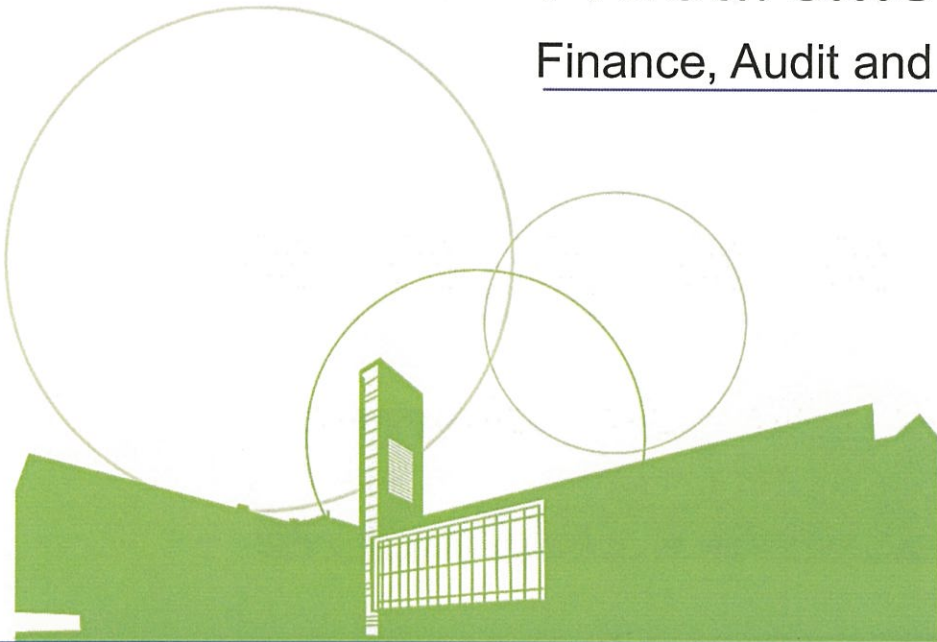


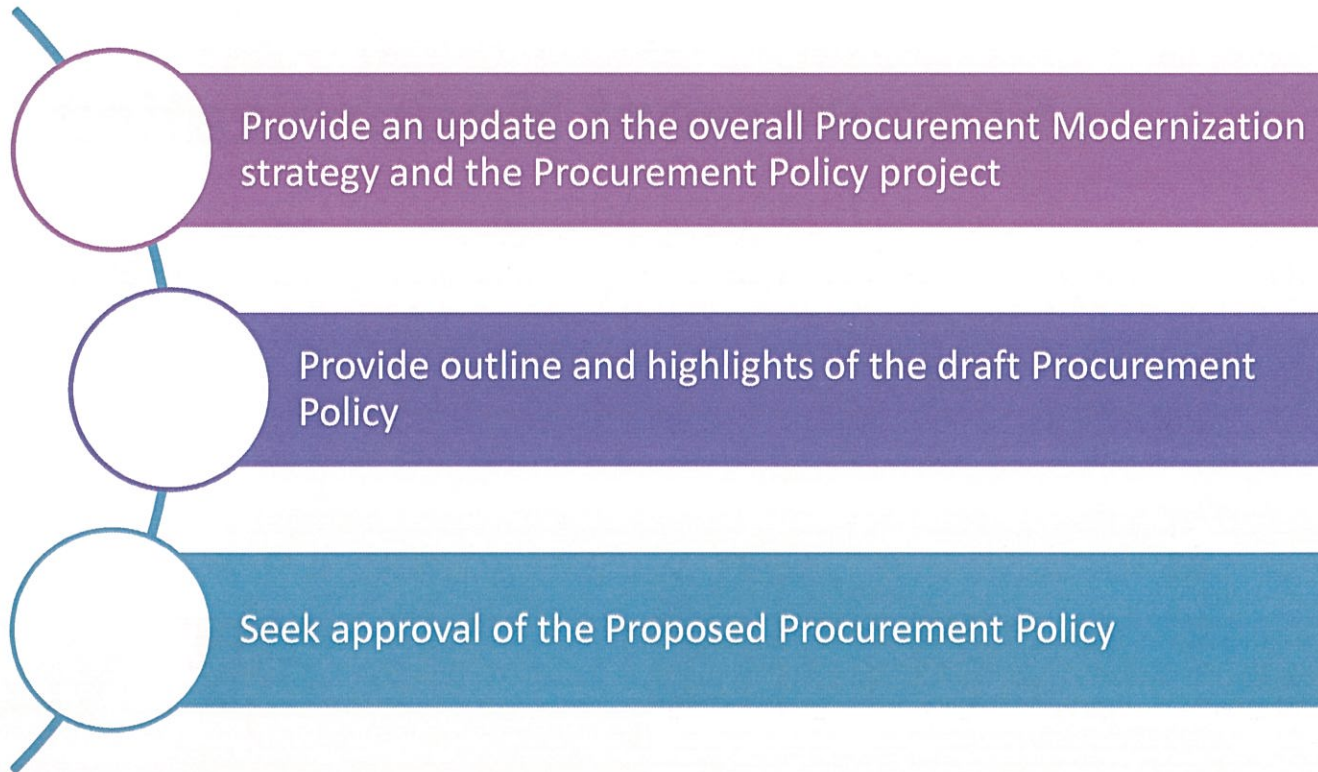
# Procurement Modernization

Finance, Audit and Administration Committee Presentation

March 6, 2017



# Objectives for Today's Presentation





# Procurement Modernization Strategy: Alignment

Term of Council  
Service Excellence  
Strategy Map  
(2014-2018)



**VISION**  
A city of choice that promotes diversity, innovation and opportunity for all citizens, fostering a vibrant community life that is inclusive, progressive, environmentally responsible and sustainable

**MISSION**  
Citizens first through service excellence

**VALUES**  
Respect, Accountability and Dedication

## TERM OF COUNCIL PRIORITIES

- ☐ Improve municipal road network
- ☐ Continue to develop transit, cycling and pedestrian options to get around the City
- ☐ Facilitate the development of the VMC
- ☐ Support the development of the hospital
- ☐ Re-establish the urban tree canopy
- ☐ Invest, renew and manage infrastructure and assets
- ☐ Continue to ensure the safety and well-being of citizens
- ☐ Meet Council tax rate targets (no greater than 3%)
- ☐ Update the Official Plan and supporting studies
- ☐ Attract investment and create jobs
- ☐ Create and manage affordable housing options (secondary suites)
- ☐ Continue to cultivate an environmentally sustainable city
- ☐ Support and promote arts, culture, heritage and sports in the community
- ☐ Continue to advance a culture of excellence in governance
- ☐ Establish a lobbyist registry
- ☐ Enhance civic pride through a consistent city-wide approach to citizen engagement

## SERVICE EXCELLENCE STRATEGIC INITIATIVES

CITIZEN EXPERIENCE	
<b>Citizen Experience and Service Delivery</b> Citizens Engaged in Decision Making • Develop a meaningful and inclusive citizen engagement framework	<b>End-to-End Citizen-Centred Services</b> Improvement Through Technology • Develop and implement a digital service strategy that defines how the City will deliver services through multiple channels (phone, web, mobile)
<b>Service Delivery Options</b> Efficient Service Delivery • Review service delivery options and shared services to match resources to the desired level of service	<b>Continuous Improvement</b> • Implement continuous improvement initiatives to improve our service and business processes
OPERATIONAL PERFORMANCE	
<b>Financial Sustainability</b> Sustainable Fiscal Framework • Create a Financial Master Plan to ensure sustainable fiscal policies and management of assets	<b>Demonstrate Value for Money</b> • Continue to refine our performance measures and benchmark for service delivery
STAFF ENGAGEMENT	
<b>Employee Engagement</b> Invest in Our People • Establish a People Plan to support employees through change • Succession plan • Learning and development • Workforce planning and talent management	<b>Communication Strategy</b> • Develop communications to frame the journey of service excellence and transformation
<b>Corporate Governance and Accountability Framework</b> Leadership Alignment • Develop and implement a leadership alignment process that aligns people, policies and technology to foster a culture of service excellence	<b>Governance and Accountability</b> • Review the organizational structure with defined roles and responsibilities to ensure it is positioned to deliver on Council priorities • Develop an Enterprise Risk Management Framework to better support governance and accountability

DEPARTMENTAL BUSINESS PLANS

## VISION

To be a strategic partner in service delivery and the City's growth and development through procurement excellence.

## MISSION

To drive value for money for the City and its citizens through fair competition and leading procurement practices.

## STRATEGIC PRIORITIES

1. Become a strategic advisor in order to drive value for money for the City
2. Collaborate with clients on an early and ongoing basis
3. Develop a policy and compliance framework with clearly defined roles and responsibilities that drives open, fair and transparent procurement practices
4. Develop leading practices that drive process efficiency through the enablement of technology
5. Develop a supplier relationship management program in order to drive procurement transparency, innovation and supplier accountability
6. Attract, develop and retain high performance staff

## VALUES

**Engagement:** Engagement and involvement of Procurement Services throughout the procurement life cycle

**Relationships:** Develop strong relationships with clients and supplier community

**Customer Focused:** Drive value for customer in everything we do

**Teamwork:** Achieve goals through a collaborative approach

**Trust:** Foster an environment of trust and transparency throughout the procurement process

**Commitment and Dedication:** Commitment and dedication to achieving procurement excellence

Transforming Procurement to Achieve Service Excellence



# Procurement Modernization Strategy: Principles

On October 19, 2016, Council endorsed the overall Procurement Modernization strategy based on the following principles:

**Transparency:** Improve the integrity of the procurement process through open, fair and transparent practices.

**Accountability:** Define clear roles and responsibilities, timelines and milestones for each procurement project.

**Efficiency:** Increase productivity through streamlined processes and staff empowerment.

**Teamwork:** Collaborate with client departments in strategic procurement project planning.

**Innovation:** Leverage technology to improve business processes to support clients' procurement needs and the supplier community.

Transparency

Accountability

Efficiency

Teamwork

Innovation



# Procurement Control Framework

## Preventative Controls

- Procurement Policy
- Council approval of business plans and budgets
- Council approval of policy exceptions and budget amendments
- Criteria, rules and processes for all procurement related activities
- Use of automation and electronic workflows

## Risks and Impact

Processes not followed, malfeasance, sub-optimal vendor selection, value for money not maximized

## Reactive Controls

- Public posting of all Procurement awards
- Clear bid dispute resolution processes
- Compliance monitoring and data analytics
- Monthly reporting to senior management
- Quarterly accountability reporting to Council

# Key Accomplishments To Date



## **QUICK WINS - Completed**

Procurement Services, in consultation with the client departments, has implemented seven (7) quick wins in 2016.

## **ORGANIZATIONAL REVIEW – In Progress**

The design and implementation of a future state Procurement Services organizational structure to support the Procurement Services Strategy Map.

## **eSUBMISSIONS – In Progress**

The implementation of online bid submissions to enable vendors to submit bids online within the current Bids & Tenders system. This project will be implemented with a phased approach.

## **PROCUREMENT POLICY & PROCEDURES – In Progress**

The revision of the current Consolidated Procurement Policy and Procedures.



# Proposed Procurement Policy Project Overview: Goals



Clarify the City's **standard** rules



**High quality, best value** procurements



**Fair and consistent** treatment of vendors; encourage competition



**Open and transparent** procurements



**Streamline and improve efficiency**



**Eliminate conflicts of interest**



Clearly defined **responsibilities and accountabilities**



Encourage consideration of **sustainable and ethical** procurements



7

Transparency

Accountability

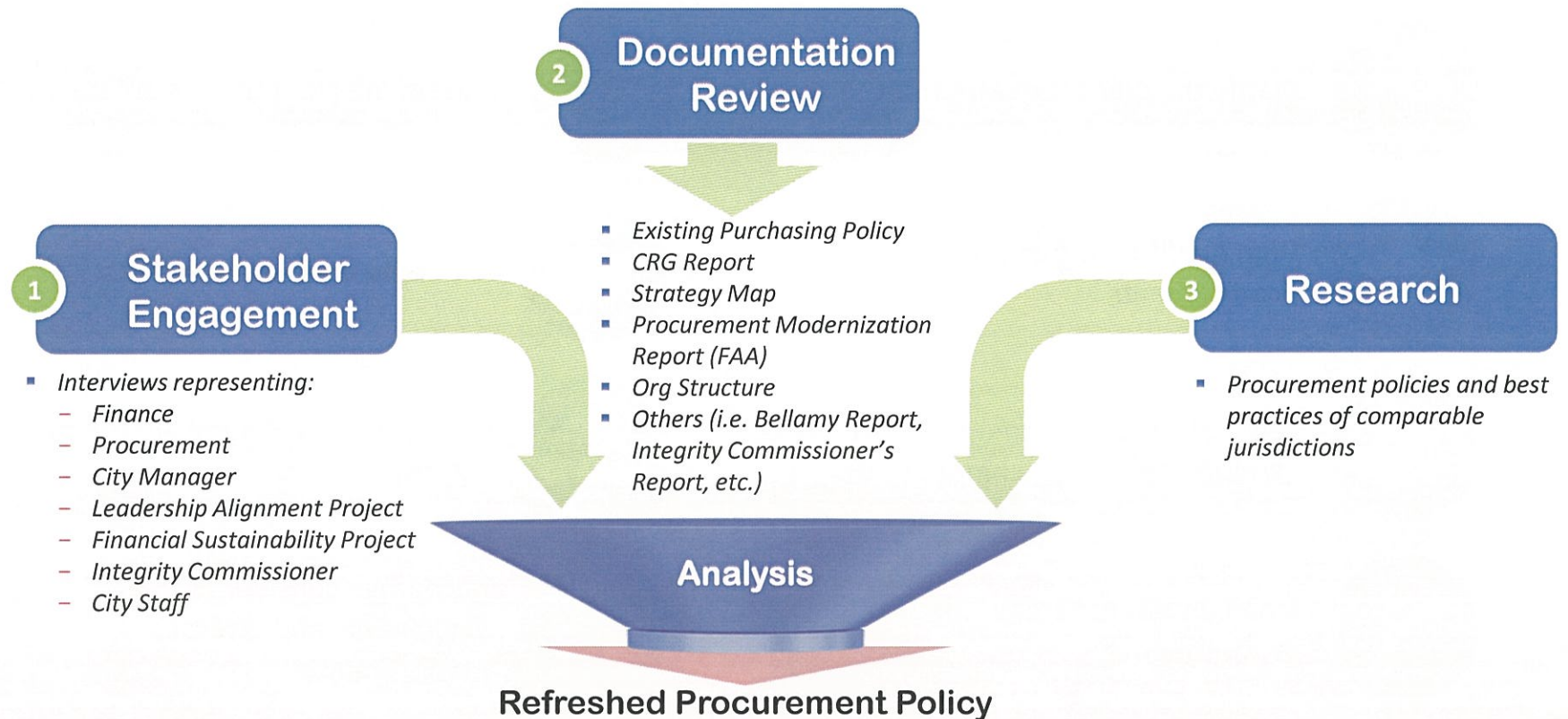
Efficiency

Teamwork

Innovation

VAUGHAN

# Process and Methodology





# Proposed Changes to the Procurement Policy

Changes to the Delegation of Authority framework to reflect best practices in municipal governance

Clarifications and enhancements of existing policy sections to strengthen the control framework

New sections to address actual or perceived gaps in the existing control framework

# Benefits of the Proposed Policy



1

## Council

- Increased accountability through clear governance of procurement function



2

## Residents

- Faster delivery of Council approved projects
- Increase value for money



3

## Vendors

- Clear, transparent and timely procurement processes



4

## City Staff

- Increased empowerment to deliver on projects within a system of rigorous accountability and governance

10

Transparency

Accountability

Efficiency

Teamwork

Innovation





# Procurement Governance Framework



# Delegation of Authority

City	Staff (Project scope and budget approved)	Council (Competitive)	Council (Non-Competitive)
Oakville	✓	Exceptions only	Exceptions only
Mississauga	✓	Exceptions only	>\$100,000
Barrie	✓	Exceptions only	Exceptions only
Ottawa	✓	Exceptions only	Exceptions only
Halton Region	✓	Exceptions only	>\$100,000
Burlington		>\$5,000,000	>\$100,000
York Region		Exceptions only (Tenders) >\$2,000,000 (RFP)	>\$100,000
Richmond Hill	✓	Exceptions only	>\$100,000
Vaughan (Proposed Policy)	✓	Exceptions only	>\$100,000

12

Transparency

Accountability

Efficiency






Teamwork

Innovation

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# Proposed Procurement Policy Overview: New Sections

Section	Reason for Change
 Guiding Principles Sections 1.7 & 1.8*	<ul style="list-style-type: none"> <li>Aligns with City's principles and Procurement Services strategic priorities</li> </ul>
 Ethical Conduct Section 1.9*	<ul style="list-style-type: none"> <li>Includes clear Conflict of Interest guidelines</li> <li>To strengthen expectations with respect to conduct of employees, Members of Council and vendors</li> <li>Reduces legal and reputational risk</li> </ul>
 Vendor Performance and Dispute Resolution Section 8*	<ul style="list-style-type: none"> <li>To clearly define expectations regarding vendor behaviour and performance</li> <li>Enhance appeal process for vendors</li> <li>Provides better governance</li> </ul>
 Vendor of Record Sections 4.1.11 to 4.1.14*	<ul style="list-style-type: none"> <li>Improves efficiency and effectiveness of procurement process</li> <li>Implements better contract management</li> </ul>
 Fairness Monitor Sections 7*	<ul style="list-style-type: none"> <li>Defines the roles of a Fairness Monitor within the procurement process</li> <li>Reduces legal and reputational risk</li> <li>Supports Procurement Services values and guiding principles</li> </ul>

13

\*Sections within the Proposed Procurement Policy

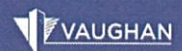
Transparency

Accountability

Efficiency

Teamwork

Innovation





# Proposed Procurement Policy Overview: New Sections

Section	Reason for Change
 Unsolicited Proposals <i>Section 10*</i>	<ul style="list-style-type: none"> <li>Clearly defines process for handling actual and potential Unsolicited Proposals in the best interest of the City</li> <li>Implements clear and fair process</li> <li>Reduces risk</li> </ul>
 Economic Development and Innovation <i>Section 11*</i>	<ul style="list-style-type: none"> <li>Supports Procurement Services Strategic Priorities to drive procurement excellence and economic development objects through innovation</li> </ul>
 Partnerships <i>Section 12*</i>	<ul style="list-style-type: none"> <li>Defines framework for engaging partners in procurement which may drive value for money</li> </ul>
 Sustainable Procurement <i>Section 15*</i>	<ul style="list-style-type: none"> <li>Aligns with the City's principles and <i>Green Directions Vaughan</i> directive</li> <li>Encourages consideration of environmental, social ethical and economic procurement</li> </ul>
 Fair Wage <i>Section 16*</i>	<ul style="list-style-type: none"> <li>Research and feasibility study underway</li> <li>If enacted, will support Procurement Services values of fair, open and transparent procurements</li> </ul>

14

\*Sections within the Proposed Procurement Policy

Transparency

Accountability

Efficiency


Teamwork

Innovation


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# Proposed Procurement Policy Project Overview: Goals


✓  Clarify the City's **standard** rules


✓  Streamline and improve efficiency


✓  High quality, best value procurements

✓  Eliminate conflicts of interest

✓  Fair and **consistent** treatment of vendors; encourage competition

✓  Clearly defined **responsibilities** and **accountabilities**

✓  Open and **transparent** procurements

✓  Encourage consideration of **sustainable** and **ethical** procurements

15

Transparency

Accountability

Efficiency

Teamwork

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# Questions



Transparency

Accountability

Efficiency

Teamwork

Innovation

