



**Finance & Administration  
Committee  
Sept. 24, 2012**

**Consolidated  
Purchasing Policy**



**Objectives of Today's Meeting**

- To approve the Draft Consolidated Purchasing Policy
- To direct staff to develop and provide a P-Card policy
- To direct staff to provide elements of a Green and Ethical procurement policy to Committee of the Whole (Working Session)

## Approach to Consolidation

- Reviewed 15 Ontario municipal purchasing policies
- Observed different approaches in other policies, and many similarities – all include authority limits, some include procedures and some include bid document information
- Framework chosen is the Region of York's Purchasing policy
- Focused on a "policy" document rather than "procedure" document
- The City's "Tendering Policy" is a separate policy

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## Purchasing Policy Was Based on a Thorough Review

- Last review of the City's procurement process took place in 2001, facilitated by KPMG.
- Signing authority of staff (Director of Purchasing Services) to award contracts was increased from \$35,000 to \$100,000
- Increased low dollar limit from \$500 to \$3,000
- Consulting/professional contracts to \$10,000 for Directors and \$35,000 for Commissioners

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## Purposes, Goals & Objectives of the Purchasing Policy

- to ensure fairness, objectivity, accountability and transparency in an efficient procurement process
- to obtain high quality goods, services or construction at a cost that provides the best value to the City
- to encourage competition among bidders
- to have regard for Green and Ethical Procurement Policy

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## Purchasing Policy Applies to:

- This Purchasing Policy shall apply to the procurement of goods, services or construction for the purposes of all City departments;
- No expenditure, purchase or commitment shall be incurred or made, and no account shall be paid except as provided in this Purchasing Policy or otherwise approved by Council;
- No contract shall be entered into and no expenditure shall be authorized or incurred unless Council has provided funds in the annual budget, no expenditure shall be authorized or incurred in excess of the funds provided, other than multi year operating contracts with funding in the base budget;
- No employee or Member of Council of the City of Vaughan shall personally obtain any personal or real property that has been declared surplus unless it is obtained through a public process, unless otherwise specifically provided for in another City policy;
- No contract for the procurement of goods, services or construction shall be divided into two or more parts for the purpose of avoiding the application of this Purchasing Policy;
- All procurement undertaken by the City shall be undertaken in accordance with all applicable City Codes of Conduct and in accordance with the Municipal Conflict of Interest Act.
- This purchasing policy shall not apply to the purchase of those goods and services set out in section 20.1 d)

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# Responsibilities

## Commissioners

- Each Commissioner is accountable for the procurement of goods, services or construction for the City departments that have been assigned to that Commissioner
- Each Commissioner shall have the responsibility to prepare and submit reports for award of the contracts in accordance with this Purchasing Policy

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# Responsibilities Cont'd

## Director of Purchasing Services

- providing procurement advice including preparing call for bids documentation
- administering the call for bids and ensuring compliance with the terms and conditions of the call for bids
- reviewing the scope of work as prepared by the applicable City department for compliance with this Purchasing Policy
- development of co-operative purchasing plans
- development & standardization of procurement procedures
- disposal of surplus stock
- review of reports for award of contract for compliance to Purchasing Policy

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## Authorization of Purchases

Value	Recommended	Authority	Method
Under \$3,000		Commissioner or delegate	No bid process required
\$3,000 to \$100,000	Commissioners	Director of Purchasing	Purchasing - Quotations (8.1)
	Director or Commissioners for consulting and professional services only.	Directors up to \$10,000 and Commissioners up to \$35,000	No bid process required for consulting or professional services only
Over \$100,000		Council	Purchasing - Requests for Proposal or Tenders (8.4 and 8.5)
\$100,000 to \$350,000 Tenders Only*		Director of Purchasing	Purchasing - Tenders that meet qualifying criteria in Section 6.4 (Sect. 8.4)

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## Criteria – Staff Award \$100,000 - \$350,000 (Tenders Only)

- The award is to the lowest priced compliant bidder
- The award of the contract is within the approved budget
- The award results from the normal tendering process of the City (i.e. open bidding through advertisements)
- The term of the contract is for a maximum of 4 years
- There is no litigation between the successful bidder and the City at the time of award
- There are no bidder protests at the time of contract award.

A report will be provided to Council on a quarterly basis summarizing approvals by staff permitted by this section.

\*This section does not apply to Requests for Proposals

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## Tenders – Comparable Staff Authority Levels - Current

Town of Markham*	Unlimited
Town of Oakville*	Unlimited
City of Mississauga*	Unlimited
City of Barrie	Unlimited
Region of Peel	Unlimited
Region of York*	Unlimited
Region of Durham*	Unlimited
City of Toronto	\$ 20,000,000.00
City of Brampton*	\$ 1,000,000.00
City of Burlington*	\$ 1,000,000.00
Town of Richmond Hill	\$ 500,000.00
Town of Newmarket	\$ 250,000.00
City of Hamilton	\$ 250,000.00
<b>City of Vaughan</b>	<b>\$ 100,000.00</b>
City of London	\$ 100,000.00
Town of Aurora	\$ 50,000.00

\*Subject to Criteria being met

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## Pre-Qualifications and Expressions of Interest/ Information

- Request for Pre-Qualification
  - for the purpose of selecting qualified bidders to respond to a call for bids
  - does not create a contract
  - removal from list for unsatisfactory performance evaluation
- Request for Expression of Interest/Information
  - for the purpose of determining availability of goods, services and potential bidders
  - does not create a contract
  - may be a pre-condition for procurement

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## Bidding Methods

1. Request for Quotations
2. Request for Tenders
3. Request for Proposals (RFP)

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## Bidding Methods Cont'd

### *Request for Quotations*

- 7.1 A request for quotations may be issued where the estimated total cost does not exceed one hundred thousand dollars (\$100,000.00) and the following criteria apply:
- a) two or more sources are available to supply the goods, services or construction;
  - b) the goods, services or construction are clearly ascertainable and permit the evaluation of bids against applicable specifications;
  - c) the market conditions are such that bids can be submitted on a competitive pricing basis; and
  - d) it is intended that the lowest cost responsive bid shall be accepted without negotiation.
- 7.2 Request for quotations that exceeds one hundred thousand dollars (\$100,000.00) upon bid opening shall be submitted to Council for approval.

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## Bidding Methods Cont'd

### *Request for Tenders*

7.3 A request for tenders shall be issued where the estimated total cost exceeds one hundred thousand dollars (\$100,000.00) and the following criteria apply:

- a) two or more sources are available to supply the goods, services or construction;
- b) the goods, services or construction are clearly ascertainable and permit the evaluation of bids against applicable specifications;
- c) the market conditions are such that bids can be submitted on a competitive pricing basis; and
- d) it is intended that the lowest cost responsive bid shall be accepted without negotiation.

### *Request for Proposals*

7.4 A request for proposals shall be issued where the goods, services or construction cannot be specifically defined and it is anticipated that bidders may propose a variety of alternatives to fulfill the City's requirements.

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## Sole /Single Source Purchase

- Single source
  - A single source purchase may be made for the procurement of goods, services or construction without issuing a call for bids where:
    - the compatibility of a purchase with existing equipment, facilities or service is the paramount consideration and Council has authorized a sole source purchase pursuant to a report; or,
    - the purchase is the subject matter of co-operative purchasing plans with other levels of government, municipalities, boards, agencies, commissions, or public sector entities where such plans are determined to be in the best interests of the City
- Sole source
  - A sole source purchase may be made for the procurement of goods, services or construction without issuing a call for bids where there is only one legal entity capable of fulfilling the contract.

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## Emergency Purchases

- In cases of emergency, purchase is authorized without issuing call for bids
- Emergency determined by Commissioner
- Report back to Council when over \$100,000
- Report back to Council if not included in budget

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## Developer/Landowner Growth-Related Infrastructure

- Developer/Landowner undertake the funding and construction of growth-related municipal infrastructure through subdivision or development agreements, the agreement will set out the procurement process that will be followed

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## Disposal of Surplus Stock and Obsolete Equipment

- Each Commissioner shall submit to the Director of Purchasing Services reports of surplus stock including furniture, vehicles, equipment, supplies, and other goods which are no longer used or which have become damaged or obsolete.
- The Director of Purchasing Services shall have the authority to transfer such surplus stock from one department to another department, or to another municipality, and shall have the authority to sell or dispose of such surplus stock and /or obsolete equipment or to exchange or trade the same for replacement goods.
- Where surplus stock is offered to but not required by any City department or another municipality it shall be disposed of by call for bids.

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## Bid Review Committee

- Used where a bid contains an informality or irregularity or if there is a challenge to the call for bids process
- Composed of Treasurer, Director of Purchasing, Commissioner or Director from requesting department and solicitor
- In rare occasions, Council approval may be sought

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## Payment of Accounts

- Purchases made in accordance with this policy
- Payment certificates for work done under an approved contract
- Payment required by statute
- Items that are exempt from this policy
  - Employer's General Expenses
  - Utilities
  - Postal Charges
  - Telecommunication Charges
  - Training and Educations
  - Refundable Council and Employee Expenses
  - Special Services

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## Low Dollar Purchases

- Low dollar purchases are noted in the various municipal purchasing policies as being permitted without the use of a competitive process.
- The volume of low dollar purchases generally is high, whereas the total amount spent on low dollar purchases is relatively low.
- 12 out of 15 municipalities (not including Vaughan) use P-Cards for low dollar purchases

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## Comparable Low Dollar Purchases Levels

	Low \$	Methodology
Region of York	\$50,000	P-Cards
City of Burlington	\$20,000	Not mentioned
Town of Richmond Hill	\$10,000	P-Cards
Town of Newmarket	\$10,000	PO, Pcards, GSO
City of London	\$10,000	Pcard or PO
City of Ottawa	\$10,000	Pcard, PO or Invoice
City of Barrie	\$10,000	PO, Petty Cash, Pcards
Town of Markham	\$5,000	PO, Pcards, GSO
Region of Peel	\$5,000	P-Cards
Durham Region	\$5,000	Not mentioned
City of Mississauga	\$5,000	Pcard or Cheque Req.
City of Hamilton	\$5,000	Not mentioned
Town of Oakville	\$5,000	Pcards
City of Vaughan	\$3,000	FPO or Cheque Requisition
Town of Aurora	\$2,500	P-Cards or Cheque Requisition
City of Brampton	\$2,500	Pcard or Cheque Req.

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## Elements of P-Card Policy and Process

- Maximum single transaction limit
- Maximum monthly transaction limit
- Blocked access to specific merchant categories
- Review and approval by supervisors
- Electronic spending data with ability to quickly obtain reports
- Staff training
- Fewer vendors created and cheques issued for small value purchases

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