

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF MARCH 21, 2017

Item 1, Report No. 3, of the Finance, Administration and Audit Committee, which was adopted, as amended, by the Council of the City of Vaughan on March 21, 2017, as follows:

By approving the following recommendation contained in Communication C1, from the Chief Financial Officer and City Treasurer and the Director of Environmental Services, dated March 16, 2017:

- 1. That this communication be received.**

1 SERVICE EXCELLENCE STRATEGIC INITIATIVE: PROCUREMENT MODERNIZATION – UPDATE

The Finance, Administration and Audit Committee recommends:

- 1) That the recommendation contained in the following report of the Chief Financial Officer & City Treasurer and the Director of Procurement Services, dated March 6, 2017, be approved;**
- 2) That the following be approved in accordance with Communication C3, from the Chief Financial Officer and City Treasurer and the Director, Environmental Services, dated March 3, 2017:**

- 1. That this Communication be received.**

- 3) That the following Communications be received:**

C4 Mr. Richard Lorello, dated March 3, 2017;
C5 Integrity Commissioner, dated March 3, 2017; and
C7 Presentation material titled “Procurement Modernization”, dated March 6, 2017.

Recommendation

The Chief Financial Officer & City Treasurer and Director of Procurement Services, in consultation with the Director for Environmental Services and the Senior Management Team recommend:

- 1. That Council adopts the proposed Procurement Policy, as set out in Attachment #2 of this report and repeal the existing Consolidated Procurement Policy, effective April 1, 2017.**

Contribution to Sustainability

A modernization of the Procurement Policy will improve the way we acquire goods, services and construction, help ensure value for money, and contribute to the City's long-term financial sustainability.

Aligned with the Council approved Procurement Services Strategy Map, the Procurement Policy is grounded in the guiding principles of transparency, accountability, efficiency, teamwork and innovation. It contributes to the Service Excellence Strategic Initiatives of operational performance by demonstrating value for money and the staff engagement initiative by providing governance and accountability.

Economic Impact

There is no additional funding request for this report.

The Procurement Modernization capital project SE-0078-16 was approved at a total cost of

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF MARCH 21, 2017

Item 1, Finance Report No. 3 – Page 2

\$381,313. Current spend to date for the Procurement Modernization project including the Carly Rian Group (CRG) organizational assessment and transformation report and the development of the proposed Procurement Policy is approximately \$161,963. The remainder of the approved budget will be used to implement the training program for the proposed Policy and future phases of the Procurement Modernization project.

Additional resource requests or capital budget amendments required to complete the Procurement Modernization project will be submitted through the future budget processes for Council approval while meeting Council's tax rate targets.

Communications Plan

Stakeholder consultation was conducted prior to the development of the proposed Policy which included interviews with senior management, and workshops with client departments with high volume procurement needs. The vendor community was also engaged through an online survey and facilitated focus group sessions in summer 2016.

In consultation with Corporate Communications, the Procurement Modernization communications plan will use several tactics to support the implementation of the proposed Policy, including:

- Staff updates via memos, briefing packages, use of internal intranet, and comprehensive training;
- Vendor updates via announcements, training, and education sessions; and
- A public update via posting of the Policy on the City of Vaughan's website.

Procurement will continue to provide quarterly updates to the Finance, Audit and Administration committee of all procurement activities. Project awards which are of special interest to a community will be forwarded to Council offices via a memo.

Purpose

The purpose of this report is to recommend adoption of a revised Procurement Policy (Attachment #2) that reflects current municipal best practices and aligns with the Procurement Modernization principles endorsed by Council on October 19, 2016.

Background – Analysis and Models

On October 19, 2016, Council endorsed the Procurement Strategy Map and Guiding Principles.

The proposed Procurement Policy was developed based on these principles of openness, fairness and transparency, while taking into account items such as the increasing presence of technology and leading practices from other jurisdictions. The proposed Policy will help to streamline the procurement process and provide more departmental accountability and governance, while driving value for money spent by the City.

The revision of the current Procurement Policy to modernize and transform the corporate procurement function was conducted through stakeholder consultations and evidence-based research.

In October 2016, SEG Management Consultants, a division of OPTIMUS | SBR, was engaged to work with the City of Vaughan to revise the current Consolidated Procurement Policy and procedures.

Focused one-on-one individual interviews were conducted in November 2016 with six key stakeholders including:

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF MARCH 21, 2017

Item 1, Finance Report No. 3 – Page 3

- The City Manager;
- Integrity Commissioner;
- Chief Financial Officer and City Treasurer;
- Procurement Services Director;
- Senior Manager Strategic Planning – Leadership Alignment Project; and
- Project Manager – Financial Sustainability

The stakeholders were each interviewed for this initiative with member(s) of the OPTIMUS | SBR / SEG engagement team to share their perspectives and ideas. The purpose of these interviews was to gather the following information:

- The specific policies and procedures that should be considered as part of Procurement;
- Areas within the procurement process which require particular focus;
- How the policies and procedures could help support departmental work and mandate;
- Expected outcome of a specific policy or procedure and;
- Other information relevant to Procurement policies and procedures.

As part of the validation process and to obtain stakeholder buy-in, the Senior Management Team was also consulted during a Procurement Policy workshop in December 2016 and with the Policy Committee on January 26, 2017.

Through the implementation of a new Procurement Policy, the City will improve project delivery and increase the capacity to deliver more projects.

Based on the information gathered through literature reviews, jurisdictional scans, stakeholder consultations, review of background documents, and quantitative data analysis, key opportunities to increase efficiency and costs savings were identified as:

- The City would be able to procure its goods, services and construction earlier, thus improving the project delivery time by up to 16 to 18 weeks;
- Increased accountability through a clear process, defined roles and responsibilities;
- Reduced time for award decision-making - this will help vendors better manage their resources and strengthen relationships between the City and vendor community;

The attached proposed Procurement Policy has been updated to reflect and align with current municipal best practices. The Policy focuses on policy matters with specific procedures, which may change from time to time, included in a separate administrative document. The proposed Policy supports rigorous reporting on Key Performance Indicators (KPIs) and milestones. The proposed revisions to Procurement related Delegations of Authority are in line with the Procurement principles approved by Council in October 2016.

New sections found in the proposed Policy include:

- **Guiding Principles/Ethical Conduct:** Aligns with the Procurement principles and Procurement Services Strategy Map approved by Council on October 19, 2016. Includes clear conflict of interest guidelines, reduces legal and reputational risk, and clearly defines expectations with respect to conduct of employees, members of Council and vendors; and
- **Vendor Performance and Dispute Resolution:** Clearly defines expectations regarding vendor behaviour and performance, enhances appeal process for vendors, and provides better controls.

New policy sections that codify existing practices include:

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF MARCH 21, 2017

Item 1, Finance Report No. 3 – Page 4

- **Vendors of Record Listing:** Improves efficiency and effectiveness of procurement process, and implements better controls;
- **Use of Fairness Monitors:** Defines the role of a Fairness Monitor within the procurement process, reduces legal and reputational risk, and supports Procurement Services values and guiding principles; and
- **Unsolicited Proposals:** Clearly defines process for handling actual and potential Unsolicited Proposals in the best interest of the City, implements better controls and reduces risk.

The proposed Procurement Policy roles and responsibilities are shown below:

Council	Staff
<ul style="list-style-type: none">• Project Approval<ul style="list-style-type: none">◦ Decisions through budget approval on programs, projects and service levels;◦ Resource allocation through Policy approval and Procurement processes.	<ul style="list-style-type: none">• Adherence of clear and open procurement process, including tender awards.
<ul style="list-style-type: none">• Approval of the Procurement Policy.	<ul style="list-style-type: none">• Development of quarterly procurement activities report to Council.
<ul style="list-style-type: none">• Approval of exceptions to the Procurement Policy.	<ul style="list-style-type: none">• Memos to Council on Community special interest project awards.

The proposed changes and rationale for change between the current Procurement Policy and the proposed Procurement Policy are summarized in Attachment #1.

Effective Date – April 1, 2017

Upon Council approval, the proposed Procurement Policy will become effective on April 1, 2017.

To ensure consistent work practices, interpretation and application of the proposed Procurement Policy between all city staff, a comprehensive training program is being developed to ensure compliance, and to mitigate risk.

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

The initiative to review and update the Procurement Policy is consistent with the Service Excellence Strategic Initiatives: Operational Performance and Staff Engagement.

- Strategic Goal: Financial Sustainability
 - Demonstrate Value for Money
- Strategic Goal: Corporate Governance and Accountability Framework
 - Governance and Accountability

Regional Implications

None

Conclusion

The current Procurement Policy does not fully support or align with the new strategic direction for

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF MARCH 21, 2017

Item 1, Finance Report No. 3 – Page 5

Procurement Services that was approved by council in October 2016. The new policy will move this initiative forward and facilitate best overall value to the City. The Policy will also be consistent with current municipal best practices.

The recommendation for this report is to approve the proposed Procurement Policy as stated allowing for the application of effective procurement practices to deliver value for the City.

Attachments

1. Attachment #1: Procurement Policy Comparison Highlights
2. Attachment #2: Corporate Procurement Policy

Report prepared by:

Monique Holz, Project Manager, Procurement Modernization, ext. 8434
Asad Chughtai, Director, Procurement Services, ext. 8306

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)



memorandum

c <u>1</u>
Communication
COUNCIL: <u>March 21/17</u>
FAA Rpt. No. <u>3</u> Item <u>1</u>

DATE: March 16, 2017

TO: MAYOR AND MEMBERS OF COUNCIL

FROM: LAURA MIRABELLA-SIDDALL, CHIEF FINANCIAL OFFICER AND CITY TREASURER
JENNIFER ROSE, DIRECTOR, ENVIRONMENTAL SERVICES

RE: COUNCIL MEETING – MARCH 21, 2017
SERVICE EXCELLENCE STRATEGIC INITIATIVE: PROCUREMENT MODERNIZATION –
UPDATE

Recommendation

The Chief Financial Officer and City Treasurer and the Director of Environmental Services recommend:

1. That this communication be received.

Purpose

The purpose of this communication is to provide supplemental information for the Finance, Administration & Audit Committee Report 3 Item 1 on March 6, 2017 as requested by members of the Committee.

The Supplemental information is attached at Appendix 1.

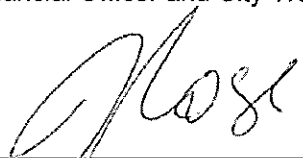
Attachment

1. Procurement Policy Supplemental Information

Respectfully submitted,



Laura Mirabella-Siddall
Chief Financial Officer and City Treasurer



Jennifer Rose
Director, Environmental Services

FINANCE, ADMINISTRATION AND AUDIT COMMITTEE – MARCH 6, 2017
SERVICE EXCELLENCE STRATEGIC INITIATIVE: PROCUREMENT MODERNIZATION – UPDATE
SUPPLEMENTARY REPORT

1 Leading Practices

A literature review was conducted to identify “leading procurement practices” noted in the proposed policy’s Mission Statement. The research referenced information obtained through the following organizations and documents:

- National Institute of Government Purchasing

The NIGP is an international association of public procurement practitioners with over 3,000 member agencies across the United States, Canada and countries outside of North America. It has an extensive library of documents covering global best practices providing definitions, context, and guidance on relevant public procurement topics.

- Ontario Public Buyers’ Association

The Ontario Public Buyers Association (OPBA) is a not-for-profit professional association representing public procurement professionals throughout Ontario. The OPBA is committed to sharing experience and expertise of their members and has a library of documents on different aspects of public procurement and links to other organizations.

- Ontario Municipal Knowledge Network

The Ontario Municipal Knowledge Network is a web-based forum enabling municipal managers throughout Ontario to share information and learn from each other’s ideas and successes. Its goal is to promote best practices among municipalities, thereby improving taxpayer accountability and transparency and has published a document of *Leading Practices in Municipal Procurement*.

- National Association of Purchasing Cards Professionals

The NAPCP is a membership-based professional association committed to advancing Commercial Card and Payment professionals and industry practices worldwide. Serving a community of 19,000, the NAPCP is a respected voice in the industry and an impartial resource for members at all experience levels in the public and private sectors. The association sponsors research and publishes timely and relevant white papers, survey results and other documents.

- Procurement Guideline for Publicly Funded Organizations in Ontario

Published by the Ontario government, it is a summary of leading practices in the procurement of goods and services for organizations funded by the Ontario government and not designated under the Broader Public Sector Accountability Act, 2010. Although it is primarily meant for use by charities and

incorporated not-for-profit groups, the document sets out practices that can be implemented as part of any organization's procurement policies and procedures.

- A Guide to Developing Procurement By-Laws

Published by the Ministry of Municipal Affairs and Housing, the guide, which is advisory in nature, outlines the steps that can be taken by municipalities and local boards to develop by-laws/policies for procuring goods and services.

- Bellamy Report - Toronto Computer Leasing Inquiry

The Toronto Computer Leasing Inquiry was a judicial inquiry into allegations of conflict of interest, bribery and misappropriation of funds around computer leasing contracts entered into by the City of Toronto. The commissioner of the inquiry was Madam Justice Bellamy of the Ontario Superior Court of Justice. Volume 2 of Justice Bellamy's report, *Good Government*, contains 241 recommendations, grouped under brief discussions of the broad themes of ethics, governance, lobbying, and procurement.

- Procurement Modernization and Transformation Project Report – City of Vaughan (Carly Rian Group)

Carly Rian Group was retained by the City of Vaughan to conduct a corporate-wide review of procurement at the City to identify opportunities to address legacy procurement challenges and better align the organization to execute against the Council's Service Excellence Strategy. The report contained a number of recommendations grouped under "Procurement Policy and Compliance Management".

The following are some of the best practices identified through the research and incorporated into the new Procurement Policy:

Best Practice	Referenced in research resources mentioned in Section 1 above			Definition	Vaughan Policy Reference
	Govt. Guides	Industry Assn	Reports		
Guiding Principles			X	Outlining the key principles and goals that are to be followed and applied when procuring goods services and/or construction through the application of this policy.	Section 1.7 – 1.8
Ethical code of conduct for Elected Officials, Staff and Vendors	X	X	X	The procurement policy should reference a broader ethics and values policy that sets out expected behaviour of elected and appointed public officials and municipal staff and the consequences where they do not comply, (e.g., conflict of interest policy).	Section 1.1.0 – 1.1.11
Maintaining Integrity of the Process	X	X	X	A policy of "no informal contact" between municipal/local board staff or elected	Sections 1.1.9 & 3.8

				officials involved in the procurement with potential suppliers during the evaluation period	
Conflict of Interest	X	X	X	Outlining what constitutes a Conflict of Interest, proper methods of identifying and avoiding these, and outcomes in the event of hidden Conflicts.	Section 1.1.12 – 1.1.17
Separation of Duties	X		X	The policy must have the ability to insulate and protect politicians from allegations of attempting to influence procurement decisions. In discussing the role of politicians, most experts emphasize the up-front role of elected officials to: <ul style="list-style-type: none"> • Approve procurement policies. • Ensure that a professional purchasing infrastructure exists. • Pre-approve the organization's purchasing requirements as part of the overall budget process. • Approve any purchasing needs that exceed authorized budgets before any formal purchasing activity is initiated. 	Section 3
Sets out whether competitive versus non-competitive procurement processes may be used.	X	X	X	Sets out circumstances for which type of process is to be used	Section 4
Use of Vendors of Record	X	X	X	VOR is a procurement process where the municipality/local board seeks out bids or proposals from a select group of vendors with which it has already established a satisfactory business relationship.	Section 4.1.11
Sets out internal controls	X	x	X	Assigning responsibilities and establishing an approval authority schedule	Sections 5 & 6
Use of a Fairness Monitor	X	X	X	Outlines the role of a Fairness Monitor, and the rational for and situations where one could/should/must be retained.	Section 7
Vendor Performance	X	X		To minimize the risk of repeated poor performance by a vendor, a policy should be in place for documenting evidence of unsatisfactory performance (in terms of failure to meet contract specifications, terms and conditions or for health and safety violations).	Section 8

Dispute resolution between suppliers and municipality	X			A clearly established and documented complaint resolution process in place,	Section 9
Addresses the potential for unsolicited bids.	X			Clear definition of delegated authorities for staff	Section 10
Includes a section for environmental considerations	X	X		Articulates support for procurement in consideration of full life cycle of products and associated economic, environmental and social costs and benefits and support of the City's related policies and initiatives, i.e. Green Directions Vaughan.	Section 15

2 Research and methodology to source comparators

Initial research was conducted by reviewing the procurement policies/by-laws of 36 municipalities and regions from Ontario and 6 other provinces to gain an understanding of similarities and differences to be considered in developing the new procurement policy for the City of Vaughan. A matrix was developed comparing the elements comprising the procurement by-laws or policies of the comparator municipalities to help determine which should be considered for inclusion in Vaughan's new policy.

Of the initial list, 25 were selected for further research. The list included all municipalities in York Region, four Regional Municipalities, including York and 12 other municipalities with population (2011) size between 125,000 and 900,000. Each individual municipal website was searched for 2016 Gross Operating Budgets and 2016 population. If 2016 populations were not available, they were estimated by calculating the percentage growth between the last census data, 2006 and 2011. That growth rate was applied to the 2011 data to approximate 2016 population. These two pieces of data were then used to calculate approximate per capita spend (2016 GOB/Pop'n). This number was then used as an additional comparison factor.

Name	Municipal Status	Municipal Sub-type	Census Division	Population 2011
Peel	Regional municipality	-	-	1,296,814
York	Regional municipality	-	-	1,032,249
Durham	Regional municipality	-	-	608,031
Halton	Regional municipality	-	-	501,669
Oshawa	Lower-tier	City	Durham	149,607
Whitby	Lower-tier	Town	Durham	122,022
Ajax	Lower-tier	Town	Durham	109,600
Windsor	Single-tier	City	Essex	210,891
Oakville	Lower-tier	Town	Halton	182,520

Name	Municipal Status	Municipal Sub-type	Census Division	Population 2011
Burlington	Lower-tier	City	Halton	175,779
Hamilton	Single-tier	City	Hamilton	519,949
London	Single-tier	City	Middlesex	366,151
Ottawa	Single-tier	City	Ottawa	883,391
Mississauga	Lower-tier	City	Peel	713,443
Brampton	Lower-tier	City	Peel	523,911
Barrie	Single-tier	City	Simcoe	136,063
Markham	Lower-tier	City	York	301,709
Vaughan	Lower-tier	City	York	288,301
Richmond Hill	Lower-tier	Town	York	185,541
Newmarket	Lower-tier	Town	York	79,978
Aurora	Lower-tier	Town	York	53,203
Georgina	Lower-tier	Town	York	43,517
Whitchurch-Stouffville	Lower-tier	Town	York	37,628
East Gwillimbury	Lower-tier	Town	York	22,473
King	Lower-tier	Township	York	19,899

From York Region, Aurora, Georgina, Whitchurch-Stouffville, East Gwillimbury and King were disqualified as too small. Then Milton, Kitchener, Cambridge and Waterloo were added, although not geographically close to Vaughan, they were considered vibrant, growing cities like Vaughan.

In reviewing the procurement by-laws and policies of the final list of municipalities, particular attention was paid to the duties of Council, use of P-Cards for low-value purchases, delegations of authority thresholds and other control measures, and how other municipalities dealt with unsolicited proposals, environmental considerations and vendor performance.

The approach to the separation of duties, delegations of authority and other content of the proposed City of Vaughan procurement policy compares favourably with the reference municipalities, particularly those who have recently updated their by-laws such as Barrie and Richmond Hill.

3 P-Card Comparison

City	Purchasing Card Thresholds
Oakville	< \$5,000
Mississauga	< \$10,000

Barrie	< \$10,000
Ottawa	< \$15,000
Halton Region	< \$10,000
Burlington	< \$5,000 < \$25,000 (Director approval)
York Region	< \$10,000
Richmond Hill	< \$10,000
Vaughan (Proposed Policy)	< \$5,000

3.1 Program Controls, Monitoring, and Audit

The PCard program has incorporated measures to monitor compliance. All PCard program participants undergo comprehensive training and education sessions under internal audit's guidance and were advised of their responsibilities and obligations. The following controls are consistently applied to ensure compliance:

- All PCard holders are subject to a maximum allowable single transaction limit
- All PCard holders are subject to a maximum allowable accumulated monthly transaction limit based on employee role (\$10,000 to \$50,000)
- Newly issued PCards are encoded with specific Merchant Category Classification (MCC) Code exclusions, restricting those purchases not reasonably related to cardholder's business needs
- PCard transactions automatically declined, restricting purchases from merchants who have identified themselves within blocked merchant business types
- The applicant only receives a PCard once mandatory Program Overview training is completed and a PCard Holder Agreement is signed
- Monthly supervisory review for valid business transactions & approval of PCard purchases charged to their budget.
- Monthly Program Administrator review of PCard transactions & compliance reviews to PCard Policies/Procedures, including data reporting & analysis.
- A/P monitors the timely receipt of monthly PCard Activity Statements/Invoices and ensures all transactions are assigned to valid account code

- All PCard holders confirm transactions appearing on their statement, and reconcile to corresponding receipts for completeness/accuracy.

4 Control and Performance Measures

The proposed policy encompasses and is supported by the following control measures:

1. Responsibility with Accountability
 - Clear Authority with strict criteria and rules for each method of award for staff levels identified in the Policy framework
 - No procurement to be initiated or authorized without a budget approved by Council
2. Policy Guidance and Compliance Monitoring
 - Procurement Services to provide policy guidance and ensure compliance with council approved delegation of award authorities
3. Transparency and Visibility of all awards on Procurement website
 - All awards immediately posted on Procurement website to provide transparency and visibility to the vendors and public
4. Procurement Reporting to CMT and SMT
 - Regular reports outlining detailed analysis on award methods, vendors, spends and improvement opportunities
5. Procurement Activity Reporting to City Council
 - Quarterly reporting on all Procurement Activities by procurement services and ongoing updates on urgent projects by departments
6. Periodic Independent review by Internal Audit,

4.1 Key Performance Indicators

The following are example Key Performance Indicators (KPIs) that support the proposed procurement policy's goals and objectives and the guiding principle of promoting effective and efficient acquisition:

Accountability - the obligation to answer for procurement results and for the manner in which procurement responsibilities are discharged:

- Councilors' and senior management's satisfaction with clarity, timeliness, relevance, and frequency of variance reports about the procurement process
- ratio of number of contract renewals where no rationale provided to total number of contract renewals.

Fairness - applying the policies equally to all bidders:

- ratio of number of complaints about fairness to number of bid calls.

Openness and Transparency - clarity and disclosure about the process for arriving at procurement decisions:

Suppliers' satisfaction with the following:

- access to procurement opportunities
- clarity of bid documents and selection criteria
- communication and explanation of bid decisions.

Effectiveness - the extent to which the procurement process is achieving its intended results (i.e., the process delivered the goods and services required to meet the municipality's/local board's needs):

- level of supplier satisfaction with the procurement process
- number of complaints received from prospective and actual bidders
- ratio of number of annual change orders to total number of annual orders
- ratio of number of requisitions filled to number of requisitions initiated
- ratio of number of awards challenged to number of awards made
- ratio of number of suppliers canvassed per bid to number of suppliers who submitted bids (in invitational bid process for medium to large procurement)
- ratio of number of times that a bid call did not result in bid award to number of bid calls
- average time needed to move through the procurement process

Efficiency - the quality, cost and amount of goods and services procured as compared to the time, money and effort to procure them:

- ratio of number of purchase orders issued to number of procurements initiated
- percentage of reconciliations completed within 30 days.



memorandum

C 3
COMMUNICATION
FAA - MARCH 6/2017
ITEM - 1

DATE: March 3, 2017

TO: MAYOR AND MEMBERS OF COUNCIL

FROM: LAURA MIRABELLA-SIDDALL, CHIEF FINANCIAL OFFICER AND CITY TREASURER
JENNIFER ROSE, DIRECTOR, ENVIRONMENTAL SERVICES

RE: FINANCE, ADMINISTRATION AND AUDIT COMMITTEE – MARCH 6, 2017
SERVICE EXCELLENCE STRATEGIC INITIATIVE: PROCUREMENT MODERNIZATION –
UPDATE

Recommendation

The Chief Financial Officer and City Treasurer and the Director of Environmental Services recommend:

1. That this communication be received.


Purpose

The purpose of this communication is to provide supplemental information for the Finance, Administration & Audit Committee Report 3 Item 1 on March 6, 2017.

This Communication provides following revision to paragraph 19.3 page 47 of 49 of Attachment #2: Corporate Procurement Policy. Paragraph 19.3 be amended as under:

- 19.3 a) All contracts executed pursuant to this Procurement Policy shall be delivered to the Director of Procurement Services for safekeeping.
- b) All procurement related payments will be made through a purchase order or P-card except for items exempt under section 19.4.

Respectfully submitted,



Laura Mirabella-Siddall
Chief Financial Officer and City Treasurer



Jennifer Rose
Director, Environmental Services

Subject: FW: March 6 FAA, Report No. 3, Item 1 Procurement

From: Richard Lorello [REDACTED]
Sent: Friday, March 3, 2017 2:46 PM
To: Bevilacqua, Maurizio <Maurizio.Bevilacqua@vaughan.ca>; Iafrate, Marilyn <Marilyn.Iafrate@vaughan.ca>; Carella, Tony <Tony.Carella@vaughan.ca>; Racco, Sandra <Sandra.Racco@vaughan.ca>; DeFrancesca, Rosanna <Rosanna.DeFrancesca@vaughan.ca>; Di Biase, Michael <Michael.DiBiase@vaughan.ca>; Rosati, Gino <Gino.Rosati@vaughan.ca>; Ferri, Mario <Mario.Ferri@vaughan.ca>; Shefman, Alan <Alan.Shefman@vaughan.ca>
Cc: Kostopoulos, Daniel <Daniel.Kostopoulos@vaughan.ca>; Mirabella-Siddall, Laura <Laura.Mirabella-Siddall@vaughan.ca>; McEwan, Barbara <Barbara.McEwan@vaughan.ca>; Craig, Suzanne <Suzanne.Craig@vaughan.ca>; Noor Javed <njaved@thestar.ca>; Adam MartinRobbins <amartinrobbins@yrmg.com>; Shapiro, Kevin <Kevin.Shapiro@vaughan.ca>
Subject: March 6 FAA, Report No. 3, Item 1 Procurement Modernization Update

Good afternoon Mayor and Members of Council

I request that the City Clerk please post this communication on the City website as it relates to the above subject matter.

I have reviewed the Procurement Modernization recommendations and I have several concerns which I would like to bring to Council's attention.

Drawing on my own personal management experience with consultants, it is my professional opinion that this report falls far short of what a comprehensive consultant's recommendation should look like and also raises concerns on spending policy. There are gaps within this report that would be evident to any university business administration student. As a result it does not provide the public nor Council with all of the information needed to make an informed decision. I have highlighted a few;

1. The report states that SEG Management Consultants provided its recommendations as a result of **"conducting stakeholder consultations"**. Unfortunately the consultant failed to include the most important stakeholder within the procurement process which is the public. The consultant should have obtained at least some input from the key stakeholder in the procurement process through public meeting consultations before providing its recommendation. This is a major oversight by the consultant. At the very least, staff should directed the consultant to obtain input from the public?
2. The report states that SEG Management Consultants provided its recommendations as a result of **"evidence-based research"** however the consultant failed to provide the socalled evidence-based research within the posted report. Where is the research that the consultant is referring to upon which this recommendation is based on?
3. The report states that SEG Management Consultants provided its recommendations as a result of **"municipal best practices"** however the consultant also failed in this regard, to provide any of the socalled municipal best practices within the posted report. If we are to take municipal best practices into account then the report should have included a comparison of which municipalities are considered "best-in-class" for procurement practices. Where is the consultant's comparison of municipal best practices upon which this recommendation is based on?
4. Over the years, the City of Vaughan and its taxpayers have seen and been victims of fraudulent procurement schemes from within the City, which have been well publicized. The new procurement

recommendations in this report do not provide enough information that would allay concerns that the public's tax dollars are protected from such abusive schemes. This report should have devoted more time to this area, specifically in the area of financial controls, checks and audit procedures.

5a). What should also be of great concern to Council is the use of the PCard which is inherently the proliferation of credit cards in virtually every city department. This method of purchasing does not allow for the proper scrutiny of purchases before the purchases occur and is not very different from the "field purchase order" which was banned by the city due to reported cases of abuse totalling millions of dollars and became the subject of at least one police investigation.

5b). I see opportunity for PCard abuse and in fact the use of PCard cards has higher spending limits than the field purchase order had and has the net effect of creating thousands of purchasing transactions, amounting millions of dollars in purchases with little to no spending visibility to the public or to Council. Organizations that are properly managed do not have to resort to credit card purchases. The monthly transaction limits are far too high and there is no justification for these limits. As an example a Deputy City Manager PCard has a monthly limit of \$50,000 which extends out to \$600,000 over 12 months and \$2,400,000 across all 4 Deputy City Managers. This is of great concern to me and would never be acceptable in the private sector.

In short, the lack of public consultation, non-existent evidence based research, non-existent municipal best practices, the lack of sufficient spending controls and the use of the PCard should cause Council to step back from this report until these issues are addressed.

Council is very much aware and must respect the fact that taxpayers provide millions of dollars annually needed to manage and maintain our city. Before any decision is made on this recommendation, I strongly suggest that Council request that staff obtain all of the information from the consultant referred to in the report and make it available to the public . I also strongly recommend that Council request that a public meeting be held in the evening for the purpose of engaging taxpayers for their input on the new procurement policy.

Without Council's serious consideration of the issues raised in this email, I fail to see how public confidence and trust can be increased as a result of the consultant's recommendation.

I look forward to discussing this further.

Sincerely
Richard T. Lorello



memorandum

C 5
COMMUNICATION
FAA - MARCH 6 / 2017
ITEM - 1

DATE: March 3, 2017

TO: Members of the Finance, Administration and Audit Committee,
Members of Vaughan City Council

FROM: Suzanne Craig, Integrity Commissioner

RE: Item 1, Report to the Finance, Administration and Audit Committee, Service
Excellence Strategic Initiative: Procurement Modernization - Update

I am writing today to communication to Members of Council of the Finance, Administration and Audit Committee that the Office of the Integrity Commissioner of the City of Vaughan endorses the Strategic Initiative Procurement Modernization Update, as set out in March 6, 2017 Staff Report and Proposed Procurement Policy before the Finance, Administration and Audit Committee ("FAA") for discussion on March 6th, 2017 at 9:30 a.m.

In the Fall of 2016, the 2015 Annual Report of the Office of the Integrity Commissioner was submitted to Council. Vaughan City Council unanimously received and endorsed the reporting of my Office and the findings set out throughout the Report. In the Annual Report, I stated that during the period between 2010 and 2014, the City of Vaughan achieved a position of recognized leadership in the promotion of accountability, transparency and ethical-decision making at the municipal level and moved from the municipality that critics had once defined as the "*City Above Law*", to a City modelled on the principles of service excellence and strategic innovation in governance and accountability.

In my Annual Report, I highlighted areas of accountability risks for which the City of Vaughan required vigilance. I pointed out that in October 2011, the Honourable Justice Cunningham released his report on the Mississauga Judicial Inquiry, in which he provided several recommendations to ensure ethical decision-making and behavior for municipal elected officials. Justice Cunningham's Report echoed the recommendations of Madam Justice Bellamy. In particular, and of vital importance to effective governance and accountability are the recommendations that state:

City Council should establish fair, transparent, and objective procurement processes. These processes should be structured so that they are and clearly appear to be completely free from political influence or interference.

Councillors should separate themselves from the procurement process. They should have no involvement whatsoever in specific procurements. They have the strongest ethical obligation to refrain from seeking to be involved in any way.

Members of Council should not see any documents or receive any information related to a particular procurement while the procurement process is ongoing. (1)

In October 2016, Item 3, Report No. 10 of the Finance, Administration and Audit Committee, was adopted without amendment by the Council of the City of Vaughan. In the October 2016 Report, the City's Chief Financial Officer and City Treasurer, the City's Director, Procurement Services, the City's Director of Environmental Services and the City's Director of Transformation and Strategy recommended:

That Council endorse the overall Procurement Modernization strategy based on the stated principles of:

- Transparency;
- Accountability;
- Efficiency;
- Teamwork;
- Innovation

In May 2016, the Ontario Superior Court of Justice, Divisional Court, the Court set out its view of the role and expertise of the Integrity Commissioner. In so doing, the Court submitted the comment from the Bellamy Report.

...the following comments on ethical urban government from Volume Two (Good Government) of the widely acclaimed Bellamy Report are helpful:

In a municipal government..., [the Office of the Integrity Commissioner] is valuable for the following reasons.

- An integrity commissioner can help ensure consistency in applying the [municipality's] code of conduct. Compliance with policy improves when everyone is seen to be held accountable under the same set of rules.
- Busy councilors and staff cannot be expected to tract with precision the development of ethical norms. The Integrity Commissioner can therefore serve as an important source of ethical expertise.
- An Integrity Commissioner provides significant profile to ethical issues inside City government and sends an important message to constituents about the City's commitment to ethical governance.
- No matter how comprehensive the rules, there will be on occasion be situations where the ethical course of action is not clear and an individual will need authoritative advice and guidance.

(1) The Honourable Madam Justice Denise E. Bellamy, Commissioner, Toronto Computer Leasing Inquiry, Toronto External Contracts Inquiry, Report Volume 4: Executive Summary, p.97, 2015

- Without enforcement, the rules are only guidelines. Although research shows that a values-based approach to ethics policy, focusing on defining values and encouraging employee commitment, is preferable to a system of surveillance and punishment, where the public interest is involved, there should be a deterrent in the form of consequences for bad behavior. The rules must have teeth. (2)

In my review of the Proposed Procurement Policy before the FAA on March 6th, the recommendations meet all of the stated principles set out in the October 2016 Report. In addition, the policy balances the oversight role of Council and its Members, with the fulfillment by the City to strive for the highest standard of ethical practices in all business relationships with vendors, compliance with the ethical codes of the Ontario Public Buyers Association, Supply Chain Management Association and the National Institute of Governmental Purchasing.

I was consulted as part of a board consultation process to ensure that best practices were not only met but superseded. In my view, from the perspective of ethical standards in Ontario municipalities, the principles contained in the March 6, 2017 Proposed Procurement Update, place the City of Vaughan in a position of ethical service excellence, meet the standards recommended by the Bellamy and Cunningham Reports, and will allow the City of Vaughan to have a regime that allows Members of Council to effectively provide leadership and oversight while assuring a continued distancing from the risk of potential litigation or reputational damage.

(2) *Di Biase v. Vaughan (City); Integrity Commissioner of the City of Vaughan* (2016), 2016 ONSC 5620, 2016 CarswellOnt 14568 (Ont. Div.Ct.)

Respectfully submitted,

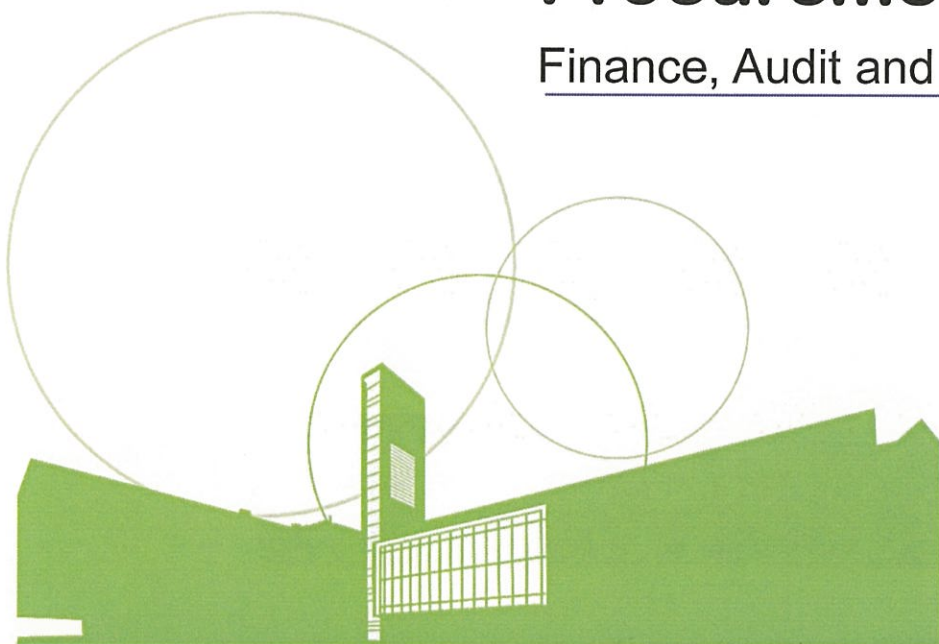
Suzanne Craig

Suzanne Craig
Integrity Commissioner

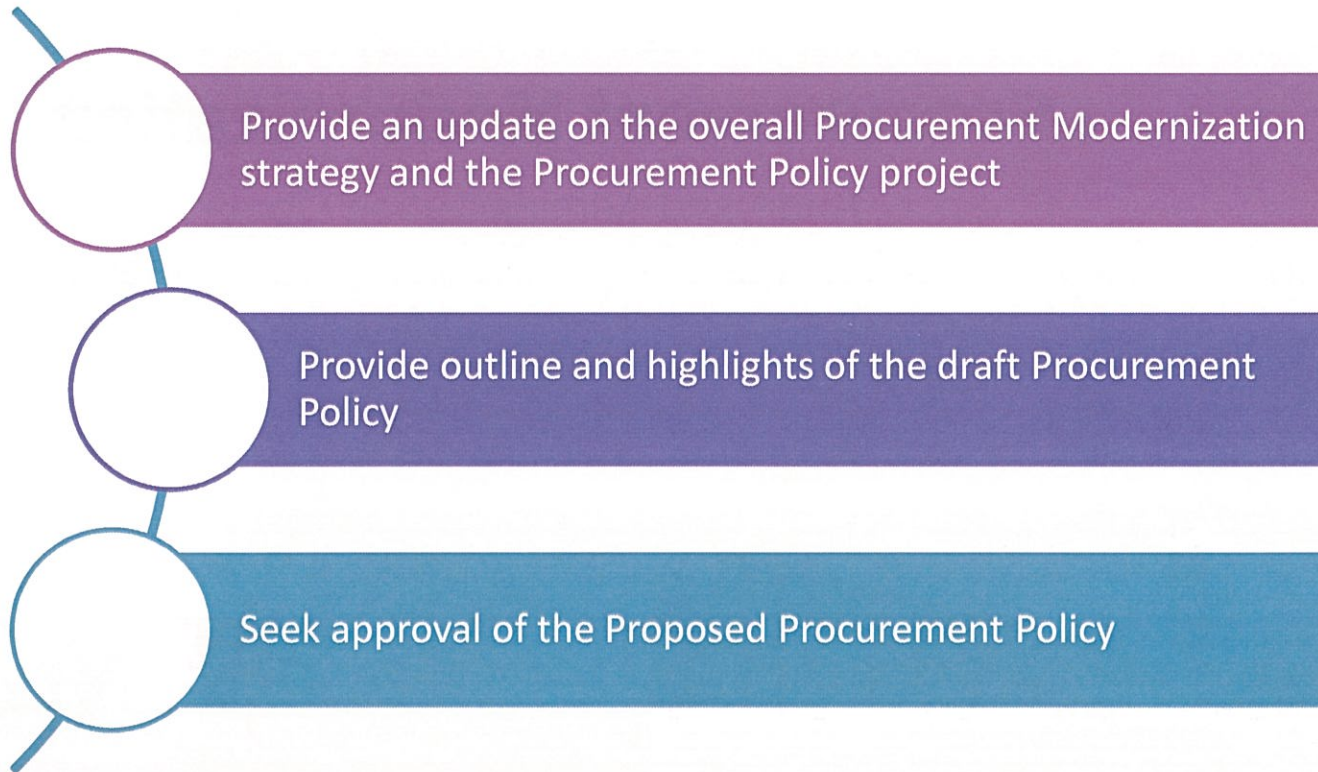
Procurement Modernization

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

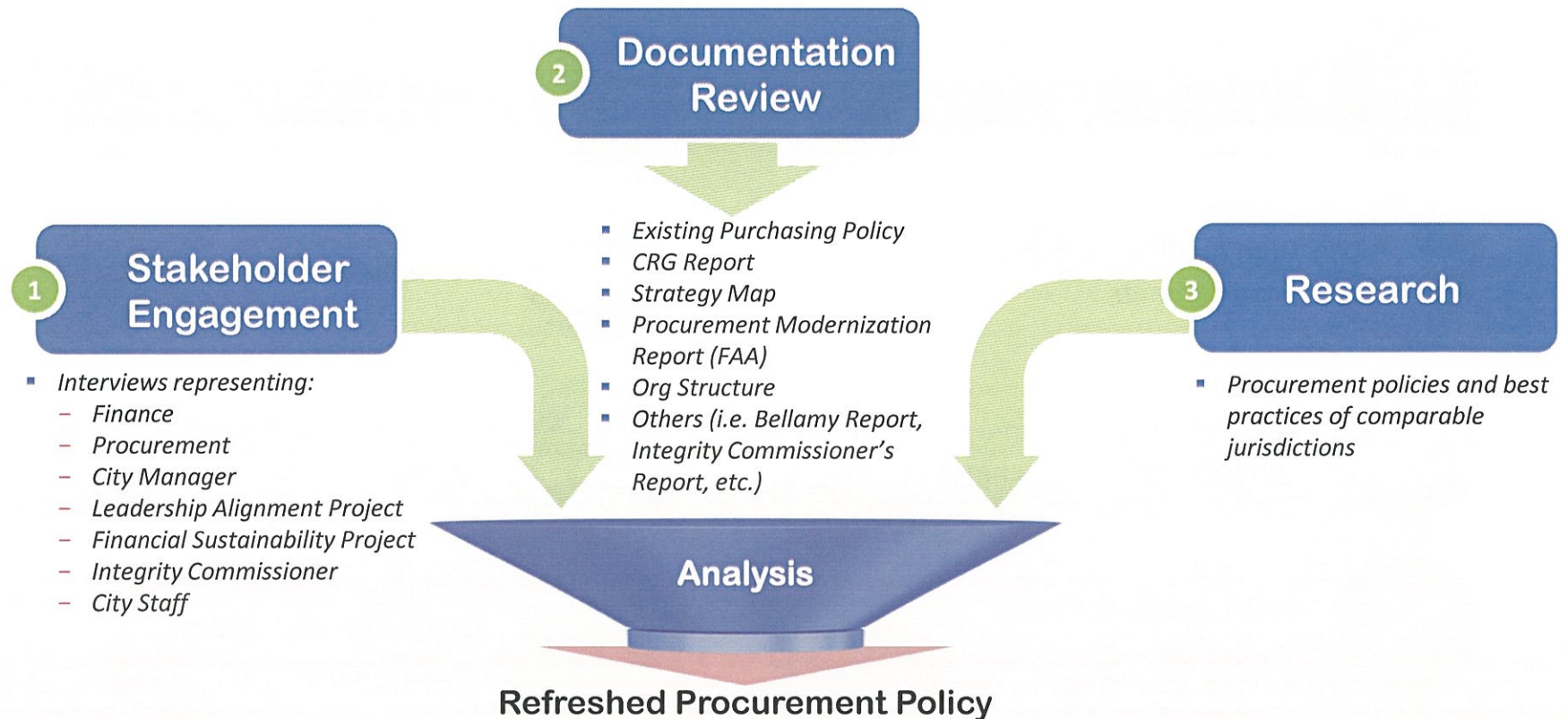
Efficiency

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

 VAUGHAN

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

 VAUGHAN

Proposed Procurement Policy Overview: New Sections

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

13

*Sections within the Proposed Procurement Policy

Transparency

Accountability

Efficiency

Teamwork

Innovation

 VAUGHAN

Proposed Procurement Policy Overview: New Sections

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

14

*Sections within the Proposed Procurement Policy

Transparency

Accountability


Efficiency

Teamwork


Innovation

 VAUGHAN


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

Innovation

 VAUGHAN

Questions



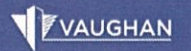
Transparency

Accountability

Efficiency

Teamwork

Innovation



SERVICE EXCELLENCE STRATEGIC INITIATIVE: PROCUREMENT MODERNIZATION – UPDATE**Recommendation**

The Chief Financial Officer & City Treasurer and Director of Procurement Services, in consultation with the Director for Environmental Services and the Senior Management Team recommend:

1. That Council adopts the proposed Procurement Policy, as set out in Attachment #2 of this report and repeal the existing Consolidated Procurement Policy, effective April 1, 2017.

Contribution to Sustainability

A modernization of the Procurement Policy will improve the way we acquire goods, services and construction, help ensure value for money, and contribute to the City's long-term financial sustainability.

Aligned with the Council approved Procurement Services Strategy Map, the Procurement Policy is grounded in the guiding principles of transparency, accountability, efficiency, teamwork and innovation. It contributes to the Service Excellence Strategic Initiatives of operational performance by demonstrating value for money and the staff engagement initiative by providing governance and accountability.

Economic Impact

There is no additional funding request for this report.

The Procurement Modernization capital project SE-0078-16 was approved at a total cost of \$381,313. Current spend to date for the Procurement Modernization project including the Carly Rian Group (CRG) organizational assessment and transformation report and the development of the proposed Procurement Policy is approximately \$161,963. The remainder of the approved budget will be used to implement the training program for the proposed Policy and future phases of the Procurement Modernization project.

Additional resource requests or capital budget amendments required to complete the Procurement Modernization project will be submitted through the future budget processes for Council approval while meeting Council's tax rate targets.

Communications Plan

Stakeholder consultation was conducted prior to the development of the proposed Policy which included interviews with senior management, and workshops with client departments with high volume procurement needs. The vendor community was also engaged through an online survey and facilitated focus group sessions in summer 2016.

In consultation with Corporate Communications, the Procurement Modernization communications plan will use several tactics to support the implementation of the proposed Policy, including:

- Staff updates via memos, briefing packages, use of internal intranet, and comprehensive training;
- Vendor updates via announcements, training, and education sessions; and
- A public update via posting of the Policy on the City of Vaughan's website.

Procurement will continue to provide quarterly updates to the Finance, Audit and Administration committee of all procurement activities. Project awards which are of special interest to a community will be forwarded to Council offices via a memo.

Purpose

The purpose of this report is to recommend adoption of a revised Procurement Policy (Attachment #2) that reflects current municipal best practices and aligns with the Procurement Modernization principles endorsed by Council on October 19, 2016.

Background – Analysis and Models

On October 19, 2016, Council endorsed the Procurement Strategy Map and Guiding Principles.

The proposed Procurement Policy was developed based on these principles of openness, fairness and transparency, while taking into account items such as the increasing presence of technology and leading practices from other jurisdictions. The proposed Policy will help to streamline the procurement process and provide more departmental accountability and governance, while driving value for money spent by the City.

The revision of the current Procurement Policy to modernize and transform the corporate procurement function was conducted through stakeholder consultations and evidence-based research.

In October 2016, SEG Management Consultants, a division of OPTIMUS | SBR, was engaged to work with the City of Vaughan to revise the current Consolidated Procurement Policy and procedures.

Focused one-on-one individual interviews were conducted in November 2016 with six key stakeholders including:

- The City Manager;
- Integrity Commissioner;
- Chief Financial Officer and City Treasurer;
- Procurement Services Director;
- Senior Manager Strategic Planning – Leadership Alignment Project; and
- Project Manager – Financial Sustainability

The stakeholders were each interviewed for this initiative with member(s) of the OPTIMUS | SBR / SEG engagement team to share their perspectives and ideas. The purpose of these interviews was to gather the following information:

- The specific policies and procedures that should be considered as part of Procurement;
- Areas within the procurement process which require particular focus;
- How the policies and procedures could help support departmental work and mandate;
- Expected outcome of a specific policy or procedure and;
- Other information relevant to Procurement policies and procedures.

As part of the validation process and to obtain stakeholder buy-in, the Senior Management Team was also consulted during a Procurement Policy workshop in December 2016 and with the Policy Committee on January 26, 2017.

Through the implementation of a new Procurement Policy, the City will improve project delivery and increase the capacity to deliver more projects.

Based on the information gathered through literature reviews, jurisdictional scans, stakeholder consultations, review of background documents, and quantitative data analysis, key opportunities to increase efficiency and costs savings were identified as:

- The City would be able to procure its goods, services and construction earlier, thus improving the project delivery time by up to 16 to 18 weeks;
- Increased accountability through a clear process, defined roles and responsibilities;
- Reduced time for award decision-making - this will help vendors better manage their resources and strengthen relationships between the City and vendor community;

The attached proposed Procurement Policy has been updated to reflect and align with current municipal best practices. The Policy focuses on policy matters with specific procedures, which may change from time to time, included in a separate administrative document. The proposed Policy supports rigorous reporting on Key Performance Indicators (KPIs) and milestones. The proposed revisions to Procurement related Delegations of Authority are in line with the Procurement principles approved by Council in October 2016.

New sections found in the proposed Policy include:

- **Guiding Principles/Ethical Conduct:** Aligns with the Procurement principles and Procurement Services Strategy Map approved by Council on October 19, 2016. Includes clear conflict of interest guidelines, reduces legal and reputational risk, and clearly defines expectations with respect to conduct of employees, members of Council and vendors; and
- **Vendor Performance and Dispute Resolution:** Clearly defines expectations regarding vendor behaviour and performance, enhances appeal process for vendors, and provides better controls.

New policy sections that codify existing practices include:

- **Vendors of Record Listing:** Improves efficiency and effectiveness of procurement process, and implements better controls;
- **Use of Fairness Monitors:** Defines the role of a Fairness Monitor within the procurement process, reduces legal and reputational risk, and supports Procurement Services values and guiding principles; and
- **Unsolicited Proposals:** Clearly defines process for handling actual and potential Unsolicited Proposals in the best interest of the City, implements better controls and reduces risk.

The proposed Procurement Policy roles and responsibilities are shown below:

Council	Staff
<ul style="list-style-type: none"> • Project Approval <ul style="list-style-type: none"> ◦ Decisions through budget approval on programs, projects and service levels; ◦ Resource allocation through Policy approval and Procurement processes. 	<ul style="list-style-type: none"> • Adherence of clear and open procurement process, including tender awards.
<ul style="list-style-type: none"> • Approval of the Procurement Policy. 	<ul style="list-style-type: none"> • Development of quarterly procurement activities report to Council.
<ul style="list-style-type: none"> • Approval of exceptions to the Procurement Policy. 	<ul style="list-style-type: none"> • Memos to Council on Community special interest project awards.

The proposed changes and rationale for change between the current Procurement Policy and the proposed Procurement Policy are summarized in Attachment #1.

Effective Date – April 1, 2017

Upon Council approval, the proposed Procurement Policy will become effective on April 1, 2017.

To ensure consistent work practices, interpretation and application of the proposed Procurement Policy between all city staff, a comprehensive training program is being developed to ensure compliance, and to mitigate risk.

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

The initiative to review and update the Procurement Policy is consistent with the Service Excellence Strategic Initiatives: Operational Performance and Staff Engagement.

- Strategic Goal: Financial Sustainability
 - Demonstrate Value for Money
- Strategic Goal: Corporate Governance and Accountability Framework
 - Governance and Accountability

Regional Implications

None

Conclusion

The current Procurement Policy does not fully support or align with the new strategic direction for Procurement Services that was approved by council in October 2016. The new policy will move this initiative forward and facilitate best overall value to the City. The Policy will also be consistent with current municipal best practices.

The recommendation for this report is to approve the proposed Procurement Policy as stated allowing for the application of effective procurement practices to deliver value for the City.

Attachments

1. Attachment #1: Procurement Policy Comparison Highlights
2. Attachment #2: Corporate Procurement Policy

Report prepared by:

Monique Holz, Project Manager, Procurement Modernization, ext. 8434
Asad Chughtai, Director, Procurement Services, ext. 8306

Respectfully submitted,

Laura Mirabella-Siddall
Chief Financial Officer and City Treasurer

Jennifer Rose
Director, Environmental Services

ATTACHMENT #1

The table below is a high level summary of some of the policy sections that have been either heavily revised or are new developments from the current Procurement Policy. The proposed content has been supplied as a sample comparison and to assist with understanding the rationale for such updates.

Table 1:

Section	Within Current Policy	Within Proposed Policy	Rationale for Change
Guiding Principles	No reference	The overarching principle guiding this Policy is to maintain the public's trust and reduce the City's exposure to legal liability by ensuring that procurement decisions are made using a procurement process that is ethical, open, transparent and fair.	<ul style="list-style-type: none">• Aligns with City's principles and Procurement Services strategic priorities;• To implement the recommendations of the Carly Rian Group Report.
Ethical Conduct	No reference	Defines expectations and how it applies to City employees, Members of Council <u>and</u> vendors, and their responsibilities to declare conflicting interests.	<ul style="list-style-type: none">• Outlines clear Conflict of Interest guidelines for various positions;• Strengthens expectations with respect to the conduct of employees, Members of Council, and vendors;• Reduction of legal and reputational risk.

Section	Within Current Policy	Within Proposed Policy	Rationale for Change
Vendor Performance and Dispute Resolution	Vendor performance non-compliance review, assessment and corrective action policy is not explicit in expectations placed on staff or outcomes of poor performance.	Clearly states that vendors will be monitored and evaluated and describes a well-defined process by which vendors may appeal City decisions (Note: Dispute Resolution replaces the previous "Bid Review Committee").	<ul style="list-style-type: none"> • To comply with Procurement Services strategic priorities; • To improve efficiency and service delivery; • To clearly define expectations regarding vendor behaviour and performance; • Clarifies appeal process for vendors; • Provides better controls.
Sustainable Procurement	Included as a reference to the existing "Green and Ethical Procurement" policy, however, not explicitly referenced.	Articulates support for procurement in consideration of full life cycle of products and associated economic, environmental and social costs and benefits and support for " <i>Green Directions Vaughan</i> ".	<ul style="list-style-type: none"> • Aligns with the City's principles and <i>Green Directions Vaughan</i> directive; • Encourages consideration of environmental, social ethical and economic procurement.
Vendor of Record	No reference	Specifies how the City will use Vendor of Record (VOR) agreements to allow for more efficient and effective procurement of commonly procured goods and services.	<ul style="list-style-type: none"> • Improves efficiency and effectiveness of procurement process that is competitive; • Supports better governance and controls.
Partnerships	Co-Operative purchases were included, however, rationale for and decision to proceed with these were not defined.	This section will cover all forms of partnerships, including: Co-operative Purchasing, Provincial Agreements, and Public/Private Partnerships allowing Vaughan to make full use of all the tools at their disposal.	<ul style="list-style-type: none"> • Defines framework for engaging partners in procurement which will increase efficiency, allow wider use of competitive processes and help drive value for money.

Section	Within Current Policy	Within Proposed Policy	Rationale for Change
Unsolicited Proposals	A general approach to Unsolicited Proposals exists; however, the document lacks defined roles, responsibilities, and clear processes.	Defines the City's policy to deal with proposals which may benefit the City and its residents, but have not been submitted through an approved procurement process, defining clear controls that protect the City from potential claims of unfair procurement practices.	<ul style="list-style-type: none"> Clearly defines process for handling actual and potential Unsolicited Proposals in the best interest of the City; Implements better controls; Reduces risk of potential vendor complaints.
Use of a Fairness Monitor	No reference	Outlines the role of a Fairness Monitor, and the rational for and situations where one could/should/must be retained.	<ul style="list-style-type: none"> Defines the roles of a Fairness Monitor within the procurement process; Reduces legal and reputational risk; Supports Procurement Services values and guiding principles.
Economic Development and Innovation	No reference	Addresses exceptions to other areas of Policy including exemption from Interprovincial Agreement on Internal Trade to contribute to local economic development objectives, or demonstration, pilot or innovation projects.	<ul style="list-style-type: none"> Supports Procurement Services Strategic Priority to drive procurement excellence and economic development objectives through innovation.
Local Preference	No reference	Specifies that, in accordance with the <i>Agreement on Internal Trade (AIT)</i> , the City shall not give any local or geographical preference during the competitive bid process.	<ul style="list-style-type: none"> Supports fair open and transparent procurement; Reduces legal and reputational risk.

Section	Within Current Policy	Within Proposed Policy	Rationale for Change
Fair Wage	No reference	A placeholder section, ensuring the City continues to study the feasibility of implementing a Fair Wage Policy while monitoring the efforts underway by the Provincial Government. This policy, if enacted, would set a minimum threshold for employee compensation when government contracts are awarded, as well as establishes a level playing field amongst vendors bidding on these engagements.	<ul style="list-style-type: none"> • Research and feasibility study underway; • If enacted, will support Procurement Services values of fair, open and transparent procurements.
Delegations of Authority to Award	Responsibilities, accountabilities and authority thresholds are inadequately defined. Staff have limited authority to award procurements, resulting in significant and long cycle times.	Council is responsible reviewing and approving project scope and budgets, whether as part of the annual budget allocation process or submitted individually. Staff will have authority to award the associated contracts as long as they are within the budget approved by Council and follow procurement processes defined in the Policy. Council will review and approve contract awards where procurements are outside criteria noted above or single source procurements with a value >\$100,000.	<ul style="list-style-type: none"> • To address lack of clarity and consistency with best municipal practices of assigning authority and accountability commensurate with appropriate levels of responsibility; • To comply with Procurement Services strategic priorities; • To improve efficiency and service delivery as noted in the City's Service Excellence Strategy.

Section	Within Current Policy	Within Proposed Policy	Rationale for Change
Conflict of Interest	No reference	Details ethical conduct and conflict of interest expectations and how these apply to Members of Council, City employees and vendors.	<ul style="list-style-type: none"> • To maintain the public's trust and reduce the City's exposure to legal liability by clearly detailing expectations and consequences.

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

Table of Contents

1.	Preamble	2
2.	Definitions	10
3.	Roles and Responsibilities	14
4.	Procurement Processes	18
5.	Delegations of Authority to Award	27
6.	Summary - Award Authority and Method	32
7.	Fairness Monitor	34
8.	Vendor Performance	35
9.	Bid Dispute Resolution	37
10.	Unsolicited Proposals.....	38
11.	Economic Development and Innovation	39
12.	Public/Private Partnerships (P3s).....	40
13.	Intergovernmental Arrangements	41
14.	Corporate Sponsorship.....	42
15.	Sustainable Procurement	43
16.	Fair Wage.....	44
17.	Developer / Landowner Growth-Related Infrastructure.....	45
18.	Disposal of Surplus Stock and Obsolete Equipment.....	46
19.	General and Administration	47

Council Approval: XXXX/XX/XX
 Report No/Item: FAA/Y
 Cross Reference: Policy No. PS 003

Amended: N/A
 Report No/Item: N/A

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

1. Preamble

Purpose

- 1.1 This document details the Policy to be followed when purchasing goods, services or construction for the City of Vaughan (“the City”). The purpose is to ensure that, goods, services and construction are acquired at the best value for money in an open, fair and transparent manner, thereby protecting the integrity of the process, the reputation of the City, and the confidence of both the public and the participants in the procurement process.

Mission

- 1.2 The mission of the Procurement Services Department is to drive value for money for the City and its citizens through fair competition and leading procurement practices.

Goals and Objectives

- 1.3 The goals and objectives of this Procurement Policy are to:
- a) establish standard rules governing the procurement of goods, services and construction by City staff;
 - b) obtain quality goods, services and construction at a cost that provides the best value for the City;
 - c) support a procurement process that is efficient and responds to the City's business needs in a timely manner;
 - d) encourage competition and ensure that vendors are treated consistently and fairly during the entire procurement process;
 - e) ensure openness, accountability and transparency while protecting the financial interests of the City;
 - f) avoid conflicts between the interests of the City and those of the City's employees, Members of Council and vendors;
 - g) specify roles, responsibilities and accountabilities of individuals throughout the procurement process; and,

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

- h) take into account environmental and ethical considerations in procurement decisions where possible by having regard for the City's related policies and initiatives (e.g. Green Directions Vaughan).

Application

- 1.4 This Procurement Policy shall apply to the procurement of goods, services and construction for the purposes of carrying out the business of all City departments.
- 1.5 All procurements undertaken by the City and its employees shall be executed in accordance with:
 - a) the Procurement Policy and any other relevant or related City policies, procedures or initiatives;
 - b) all applicable City Business License requirements and City Codes of Conduct; and,
 - c) the Municipal Conflict of Interest Act and any other applicable Municipal, Provincial or Federal legislation.
- 1.6 This Procurement Policy shall not apply to the procurement of those goods, services and construction set out in Section 19.4 - Exemptions.

Guiding Principles

- 1.7 The overarching principle guiding this Policy is to maintain the public's trust and reduce the City's exposure to legal liability by ensuring that procurement decisions are made using a procurement process that is ethical, open, transparent and fair.
- 1.8 In procuring goods, services and construction the City also adheres to the following guiding principles:
 - a) promote effective, economic, and efficient acquisition;
 - b) act and conduct business with honesty and integrity, avoiding even the appearance of impropriety;
 - c) treat vendors equitably, without discrimination;
 - d) develop, support, and promote the highest professional standards in order to serve the public good;
 - e) maintain a customer-service focus while meeting the needs, and protecting the

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

interests, of the organization and the public;

- f) comply with international, federal and inter-provincial trade treaties or agreements and fair labour practices, where applicable;
- g) comply with and incorporate the requirements of the Accessibility for Ontarians with Disabilities Act, 2005, S.O. 2005, c. 11, as amended (the 'AODA') in procurement activities of the City as well as any requirements contained in other legislation (either provincial or federal) which may impact the procurement activities of the City;
- h) encourage, whenever possible, the procurement of goods, services and construction with due regard to the conservation of a natural environment;
- i) support effective business planning such that goods, services and construction will only be acquired after consideration of need, alternatives, timing and appropriate life cycle management issues; and
- j) in evaluating competitive bids, where possible, the City will consider the 'Total Cost of Ownership' including, but not limited to, acquisition, operating, training, maintenance, quality, warranty, payment terms, and disposal costs.

Ethical Conduct

- 1.9 Procurement Services strives for the highest standard of ethical practice in all business relationships with vendors and as such, complies with the ethical codes of the Ontario Public Buyers Association (OPBA), Supply Chain Management Association (SCMA) and the National Institute of Governmental Purchasing (NIGP). (See links to these documents at (<https://www.vaughan.ca/cityhall/departments/ps/Pages/default.aspx>)).
- 1.10 Fundamentally, it is expected that City employees and Members of Council shall not knowingly cause or permit anything to be done or communicated to anyone which is likely to result in any potential Vendor having an unfair advantage or be disadvantaged in obtaining a Contract for the supply of goods, services or construction to the City.

Members of Council

- 1.1.1 The City's Code of Ethical Conduct for Members of Council was written and adopted to establish rules that guide the Mayor and all Members of Council in performing their diverse roles in representing their constituents and recognize Members' accountability for managing City resources allocated to them.

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

1.1.2 Ethics and integrity are at the core of public confidence in government and in the political process. Members of Council have and must recognize their obligation to not only obey the law, but to go beyond the minimum standards of behaviour and act in a manner that is of the highest ethical ideals so that their conduct will bear the closest public scrutiny. The private interest of Members of Council must not provide the potential for, or the appearance of, an opportunity for benefit, wrongdoing, or unethical conduct.

1.1.3 The Members of Council shall abide by the principles and rules laid out in relation to all procurement matters in the Code of Ethical Conduct for Members of Council policy, as amended.

Employees of the City

1.1.4 The City expects all its employees to conduct themselves in a manner that reflects the City's commitment to the principles of honesty, integrity, objectivity, diligence, and professionalism in delivering services to the public.

1.1.5 City employees must follow standards of ethical and professional behaviour in the course of their work to ensure that public confidence and trust is maintained. The Employee Code of Conduct policy, as amended, establishes standards designed to promote and protect the public interests through honest and ethical conduct which enhances public confidence and trust in the integrity, objectivity and impartiality of the City.

1.1.6 The Employee Code of Conduct policy, as amended, is consistent with the City's values of respect, accountability and dedication. All employees of the City are required to comply with this Policy and be aware of the policies, procedures, laws and regulations that affect their job.

Vendors

1.1.7 The City is committed to purchasing goods, services and construction from responsible vendors that supply quality services and products at competitive prices and abide by ethical standards and norms. Thereby, the City expects that vendors will comply with all applicable international, federal, provincial, and municipal laws, regulations, standards, and codes relevant to the performance and execution of vendor's obligations under a contract with the City. This includes the adoption of appropriate labour standards and worker rights throughout their supply chains in line

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

with principles set out in International Labour Organization (ILO) conventions on human and employee rights.

- 1.1.8 Vendors shall not discuss or communicate, directly or indirectly, with any other vendor or another vendor's agent or representative about the preparation of its submission in response to a City procurement request including, but not limited to, any connection, comparison of figures or arrangements with, or knowledge of any other vendor making a separate submission for the same work.
- 1.1.9 Vendors, or any representatives employed or retained by vendors, shall not, either verbally or in writing, discuss or communicate with any City employee or Member of Council in relation to any procurement request between the time of the issuance of the request and the award of a contract, except as expressly permitted in the procurement document. Members of Council and City employees who receive inquiries from vendors related to any specific procurement are required to advise the vendor(s) to communicate with the contact person listed in the procurement document, if any, or with the Procurement Services Department.
- 1.1.10 Vendors are not to threaten, intimidate, harass, or otherwise interfere with an attempt by any other vendor to bid for a City contract or perform any contract awarded by the City to that other vendor. Vendors shall not enter into an agreement, secretive or otherwise, with another vendor or vendors, to limit open competition by deceiving or misleading the City, any employee of the City, Member of Council or any other prospective vendor from their right to compete or to gain unfair advantage in relation to any request for procurement.
- 1.1.11 Lobbyists shall not communicate with a public office holder on behalf of a vendor in relation to procurement when it is not permitted by the policy or procurement documents.

Conflict of Interest

- 1.1.12 A conflict of interest refers to situations in which personal, occupational or financial considerations may affect or appear to affect the objectivity or fairness of an individual. It includes any situation or circumstance where, in relation to a procurement of goods, services or construction, the individual's commitments, relationships or financial interests could or may reasonably be seen to exercise an improper influence over the evaluation, award or administration of a City contract.

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

- 1.1.13 Employees of the City, and their immediate family, shall not have a pecuniary interest, either directly or indirectly, in any City contract or with any person acting for the City in any contract for the supply of goods, services and/or construction for which the City pays or is liable, directly or indirectly to pay unless such interest has been declared pursuant to the Code of Conduct for Employees, as amended from time to time. Such declaration shall be in writing, to their Manager with a copy to the Director of Procurement Services and Director of Legal Services indicating the specific nature of the conflict.
- 1.1.14 Members of Council are required to declare any pecuniary interest direct or indirect, and its general nature, which may result in a conflict of interest pursuant to the Municipal Conflict of Interest Act and the Member of Council, shall otherwise comply with that Act.
- 1.1.15 Any contract with the City may be voided in which a Member of Council or any employee of the City has an undeclared direct or indirect pecuniary interest.
- 1.1.16 All City employees and others participating in the development of specifications and/or the evaluation process for any Request for Quotations, Request for Tenders, Request for Pre-Qualifications and Request for Proposals will be required to declare a Conflict of Interest.
- 1.1.17 Where a vendor is being awarded a contract from the City, it shall be deemed to have warranted that it has not employed or retained any person, other than a bona fide employee, agent or broker working for the vendor, to solicit or secure the proposed contract, and that it has not paid or agreed to pay any person, other than a bona fide employee, agent or broker working solely for the vendor, any fee, commission, percentage, gift or other consideration contingent upon or resulting from the award of that proposed contract, or as an inducement to be awarded that contract. Without prejudice to any of its other rights, the City reserves the right to annul any contract or other arrangement entered into with a vendor where there is a breach of this warranty.

Prohibitions

- 1.2.1 No expenditure, purchase or commitment to purchase shall be incurred or made, and no account shall be paid by the City for goods, services or construction except as provided in this Procurement Policy or otherwise approved by Council.

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

- 1.2.2 No contract shall be entered into and no expenditure shall be authorized or incurred unless Council has provided funds in the annual budget or approved the provisions of such funds, and no expenditure shall be authorized or incurred in excess of the funds provided. In the case of multi-year operating contracts, the funding for future years can reasonably be expected to be made available if the funding is included in the current year's approved operating budget including multi-year forecast, subject to confirmation from the Financial Planning & Development Finance Department.
- 1.2.3 No procurement or purchase shall be arranged or made to avoid the application of this Procurement Policy. Without limiting the generality of the foregoing, no procurement of goods, services or construction shall be divided into two or more parts for the purpose of avoiding or frustrating the application of this Policy.
- 1.2.4 Personal purchases shall not be made by the City for any employee or Member of Council.

Applicable Legislation

- 1.3.1 The Municipal Act, 2001, Subsection 270 (1), provides that a municipality shall adopt a policy for its procurement of goods and services. Integrity is required in procurements to maintain the public's trust and reduce the City's exposure to legal risk, achieved through the requirement of complying with all applicable laws. Procurement activities at City must be conducted in accordance with all laws, regulations and standards, including, but not limited to:
- a) *Municipal Act and Regulations*
 - b) *Municipal Freedom of Information and Protection of Privacy Act and Regulations*
 - c) *Competition Act (R.S.C., 1985, c. C-34) and Regulations*
 - d) *Income Tax Act and Regulations*
 - e) *Accessibility for Ontarians with Disabilities Act and Regulations*
 - f) *Municipal Conflict of Interest Act and Regulations*
 - g) *Occupational Health and Safety Act and Regulations*
 - h) *Discriminatory Business Practices Act, R.S.O. 1990, Chapter D.12*
 - i) *Ontario Business Corporations Act*

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

j) Ontario Expropriations Act

1.3.2 Procurement activities at the City must comply with the applicable sections of the following trade agreements as amended from time to time:

- a) Agreement on Internal Trade (AIT) – all Provinces & Territories (except Nunavut)
- b) Trade and Cooperation Agreement between Ontario and Quebec – Quebec and Ontario
- c) Comprehensive Economic Trade Agreement CETA

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

2. Definitions

- a) "award" means authorization to proceed with the purchase of goods, services and/or construction from a chosen vendor;
- b) "best value" means the most advantageous combination of cost and quality to meet the requirements as defined in the relevant procurement document;
- c) "bid" means an offer or submission from a vendor in response to a call for bids;
- d) "bidder" means any legal entity that submits a bid in response to a call for bids;
- e) "call for bids" means a formal request for bids and includes a request for quotations, a request for tenders and a request for proposals;
- f) "Change Order" means a written order issued after execution of a contract, which authorizes a change in the scope of work, time and/or cost.
- g) "City" means the City of Vaughan;
- h) "City Manager" means the City Manager of the City of Vaughan;
- i) "construction" means a construction, reconstruction, demolition, repair or renovation of a building, structure or other civil engineering or architectural work and includes site preparation, excavation, drilling, soil investigation, seismic investigation, the supply of products and materials and the supply of equipment and machinery if they are included in and incidental to the construction, and the installation and repair of fixtures of a building, structure or other civil engineering or architectural work, but does not include professional services related to the construction contract unless they are included in the procurement;
- j) "Consulting and Professional Services" means those services requiring the skills of a professional for a defined service and includes the services of architects, engineers, designers, surveyors, planners, accountants, auditors, management professionals, marketing professionals, software and information technology experts, financial consultants, lawyers, law firms, real estate agents and brokers, environmental planners and engineers, hydro geologists, transportation planners and engineers, communications

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

consultants and any other consulting services which may be required by the City;

- k) “contingency” means a provision made in an approved budget for an unforeseen event or circumstance that gives rise to an increase in contract price. It can include a scope change;
- l) “contract” means any form of binding agreement between two or more parties that creates an obligation to do or not to do a particular thing;
- m) "Council" means the Council of the City of Vaughan;
- n) “Department” means an organizational unit headed by a Director
- o) “Director” means the City employee responsible for the operation of a City department;
- p) “Director of Procurement Services” means the senior official in the department of Procurement Services of the City;
- q) "disposal" means the removal of stock from the City by sale, exchange, trade or destruction;
- r) “dollar cost methodology” means the methodology used to determine the highest scoring bidder overall where two or more bids are within five (5) points of the highest score for the technical component of the evaluation, by calculating the dollar cost per technical point;
- s) “dollar cost per technical point” means the product of: “X” ÷ “Y” where, “X” means the total cost of the bid, and “Y” means the technical score of the bid;
- t) “emergency” means an event or occurrence that the City Manager or his or her delegate deems an immediate threat welfare and protection of persons, property, or the environment; and the event or occurrence necessitates the immediate need for goods, services or construction to mitigate the emergency and time does not permit for a competitive procurement process;
- u) "goods" means moveable property including, the costs of installing, operating, maintaining or manufacturing such moveable property, and raw materials, products, equipment and other physical objects of every kind and description whether in solid, liquid, gaseous or electronic form, unless they are procured as part of a construction

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

contract but does not include real property;

- v) “litigation” means any unresolved dispute between the City and any other party or related party adverse in interest, including third party and cross-claims, where either a legal proceeding has been commenced for an injunction, a mandatory order, a declaration or the recovery of money, or a threat of legal action has been made in writing;
- w) “proposal” means a submission received in response to a Request for Proposals;
- x) “purchase” means to acquire goods, services and/or construction by purchase, rental, lease or trade;
- y) “Purchase Order” means a written offer to a vendor formally stating all terms and conditions for the purchase of goods, services and/or construction or a written acceptance of an offer received in accordance with this Policy;
- z) “Quote” means a binding, formal statement of promise by a vendor to supply the goods, services and/or construction as required and in accordance with the specifications provided by the City, at specific prices, and within a specified period;
- aa) “Real Property” means land, or land and buildings, and includes fixtures attached to such land or buildings;
- bb) “Request for Expressions of Interest” means a request made by the City for the purpose of compiling a list of potential bidders who may be interested in providing deliverables to the City;
- cc) “Request for Pre-Qualification” means a request for the submission of information from potential bidders, including the qualifications, experience, financial capability, background and staffing of any entity who may qualify to supply deliverables to the City;
- dd) “Request for Proposals” means a request for proposals issued under this Policy;
- ee) “Request for Quotations” means a request for quotations issued under this Policy;
- ff) “Request for Tenders” means a request for tenders issued under this Policy;
- gg) “sustainable” means the economic, social, and environmental impacts of goods, services and/or construction to be purchased by the City maximize economic benefits while

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

achieving a balance between efficiency and best value;

- hh) “responsive” means that a bid has complied in all material respects with the requirements set out in the call for bids documentation;
- ii) “scope change” which means any change to the scope of a contract to accommodate a need not originally provided for in the contract;
- jj) “scope of work” means the work that has been described in a contract that must be done to deliver the goods, services and/or construction with the specified features and functions and within the time specified as described in the contract;
- kk) “services” means the work provided by individuals under a contract and includes Consulting and Professional Services;
- ll) “tender” means a written detailed offer from a vendor to supply goods, services and/or construction where there are clearly defined criteria or specifications;
- mm) “total cost” means the contract cost for the full term of the contract, and, in the case of a contract containing renewal provisions, the total contract cost for the initial term and all potential renewal terms, excluding the Harmonized Sales Tax (HST), but including all other applicable, fees, charges and disbursements;
- nn) “Unsolicited Proposal” means proposals received by the City from a vendor or vendors who have approached the City with a proposal that has not been requested through a regular procurement process.

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

3. Roles and Responsibilities

General Responsibilities

- 3.1 All City employees engaged in a procurement process will abide by the principles, rules and guidelines set out in this Policy and associated Procedures.
- 3.2 All procurements will be subject to any and all applicable City policies and procedures, specific provisions of the Municipal Act, and all other applicable Federal and Provincial legislation.
- 3.3 Failure to adhere to the requirements outlined or referenced in this Policy may lead to disciplinary action up to and including termination of employment.

Council

- 3.4 In accordance with best practices in Municipal procurement, there is a need for a clear separation of political and administrative functions in relation to the City's procurement functions.
- 3.5 City Council shall approve the budget and scope of projects as part of the annual operating and capital budget process or individual project approval submissions from Departments throughout the year. Approval of the project scope and budget by Council shall be deemed to be approval for the subsequent award of a contract in accordance with the procurement processes and staff Delegations of Authority to Award detailed in this Policy and where the cost amount of the contract is within the budget previously approved by Council.
- 3.6 City Council shall approve the award of contracts where:
 - a) approved funding is insufficient for the award; or
 - b) the purchase is prescribed by statute to be made by Council; or
 - c) the award is for a Single Source contract and the total cost of the contract exceeds \$100,000; or
 - d) the term of the commitment exceeds ten (10) years; or
 - e) recommended by the City Manager.

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

- 3.7 In keeping with municipal procurement best practices, the Mayor and Members of Council shall have no involvement in specific procurements, including not receiving any related information or documents from the time those procurements have been advertised or solicited until the contract has been entered into except where the recommendation for award has been forwarded to Council for approval as noted above.
- 3.8 The Mayor and Members of Council who receive inquiries from vendors related to any specific procurement are required to advise the vendor(s) to communicate with the contact person listed in the procurement document, if any, or with the Procurement Services Department.

City Manager

- 3.9 The City Manager has the authority to:
- a) instruct staff not to award contracts and to submit recommendations to City Council for approval (e.g. the occurrence of one or more of the circumstances noted in Section 3.6) and may provide additional restrictions concerning procurement where such action is considered necessary and in the best interest of the City; and
 - b) award contracts in the circumstances specified in this Policy provided that the delegated power is exercised within the limits prescribed in Section 5 (or the Summary Table in Section 6).

Deputy City Managers and Chiefs of Office

- 3.10 The Deputy City Managers and Chiefs of Office are accountable for the procurement of goods, services or construction for the City departments that have been assigned to them. In addition, they have:
- a) the authority to award contracts in the circumstances specified in this Policy provided that the delegated power is exercised within the limits prescribed in Section 5, (or the Summary Table in Section 6);
 - b) the responsibility to prepare the business specifications/requirements for their procurements;
 - c) the responsibility for monitoring their Contracts and reporting on the performance of a contracted vendor in accordance with applicable procedures; and
 - d) the responsibility to prepare and submit reports for award of Contracts in accordance with this Policy.

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

Director of Procurement Services

3.11 The Director of Procurement Services is responsible for:

- a) the integrity of the procurement process;
- b) providing procurement advice including preparing procurement request documentation;
- c) administering the procurement requests and ensuring compliance with the terms and conditions of the procurement;
- d) reviewing the specifications, scope of work or terms of reference as prepared by the applicable city department for compliance with this procurement policy;
- e) the development 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;
- f) the development of all procurement procedures;
- g) monitoring compliance with this policy and notifying the relevant member of the senior management team, in advance if possible, of non-compliance with this policy;
- h) the disposal of surplus stock or obsolete equipment; and
- i) the review of reports prepared by the staff or preparation of reports as required by this policy including quarterly procurement activity reports for council.

Directors

3.12 Directors are accountable to their respective Deputy City Manager or Chief of Office for ensuring compliance with this Policy and the relevant procedures with respect to the activities of their Departments. In addition, they:

- a) have the authority to award contracts in the circumstances specified in this Policy provided that the delegated power is exercised within the limits prescribed in Section 5, (or the Summary Table in Section 6), and the requirements of this Policy are met;
- b) have the authority to delegate approval authority to staff at the appropriate levels within their service areas when they are unable to exercise their authority (e.g. vacation, extended absence or period of leave);
- c) may authorize the procurement of such goods, services and/or construction as are considered necessary to remedy an emergency situation as defined by and in

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

accordance with the Emergency Procurement Section 4.2.9 of this Policy and with the concurrence of a Deputy City Manager or Chief of Office;

- d) have the responsibility to prepare the business specifications/requirements for their procurements; and
- e) have the responsibility for monitoring their Contracts and reporting on the performance of a contracted vendor in accordance with applicable procedures.

Managers

3.13 Managers provide oversight for all procurements executed in their Department and are responsible for notifying the Procurement representatives as soon as possible of any apparent or potential non-compliance with this Policy or supporting policies and procedures. In addition, they have:

- a) the authority to award contracts in the circumstances specified in this Policy provided that the delegated power is exercised within the limits prescribed in Section 5, (or the Summary Table in Section 6);
- b) the responsibility to prepare the business specifications/requirements for their procurements; and
- c) the responsibility for monitoring their Contracts and reporting on the performance of a contracted vendor in accordance with applicable procedures.

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

4. Procurement Processes

All and any of the procurements by a City employee will be executed in accordance with this Policy, and any related or relevant policies and procedures.

Competitive Procurement Processes

Request for Quotations

- 4.1.1 A Request for Quotations (RFQ) is used when very clearly defined criteria or specifications have been developed and where the award will be based on mandatory technical compliance and lowest price of a responsive and responsible bidder.
- 4.1.2 RFQs may be issued to acquire goods, services and/or construction with an estimated cost not greater than \$100,000 and subsequent contracts awarded to the lowest responsive bidder in accordance with the Delegation of Authority detailed in Section 5 of this Policy.

Request for Tenders

- 4.1.3 A Request for Tenders (RFT) is a process used where there are clearly defined criteria or specifications. It usually entails thoroughly detailed work (e.g. construction tender) or a specific, product-based quote where the award is based on mandatory technical compliance and lowest price of a responsive and responsible bidder.
- 4.1.4 RFTs may be used to acquire goods, services and/or construction with an estimated cost greater than \$100,000 and subsequent contracts awarded to the lowest responsive bidder in accordance with the Delegation of Authority detailed in Section 5 of this Policy.

Request for Pre-Qualifications

- 4.1.5 Request for Pre-Qualifications (RFPQ) means a request for the submission of information from potential bidders, including the experience, financial strength, education, background and personnel of firms or corporations who want to qualify to be able to compete to supply goods, services or construction to the City. An RFPQ is

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

typically used as the first stage in a two-stage procurement process in order to short-list the most qualified vendors.

- 4.1.6 Based on the results of the RFPQ, the Department Head shall recommend the list of pre-qualified vendors to the Director of Procurement Services for approval.

Request for Proposals

- 4.1.7 A Request for Proposals (RFP) is a process used which allows prospective vendors to propose solutions or methods to arrive at the desired result. The RFP process is a competitive method of procurement where price is not the dominant evaluation criterion for award. The RFP procedure shall be used where:
- a) the requirement is best described in a general performance specification; or
 - b) innovative solutions are sought; or
 - c) to achieve best value, RFPs have both mandatory and/or preferred / desirable (scored) evaluation criteria with the emphasis (i.e., highest weights or scores) on the solution, approach or methodology and proponent profile and qualifications, with price having a minimum weight of 20%.
- 4.1.8 The evaluation criteria and weightings shall be established prior to the call for bids and the call for bids shall clearly specify how each of the applicable criteria, including total cost will be applied in evaluating the bids and how the dollar cost methodology may be applied.
- 4.1.9 The award is to be made to the bidder submitting the highest overall scoring bid, or, where two or more bids are within five (5) points of the highest score for the technical component of the evaluation, by calculating the dollar cost per technical point.
- 4.1.10 All RFPs will be issued in accordance with this Policy and subsequent contracts, if any, awarded to the highest evaluated proposal in accordance with the Delegation of Authority detailed in Section 5 of this Policy.

Vendor of Record

- 4.1.11 A Vendor of Record (VOR) arrangement means a procurement arrangement, typically established through an RFP/RFPQ that authorizes one or more qualified

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

vendors to provide goods/services for a defined period with defined terms and conditions, including pricing, as set out in the VOR agreement.

4.1.12 City of Vaughan VOR arrangements without pricing shall be approved by the Director, Procurement Services. In the case of VOR arrangements where pre-set pricing is included, the approval shall be in accordance with Section 5.0 of this Policy, Delegations of Authority to Award, based on the estimated value of the VOR during its full term.

4.1.13 Where applicable, especially for frequent purchases of a particular good or service, or where the City will receive a discount or rebate based on volume purchasing, a VOR will be used as the source for procurement. The Vendor of Record Agreement may be either the City's own competitively established VOR or one of the Ontario Ministry of Government and Consumer Services (MGCS) VORs available to municipalities.

4.1.14 Procurement of goods or services by City staff through a VOR must be acquired in accordance with this Policy and pursuant to the following guidelines:

- a) VOR procurements valued at less than \$25,000 may be contracted without further competition;
- b) VOR procurements valued at greater than \$25,000 will be in line with requirements outlined in the VOR selection process.

Non-Competitive Procurement Processes

Sole Source

4.2.1 Sole Source procurement means a purchase made where there is only one legal entity available to the City capable of doing the work. Procurement may be conducted using a Sole Source process if the goods, services and/or construction are available from only one vendor by reason of:

- a) statutory or market based monopoly; or
- b) competition is precluded due to the application of any Act or legislation or because of the existence of patent rights, copyrights, licence, technical secrets or controls of raw material; or,

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

- c) the complete item, service, or system is unique to one vendor and no alternative or substitute exists.

4.2.2 Sole Source contracts shall be awarded in accordance with the Delegations of Authority to Award detailed in Section 5 of this policy.

Single Source

4.2.3 Single Source means that there is more than one source of supply in the open market, but only one source is recommended due to predetermined and approved specifications.

4.2.4 The procurement may be conducted using a Single Source process if the goods, services and/or construction are available from more than one source, but there are valid and sufficient reasons for selecting one vendor in particular, as follows:

- a) an attempt to acquire the required goods, services and/or construction by soliciting competitive bids has been made in good faith, but has failed to identify more than one willing and responsive vendor; or
- b) the confidential or security-related nature of the requirement is such that it would not be in the public interest to solicit competitive bids; or
- c) there is a need for standardization or compatibility with goods, services and/or construction previously acquired or the required goods, services and/or construction will be additional to similar goods, services and/or construction being supplied under an existing contract (i.e. contract extension or renewal); or
- d) where necessary to maintain an existing warranty from a previous vendor; or
- e) where only one authorized dealer/reseller is offering the goods and/or services due to franchise restrictions; or
- f) the ability of a specific vendor to deliver within the requested timeframe; or
- g) construction, renovations, repairs, maintenance etc. in respect of a building leased by the City may only be done by the lessor of the building, in accordance with a lease agreement; or

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

- h) the required goods, services and/or construction are to be supplied by a particular vendor(s) having special knowledge, skills, expertise or experience; or
- i) the goods are purchased under circumstances which are exceptionally advantageous to the City, such as in the case of a bankruptcy or receivership; or
- j) it is advantageous to the City to acquire the goods, services or construction from a supplier pursuant to the procurement process conducted by another public body; or
- k) it is advantageous to the City to acquire the goods, services or construction directly from another public body or public service body; or
- l) another organization is funding or substantially funding the acquisition and has determined the vendor, and the terms and conditions of the commitment into which the City will enter are acceptable to the City; or
- m) the acquisition is for a particular brand of goods, services or construction that are intended solely for resale to the public and no other brand is desirable and the brand is not available from any other source; or
- n) where due to abnormal market conditions, the goods, services or construction required are in short supply.

4.2.5 Before awarding a contract using the above rationale, staff should perform due diligence by exploring price negotiation possibilities with the selected vendor.

4.2.6 There must be sufficient justification provided for using Single Source procurement as determined by the Director of Procurement Services.

4.2.7 Where additional due diligence is considered necessary, Procurement Services will post an Advanced Contract Award Notice (ACAN) on the City website for a period of at least five (5) business days to indicate to vendors that the City intends to award a goods, services or construction contract to a pre-identified vendor, thereby allowing other vendors to signal their interest in bidding by submitting a statement of capabilities. If no other vendor submits a statement of capabilities that meets the requirements set out in the ACAN, the Director of Procurement Services may then

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

proceed with the award of the contract. If other vendors submit a statement of capabilities that meets the requirements set out in the ACAN, the Director of Procurement Services may then proceed with a competitive, or Single or Sole Source, procurement in accordance with this Policy.

- 4.2.8 Single Source contracts shall be awarded in accordance with the Delegations of Authority to Award detailed in Section 5 of this policy.

Emergency Procurement

- 4.2.9 For the purposes of this section on Emergency Procurement, emergency is defined as an event or occurrence that the City Manager or his or her delegate deems an immediate threat to:

- a) public safety; or
- b) the maintenance of essential City services; or
- c) the welfare and protection of persons, property, or the environment; and the event or occurrence necessitates the immediate need for goods, services or construction to mitigate the emergency and time does not permit for a competitive procurement process.

- 4.2.10 This policy does not apply in an emergency declared under the Emergency Management and Civil Protection Act, R.S.O. 1990, c. E.9 Last amendment: 2009, c. 33, Sched. 9, s. 4, or any other related City policies.

- 4.2.11 A list of pre-qualified vendors or Vendors of Record will be used to select the vendors, whenever possible.

- 4.2.12 Where the aggregate costs for a single vendor to mitigate an emergency situation is anticipated to be less than \$100,000, there must be a notification including the justification for the emergency expenditure sent to the Director of Procurement Services or delegate within 60 days of the expenditure. The emergency procurement shall also be reported by the responsible Director to the CFO and City Treasurer.

- 4.2.13 Where the aggregate costs for a single vendor are in excess of \$100,000, the emergency procurement shall be reported by the responsible Director to Council at the next Council meeting following resolution of the emergency situation. The

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

Director responsible for the area leading the emergency procurement must forward the appropriate purchase requisition(s) to the Director of Procurement Services within five (5) business days after the mitigation activities associated with the emergency event have been resolved.

- 4.2.14 The steps taken to mitigate the emergency shall always be clearly documented regardless of amount.

Other

- 4.3.1 These processes are all part of a preliminary stage of the procurement process. By themselves, they do not result in an award and are typically followed by one of the procurement methods described above.

Request for Information

- 4.3.2 A Request for Information (RFI) is a request in writing made by the City for the purpose of compiling the available market information and capabilities of various suppliers in providing goods, services or construction to the City in order to help inform buying decisions and may be followed by a subsequent Request for Tender or Request for Proposal.

Request for Expressions of Interest

- 4.3.3 Request for Expressions of Interest (REOI) means a request made by the City for the purpose of compiling a list of potential bidders who may be interested in providing goods, services or construction to the City. A REOI is often done in the early stages of the procurement process as a means for the City to seek industry input into scoping requirements for a project that is intended to go back out to market later on.
- 4.3.4 The REOI is also an opportunity for interested parties to respond with the requested information so that they may be informed about future announcements related to the project, including the competitive selection process. It should be noted, however, that responding to an REOI is not a prerequisite to participating in the competitive selection process and does not imply any binding commitment by any party.

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

Purchasing Card (“P-Card”)

- 4.4.1 A Purchasing Card (“P-card”) will be used to purchase low-value goods and services in accordance with the rules and guidelines detailed in this Policy and the Purchasing Card Policy. The use of P-cards is designed to improve efficiency of acquiring low value goods, services and construction. Single purchases are limited to a maximum of \$5,000, with a monthly maximum accumulation as per the table at Section 5.1.2. Individual Managers may set alternate limits within these boundaries.

Consulting and Professional Services

- 4.5.1 From time to time, the City may require the services of consultants or other professionals for work requiring the skills of a professional for a defined service. This could include the services of, for example, architects, engineers, designers, management professionals, communications consultants, software and information technology experts or lawyers.
- 4.5.2 Any Consulting or Professional Service procured by the City will be acquired in accordance with this Policy and where applicable via a Vendor of Record. Subsequent contracts will be awarded in accordance with the Delegations of Authority to Award detailed in Section 5 of this Policy. However, in order to make the procurement process more timely and efficient, Department managers should consult with Procurement Services to develop VOR's for recurring requirements for professional services.

Reports to City Council

- 4.6.1 The Director of Procurement Services shall prepare a summary information report on all procurement awards, to be submitted to Council on a quarterly basis.

Advertisement

- 4.7.1 All public procurement requests which meet the thresholds established within the Agreement on Internal Trade (contract value greater than \$100,000 for goods and services and \$250,000 for construction) will be posted on the City's website and may also be advertised on Ontario Public Buyers Association (OPBA) and Daily Commercial News (construction related) websites or any other media outlet or venue considered appropriate to ensure greater competition.

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

Electronic Bid Submissions

- 4.8.1 The City is currently developing procedures and processes for the electronic submission of bids. Procurement Services will introduce electronic bid submission as it becomes available.

Local Preference

- 4.9.1 The Agreement on Internal Trade (AIT) between the Federal Government and the Provinces applies to Canadian municipalities with respect to Chapter 5 and other relevant sections. In accordance with the requirements of the AIT, the City will not adopt or maintain any measures that would differentiate between vendors, or goods, services or construction on the basis of geographic location, except where otherwise sanctioned by this Policy.

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

5. Delegations of Authority to Award

- 5.1 The following details the authority to approve the award of a contract to a successful vendor after the project and budget have been approved either as part of an annual allocation or an individual project basis, in accordance with an appropriate and approved procurement process. Any such procurement shall also satisfy any applicable audit and documentation requirements of the City.

General

- 5.2 All applicable taxes and duties shall be excluded in determining the procurement limit of authorized delegates and the type of procurement process to be followed.
- 5.3 The dollar values identified in this section represent the total value of the award for the entire term of the contract. In the case of a multi-year contract, the cumulative value of the award for the entire term of the contract, including any defined options to extend.
- 5.4 The dollar values exclude contingencies not explicitly defined in the contract.

Authority to Award

- 5.5 Prior to awarding a contract, staff with the appropriate delegated authority approval must confirm:
- a) the procurement process was conducted in accordance with this Policy;
 - b) complete price and costing information is identified, including an upset limit or total expenditure as defined in Section 5.1;
 - c) funds are available within existing approved budgets;
 - d) the award is being made to the lowest responsive bid or best evaluated bid of the bids submitted; and
 - e) there are no unresolved bidder protests.
- 5.6 City Council shall receive quarterly reports on all contract awards.
- 5.7 A summary of the Authority to Award is depicted in table form in Section 6 of this

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

Policy.

Employees with the Appropriate Delegated Authority Approval

- 5.1.1 Any employee with the appropriate delegated authority approval and authorized to use a Purchasing Card (P-card) may purchase low-value goods, services and construction. All employees authorized to use a Corporate Purchasing Card must abide by the rules and responsibilities detailed in the Purchasing Card Policy.
- 5.1.2 Dollar limits for single purchases and monthly accumulated spending limit for each employee will be determined by their Manager or designate, however the maximum levels allowable are as per the table below (Ref: City of Vaughan P-Card Procedures):

Type	Description	Single Transaction Limit (STL)		Monthly Transaction Limit (MTL)	
		(excluding taxes)		(excluding taxes)	
Type 1	STANDARD	Maximum:	\$ 2,000	Maximum:	\$ 10,000
Type 2	ADMINISTRATION	Maximum:	\$ 5,000	Maximum:	\$ 15,000
Type 3	SUPERVISOR	Maximum:	\$ 5,000	Maximum:	\$ 20,000
Type 4	MANAGER	Maximum:	\$ 5,000	Maximum:	\$ 25,000
Type 5	DIRECTOR	Maximum:	\$ 5,000	Maximum:	\$ 30,000
Type 6	DEPUTY CITY MANAGER/CHIEF	Maximum:	\$ 5,000	Maximum:	\$ 50,000

Manager

- 5.2.1 Any Manager, or duly authorized delegate, with the appropriate delegated authority is authorized to approve the following awards in consultation with Procurement Services:

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

- a) competitive procurements, invitational and formal quotations up to but not greater than \$25,000 (i.e. RFP, RFQ, VOR); or
- b) In the event of an Emergency Procurement (see Section 4.2.9), up to but not greater than \$10,000.

Director

5.3.1 Any Director, or duly authorized delegate, with the appropriate delegated authority is authorized to approve awards in consultation with a Manager, Procurement Services pursuant to the following:

- a) competitive procurements, up to but not greater than \$100,000 (i.e. RFT, RFQ, RFP, VOR); or
- b) Sole or Single Sourced contracts up to but not greater than \$25,000; or
- c) In the event of an Emergency Procurement (see Section 4.2.9), up to but not greater than \$25,000; or
- d) extensions of existing Contracts and Agreements that have clearly defined options to extend, subject to availability of funds and satisfactory performance of the vendor and are within their own delegated authority.

Deputy City Manager and Chief of Office

5.4.1 Any Deputy City Manager and Chief of Office, or duly authorized delegate, with the appropriate delegated authority is authorized to approve the following awards in consultation with the Director of Procurement Services:

- a) competitive procurements and formal quotations requests up to but not greater than \$500,000 (i.e. RFT, RFP, RFQ, VOR); or
- b) Sole or Single Sourced contracts up to but not greater than \$50,000; or
- c) in the event of an Emergency Procurement (see Section 4.2.9), up to but not greater than \$100,000; or
- d) extensions of existing contracts that have clearly defined options to extend, subject to availability of funds and satisfactory performance of the vendor.

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

City Manager

- 5.5.1 The City Manager, or duly authorized delegate, with the appropriate delegated authority approval is authorized to approve the following awards in consultation with the Director of Procurement Services:
- a) Requests for Tenders and Requests for Proposals greater than \$500,000; or
 - b) Sole Sourced contracts greater than \$50,000; or
 - c) Single Sourced contracts up to but not greater than \$100,000; or
 - d) in the event of an Emergency Procurement (see Section 4.2.9), any amount necessary; or
 - e) extensions of existing contracts that have clearly defined options to extend, subject to availability of funds and satisfactory performance of the vendor.

Contingencies – Exceeding Original Contract Value

- 5.8 A contingency is the provision made in an approved budget for an unforeseen event or circumstance. It can include a “scope change” which means any change to the scope of a contract to accommodate a need not originally provided for in the contract and which may include the purchase of additional deliverables or the extension of the term of the contract and which may require an adjustment to the contract price.
- 5.9 Where any purchase of deliverables has been authorized under this Policy, a Director may, upon being satisfied that a contingency has arisen, authorize expenditures that exceed the original approved contract amount, provided that any additional expenditure (or cumulative sum of additional expenditures) shall not exceed ten percent (10%) of the total cost of the contract at the time of award and further provided that the additional expenditures are required to complete the deliverables set out in the original contract and that the total cost after the additional contingent expenditures remains within the approved budget and Delegated Authority of the Director.
- 5.10 A Deputy City Manager or Chief of Office may authorize an additional expenditure (or cumulative sum of additional expenditures) for contingency that shall not exceed fifteen percent (15%) of the total cost of the contract at the time of award and that the total cost after the additional expenditures remains within the approved budget and

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

delegated authority of the DCM or Chief.

- 5.11 The City Manager may authorize any additional expenditure for contingency provided that the total cost after the additional expenditures remains within the approved budget and delegated authority of the City Manager.
- 5.12 If a contingency requires the extension or renewal of a contract, any extension or renewal of a contract that would result in a total contract term in excess of ten (10) years shall be subject to Council approval.
- 5.13 The process for managing Change Orders associated with contingent expenditures shall be detailed in the Procurement Procedures.

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

6. Summary – Award Authority and Method

Authority to Award	Type of Procurement	Value (Taxes not included)	Procurement Process
*Note: Non-competitive processes should be the exception, not the rule. Competitive procurements should still be used where available. Non-competitive processes are to be used only in the circumstances outlined in Section 4.2 of the Policy.			
City Manager	Competitive Procurements	>\$500,000	Request for Proposals
		>\$500,000	Request for Tenders
	Sole Sourced contract	>\$50,000	Purchase Order
	Single Sourced contract	\$50,001 - \$100,000	
	Emergency Procurement (See Section 4.2.9)	Unlimited	
Deputy City Manager and Chief of Office	Competitive Procurements	\$100,001 - \$500,000	RFT, RFP, RFQ, VOR
	Single or Sole Sourced contract	≤\$50,000	Purchase Order
	Emergency Procurement	\$25,001 - \$100,000	

Council Approval: XXXX/XX/XX
 Report No/Item: FAA/Y
 Cross Reference: Policy No. PS 003

Amended: N/A
 Report No/Item: N/A

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

Authority to Award	Type of Procurement	Value (Taxes not included)	Procurement Process
*Note: Non-competitive processes should be the exception, not the rule. Competitive procurements should still be used where available. Non-competitive processes are to be used only in the circumstances outlined in Section 4.2 of the Policy.			
Director	Competitive Procurements	\$25,001 - \$100,000	RFT, RFP, RFQ, VOR
	Single or Sole Sourced contract	≤\$25,000	Purchase Order,
	Emergency Procurement		P-Card (within single transaction authorized limit)
Manager	Competitive Procurements	≤\$25,000	RFT, RFP, RFQ, VOR
	Emergency Procurement	≤\$10,000	Purchase Order, P-Card (within single transaction authorized limit)
Any employee with appropriate Delegated Authority	Goods and Services	< \$5,000 single Purchase < Cumulative monthly limit as per Table 5.2.5	P-card

Council Approval: XXXX/XX/XX
 Report No/Item: FAA/Y
 Cross Reference: Policy No. PS 003

Amended: N/A
 Report No/Item: N/A

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

7. Fairness Monitor

- 7.1 The City may elect to utilize a fairness monitoring process for specific procurements that are complex or high profile or of a substantial dollar value. In such cases, the City may engage a Fairness Monitor as an independent third party to observe all or part of a procurement process, to provide related feedback on fairness issues to the Director of Procurement Services, and to provide an unbiased and impartial opinion on whether the procurement process was conducted in accordance with this Policy and the principles of openness, fairness, consistency and transparency. The decision to engage a Fairness Monitor is at the discretion of the Director of Procurement Services in consultation with the procuring Director, and will be executed in accordance with this Policy.

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

8. Vendor Performance

- 8.1 In the interest of ensuring the goods, services and construction acquired by the City are delivered at best value for money, in an ethical and professional manner, vendor performance will be monitored.
- 8.2 The Director of Procurement Services in consultation with client departments, will develop and provide a framework for City staff to evaluate and improve the performance of all vendors awarded contracts by:
- a) pro-actively managing the performance of contracted vendors during the term of the awarded contracts; and
 - b) creating a record of past performance for use by the Director of Procurement Services to determine the award for future procurement requests.
 - c) It is the responsibility for all Deputy City Managers, Chiefs of Office, Directors and Managers to monitor their Contracts and report on the performance of a contracted vendor in accordance with applicable procedures.

Exclusion of Bidders in Litigation

- 8.3 The City reserves the right, at its election and in its sole and absolute discretion, not to accept a bid from any bidder and/or award a contract to any bidder (which includes all affiliates as defined in the Ontario Business Corporations Act) that has instituted a court proceeding or is in arbitration against the City, or against whom the City has instituted a court proceeding or is in arbitration with respect to any other previous submission to the City or any other previous contract or business transaction between the City and the bidder (and its affiliates).
- 8.4 A bid may be accepted from, and a contract may be awarded to, or the extension of a contract may be granted to a contractor or other party with whom the City is engaged in unresolved litigation in the following circumstances:
- a) where there is only one qualified contractor and the City Manager has approved the award; or
 - b) in the case of an emergency; or

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

- c) where there is a legal obligation on the part of the City to enter into the contract; or
- d) where the proposed contract is pursuant to the co-operative purchasing provisions of this Policy or where another public agency will be party to the contract and has approved the award; or
- e) where the City has been named as plaintiff or as a defendant pursuant to a subrogated interest and where, in the discretion of the City Solicitor, an appropriate arrangement has been made to indemnify the City; or
- f) where the matter has been referred to alternative dispute resolution in a form or format approved by the City Solicitor and where an agreement has been entered into which adequately protects the City's interests, as may be determined in the sole discretion of the City Solicitor; or
- g) where the contractor or other party is exercising rights pursuant to the *Expropriations Act*.

8.5 Where the amount in dispute in any unresolved litigation does not exceed \$100,000, a Deputy City Manager, in consultation with the Director of Procurement Services and the City Solicitor, may accept the bid or award the contract, or approve the extension of the contract, provided that he or she is satisfied that it would be in the best interests of the City, based on the consideration of factors including but not limited to the following:

- a) the bidder's performance under previous contracts with the City; or
- b) the City's claims history with the bidder; or
- c) an assessment of the overall risk and total cost in entering into a contract with the bidder.

8.6 The bidder will have the option to appeal the decision as per the procedure detailed in Section 9 of this Policy.

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Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		

Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

9. Bid Dispute Resolution

- 9.1 The City of Vaughan encourages open, competitive procurement processes and the objective and equitable treatment of all vendors. However, a vendor may seek to challenge:
- a) the finding that their bid was non-responsive and rejected from further consideration; or
 - b) the award of a contract to another vendor; or
 - c) disputes being prohibited from competing or being awarded any City Contract under Section 8.3.
- 9.2 All vendor disputes or complaints, whether addressed to Members of Council or City staff shall be referred to the Director of Procurement Services for disposition.
- 9.3 Vendors wishing to appeal procurement process decisions or findings made by the City will discuss and attempt to resolve the issue(s) by meeting with a Review Committee comprised of the Director of Procurement Services or delegate, the relevant Director or Deputy City Manager or Chief of Office or delegate, a representative of the City Solicitor's Office, Chief Financial Officer and City Treasurer or delegate, and Fairness Monitor, if engaged.
- 9.4 All vendor appeals must be received in writing by the Director of Procurement Services within fifteen (15) business days of the date of the notice to the vendor of the procurement decision.
- 9.5 The decision by the Review Committee on the disposition of the vendor dispute will be final.

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Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

10. Unsolicited Proposals

- 10.1 Unsolicited Proposals, and/or communications regarding potential Unsolicited Proposals, are proposals received by the City from a vendor or vendors who have approached the City, i.e. any employee or elected official, without solicitation, to advise the City of their ability or desire to undertake City requirements. Unsolicited Proposals can be new or innovative ideas that could assist the City in achieving its goals and have not been requested through the regular procurement process.
- 10.2 City employees or Members of Council shall not accept an Unsolicited Proposal and/or communication with respect to a potential Unsolicited Proposal. The vendor or proposer shall be advised to direct the Unsolicited Proposal to the Director of Procurement Services.
- 10.3 The Director of Procurement Services will log the Unsolicited Proposal and direct it to the appropriate Department Head. The Department Head shall first assess such proposals on the basis of whether they align with the City's strategic goals and objectives, do not circumvent the City's regular procurement processes, and the proposal's scale and scope aligns with the requirements and funding ability of the City.
- 10.4 If it is determined by the Department Head that there is a legitimate need for the goods, services and/or construction offered by way of the Unsolicited Proposal and that funding is available, then it will be reviewed together by the Department Head, the Director of Procurement Services and where appropriate, the Director of Economic Development or another Department Head or to determine the applicable acquisition process to be conducted in accordance with this Policy.

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Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

11. Economic Development and Innovation

- 11.1 In accordance with exemptions allowed under the Agreement on Internal Trade, the City may exclude a procurement from the application of the AIT to contribute to local economic development objectives, or demonstration, pilot or innovation projects. The use of the exclusion for the particular procurement shall be applied in a manner to minimize discrimination among eligible bidders.
- 11.2 A joint business case will be prepared by Economic Development department and the applicable department Director outlining the justification, benefits, costs and a value analysis related to economic development and/or innovation and submitted for approval to a DCM, Chief or the City Manager.
- 11.3 A contract may be awarded under this Section 11 of this Policy within the Delegated Authority of the applicable Director or Deputy City Manager or Chief and the concurrence of the Director of Economic Development. The expenditure must be within an existing approved budget. If any of those conditions are not met, Council approval is required to award a contract.
- 11.4 A report on the outcome of the initiative will be presented to Council.

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Report No/Item:	FAA/Y	Report No/Item:	N/A
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Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

12. Public/Private Partnerships (P3s)

- 12.1 Public – Private Partnerships (P3s) are a long-term performance-based approach to procuring public infrastructure where the private sector assumes a major share of the risks in terms of financing and construction and ensuring effective performance of the infrastructure, from design and planning, to long-term maintenance.
- 12.2 In practical terms, this means that:
- a) the City does not pay for an asset until it is built; or
 - b) a substantial portion of the cost is paid over the life of the asset and only if it is properly maintained and performs according to specifications; or
 - c) the costs are known upfront and span the life-cycle of the asset, meaning that taxpayers are not on the financial hook for cost overruns, delays or any performance issues over the asset's life.
- 12.3 The City is open to considering a P3 approach where appropriate; however, would do so only if supported by a thorough “Value for Money” analysis including a systematic consideration of costs, risks, and performance expectations. The decision to proceed with using alternative financing for a project will be subject to Council approval.

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Report No/Item:	FAA/Y	Report No/Item:	N/A
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Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

13. Intergovernmental Arrangements

Co-operative Purchasing

- 13.1 The City may participate with other levels of government, municipalities, boards, agencies, commissions, or public sector entities (“Organizations”) where such plans are determined to be in the best interests of the City. If the City participates with another Organization, the City shall adhere to the policies of the Organization calling the co-operative bid. The award of the contract will also be issued in accordance with the lead Organization’s policies.
- 13.2 The Director of Procurement Services will report on all co-operative purchases to City Council on a quarterly basis, unless the purchase is with the York Region Buyers Co-Op, in which case no report is required.

Provincial Agreements

- 13.3 The City has alternate contracts and VORs available to them as sources for procurement, including the VOR Agreements established by the Ontario Ministry of Government and Consumer Services. Where appropriate and applicable, the City may “piggy-back” on one or more of these existing Agreements for procurement.

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Report No/Item:	FAA/Y	Report No/Item:	N/A
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Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

14. Corporate Sponsorship

- 14.1 Corporations pursued for the purposes of Corporate Partnership or Sponsorship are exempt from the application of this Policy, and are to be governed by the Corporate Partnerships Policy.

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Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

15. Sustainable Procurement

- 15.1 Sustainable procurement is a purchasing process that takes into account the economic, environmental and social impacts of the City's spending and operational activities.
- 15.2 The City approved Green Directions Vaughan (GDV): The Community Sustainability and Environmental Master Plan which is designed to guide the City to a more sustainable future. Influencing all aspects of the City's operational and regulatory activities, GDV promotes sustainability first. However, as responsible stewards of the community, all procurement related actions taken and decisions made by the City's employees and Members of Council must also be made in consideration of the financial implications of a particular procurement.
- 15.3 The City recognizes that through its procurement function it has the authority to bring about environmental and social improvements both locally and globally while maximizing economic benefits. Wherever possible and fiscally responsible, the City encourages and promotes sustainable procurement. By embedding the principle of sustainable procurement into this Policy, the Procurement Services function continues to support the GDV Master Plan.
- 15.4 Department Heads are responsible for considering the addition of sustainability-related specifications to their procurements and ensuring that the financial implications have been considered and adequate budget is available.

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Report No/Item:	FAA/Y	Report No/Item:	N/A
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Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

16. Fair Wage

- 16.1 A number of municipalities across Ontario have implemented a Fair Wage Policy to ensure the highest standards and stable working conditions for contractors. A Fair Wage Policy sets a minimum threshold for employee compensation when government contracts are awarded and establishes a level playing field amongst vendors bidding on these engagements.
- 16.2 Federal and Provincial governments are actively working on the policy framework and City is monitoring for their lead on the subject policy. The City is currently studying the feasibility of implementing a Fair Wage Policy. The details on the application of the Policy will be clarified once a decision is made on whether and how to proceed.

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Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

17. Developer / Landowner Growth-Related Infrastructure

- 17.1 In the event that developers/landowners undertake the funding and construction of growth related municipal infrastructure through Subdivision or Development Agreements within the City, the Agreement will set out the procurement process that will be followed, and the value for money achieved.

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Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

18. Disposal of Surplus Stock and Obsolete Equipment

- 18.1 A Department Manager shall submit to the Procurement Manager, reports of surplus stock including furniture, vehicles, equipment, supplies, and other goods which are no longer used or which have become obsolete.
- 18.2 The Director of Procurement 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.
- 18.3 Where surplus stock is offered to but not required by any City department, another municipality, non-profit or charitable organization it shall be disposed of through a public process unless otherwise approved by Council.
- 18.4 Vehicle disposal is an important element of the City's Fleet asset Life Cycle. Fleet disposals shall be managed by the Director, Fleet Management Services so as to maximize return on investment.
- 18.5 No employee or Member of Council of the City will personally obtain any item of such surplus stock, vehicle or obsolete equipment unless it is obtained through a public process, except as otherwise specifically provided for in another City policy.

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Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

19. General and Administration

Procurement Policy Review

- 19.1 This Policy will be reviewed, at minimum, at the beginning of each new term of Council, to evaluate its effectiveness. This review shall be undertaken by an ad hoc committee of Directors sponsored by the Chief Financial Officer and City Treasurer and chaired by the Director, Procurement Services. This provision is intended for review purposes only; the failure to conduct a review within the time period set out shall not have an effect on the validity of this Policy. In the event that changes are recommended, the revised Policy will be subject to approval of Council.

Procurement Procedures

- 19.2 The Chief Financial Officer & City Treasurer and the Director of Procurement Services shall have the authority to approve procedures to implement this Policy.

Contract Documents

- 19.3 All contracts executed pursuant to this Procurement Policy shall be delivered to the Director of Procurement Services for safekeeping.

Exemptions

- 19.4 All items listed below are exempt from the application of this Policy, subject to such expenditures being approved by the appropriate staff and being within the annual approved budget:
- a) Employer's General Expenses, such as:
 - Payroll deduction remittances;
 - Health benefits;
 - Debenture payments;
 - Insurance claims;
 - Property tax refunds; and/or,
 - WSIB remittances.
 - b) Utilities charges, such as:

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Report No/Item:	FAA/Y	Report No/Item:	N/A
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Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

- Water;
 - Hydro; and/or,
 - Natural gas.
- c) Any work that must be completed by Federal/Provincial-regulated bodies/utilities or other authorities having jurisdiction (e.g. CN/CP/Metrolinx, Transit authorities, hydro, telephone and cable)
- d) Postal Charges
- e) Telecommunication Charges
- f) Training and Education, such as:
 - Attendance at conferences, seminars, courses and conventions;
 - Membership fees; and/or,
 - Subscriptions for magazines, periodicals.
- g) Refundable Council and Employee Expenses in accordance with the Council and Employee Expense policies
- h) Special Services, such as:
 - Legal Services, where the use of a Vendor of Record does not meet a specific requirement due to timing or other circumstance as determined by the City Solicitor
 - Expert witnesses for litigation
 - Licences and maintenance costs for proprietary software and systems
 - Appraisal services
 - Arbitrators
 - Facilitators, instructors, speakers or performers
 - Honouraria
 - Charges to and from other government agencies, including transit tickets
 - Real property
 - Fund raising and other events
 - Performers including any associated technical requirement such as lighting, audio and stage setup, etc.

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Policy No:	PS – 005
Department:	PROCUREMENT SERVICES
Subject:	CORPORATE PROCUREMENT POLICY

Position Titles

- 19.5 Staff position titles used throughout this Policy may change from time to time. Such changes shall not have an effect on the validity of this Policy. The Director of Procurement is responsible for updating titles as required. Such amendments to this Policy are administrative in nature and do not require approval of Council.

Repeal of Former Purchasing or Procurement Policies

- 19.6 All procurement policies approved prior to the enactment of this Procurement Policy are repealed.

CONTACT

Director of Procurement Services

Council Approval:	XXXX/XX/XX	Amended:	N/A
Report No/Item:	FAA/Y	Report No/Item:	N/A
Cross Reference:	Policy No. PS 003		