



Committee of the Whole Report

Report Number CORP2020-011

Meeting Date: October 6, 2020

Title: Purchasing Process and Policy

Description: To provide Council with information on the procurement process and the proposed policy

Author and Title: Jennifer Stover, Director of Corporate Services

Recommendation(s):

That Report CORP2020-011, **Purchasing Process and Policy**, be received;

That the Purchasing Policy, attached as Appendix A to Report CORP2020-011, be adopted and numbered for inclusion in the City's Policy Manual, replacing all predecessor versions;

That this report be forward to Council for approval.

Department Head:_____

Financial/Legal/HR/Other:_____

Chief Administrative Officer:_____

Background:

At the Council Meeting of January 28, 2020, Council adopted the following resolution:

CR2020-009

That staff examine the reporting requirement on the Request for Proposal process and report back to Council by the end of Q2, 2020.

This report addresses that direction, although delayed due to the pandemic.

Rationale:

The City procures goods and services primarily through either a request for quotation/tender, or through a request for proposal.

Request for Quotation / Tender

A request for quotation/tender should be used when the City is clear on their needs. This type of procurement is best suited where the City can clearly define all the relevant parameters of what they intend to purchase including, but not limited to: quantities; quality; delivery needs; contract terms and conditions. Price is the only factor in determining the winning proposal. An example of a purchase typically suited to a quotation/tender is the purchase of goods such as equipment or hot mix.

The City has historically conducted public openings of tender submissions. This involves a member of Council and a Procurement staff member physically opening and reading aloud the price of all the submissions at an advertised date and time. Proponents who have bid on the procurement often attend the public opening to determine if they are the winning proponent.

This is not a best practice. Public openings can facilitate bid manipulation. Additionally, the lowest price is the winning proponent only after the submission has been deemed compliant and free of mathematical errors. Best practice is to close the quotation/tender, have staff review all submissions for completion and accuracy, and then publicly post the results.

The purpose for holding public openings is to demonstrate transparency. Publicly posting the results, without the public opening, achieves the same objective.

In the amended purchasing policy, attached as appendix A, the current practice of public openings has been removed.

Request for Proposal (RFP)

A request for proposal should be used when the City is looking for a creative solution or partnership. A request for proposal provides some structure about what the City's needs are, but leaves much of the response to the discretion of the supplier. The City provides the scope of work, the schedule and timeline, and other relevant specifications. The request for proposal also identifies the criteria that will be used to evaluate proposals.

The evaluation criteria should be established to ensure that the City is obtaining the best and most qualified proponent, at the best price. It is important to note however, that the winning proponent may not be the lowest price.

An evaluation committee is established to review all compliant bids received. The evaluation committee is comprised of staff, ideally from more than one department. Each committee member is required to evaluate the proposals independently, in an unbiased manner, using the established and known criteria. Once all the evaluations have been completed, Procurement staff will conduct a meeting with the evaluation committee to review their individual evaluations and seek consensus from the group on the preferred proponent.

Finally, Procurement staff work with the operating department to prepare a report to Council, as required, to seek approval to award to the highest scoring proponent.

Best practice is for Council to have no involvement in the evaluation of the proposals or the determination of the successful proponent.

When the award report is prepared and presented, Council has the opportunity to not award the project, but only where the project exceeds budget. In this situation, Council would need to direct staff to find a solution that fits within budget. Council cannot challenge the evaluation process or the results. Additionally, the non-winning proponents cannot challenge the evaluation scores. It is therefore not best practice to publicly disclose the evaluation scores, only the winning proponent.

The attached Purchasing Policy is not recommending any changes to the request for proposal process.

Summary of Other Purchasing Policy Recommended Changes

The City hired a third party firm that specializes in Procurement to review our template documents (RFQ, RFT, RFP) in conjunction with our Purchasing policy. The firm made a number of recommended changes to both our templates and our policy. Many of the changes to the purchasing policy are administrative in nature, but there are a few recommended changes that are noteworthy.

In the current purchasing policy, requests for proposals that are greater than or equal to \$100,000 required Council approval whereas, tenders within this threshold do not. The new procurement policy is recommending that all procurements greater than or equal to \$100,000, that are within budget and within scope, will not require Council approval. Council will instead receive a quarterly report that summarizes all the awards over \$100,000. Procurements that are in excess of the budget and/or have a change in scope will still require Council approval.

In an election year, where Council is in a “lame duck” situation, delegation of authority is granted to the CAO, with the expectation that the CAO report to Council on any purchases authorized during this period. The policy now includes a section (4.5) that outlines this authority.

Section 4.9 has also been added to stipulate that procurements that encumber future operating budgets will be reported to Council if the annual aggregate value (including renewals) is greater than \$100,000.

The current purchasing policy identifies that the City will standardize the procurement of goods and services for nine specific reasons. The recommended change in the new policy states that the City will endeavor to standardize goods and services through a competitive process whenever possible, and that the standardization must be in compliance with legislation. The new wording is just a subtle change that highlights the need for standardization to follow the proper procurement process.

Finally, the list of items exempt from the purchasing policy has been refined and condensed. Several professional fees are no longer exempt from the policy including audit services and banking services.

Other Alternatives Considered:

Council could direct staff to make further refinements to the purchasing policy.

Alignment to Strategic Priorities

This report aligns with the strategic priority of Good Government.

Financial/Operation Impacts:

There are no financial impacts associated directly with this report however a solid purchasing policy and process should result in quality vendors and a lower overall cost.

Consultations:

Senior Management Team
Treasurer
Supervisor, Financial Services

Attachments:



CORP2020-011
Appendix A.docx

Appendix A – Purchasing Process and Policy

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Department Head: Jennifer Stover, Director of Corporate Services