



STAFF REPORT INFORMATION ONLY

Semi-annual Treasurer's Report on activities of the Accounting Services and the Purchasing & Materials Management Divisions – December 31, 2008

Date:	March 31, 2009
To:	Government Management Committee
From:	Acting Treasurer
Wards:	All
Reference Number:	P:\2009\Internal Services\acc\gm09003acc (AFS# 8700)

SUMMARY

The purpose of this report is to inform the Government Management Committee on activities of the Accounting Services (AS) Division and the Purchasing and Materials Management Division (PMMD).

This report provides a brief analysis of the performance indicators for AS and the PMMD for the year ended December 31, 2008 with previous year comparisons, where applicable. Staff will continue to monitor these indicators in assessing the success of the improvement initiatives that are currently underway.

Financial Impact

There are no financial implications as a result of this report.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its Special meeting held on February 21 to March 1, 2005, City Council, in considering the 2005 Capital Budget and the 2006 to 2014 Capital Plan, adopted a recommendation requesting the Chief Financial Officer and Treasurer to report to the Administration Committee (now Government Management Committee), “every six months, on:

- (1) the percentage of invoices that are paid according to terms; and
- (2) the number of invoices that have been paid past the term and the penalty that is incurred.”

(Re: Policy and Finance Committee Report 3, Clause 1 titled “City of Toronto 2005 Budget Advisory Committee Recommended Capital Budget and 2006 – 2014 Capital Plan”). To view this decision document on-line, follow the link below:

See <http://www.toronto.ca/legdocs/2005/agendas/council/cc050221/pof3rpt/cl001.pdf>

At its meeting held on January 17, 2005, the Audit Committee “requested the Chief Financial Officer and Treasurer to provide to the Audit Committee a quarterly report, in chart form, on the performance indicators for the Purchasing and Materials Management Division [re: Audit Committee Report 1, Clause 6(d) titled “Other Items Considered by the Committee” received by Council for information at its meeting of February 1, 2 and 3, 2005]. To view this report on-line, follow the link below:

<http://www.toronto.ca/legdocs/2005/agendas/council/cc050201/au1rpt/cl006.pdf>

At its meeting held on July 19, 20, 21 and 26, 2006, City Council adopted a recommendation that “future reports on Performance Indicators for Purchasing and Materials Management division be forwarded only to the Administration Committee” (now Government Management Committee) [re: Audit Committee Report 3, Clause 13 titled “Performance Indicators for the Purchasing and Materials Management Division”]. To view this report on-line, follow the link below:

<http://www.toronto.ca/legdocs/2005/agendas/council/cc050719/au3rpt/cl013.pdf>

As all of these areas fall under the Office of the Treasurer, these requests have been consolidated into one report and are provided to the Committee on a semi-annual basis. In addition to the information requested by Council, the report includes a summary of key activities and initiatives of the Accounting Services and Purchasing and Materials Management Divisions. This report covers the year ending December 31, 2008.

COMMENTS

Statement of Financial Position (Unconsolidated and Unaudited)

The City's unconsolidated Statement of Financial Position (Balance Sheet) as at December 31, 2008 is presented in Table 1 on page 4, with comparatives as at December 31, 2007. The statement is unaudited, and is prepared on an unconsolidated basis and does not include the accounts of eighty-eight of the City's agencies, boards and commissions (ABCs).

The total municipal position balance of \$1,873 million is in a negative position at December 31, 2008 and has increased by \$202 million as compared to December 31, 2007. This increase in net liability position is attributable to the following:

- Increase in Accounts Receivable of \$121 million due primarily to:
 - accrual of \$12.9 million for solid waste (new bin initiative for 2008),
 - accrual of \$59 million receivable from the Federal and Provincial Government for transit initiatives, Move Ontario Trust etc.; and,
 - \$25 million receivable from TEDCO re: Loan for Corus Project;

- Increase in investments of \$372 million due primarily to receipt of funds from the Province for our share in the Provincial Surplus per Investing in Ontario Act 2008 (\$238 million) and for Move Ontario 2020 (\$452.5 million) – majority of both of these funds remained unspent in 2008 thus being available for investments and resulting in \$200 million less debt borrowing being undertaken in 2008; and

- Offset by increase in deferred revenue of \$696 million due primarily to Provincial Funds received for our share of the Provincial Surplus per Investing in Ontario Act 2008 for \$238 million and \$452.5 million for Move Ontario 2020 – both of these remained unspent in 2008.

Table 1**City of Toronto Statement of Financial Position
as at December 31, 2008 (unaudited)**

	December 2008 (\$000)	December 2007 (\$000)
Cash and Short-term Investments	71,472	15,577
Accounts Receivable	800,206	678,851
Property Taxes Receivable	245,741	220,372
Other Assets	334	432
Investments	3,485,672	3,113,287
Notes Receivable – Toronto Hydro	735,173	735,173
Receivables from Toronto School Board	41,774	46,003
Investment in GBE'S	1,142,252	1,134,189
Total Financial Assets	6,522,624	5,943,884
Accounts Payable and Accruals	1,869,167	1,833,699
Deferred Revenue (note 1)	1,864,275	1,168,315
Other Liabilities	187,779	171,119
Landfill Post Closure Liabilities	138,646	127,305
Net Long Term Debt	2,413,292	2,425,550
Employee Liabilities	1,994,555	1,954,167
Total Liabilities	8,467,714	7,680,155
Net Financial Assets	(1,945,090)	(1,736,271)
Inventories and Prepaid expenses	72,137	65,776
Net Liabilities	(1,872,953)	(1,670,495)
Operating Fund	2,004,121	2,047,562
Capital Fund	(598,101)	(283,416)
Reserves and Reserve Funds	1,335,859	1,143,677
Total Funds	2,741,879	2,907,823
Amounts to be recovered from:		
Reserves and Reserve Funds on hand	-	-
Future Revenues	(4,614,832)	(4,578,318)
Total Amounts to be Recovered	(4,614,832)	(4,578,318)
Total Municipal Position	(1,872,953)	(1,670,495)

Note 1: Deferred Revenue – The increase in deferred revenue relates primarily to the following two items:

Share of the Provincial surplus per Investing in Ontario Act	238,183
Receipt Provincial transit funding which was credited to the MoveOntario 2020	452,500

Accounts Payable

Accounts Payable (AP) is responsible for receiving vendor invoices, entering them into the City's financial system and ensuring the proper approval is obtained before they are paid. Given the City's size and decentralized operations, obtaining the appropriate approvals from operating Divisions is the single most challenging aspect of paying invoices on time.

Recording and paying invoices on time ensures that the City's financial records are up to date. This also ensures that the City maintains a positive image with vendors that conduct business with the City and allows the City to take advantage of early payment discounts and minimize late payment interests and penalties.

Key performance indicators for Accounts Payable are provided in Tables 2 and 3.

Payment Cycle Time

In 2008, 89% of the City's vendor invoices/AP related interfaces were paid within the City's standard payment term of 60 days.

Table 2: Payment Cycle Time

	0 – 30 days	31 – 60 days	61 – 90 days	91 – 180 days	180+ days
Invoices processed	334,607	102,514	30,822	21,372	8,315
2008	67%	21%	6%	4%	2%
2007	67%	22%	5%	4%	2%
2006	63%	26%	5%	4%	2%

Through continuous process improvements and enhancements, the Corporate Accounts Payable section along with City divisions/programs have actively improved payable service levels with valued vendors and overall efforts across the organization.

To support a prompt payment environment, the AS division has launched a city-wide vendor education initiative to ensure vendors are directly informed of billing requirements and payment options. Vendor education on processes and requirements will mean a decrease in follow-up phone calls for required information and an increase in payment cycle. In late 2008, standard billing requirement information was included in PMMD's City tender documents. A copy of the billing requirement and the direct deposit letter circulated to city vendors is also posted on the AS division intranet website.

Discounts and Late Payment Penalties

The City’s standard purchase order terms and conditions generally do not state a specific late payment penalty. With respect to early payment discounts, it is the City’s standard that the discount period cannot be less than 15 days.

Table 3: Discounts and Late Payment Penalties

	Discounts Earned	Discounts Missed	Late Payment Penalties Paid
2008	\$1,878,748	\$184,797	\$2,423
2007	\$ 808,877	\$ 166,586	\$14,766
2006	\$ 626,702	\$ 136,355	\$3,252

- Early payment discounts earned have increased by \$1,069,871 (232%) compared to 2008. This was achieved in conjunction with Solid Waste Management for discounts offered on the contract for the new waste bins.
- Late payment charges of \$2,423.31 have decreased from previous years.
- Due to resource capacity and conflicting priorities, specific divisions have not been able to always meet discount terms of invoices to take full advantage of early payment discounts offered by vendors. This has resulted in corporate missed discounts of \$184,797.38. Divisions are continuously looking to improve processing of these early payment discount invoices with the support of Accounts Payable.

Direct Deposit Program

The Direct Deposit Program was launched in December 2004 as part of the City’s continuing efforts to improve customer service and reduce the potential for fraudulent cheque activity. During 2008, the number of vendors on direct deposit increased to 6,139 representing 31% of vendor payments and 80% of dollar value paid during the period.

A summary of the activity for the year 2008 with 2007 comparisons is provided in Table 4, below:

Table 4: Direct Deposit Activity

	Amount Paid By Direct Deposit (\$ millions)	Total Amount of Payments in the (\$ millions)	% of Dollar Value of Payments	# of Direct Deposit Payments	Total all Payments in the period	% of Payments made by Direct Deposit
2008	\$6,914	\$8,680	80%	70,472	227,781	31%
2007	\$4,755	\$6,651	71%	69,326	230,413	30%

Payee Match Program

The AS Division implemented payee match software in January 2007. This software allows the payee (vendor or entity to whom the City is making payment), the cheque number, date and amount printed on cheques to be compared against the data file contained in the City's records for authenticity at the time the cheque is presented to the bank for payment. Altered cheques are detected prior to the money being drawn from the City's bank account, thus significantly reducing the possibility of the bank or the City incurring losses as a result of cashing fraudulent cheques. In 2008, the Payee Match process detected and prevented \$991,631.88 worth of exceptions. The exceptions include 10 fraudulent items such as physically altered cheques and reproductions of actual cheques issued with a value of \$902,844.63.

Table 5: Payee Match

December 31 st , 2008	# of Exceptions Reported	Value of Reported Exceptions (\$000)	# of Exceptions Returned (fraud, etc)	Value of Exceptions (fraud, etc) (\$000)
2008	258	24,705	39	992
2007	352	28,702	20	73

Purchasing Card (P-Card) Program

The PCard program was launched in June 2005 and as of December 31, 2008, 1,148 cards have been issued. Table 6, below, summarizes the PCard activity for 2008, as compared to the same period for 2007 and shows that the number of cards in circulation and number of transactions have increased by 16% and 46% respectively and the dollar value of P-Card purchases has increased by 73%. An additional, 250 cards were issued and cancelled for a variety of reasons including lost/stolen, transfers to non-program areas and/or retirement/resignation/termination.

Table 6: P-Card Activity

December 31 st , 2008	# of cards issued	#of transactions	Total Dollar Value (\$000)
2008	1,148	29,500	5,945
2007	993	20,224	3,438

Prior to the launch of the PCard program, policies and procedures and a training program were developed by AS with input from operating divisions, Internal Audit and staff from PMMD. The policies and procedures are posted on the City's intranet site, easily accessible to all City staff for guidance and clarification of issues as they arise.

As of December 31, 2008, twenty-six divisions, out of forty-seven, are participating in the PCard Program including Parks, Recreation and Forestry, Toronto Water, Emergency and Medical Services, Solid Waste, City Clerk's and Auditor General's Office. The PCard Program unit continues to work with the divisions to expand the use of PCard and introduce the program to non-PCard-using divisions.

Accounts Receivable

Due to the broad range of services provided and the diverse lines of businesses it operates, the City of Toronto uses a decentralized billing and collection model. Under this model, the decision to grant credit is a divisional responsibility. In June 2006, Council approved an Accounts Receivable Procedures and Collection Protocol as developed by the Accounting Services Division in conjunction with program divisions which established corporate standards and guidelines.

The Aged Listing in Table 7, below, represents amounts billed directly by City Divisions where Divisions are responsible for making a decision to extend credit. This excludes Police, ABC's, and property tax and water billings, federal and provincial subsidies. A large portion of the amounts outstanding in excess of 180 days (6 months), relate to amounts that are subject to litigation or contractual agreements with extended payment terms. Accounting Services staff continues to work with Divisions and Legal Services to ensure that these outstanding amounts are collected and the City's financial exposure is minimized.

In cases where collection efforts have been exhausted, the amounts are written off. The Treasurer approves the write off of accounts \$50,000 or less and Council approves the write of accounts in excess of that amount. Table 7 on page 9 shows continued improvement in the age of the City's accounts receivable balances, due to the extensive effort of the Divisions over the past number of months in this area.

Table 7

AGED ACCOUNTS RECEIVABLE					
As December 31, 2008					
(\$000)					
	Total as of December 31, 2007	Total as of December 31, 2008	Aging as of December 31, 2008		
			From 0 to 30	From 31 to 180	From 181
<i>CITIZEN FOCUSED SERVICES A</i>					
Children's Services, Homes For The Aged & Social Development	987	849	796	209	(156)
Parks Program Registration	2,971	2,809	2,808	264	(263)
Parks Other Services & Programs	5,387	3,958	855	(253)	3,357
Emergency Medical Services	289	292	160	109	23
Public Health	36	45	2	9	34
<i>CITIZEN FOCUSED SERVICES B</i>					
Municipal Licensing & Standards	327	131	88	1	42
Fire	1,163	1,995	1,373	585	37
Transportation	19,063	11,141	7,567	2,497	1,076
Solid Waste Management	8,431	8,782	8,418	321	43
Water Pollution	2,631	3,455	2,920	211	324
Water Services	6,654	7,247	5,796	934	517
Technical Services	131	989	1,123	(9)	(124)
<i>INTERNAL FOCUSED SERVICES</i>					
Facilities & Real Estate	1,937	2,980	573	901	1,506
Other Corporate Divisions	5,745	1,435	685	32	719
Accounting/Other Divisions, Employee/Retiree Benefits	1,696	3,103	2,135	105	863
Totals	57,448	49,211	35,299	5,915	7,998
Aging at December 31, 2008		100%	72%	12%	16%
Aging at December 31, 2007	100%		57%	20%	23%

Commodity Tax Recoveries

The Tax Compliance Unit of the Accounting Services Division was established in 2003, to:

- Oversee the City's commodity tax processing function;
- Establish policies and procedures and train staff;
- Ensure that appropriate forms are revised and posted on the Accounting Services Division's intranet site for use by all City staff;
- Review tax legislation (mainly GST & PST) and provide advice and tax updates on an ongoing basis.

Most importantly, the Tax Unit identifies and processes commodity tax recovery opportunities. In 2008, the Tax Unit recovered over \$1.56 million (\$1.21 million - 2007) in commodity taxes.

Purchasing and Material Management

A high-functioning municipal purchasing operation is one that is characterized by a significant number of Blanket Contracts and a minimum number of individual Calls and Divisional Purchase Orders (DPOs). Large value Blanket Contracts allow the City to take advantage of its purchasing power while making it more efficient for divisions to source and order goods and services.

For the warehouse and stores portion of the operation, high functioning characteristics include a balance between the value of stock issued and the value of goods received, and an optimal turnover rate for goods (too low may indicate risk of obsolescence, too high may indicate a risk of "stock outs"). The indicators and their values from 2004 to 2008 are provided in the Table 8 on page 11.

The number of Calls issued during the year has been decreasing steadily since 2004 and is the result of standardization of goods and services purchased by various divisions which allows for amalgamation of requirements and a reduction in the number of Calls. This has a positive impact on the number of Calls per buyer and allows them to spend more time on improving the quality of the Call documents. The target for the number of Calls issued per buyer annually is 30 based on a survey of other municipalities. Staff were added in the 2006, 2007 and 2008 budgets in part to reach that target.

Table 8

Purchasing and Materials Management Division (PMMD) Performance Indicators					
Year to Date as of December 31, 2008					
Indicator	2004	2005	2006	2007	2008
Purchasing					
Calls Issued	1,991	1,900	1,819	1,497	1,318
Average # of Calls per buyer	81	73	70	50	44
Average time for Call preparation and approval (days)	-	-	-	35.55	35.73
Average time for Call (days)	-	-	-	20.15	21.84
Average time for divisions to evaluate bids/proposals (days)	-	-	-	27.93	32.81
Average time from receipt of recommendation to award to issuance of Purchase Order (days)	-	-	-	19.21	24.28
Purchase Orders:					
Issued	1,977	1,841	1,721	1,439	1,122
Dollar value ('000s)	\$346,218	\$408,105	\$536,269	\$553,177	\$711,142
Blanket Contracts:					
Issued	1,198	1,116	877	839	877
Dollar value ('000s)	\$526,984	\$723,313	\$472,274	\$503,242	\$1,189,186
Total dollar value processed by PMMD ('000s)	\$873,202	\$1,131,418	\$1,008,543	\$1,056,419	\$1,900,328
Average cost to purchase \$100 of goods and services	\$0.30	\$0.24	\$0.29	\$0.27	\$0.16
Divisional Purchase Orders:					
Issued	79,597	88,099	80,091	71,246	56,578
Dollar value ('000s)	\$74,820	\$80,819	\$74,846	\$63,856	\$87,938
Materials Management & Stores					
Dollar value purchased (000s)	\$8,566	\$7,668	\$6,850	\$6,426	\$5,963
Dollar value issued ('000s)	\$8,183	\$7,590	\$6,885	\$6,067	\$5,803
Turnover rate	3.25	4.85	4.5	4.45	4.41

The annual average cost to purchase \$100 of goods and services ranged from a high of \$0.30 in 2004 to a low of \$0.16 in 2008 and is largely influenced by the dollar value of orders processed in a given year.

The significant increase in the total dollar value processed in PMMD in 2008 is the result of 48 Request for Quotations issued for various multi-year winter maintenance/service contracts. These multi-year contracts had a total of \$504 million and result in a noticeable increase in the total dollar value purchased for 2008 and a substantial decrease

in the average cost to purchase \$100 of goods and services. It is anticipated that without these types of contracts in 2009, that the average cost to purchase \$100 of goods and services will return to slightly under the 2007 level of \$0.27.

The annual average cycle time has been broken down to 4 major events:

- preparation and approval of Call document
- time period between the Call issue date and Call closing date
- Divisional evaluation of bids/proposals received
- time period from receipt of recommendation to award to issuance of Purchase Order (and legal agreements where required).

The average time between the preparation and approval of a Call document was 35.73 days in 2008. PMMD is continuing to try and improve on this time frame through the use of RFQ, RFP and Tender templates in order to reduce preparation time, and has developed and implemented training courses to aid Divisions in the preparation and evaluation of call documents.

The average time for a Call (between Call issue date and Call closing date) was 21.84 days in 2008. This time frame is reasonable as bidders/proponents must be given a reasonable amount of time to prepare a response to a Call. Also, the Agreement on the Opening of Public Procurement for Ontario and Quebec requires that the time given to respond to Calls be a minimum of 15 days. Larger, more complex call documents and the issuance of addenda have contributed to the slight increase for the average time for Call in 2008.

The average time for divisions to evaluate bids/proposals received and recommend a successful bidder/proponent was 32.81 days in 2008. PMMD has no control over this time as the length of time to evaluate a response depends on the complexity of the purchase and priority given by divisions. However, in order to help reduce the time to prepare a document and the time to complete an evaluation, PMMD contracted with an outside consultant for the preparation of two training courses, one on RFQ and Tender Preparation and Evaluation and one on RFP Preparation and Evaluation. Courses commenced in March 2008 and continue to be available for all City staff on the Corporate Human Resources (HR) Training Calendar.

The average time from receipt of recommendation to award to the time a Purchase Order is issued was 24.28 days in 2008. This number includes the time to obtain authority to award, in accordance with the Purchasing By-law (i.e. Bid Committee, Standing Committee or Council), the time to prepare and execute a legal agreement by the client division and Legal Services, and receipt of signed agreement, bonding and insurance from the successful bidder, where necessary.

The number of Divisional Purchase Orders (DPOs) decreased from 2007 to 2008. In 2007, PMMD started a working group with representatives of each cluster to proactively review their DPO activity to determine areas where it could be reduced through the amalgamation of requirements for common use items/services or better use of existing Blanket Contracts. This initiative resulted in a reduction of 14,668 in 2008 compared to the same period in 2007. The dollar value of DPO's increased by \$24,082,630 in 2008 compared to 2007. An increase in the value of DPO's is due to the implementation of the new \$50,000 DPO limit (rolled out to the majority of divisions) which provides the Client Divisions the authority to purchase low dollar value requirements up to \$50,000 without going through PMMD.

Materials Management & Stores

With respect to materials management and stores, inventory turnover has improved since 2004 due to better management of the orders and distribution systems. For 2008, the turnover rate was 4.41.

The Warehouse Rationalization Project is almost complete. The implementation of corporate processes and conversion of tracking systems to SAP have been completed in 13 of the 14 locations included in the project, the remaining location will be converted in the 2nd quarter of 2009.

An outside consultant was contracted to develop a training course for City staff on Inventory Management and Control. The roll out of this training is scheduled to commence in February 2009 and the course will be added and made available to all City staff in the 2009 Corporate Human Resources (HR) Training Calendar.

Other Purchasing & Materials Management Division Initiatives

In 2008 to date, PMMD:

- Trained and rolled out the new DPO limit of \$50,000 to 33 Client Divisions with an expected completion by June 2009.
- The Public Sector Quality Fair (PSQF) with Showcase Ontario at its annual event in September 2008 recognized and awarded PMMD with an award of excellence for the development and implementation of the Online Call Document System.
- Developed and commenced training for two courses, one on RFQ and Tender Preparation and Evaluation and one on RFP Preparation and Evaluation. Full implementation of the training plan was completed in December 2008 and these two courses will continue to be available to all City staff through the Corporate HR Training Calendar.

- An outside consultant was contracted to develop a training course for City staff on Inventory Management and Control. The roll out of training is scheduled to commence in February 2009 and will continue to be available to all City staff through the Corporate HR Training Calendar.
- In 2008, PMMD arranged for courses to be held and made available to City of Toronto employees. Courses were provided by the Workplace Safety and Insurance Board (WSIB), City of Toronto Legal Services Division on the legal aspects of purchasing and the Construction Lien Act, the Federal Government of Canada's Competition Bureau on bid rigging, and the Surety Association of Canada on surety bonds.
- PMMD has improved the Online City Stores Catalogue to make it easier for Client Divisions to find products carried in the 6 PMMD Warehouses/Stores. The catalogue has also been improved to provide additional information such as Unit Pricing and Stock Quantity.
- The Corporate Procurement and Stockpiling Plan was developed and approved in the 1st quarter of 2008. A warehouse facility search has resulted in locating a 20,000 sq. ft. city owned location. An external search for 65,000 sq. ft. of storage space continues in conjunction with a search for Toronto Police Services storage space requirements. The Tamiflu antiviral approved by Council for purchase in 2008 has been received and placed in appropriate storage by the City.

e-Procurement

Following the completion of the e-Procurement Feasibility Study, an e-Procurement Implementation Plan was developed in collaboration with partner stakeholders and identifies key changes that will guide the development of e-procurement through a phased approach to increase the efficiency and enhance the effectiveness of the City's purchasing process.

The roll out of the implementation plan commenced in the 4th quarter of 2008 and focused on the feasibility study's identified recommendations for enhancement to the City's purchasing process:

- Develop an e-procurement communication plan:
PMMD commenced working with staff from the Finance and Administration Division, Communications Unit for the development of an e-Procurement Communications Strategy, and in addition, individual sub-project communication plans. The Communications Strategy is planned for completion by March 31, 2009.
- Promote calls:
PMMD is currently in the development of a comprehensive list of organizations, associations and agencies which can be linked to the City's website. This will promote PMMD's Online Call Document System and the availability of business opportunities for vendors with the City of Toronto. This project is targeted for completion in the 4th quarter of 2009.

- Enhance the use of email:
PMMD is currently in the process of initiating discussion with Corporate IT, Strategic Planning & Architecture and other city stakeholders to explore this project objectives and the policy framework for the enhanced use of email to improve the procurement process. This project is targeted for completion in the 1st quarter of 2010.
- Evolve the policy framework to support e-procurement
This project will be initiated in the 3rd quarter of 2009.
- Develop online stores catalogue
A new and improved Online City Stores Catalogue was completed in the 4th quarter of 2008. This project was an interim solution and will further be explored as part of the e-Procurement Capital Budget Projects (pending budget approval in 2010).

PMMD will continue to provide an update on the e-Procurement Implementation Plan in the 2009 Semi-Annual Treasurer's Reports.

Cooperative Purchasing

The Purchasing and Materials Management Division conducts cooperative purchasing with other agencies, specifically Toronto District School Board, University of Toronto, York University, Trent University, Ryerson University, Toronto Police Services, Toronto Zoo, Board of Governors of Exhibition Place, the Province of Ontario and the Toronto Transit Commission.

Cooperative or joint purchases allows Calls to be issued for combined requirements of all participants which results in greater bulk price discounts for smaller participants and reduction of administrative costs in the preparation and issuing of Call documents. Examples include gasoline and diesel fuels, bulk road salt, bagged rock salt, garbage bags, grass seeds, fertilizer and fine paper.

The Province of Ontario has negotiated volume pricing for Oracle and Microsoft licences, hardware maintenance, photocopiers and fax machines. With the approval of Council, the City takes advantage of these contracts and volume pricing obtained by the Province by also purchasing from these Provincial Agreements.

Policy for Access to Information to Members of Council at Various Stages of the Procurement Process - Councillor Requests

In July 2005, Council approved a policy that expanded Council's access to procurement information at various stages of the procurement process. This included providing an opportunity for individual Councillors to access confidential procurement information upon request to the Chief Purchasing Official. To ensure transparency in this process, PMMD staff are required to report regularly to Council with specific information about these requests.

Table 9, below, provides a summary of the requests processed in 2008.

Table 9: Access to Procurement Information

Procurement Name	Councillor	Reason for Request
Request for Expression of Interest (REOI) No. 0606-08-7021 Toronto Street Food Cart Pilot Project	Councillor Fillion	Review responses to REOI

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