



## STAFF REPORT ACTION REQUIRED

### Revisions to Financial Control By-law

<b>Date:</b>	April 18, 2007
<b>To:</b>	Government Management Committee
<b>From:</b>	Treasurer
<b>Wards:</b>	(All Wards)
<b>Reference Number:</b>	P:\2007\Internal Services\pmmd\gm07018pmmd (AFS #1261)

#### SUMMARY

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The Financial Control By-law, Chapter 71, Municipal Code, was adopted in 2000 and last revised in 2004. The By-law includes a “Schedule ‘A’” which was added in 2004 which lists purchases where payments can be processed without a Purchase Order or Sole Source Request Form as these items cannot be competitively bid. The list was prepared in consultation with City Divisions.

After having applied the schedule for the last two years, staff have found that there are other types of purchases not listed in Schedule ‘A’ that should also be paid without a Purchase Order or Sole Source Request Form. This report requests a revision to Schedule ‘A’ to include these items.

#### RECOMMENDATIONS

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**The Treasurer is recommending:**

1. Schedule ‘A’ of the Financial Control By-law be revised as per the attached Appendix ‘1’ to this report.

**Financial Impact**

No financial impact.

#### DECISION HISTORY

The Financial Control By-law was revised in 2004 to include a Schedule ‘A’ which lists all transactions that can be processed without a Purchase Order or a Sole Source Request Form.

The list includes payments to utility companies, training and education, refundable employee expenses, TTC Tokens, payments to post and present employees, pension deductions and contributions, etc.

## **ISSUE BACKGROUND**

In the normal purchasing process, competitive bids or proposals are obtained, purchase orders are issued and an invoice is received before a payment is made to the supplier.

In cases where a product or service can only be purchased from one supplier or a number of suppliers at a set price (e.g. TTC tokens, utilities, taxi service, courses taken at Colleges or Universities, etc), it is not feasible or possible to get competitive quotes and adds administrative costs in the processing of a sole source request and issuance and delivery of a purchase order and in some cases, the organizations providing these products or services do not accept Purchase Orders (e.g. training, payment to utilities, etc.).

There are other items that are currently being purchased by a Sole Source Request Form and Purchase Order which should be included in Schedule 'A' and meet the intent of Schedule 'A' of the Financial Control By-law. Including the additional items in Schedule 'A' will save the City time and administrative costs in their purchase and will allow the supplier to be paid on a timely basis.

Records of the purchases will be the invoice received and approved, official receipts from the supplier and the payment issued.

## **COMMENTS**

City Divisions were surveyed to identify and to justify additional items that are in line with the intent of Schedule 'A' and should be added to it. The additional items identified include the following:

### **Advertising for a Specific Audience**

This service must be provided by specific media (newspaper, magazines, radio stations, television, transit etc.) to deliver a public message to a specific targeted audience (e.g. adolescents, seniors, ethnic, various industry or business groups, specific neighbourhoods, residents of high-rises, etc). In these cases, only certain media can be used to relay the message, therefore a competitive process is not possible.

### **Entertainers, Performers, Curators and Organizations providing entertainment**

At some City events, entertainers, performers, curators or organizations providing entertainment are hired for the specific event (e.g. entertainers, performers for children's

programs, holiday choral concert, remembrance day marching bands, Cavalcade of Lights, Nuit Blanche, etc.). As entertainers, performers and organizations providing entertainment are hired for their special and often unique skills required for the event, this is not a service that can be obtained through a competitive process. The entertainers, performers, curators or organizations providing entertainment need to be paid upon delivery of the service and the issuance of a Sole Source Request and Purchase Order will only delay payment.

## **Enwave**

Enwave provides utility services to the City (e.g. steam for City Hall, Old City Hall, Metro Hall). Payment of utility bills by the issuance of a Purchase Order and a Sole Source request only adds administration costs. It should therefore also be listed under section 1 of Schedule A along with the other utility companies.

## **Purchases where the Provincial or Federal Governments have mandated that they must be purchased from a specific supplier**

In cases where the Provincial Government has mandated that a service or good be provided from a specific supplier of their choice (e.g. Licenses for electrical installations in buildings and annual electrical inspections by the Electrical Safety Authority, Licenses to operate elevators, boilers, pressure vessels and fuel dispensing and inspection services by the Technical Safety and Standards Association, EMS Visicad ambulance dispatch system ), the City has no choice but to purchase the goods or services from the specified supplier.

## **Metered Taxi Services**

Shelter, Support and Housing and Homes for the Aged divisions require the use of metered taxi service to transport residents. Emergency Medical Services and Fire Services require metered taxi service to transport employees to various locations in response to emergency situations. The rate for the service is regulated such that all taxi companies charge the same rate. The supplier is chosen in accordance to their availability to provide the service at the time it is required.

## **Payments to Associations and Government Funded Organizations working with the City on Projects**

Often the City is involved in projects with government funded associations or government funded organizations where the association or organization must provide a service or good for the project which no-one else can provide (e.g. forestry/natural environment work by Toronto Region Conservation Authority). The City in return must pay the association or government organization for all or part of the goods or service provided.

## **Payment to Utility Companies for Work that is part of a Capital Project that must be done by a Utility Company**

In certain situations, work must be done only by a utility company as part of a capital project. This work can include relocating a telephone line or telephone pole, relocating a hydro line, relocating a television cable line, etc. Payment is made directly to the utility company.

## **Payments for Meeting Arrangements, City Hosted Conferences and Special Events at Non-City Owned Facilities**

On occasion meetings or special events hosted by the City with a large number of attendees cannot be accommodated by City facilities. Examples include Mayor's reception for a conference, City employees 25<sup>th</sup> anniversary recognition and large staff meetings. In those cases meeting rooms and refreshments have to be purchased from an external supplier. The choice of supplier is based on ability to accommodate the number of attendees, proximity of location to attendees and/or proximity to public transit, in order to reduce travel time and costs and on availability. These are not requirements that can be quoted competitively.

## **Statistics Canada**

Statistics Canada is the only provider of Federal census information. The purchase of census data for research/reports is only available through Statistics Canada.

The attached Appendix 1 includes the above changes to Schedule A of the Financial Control By-law. The additional items added will allow for the timely payment to the suppliers and reduced administrative costs to the City in the purchase of those goods and services.

## **CONTACT**

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## **SIGNATURE**

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Cam Weldon  
Treasurer

## **ATTACHMENTS**

Appendix 1 – Revised Schedule A of the Financial Control By-law