumulative value of \$100,000.
2. The Commissioner of Finance be authorized to execute this agreement in accordance with the Region's Purchasing Bylaw.

## 2. Purpose

This report seeks approval to extend the existing contract with the vendor listed in Private Attachment 1 to allow for the delivery of critical updates to the risk management software system. Risk Management relies on this system for all of its activities.

Council approval is required under Section 18.1(a) of the Purchasing Bylaw where the term of a contract that is greater than five years or where the extension or renewal of a contract would result in an aggregate term of greater than five years.

## 3. Background and Previous Council Direction

The Region engaged the vendor listed in Private Attachment 1 in July 2002 to develop a software system through an RFP process

The vendor listed in Private Attachment 1 was engaged through an RFP process to develop a software system for Risk Management. The Region entered into an agreement with the vendor listed in Private Attachment 1 on July 11, 2002.

The system is a proprietary software solution developed specifically for the Region

Under the terms of the original agreement, the vendor listed in Private Attachment 1 owns the software system and its underlying source code; the Region retains perpetual rights to use the system. The agreement also states that the vendor listed in Private Attachment 1 should be the first external vendor of choice for any upgrades, changes or modifications as long as commercially reasonable.

The Region does not pay a maintenance or licensing fee for the risk management software system. Fees are paid for upgrades, modifications and changes only.

The system was upgraded several times to meet the expanding needs of Risk Management since inception

Ove the last 14 years, the initial system development and various upgrades have cost \$150,000.

### **Table 1 Risk Management Software System Upgrades**

Upgrade Version Release	Upgrade Details	Cost (\$)
Original build – 2002	Claims & Certificate modules	30,000
Upgrade – 2006	Email integration & enhancements	30,000
Upgrade – 2008	Electronic file destruction	18,000
Upgrade – 2010	Electronic archiving	12,000
Upgrade – 2011	Risk module build	30,000
Upgrade – 2014	Batch invoicing	28,000
Upgrade – 2016	Automated cheque requisition	2,000
<b>TOTAL</b>		<b>150,000</b>

#### 4. Analysis and Implications

The system is integral to the operations and delivery of services by Risk Management

The risk management software system has three modules to support and track activities conducted by Risk Management staff. Each module has a drag and drop feature that easily saves emails, voice mail and other forms of correspondence, abeyance capabilities, and various reports that are used for claims analysis, certificate and risk activity tracking, and reporting to internal and external client groups.

**Table 2  
Risk Management Software System Modules**

Claims	Certificates	Risk
Captures all claims information to allow for liability assessment and claim management strategy	Tracks the insurance details of vendors the Region has engaged to conduct work on its behalf	Captures risk assessments, project or procurement details and recommendations made
Legal event calendar function	Automates renewal letters and non-compliance letters	Enables evaluation of agreement clauses, risk transfer, risk control procedures and certificate of insurance requirements
	Extracts details used to verify compliance with vendor insurance requirements	

The system needs critical upgrades to improve service delivery

As the complexity and diversity of risk management activities continue to expand and increase, additional upgrades to ensure system reliability and create efficiencies are required. Proposed upgrades include enhanced claims reporting and automated acknowledgement emails to further automate risk management processes.

Extending the contract with the current system provider would ensure that programming and support services are compatible with the current system

Given the customized and proprietary nature of the claims and certificate system, extending the contract with the original service provider will ensure that the support is compatible with the current system. This arrangement will also allow for service from the most knowledgeable technicians, ensuring any upgrades or maintenance are done efficiently.

Council approval is required as the aggregate term of the existing agreement exceeds the five-year bylaw threshold

Given the longevity of the current agreement with the system service provider, the term of the agreement exceeds the five-year threshold permitted under the Purchasing Bylaw. Council approval is therefore required in order to extend the agreement beyond the five-year term.

## 5. Financial Considerations

Funding for these professional services is available from the insurance reserve. There is no tax levy impact.

## 6. Local Municipal Impact

There is no local municipal impact.

## 7. Conclusion

An extension of the contract with the vendor listed in Private Attachment 1 will allow the existing system to maintain key functionalities for risk management services, and add new ones.

The proposed approach will ensure that the risk management contract is compliant with the Purchasing Bylaw.

For more information on this report, please contact Jason Li, Acting Director, Controllership Office, at 1-877-464-9675 ext. 71683.

The Senior Management Group has reviewed this report.

June 5, 2018

Private Attachment (1)

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Accessible formats or communication supports are available upon request