

Request for Decision



To: Regular Meeting
From: Financial Services
Date: August 12, 2019
Subject: Revised Policy 802 - Procurement
Recommendation: **THAT Council approves Procurement Policy 802, Revision version 2.**

Background

Staff has for some time struggled with the interpretation and application of the existing purchasing policy, which lacks clear direction related to commonly occurring situations and some critical areas. It is also outdated with respect to its references to trade agreements and omits some of the more recently created staff positions from the list of spending authorities.

Finance staff has undertaken a substantial amount of research and review of other municipal purchasing policies and procurement documentation in order to produce a new policy which addresses the practical requirements of those responsible for procurement, while maintaining sufficient controls and direction to ensure that the stated objectives are achieved. This policy also aims to incorporate many of the recommendations and best practices advocated by the Auditor General for Local Government.

The proposed new policy is a complete re-write of the previous version, with the following changes made to provide better direction to staff and for conformity with current best practices :

- the removal of definitions, which are generally redundant and unnecessary, and clauses which relate to procedure rather than policy
- rewording of provisions regarding ethics and conflicts of interest, as these are addressed in other policies and employment contracts
- expansion of the responsibilities statements and guidelines to address best value, sustainable procurement, and co-operative purchasing
- inclusion of additional sourcing methods such as expressions of interest, vendor pre-qualifications and standing offers
- addition of sections which cover change orders, selection of consultants and professional service providers, on-going contracts, performance evaluations, and unsolicited proposals
- more clearly defined purchase order exemptions
- clarification regarding direct awards greater than \$25,000 and of the type of situations which may justify sole sourcing

The spending authorities and thresholds for the different sourcing methods are for the most part unchanged. Where changes have been proposed, it is for reasons of practicality and should not compromise controls or create additional risk to the organization.

These changes include the following:

- use of generic, rather than specific, position titles for staff spending limits
- increase in purchase order amounts from \$1,000 to \$1,500, to be consistent with the spending limit for coordinators
- increase in the direct acquisition threshold from \$5,000 to \$10,000, for purchases where no individual item is greater than \$5,000
- Increase in the threshold for verbal and written quotes, along with some added flexibility related to verbal quotes

Following a recommendation made during the COTW meeting, staff has added a reference to other provisions in the policy with respect to the Chief Financial Officer's responsibility for approval of sole source purchases.

The revised policy was introduced to the Committee of the Whole on July 15, 2019 and is presented here for approval and adoption.

Benefits or Impacts

General

The policy revisions included here provide more definitive direction to staff in the procurement of goods and services.

Strategic Impact



Fiscal Responsibility

- This policy mandates practices which are aimed at achieving best value for money in procurement, while maintaining appropriate controls to minimize risk and ensure compliance with trade agreements.

Policy/Legislation

Council has the authority to approve policy.

Attachments

Proposed Procurement Policy 802 revision v2
Existing Contracting Authority and Purchasing Policy 802A-1

Recommendation

THAT Council approves Procurement Policy 802, Revision version 2.

Options

1. THAT Council accepts the recommendation.
2. THAT Council does not accept the recommendation.
3. THAT Council refers the matter back to staff for further information.

Report Approval Details

Document Title:	Procurement Policy Regular Meeting.docx
Attachments:	- Procurement Policy 802-A2 2019.pdf - 802A-1 - Contracting Authority and Purchasing.pdf
Final Approval Date:	Jul 23, 2019

This report and all of its attachments were approved and signed as outlined below:

No Signature - Task assigned to Diane Heinrich was completed by assistant Daniel Drexler

Diane Heinrich - Jul 23, 2019 - 7:57 AM