# Memo

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| To: | Committee of the Whole |
| From: | Financial Services |
| Date: | 2019-09-03 |
| Subject: | Revised Procurement Policy 802 |

## Background

Staff introduced a revised Procurement Policy to the COTW on July 15th and then presented it at the August 12th Regular Meeting for approval. At that meeting, Council deferred the adoption of the new policy pending further review and discussion.

There were some suggested edits recently provided by Council, which have been summarized on the following page. Staff would like to have an opportunity to discuss these proposed revisions, as they could have adverse financial consequences if implemented.

## Benefits or Impacts

### General

The revised procurement policy provides more definitive direction to staff in the procurement of goods and services and incorporates many of the recommendations and best practices advocated by the Auditor General for Local Government.

### Strategic Impact

- The new procurement policy mandates practices which are aimed at achieving best value for money in procurement, while addressing the requirements of those responsible for managing operations and projects in a practical and efficient manner.

### Policy/Legislation

Council has the authority to approval policy.

## Attachments

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

| Councillor Proposed Change | Existing Policy 802A-1 | New Policy Revision v2 | Comments |
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| Responsibilities<br><br>CFO to report non-compliance to Council | Not addressed | Covered under Section 3; report to Council if warranted | Minor infractions to be reported?<br>Other considerations for discussion. |
| Legal review for bid compliance should be CAO responsibility | Not addressed | Department head/project manager responsibility to ensure procurement contracts complete | This was included to address the RFP evaluation process where there may be a legal question of bid compliance. RFP evaluations are completed at the department head not CAO level. |
| Spending Authority<br><br>Include wording to specify absence of more than 3 days | Not addressed | Timeframe for absence not specified;<br>Wording is "staff member performing their duties" | Generally, a staff member would only be performing another's duties in an absence of more than just a few days and, in the case of management, specifically designated to do so. |
| Change wording of CAO spending limit to "Within Annual Budget" | "Within Financial Plan" | "Within Financial Plan" | Limiting this to the annual budget would technically prohibit any procurement which extends past the current year. |
| Sole Source Threshold<br><br>CFO limit reduced to $10,000;<br>CAO $10,000 - $75,000;<br>Limit of $50,000 | CFO limit $25,000;<br>>$25,000 not addressed; no upper limit | CFO limit $25,000<br>CAO $25,000 - $75,000 | CFO limit at $10,000 is redundant as direct purchase is allowed up to $10,000.<br>>90% of direct awards approved by CFO are for limited RFQ response or proprietary or co-operative purchases.<br>$50,000 is inconsistent with $75,000 allowed by trade agreements. |
| Sole Source Reporting<br><br>Report >$10,000 to Council<br>Include company and project | Council report if >$25,000 | Council report if >$25,000 | Current practice (for past year) is to report all, including those <$25,000.<br>Started reporting Supplier & Project for July 2019; procedural not policy item. |
| Consulting Services<br><br>Limit direct engagement to under $10,000 | No limit; any contract can be sole sourced | $25,000 limit is subject to evaluation or pre-qualification process having been completed | There are cost considerations for reducing threshold. |
| Contract Length & Reviews<br><br>Reduce from 5 years to 3;<br>Allow up to 3 renewals | Not addressed | Maximum term is 5 years **including** renewals. Indefinite annual renewals prohibited | There are cost considerations for limiting time. |
| Contract Value<br><br>CAO authority limited to $1,000,000 | Not specifically addressed; no limit for CAO is implied | No limit - contracts awarded through public tendering process | High value contracts will be for projects already approved in the financial plan and subject to RFP process. Potential cost consequences if delayed pending additional Council approval. |
| Related Bylaws and Policies<br><br>Question on where the Wood First Policy fits in | Not addressed | Not addressed | Could be included in Section 5 Purchasing Guidelines |