



REPORT N° FIN2019-012 Procurement Policy Amendement

Date	15/03/2019
Submitted by	Yves Rousselle
Subject	Procurement Policy Amendement
File N°	A09 Policies and Procedures

1) NATURE/GOAL :

The purpose of this report is to amend By-law 2016-60 to increase the delegated authority to the Chief Administrative Officer and Directors to improve the effectiveness of the approval process of purchases and agreements / contract awards.

The main amendments of the existing City's Procurement by-law as follows:

- 1) To provide City staff that have purchasing responsibilities clear direction on policy to be followed.
- 2) To increase the purchasing authority to designated staff through an approved process.
- 3) To review the legality of contract award to local business.
- 4) To review the Schedule "A" - Bid Irregularities.
- 5) To amend the by-law responsibilities from the Director of Finance and Economic Development to the Municipal Treasurer.

2) DIRECTIVE/PREVIOUS POLICY :

1. Procurement Policy 2016-007 under By-Law 2016-60

3) DEPARTMENT'S RECOMMENDATION :

THAT the Committee of the Whole recommends that Council adopts a by-law to approve the proposed amendments to the Procurement Policy.

THAT the committee of the Whole also recommends that Council repeals by-law 2016-60

AND THAT staff be authorized to make online purchases for smaller items

QUE le Comité plénier recommande au Conseil d'adopter un règlement pour approuver les amendements proposés à la politique d'approvisionnement.

QUE le comité plénier recommande également au Conseil d'abroger le règlement

2016-60.

ET QUE les employés soient autorisés à faire des achats en ligne pour les plus petit items

4) **BACKGROUND :**

The Municipal Act, 2001, s. 271 states that a municipality and a local board shall adopt and maintain timely and relevant policies with respect to its procurement of goods and services, including policies with respect to:

- (a) The types of procurement processes that shall be used;
- (b) The goals to be achieved by using each type of procurement process;
- (c) The circumstances under which each type of procurement process shall be used;
- (d) The circumstances under which a tendering process is not required;
- (e) The circumstances under which in-house bids will be encouraged as part of a tendering process;
- (f) How the integrity of each procurement process will be maintained;
- (g) How the interests of the municipality or local board, as the case may be, the public and persons participating in a procurement process will be protected;
- (h) How and when the procurement processes will be reviewed to evaluate their effectiveness; and
- (i) Any other prescribed matter.

5) **DISCUSSION :**

The existing procurement policy was adopted in June of 2016. Since then, the finance department has identified some areas where improvements and productivity in the approval process could be achieved within each department.

To achieve these improvements and increase the productivity of staff changes to the existing procurement policy need to be considered.

In consideration of this the following actions were taken.

1. Review of the existing municipal procurement policy
2. Identification of areas to be improved within the existing policy

3. Drafted a revised policy with recommended changes
4. Draft a policy reviewed by senior management
5. Changes incorporated, reviewed by external legal firm (Vice & Hunter LLP)

Throughout the process by-laws from the Township of Russell, The County of Prescott and Russell and the City of Ottawa were reviewed to aid with the content and formatting of the document. Some other by-laws from other municipalities in the province of Ontario were also reviewed.

Financial Signing Authority Matrix

Adjustments have been made to the Financial Signing Authority Matrix thresholds improving efficiency. The thresholds are in line with the County of Prescott and Russell, the Township of Russell and other municipalities in Ontario. Previously directors had signing authority for items up to \$50,000 that were in the approved budget. This limit is low and has caused many routine reports to go to Council that could have been dealt with more efficiently. This has taken City staff away from more “value added” services of serving citizens and working on projects that could improve efficiencies and reduce cost to tax payers. In the proposed new By-Law, there is no upset limit for approval by the CAO and Directors if the project is within the budget, within the original scope of work determined during the budget process and no irregularities are noted as per the Bid irregularities identified in Schedule “A” of this policy.

In order to keep Council informed, a report will be supplied on a semi-annual basis including all contracts awarded over \$50,000.

Below is a comparison table of upset limit with other municipalities

City / Town	Upset Approval Limit	Population
Clarence-Rockland	\$50,000*	24,782
Russell	\$250,000	16,520
UCPR	No Limit	89,333
Blue Mountain	No Limit	7,025
Oakville	No Limit	201,200
Hamilton	\$250,000	10,942
Barrie	No Limit	147,000

*Current policy

Local Preference

Much consideration was given to local preference but the municipality is limited in what can be done as the Canadian Free Trade Agreement clearly prohibits municipalities from adopting local preference policies. In addition, this was also corroborated by the municipality's Law firm, Vice & Hunter LLP. A change was made to remove the preferences of a local business in case of a tie.

Bid Irregularities

Additional standard wording was added in the "Bid Irregularities – Schedule A" section to furthermore protect the municipalities. The wording added is already used in the current forms and is standard across the industry.

Online purchases

Per last Council staff was given the direction to avoid purchases online for smaller items (less than \$500) not covered by a standing offer. The City could seek some efficiencies in its purchasing process by buying online. As an example, currently, if an employee needs a phone case they would need to go out to a local retailer to find and purchase the case. This results in a lot of waste of municipal resources and the price is almost doubled after adding the employee time and the travel reimbursement. Many times the product is also not available at a local retailer, which is then ordered with a markup.

The goal is not to replace or avoid local purchases but to be more efficient when possible. The extent of materials and supplies purchased under \$500 not covered by an existing agreement is also limited (ex: Grand & Toy, for office supplies).

6) CONSULTATION :

N/A

7) RECOMMENDATIONS OR COMMENTS FROM COMMITTEE/ OTHER DEPARTMENTS:

Directors have reviewed this document and their comments have been addressed.

8) FINANCIAL IMPACT (Expenses/Material/etc.):

N/A

9) **LEGAL IMPLICATIONS:**

The proposed amendment has been reviewed by legal counsel.

10) **RISK MANAGEMENT:**

N/A

11) **STRATEGIC IMPLICATIONS:**

N/A

12) **SUPPORTING DOCUMENTS :**

Appendix "A" - Proposed Procurement Policy

Appendix "B" - Existing Procurement Policy FIN2016-007