



STAFF REPORT INFORMATION ONLY

Semi-annual Treasurer's Report on activities of the Accounting Services and the Purchasing & Materials Management Divisions – December 31, 2009

Date:	April 13, 2010
To:	Government Management Committee
From:	Treasurer
Wards:	All
Reference Number:	P:\2010\Internal Services\acc\gm10007acc (AFS11421)

SUMMARY

This report provides a summary of the activities and performance indicators for the Accounting Services (AS) Division and the Purchasing and Materials Management Division (PMMD) for the year ending December 31, 2009 with previous year comparisons, where applicable.

Financial Impact

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

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

DECISION HISTORY

At its Special meeting held on February 21 to March 1, 2005 Council adopted the following resolution:

“That the Chief Financial Officer and Treasurer be requested to report to the Administration 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 on-line, follow the link below:

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

At its meeting of January 17, 2005, the Audit Committee requested the Chief Financial Officer and Treasurer to provide a quarterly report to the Audit Committee, in chart form, on performance indicators for the Purchasing and Materials Management Division [re: Audit Committee Report 1, Clause 6(d) 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, 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 “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>

At its meeting held on April 17, 2008, the Government Management Committee adopted a recommendation that the Treasurer’s Accounting Services and PMMD activity report be submitted on a semi-annual basis in the future [re: GM13.10]. To view this report on-line follow the link below: <http://www.toronto.ca/legdocs/mmis/2008/gm/decisions/2008-04-17-gm13-dd.pdf>

These requests have been consolidated into one report. In addition to the information requested by Council, the report also includes a summary of key activities and initiatives of AS and PMMD.

This semi-annual report covers the last six months of 2009.

COMMENTS

Statement of Financial Position (Unconsolidated and Unaudited)

The City’s unconsolidated Statement of Financial Position (Balance Sheet) as at December 31, 2009 is presented in Table 1, below, with comparatives as at December 31, 2008. The statement is unaudited, is prepared on an unconsolidated basis and does not include the accounts of 108 agencies, boards and commissions (ABCs). Additionally, the Statement of Financial Position presented in Table 1 does not show tangible capital assets as in past years. The audited 2009 consolidated financial statements, which are scheduled to be presented to Audit Committee in June, will show tangible capital assets in accordance with Public Sector Accounting Board (PSAB) 3150.

In early 2010, staff were notified that the City’s 2008 Annual Financial Report was awarded the prestigious GFOA Canadian Award for Financial Reporting. This represents three consecutive years that the City has been recognized for achieving the high program standards for Canadian Government accounting and financial reporting.

The total municipal position is in a negative balance as at December 31, 2009, having decreased \$105 million from December 31, 2008. This decrease is primarily attributable to a decrease in the capital fund of \$126 million.

Table 1
City of Toronto Statement of Financial Position
as at December 31, 2009 (unaudited)

	December 2009 (\$000)	December 2008 (\$000)
CASH AND SHORT-TERM INVESTMENTS	5,836	71,472
ACCOUNTS RECEIVABLE	1,200,338	800,206
PROPERTY TAXES RECEIVABLE	313,088	245,741
OTHER ASSETS	744	334
INVESTMENTS	3,042,895	3,485,672
NOTES RECEIVABLE - TORONTO HYDRO	490,115	735,173
RECEIVABLES FROM TORONTO SCHOOL BOARD	37,837	41,774
INVESTMENT IN GBE'S	1,223,091	1,142,252
TOTAL FINANCIAL ASSETS	6,313,944	6,522,624
ACCOUNTS PAYABLE AND ACCRUALS	1,995,140	1,869,167
DEFERRED REVENUE	1,501,207	1,864,275
OTHER LIABILITIES	160,401	187,779
LANDFILL POST CLOSURE LIABILITIES	139,341	138,646
NET LONG TERM DEBT	2,475,891	2,413,292
EMPLOYEE LIABILITIES	2,113,934	1,994,555
TOTAL LIABILITIES	8,385,914	8,467,714
NET FINANCIAL ASSETS	(2,071,970)	(1,945,090)
INVENTORIES AND PREPAIDS	93,838	72,137
NET LIABILITIES	(1,978,132)	(1,872,953)
OPERATING FUND	2,136,896	2,004,121
CAPITAL FUND	(724,133)	(598,101)
RESERVES AND RESERVE FUNDS	1,442,100	1,335,859
TOTAL FUNDS	2,854,863	2,741,879
AMOUNTS TO BE RECOVERED		
FROM RESERVES AND RESERVE FUNDS ON HAND	(291,752)	(276,289)
FROM FUTURE REVENUES	(4,541,243)	(4,338,543)
TOTAL AMOUNTS TO BE RECOVERED	(4,832,995)	(4,614,832)
TOTAL MUNICIPAL POSITION	(1,978,132)	(1,872,953)

During 2009 accounts receivable increased \$400 million, which included an increase of \$83 million in the TEDCO loan, increased gas tax funding receivable, increased amounts due from provincial ministries, a vendor take-back mortgage and increased receivable from the CNE.

Deferred revenues decreased \$363 million, mainly as a result of one-time provincial funding of \$238 million on hand at the end of 2008, as well as a net draw down of obligatory reserve funds during the year.

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.

During 2009 a third party reviewer was engaged to undertake a review of the City's accounts payable transactions for the four (4) year period from 2005 through 2008 for the purpose of identifying any overpayments or available credits. The independent review of \$18.6 billion in accounts payable transactions resulted in recoveries of \$189,000 (representing 0.001% of the total transitions) from duplicate payments or unused credits. This recovery rate of 0.001% is well below the industry standard of 0.1%, which demonstrates that the City's internal payment processes and controls are quite effective. The Accounting Services Division is committed to maintaining this high standard.

Payment Cycle Time

In 2009, 85% 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	335,716	104,154	38,947	26,848	11,071
2009	65%	20%	8%	5%	2%
2008	67%	21%	6%	4%	2%
2007	67%	22%	5%	4%	2%
2006	63%	26%	5%	4%	2%

During the labour disruption, Corporate Accounts Payable implemented an operating contingency plan with city divisions to minimize service interruptions in the payment of

invoices during that time. Due to the length of the disruption and the amount of increased work post-disruption in city divisions, a 3% decrease occurred in invoices paid within 60 days versus 2008.

The Corporate Accounts Payable section along with City divisions/programs continue to work on enhancements that will improve payable service levels with the city’s vendors.

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 should not be less than 15 days.

Table 3: Discounts and Late Payment Penalties

	Discounts Earned	Discounts Missed	Late Payment Penalties Paid
2009	\$1,107,521	\$233,894	\$2,422
2008	\$1,878,748	\$184,797	\$2,423
2007	\$ 808,877	\$ 166,586	\$14,766

- Early payment discounts earned in 2009 were \$1,107,521
- In 2008, a high amount of discounts were realized due to a one-time opportunity with Solid Waste Management on the contract for the new waste bins
- Comparing to 2007, which represents a typical year of discount activities, a 37% increase of \$298,644 discounts captured occurred in 2009
- Primarily due to the labour disruption, discounts missed increased by 27% to \$233,894, resulting in an 83% capture rate
- 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 2009, the number of vendors on direct deposit increased to 6,528 representing 30% of vendor payments and 81% of dollar value paid during the period.

A summary of the activity for the year 2009 with 2008 comparisons is provided in Table 4, below:

Table 4: Direct Deposit Activity

	Amount Paid By Direct Deposit (\$ millions)	Total Amounts 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 Deposits
2009	\$7,557	\$9,330	81%	68,253	228,690	30%
2008	\$6,914	\$8,680	80%	70,472	227,781	31%

Payee Match Program

The AS Division implemented payee match software in January 2007. This software compares the payee (vendor or entity to whom the City is making payment), the cheque number, date and amount printed on cheques to the data file produced by 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 2009, the Payee Match process detected and prevented \$623,196 worth of exceptions, as shown in Table 5, below.

Table 5: Payee Match

	# of Exceptions Reported	Value of Reported Exceptions (\$000)	# of Exceptions Returned (fraud, etc)	Value of Exceptions (fraud, etc) (\$000)
2009	397	4,917	50	623
2008	258	24,705	39	992

Purchasing Card (PCard) Program

The PCard program was launched in June 2005 and as of December 31, 2009, 1,269 cards are active. Table 6, below, summarizes the PCard activity for 2009, as compared to the same period for 2008 and 2007. The table shows that the number of cards in circulation and the number of transactions have increased (over 2008) by 11% and 24% respectively, and the dollar value of PCard purchases has increased by 52%. A total of 429 cards were issued and cancelled for a variety of reasons including lost/stolen, transfers to non-PCard Program areas, the labour disruption, and/or retirement / resignation / termination.

Table 6: P-Card Activity

Year	# of Active Cards	Increase over previous year	# of Transactions	Increase over previous year	Total Dollar Value (000)	Increase over previous year
2009	1,269	11%	36,646	24%	9,044	52%
2008	1,148	16%	29,500	46%	5,945	73%
2007	993	30%	20,224	109%	3,438	69%

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, 2009, thirty-two (32) divisions and offices, out of fifty-five (55), are participating in the PCard Program. The PCard Program unit continues to work with the divisions to expand the use of PCard and to introduce the program to non-PCard-using divisions.

In 2009 the Auditor General's Office completed an audit of the City's PCard program and reported his findings and recommendations to Audit Committee in December 2009. In his report, the Auditor General confirmed that the PCard program is an efficient, cost-effective alternative for divisions to make low dollar value purchases, recommended improvements to the program's control framework, and concluded that once control improvements were in place, the City should expand its PCard program to more divisions and promote higher usage among the currently participating divisions. Management action plans to address the Auditor General's recommendations are currently underway.

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 developed in conjunction with program divisions which established corporate standards and guidelines.

The Aged Listing in Table 7 below represents amounts billed directly by Divisions where Divisions are responsible for making a decision to extend credit. This excludes Police, ABCs, property tax and water billings, payments in lieu of taxes, parking tags, long term loans and 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. AS staff continue 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. The schedule below 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

AGED ACCOUNTS RECEIVABLE					
As December 31, 2009					
(\$000)					
	Total as of December 31, 2008	Total as of December 31, 2009	Aging as of December 31, 2009		
			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	849	864	902	0	(38)
Parks Program Registration	2,809	2,227	1,378	954	(105)
Parks Other Services & Programs	3,958	6,708	2,609	1,529	2,569
Emergency Medical Services	292	277	157	62	59
Public Health	45	63	5	6	51
<i>CITIZEN FOCUSED SERVICES B</i>					
Municipal Licensing & Standards	131	286	160	77	49
Fire	1,995	1,682	251	470	961
Transportation	11,141	13,475	10,826	1,218	1,431
Solid Waste Management	8,782	3,294	2,702	425	167
Water Pollution	3,455	2,374	2,067	68	239
Water Services	7,247	23,944	23,162	191	591
Technical Services	989	210	168	29	13
<i>INTERNAL FOCUSED SERVICES</i>					
Facilities & Real Estate	2,980	7,916	4,374	719	2,823
Other Corporate Divisions	1,435	988	83	221	684
Accounting/Other Divisions, Employee/Retiree Benefits	3,103	6,219	5,535	20	665
Totals	49,211	70,525	54,377	5,989	10,159
Aging at December 31, 2009		100%	77%	8%	14%
Aging at December 31, 2008	100%		72%	12%	16%

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;
- Issue Official Income Tax Receipts according to the Canada Revenue Agency's rules and policies, in addition to Council directives;

- 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 the second half of 2009, the total of various retroactive recoveries amounted to \$448,686, with the annual recovery of \$1,795,814.

The Tax Compliance Unit is taking a lead role in overseeing the implementation of the Harmonized Sales Tax (HST) for the City, and has participated in a number of HST discussions / meetings with the Province, MFOA, AMO and other municipal representatives.

Purchasing and Materials 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 2005 to 2009 are provided in Table 7.

The number of Calls issued during the year has been decreasing steadily since 2005 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.

Table 7: PMMD Performance Indicators

Purchasing and Materials Management Division (PMMD) Performance Indicators Year to Date as of December 31, 2009					
Indicator	2005	2006	2007	2008	2009
Purchasing					
Calls Issued	1,900	1,819	1,497	1,318	1,073
Average # of Calls per buyer	73	70	50	44	35
Average time for Call preparation and approval (days)	-	-	35.55	36.36	32.25
Average time for Call (days)	-	-	20.15	21.85	27.75
Average time for divisions to evaluate bids/proposals (days)	-	-	27.93	33.15	35.82
Average time from receipt of recommendation to award to issuance of Purchase Order (days)	-	-	23.05	31.71	30.73
Purchase Orders:					
Issued	1,841	1,721	1,439	1,122	1,017
Dollar value ('000s)	\$408,105	\$536,269	\$553,177	\$711,142	\$1,074,998
Blanket Contracts:					
Issued	1,116	877	839	877	716
Dollar value ('000s)	\$723,313	\$472,274	\$503,242	\$1,189,186	\$381,671
Total dollar value processed by PMMD ('000s)	\$1,131,418	\$1,008,543	\$1,056,419	\$1,900,328	\$1,456,669
Average cost to purchase \$100 of goods and services	\$0.24	\$0.29	\$0.27	\$0.16	\$0.20
Divisional Purchase Orders:					
Issued	88,099	80,091	71,246	56,578	40,483
Dollar value ('000s)	\$80,819	\$74,846	\$63,856	\$87,938	\$82,626
Materials Management & Stores					
Dollar value purchased (000s)	\$7,668	\$6,850	\$6,426	\$5,963	\$4,950
Dollar value issued ('000s)	\$7,590	\$6,885	\$6,067	\$5,803	\$5,397
Turnover rate	4.85	4.5	4.45	4.41	5.37

The annual average cost to purchase \$100 of goods and services ranged from a high of \$0.29 in 2006 to a low of \$0.16 in 2008. For the Year 2009 the cost to purchase \$100 of goods and services was \$0.20 and is largely influenced by the dollar value of orders processed within this period. The cost to purchase \$100 of goods and services was \$0.16 in 2008 due to a large number of high value/multi-year contracts that were issued in 2008, i.e. winter maintenance and bulk road salt contracts. These types of high value/multi-year contracts were not required in 2009, thus resulting in a reduction in the

number and total dollar value of Blanket Contracts that were processed by PMMD. However, the number and total dollar value of Purchase Orders processed by PMMD increased in 2009 due to an increased demand for specific commodities including, construction services, pipes, medical supplies, etc.

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

- preparation and approval of a 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 32.25 days for the Year 2009. 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 has improved from 36.36 days in 2008 to 32.25 days for the Year 2009 which is likely due to the implementation of these initiatives.

The average time for a Call (between Call issue date and Call closing date) was 27.75 days for the Year 2009. 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. The increase from 21.85 days in 2008 to 27.75 days for the Year 2009, was largely attributed to the labour disruption in 2009 which resulted in an extension to call document closing dates which contributed to this increase.

The average time for divisions to evaluate bids/proposals received and recommend a successful bidder/proponent was 35.82 days for the Year 2009. 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 has increased from 33.15 days in 2008 to 35.82 days in the Year 2009. The labour disruption in 2009 impacted the Divisions' ability to evaluate bids/proposals received in a timely manner which contributed to this increase.

The average time from receipt of recommendation to award from the Division to the time a Purchase Order is issued by PMMD was 30.73 days for the Year 2009. 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 a signed agreement, bonding and insurance from the successful bidder, where necessary. The average time decreased from 31.71 days in 2008 to 30.73 days for the Year 2009 which is likely due to the implementation in January of 2009 of the Composite Bid Committee Report which has reduced the time to prepare reports for award of contracts by the Bid Committee.

The number of Divisional Purchase Orders (DPOs) processed by the client divisions decreased in 2009 from 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 16,095 DPO's for the Year 2009 compared to the Year 2008. The dollar value of purchases made by DPO's decreased by \$5,312,268 for the Year 2009 compared to 2008. The decrease in the value of DPO's is likely due to the amalgamation of requirements for common use items/services which resulted in issuing blanket contracts for items previously purchased by DPO.

Materials Management & Stores

With respect to materials management and stores, inventory turnover has improved since 2004 due to better management of the inventory analysis and material replenishment programs. For the Year 2009, the turnover rate was 5.37. An acceptable turnover rate for a Maintenance, Repair and Operations (MRO) organization such as the City of Toronto is approximately 4 turns per year. PMMD's rate of 5.37 exceeds this level which is favourable.

The Warehouse Rationalization Project is 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. Toronto Fire Services is implementing an auto parts vendor consignment inventory arrangement as they have determined this to be more suitable for their operational requirements and therefore the remaining location is no longer being considered part of the Warehouse Rationalization Project Implementation Plan.

An outside consultant was contracted to develop a training course for City staff on Inventory Management and Control and this was completed in December 2008. In the Year 2009, training courses were held in May and October for staff that registered through the Corporate Human Resource Training Centre. The course is currently available to all City staff in the 2010 Corporate Human Resources (HR) Training Calendar.

Other Purchasing & Materials Management Division Initiatives

In 2009, PMMD:

- Rolled out the new DPO limit of \$50,000 to 43 of the 44 Client Divisions with an expected completion in the 2nd quarter of 2010
- The Corporate Procurement & Stockpiling Plan for the Pandemic Influenza Planning Initiative was developed and approved in the 1st quarter of 2008. A warehouse facility search has resulted in locating two 20,000 sq. ft. city owned locations. The Tamiflu antiviral approved by Council for purchase in 2008 has been received and placed in appropriate storage by the City. The remaining antiviral medication, personal protective equipment and infection control supplies are to be purchased and stockpiled in a phased-in approach in 2009 and 2010 as approved by Council in March 2009.
- Developed and implemented a Composite Report Template for Bid Committee reports. The new template lists all awards on one report instead of individual reports for each award. This has not only reduced paper usage, but also reduced the time to award contracts by approximately one week as a full report on each award is no longer necessary.
- Rolled out the Inventory Management and Control Training Course which is now offered through the Corporate HR Training Calendar to City staff. Developed new Environmentally Responsible Procurement Training Course for rollout in 2010.
- Developed Fairness Consultant Roster which was implemented on January 1, 2009.
- Hired consultant (A.T. Kearney Inc.) to conduct a review of the average number of bids received per call by the City and to provide recommendations for call document response improvement, which is to be implemented in 2010.
- Developed and implemented Online Material Safety Data Sheet (MSDS) Catalogue for items stocked in PMMD stores in October 2009.
- Conducted Material usage analysis of all SAP inventory and revised Reorder Points and Bin Maximum levels where applicable which was completed in May 2009.

e-Procurement

The roll out of the e-Procurement 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:

- Promote calls:
In 2009, PMMD communicated with various organizations, associations and agencies to conduct outreach and promote calls. Further, PMMD requested that the organizations, associations and agencies websites be linked to the City's Online Call Document System website. This will promote PMMD's Online Call

Document System and the availability of business opportunities for vendors with the City of Toronto.

- PMMD has launched its new “How to do Business With the City of Toronto” website.

<http://www.toronto.ca/citybusiness/>

On this site, vendors will be able to obtain information about:

- Why they should do business with the City
 - About the City purchasing process
 - Information about the Online Call Document System
 - Purchasing policies and legislation
 - How to register for supplier information sessions
 - Customer Service and support
- To Enhance the Use of Email:
PMMD met with key stakeholders from Corporate IT, Accounting Services and Legal Services to review this initiative. As a result, it has been determined that this project should be deferred pending the implementation of the Corporate Electronic Strategies and Document Management Projects (anticipated to be in place by 2011).

PMMD will continue to provide an update on the e-Procurement Implementation Plan in the 2010 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, Humber College, 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.

The City takes advantage of discounts with vehicle manufacturers that have been negotiated by the Province of Ontario for the Broader Public Sector. This Broader Public Sector discount is in addition to the discounted fleet pricing already enjoyed by the City.

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.

The table below provides a summary of the requests processed in 2009.

Procurement Name	Councillor	Reason for Request
Request for Proposal - To Design/Build/Operate a New Source separated Organic Material Processing Facility at the Disco Road Transfer Station	Councillor Minnan-Wong	Review submitted proposal documents in response to bid amounts
Request for Proposal - Design, Development and Operation of a Hotel at Exhibition Place	Councillor Minnan-Wong	<ul style="list-style-type: none"> - Review completed evaluation sheets. - Review any notes by selection committee associated with the evaluation. - Review publicity materials submitted by HK Hotels including photographs of hotel, etc.

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