
Statement of Work

For the City of Saskatoon

**Multi-Year Business Planning
and Budgeting Review –
Consulting Project**

**Submitted on August 9, 2016 for
SPCF Public on August 15**



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Recommendation:

- 1) That the enclosed Statement of Work for a Multi-Year Business Planning and Budgeting Review Consulting Project be approved, with Option Two which contemplates 2 Pilot Areas.**
- 2) That the Committee allocate funds for this additional internal audit project from the 2016 approved operating budget for internal audit services in accordance with Council Policy No. C02-032, Internal Audit Charter.**

1. Background and Scope

1.1 Background

The City of Saskatoon is currently completing the business planning and budgeting process annually to support its strategic goals and objectives. The current process requires the City Finance and Strategic & Business Planning teams to work with all departments and functions to analyse year-over-year spend and understand the changes required for the following year while keeping in mind strategic objectives and key initiatives. Focusing on a yearly plan presents some challenges including:

- Difficulty in achieving complete alignment between the annual business plan to the council's strategic vision for the city,
- Inability to focus on service based outcomes for each department and function,
- Inability to make long term commitments for investments within the capital plan,
- Misalignment of the overall strategic goals and allocation of financial resources over the longer term,
- Significant effort and churn to plan and budget each year.

The City of Saskatoon plans to move to a multi-year business planning and budgeting cycle that will allow the organisation to create long term alignment of strategic goals & capital initiatives to financial planning while keeping in mind service based outcomes. The goal of this new approach would be to have all City functions focus on key outcomes, service levels and their alignment to the overall strategy of the organization.

The City of Saskatoon has requested PwC to conduct an advisory engagement to help design an overall framework for performing multi-year business planning and budgeting process, identify key benefits of multi-year business planning and budgeting and provide feedback with respect to level of effort required to implement it. The goal of this project would be to help the City identify key steps required to move from annual business planning and budgeting process to a multi-year process.

The PwC team will work collaboratively and leverage existing work being performed around capital budgeting and identifying additional sources of revenue.

1.2 Project Purpose and Approach

The purpose of this project will be to conduct an advisory engagement to review readiness and identify steps for transition from an annual business planning and budgeting process to a multi-year process. The project will be broken down into three (3) distinct phases:

- Phase 1: Initial Planning
- Phase 2: Creating a multi-year business planning and budgeting framework
- Phase 3: Piloting the new framework within one or two function(s)

Phase 1 of the project will focus on collecting documents, engaging stakeholders on key expectations and creating a base-line of what is currently being done within the Finance and Strategic & Business Planning Divisions. This will focus on the following:

- Understanding the current budgeting process and its linkage to business planning and functional level performance measurement
- Identifying level of effort spent on business planning, budgeting and forecasting by the organization today

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- Inventorying key policies, roles and responsibilities etc that would be impacted in the future
 - Understand the key expectations from stakeholders

We will largely work with the Finance and Strategic & Business Planning Divisions, sample key stakeholders from other departments and representatives from the council during this phase of the work.

In Phase 2 of the project we will develop an overall framework that is fit-for-purpose for the City of Saskatoon keeping in mind leading practices around multi-year planning and budgeting. The framework will focus on the following:

- Overall process framework for a multi-year business planning and budgeting process
- High level changes expected for the organization – people, policies, process and technology
- Change management strategy and recommendations
- Expected cost and timeline for the implementation of a multi-year business planning and budgeting process
- Alignment with other initiatives within the organization
- Overall management report for discussion

We will validate the output of the above framework with senior management to get feedback and buy-in prior to proceeding to Phase 3 of the project.

In Phase 3 of this project we will spend time with one or two function(s) within the organization to test the framework designed within Phase 2 of the project and identify how it could be practically implemented. Considering the strategic importance of this project, this phase will help the City in a better understanding of the complexity and challenges they face. It will also help us collect additional data points to analyse the implementation effort.

Our effort will focus on helping the one or two function (s) do the following at a high level:

- Design workshops and feasibility assessments from a process and change management perspective
- Identify whether the right data elements are available to migrate to a service based business planning and budgeting philosophy and if not, what would it take
- Assess the level of effort required to practically implement the multi-year business planning and budgeting framework created within Phase 2
- Iteration to management report based on findings
- Report to council on progress and suggested plan going forward

We will work with management to identify the right functional area(s) to perform our pilot project(s). The work of the pilot project(s) will inform the overall framework so the final report includes practical recommendations based on working with a specific function.

The intent of this project will be to provide a detailed enough report that will highlight a road-map, key changes needed, timeline, cost and effort needed for the full implementation of a multi-year business planning and budgeting process for the City. This is intended to be strategic in nature to set a path for the future.

2. Timeline and Deliverables

Dates are estimates and may change, based on availability of information and both City of Saskatoon and PwC resources. **This delivery timeline assumes a project start date of July 20th, 2016.**

Phases/List of Activities	Output	Effort	Completion By
Phase I - Initial Planning			
Review current process for business planning & budgeting	Process Documentation	40 hrs	Aug. 5 th , 2016
Review inputs and outputs from business planning and budgeting process	Activity Analysis including organizational effort each year		
Review key documents and process guides	Policy Inventory		
Understand key expectations from stakeholders	Stakeholder Expectation & Feedback Notes		
Document KPI's and Leading Practices to be embedded	KPI's and Leading Practices		
Obtain buy-in on the conceptual model for future state vision	Agreement on key changes		
Phase II - Design Framework			
Design a future state framework and report that includes:		169 hrs	Sept. 10 th , 2016
- New business planning and budgeting process	New Process vs Old Process		
- Changes needed to policies	Policy Inventory with specific changes		
- Nature and type of change management needed	Change Management Effort and Recommendations		
- Technology changes and alignment with ERP	Technology Suggestions based on stakeholder alignment		
- Timeline for implementation	Project Timeline at a high level		
- Governance process, roles and responsibilities etc	Governance Recommendations		
Write initial report for Management Discussion			
Perform Pilot (s) Option to choose 1 or 2 areas			
Pilot this within one or two function - design workshops, feasibility, change impact and KPIs	Work closely to see how to implement and full impact of changes	110 hrs or 170 hrs	Sept. 30 th , 2016 or Oct. 15 th , 2016
Update initial report & debrief with the management			
Report to Council			

While there will be different outputs from the project throughout different phases, the key deliverable for the project will be one report that will consolidate our analysis, findings, recommendations and key information collected by us.

3. Key Contacts

The key contacts for this project are:

- Kerry Tarasoff, Chief Financial Officer
- Clae Hack, Director of Finance
- Mike Jordan, Director of Government Relations
- Nicole Garman, Director of Corporate Risk
- Kim Matheson, Director of Strategic & Business Planning

4. Budget

Our fees are based on actual hours incurred by PwC staff, at the below agreed upon hourly billing rate in the Agreement dated January 1, 2015. These rates are specific to additional consulting services.

Option 1 – Pilot of One Area

Role	Rate	Expected Hours	Total
Engagement Partner	\$408.00/hr	31	\$12,648
Engagement Manager	\$204.00/hr	144	\$29,376
Senior Associate	\$127.50/hr	144	\$18,360
Total		319	\$60,384

Option 2 – Pilot within 2 Areas (recommended)

Role	Rate	Expected Hours	Total
Engagement Partner	\$408.00/hr	35	\$14,280
Engagement Manager	\$204.00/hr	164	\$33,456
Senior Associate	\$127.50/hr	180	\$22,950
Total		379	\$70,686

Any expenses incurred for travel will be charged on an actual basis. Considering the specialized nature of the work involved, we will utilize two people from our Calgary office and one person from Saskatoon for this project. We will make every effort to minimize the expenses.

We recommend Option 2 as pilots in two areas will provide a more representative insight into the City's expected challenges around implementing a multi-year business planning and budgeting framework. This is a multi-year long term initiative and it is imperative to plan and set this up the right way.