

Clause embodied in Report No. 35 of the Administration Committee, as adopted by the Administration Committee of the City of Toronto at its meeting on January 9, 2004.

35

**Procurement Process Review Implementation –
Status Report and Implementation Plan Timelines**

(Administration Committee on January 9, 2004)

The Administration Committee reports having amended Appendix A titled “Summary of Recommendations, Status and Implementation Plan Timelines” of the report (December 17, 2003) from the Chief Financial Officer and Treasurer by:

- (1) including a new reporting date of April 29, 2004 given that there is no Administration Committee meeting scheduled for March 2004; and
- (2) referred Recommendation (4) regarding the rationalization of all City stores to the Chief Financial Officer and Treasurer with a request that he submit a detailed report to the Administration Committee within the timelines of the budget review on the objectives and timelines related to the stores/warehouse rationalization strategy;

and received the report (December 17, 2003) from the Chief Financial Officer and Treasurer as amended and forwarded it to the Audit Committee.

Report (December 17, 2003) from the Chief Financial Officer and Treasurer providing a status update with respect to the Procurement Process Review Implementation as well as timelines to implement the recommendations embodied in the Auditor General’s Report on Procurement Process Review, adopted by Council on April 14, 15 and 16, 2003.

Recommendation:

That the Status Report and Implementation Plan Timelines be received for information and forwarded to the Audit Committee.

December 17, 2003

To: Administration Committee

From: Chief Financial Officer and Treasurer

Subject: Procurement Process Review Implementation – Status Report and Implementation Plan Timelines

Purpose:

This report provides a status with respect to the Procurement Process Review Implementation as well as timelines to implement the recommendations embodied in the Auditor General's Report on Procurement Process Review, adopted by Council on April 14, 15 and 16, 2003.

Financial Implications and Impact Statement:

The cost to oversee the implementation of the Auditor General's recommendations on the Procurement Processes Review is estimated to be \$297,700.00 annually for the Project Manager and two business analysts and will be submitted by the Finance Department as part of its 2004 Operating Budget Submission.

The cost for the Stores Rationalization Project is estimated to be \$260,000. The Finance Department will be requesting \$180,000 in its 2004 Capital Budget Submission and a further \$80,000 for 2005.

Recommendation:

It is recommended that the Status Report and Implementation Plan Timelines be received for information and forwarded to the Audit Committee.

Background:

On April 14, 15, and 16, 2003, Council adopted Audit Committee Report No. 1, Clause 8, Procurement Process Review – City of Toronto. Council also approved the appointment of a project manager. Staff were requested to identify other resources required to oversee and facilitate the implementation of the report and also report to the Administration Committee with an implementation plan, any one time and ongoing funds required to implement the recommendations, and timelines for the action to be taken. Further, and following the approval of the implementation plan by the Administration Committee, the Chief Financial Officer and Treasurer is to report semi-annually to the Audit Committee with respect to the status of the implementation of the report recommendations.

On September 22, 23, 24 and 25, 2003 Council adopted Administration Committee Report No. 9, Clause 46 that contained recommendations that:

- The Chief Financial Officer and Treasurer report to the Administration Committee in January 2004 on a detailed implementation plan identifying any other resources, one-time and ongoing funds required over a two year period, to implement the recommendations approved by Council embodied in the Auditor General's Report, Procurement Process Review;
- Funding for one Project Manager in the amount of approximately \$113,500.00 (salary and benefits) per year be included in the 2004 and 2005 Operating Budget Estimates; and
- Following the approval of a detailed implementation plan by the Administration Committee in January 2004, the Chief Financial Officer and Treasurer report semi-annually to the Audit Committee with respect to the status of the implementation of the Procurement Process Review recommendations.

Comments:

Resource requirements and co-ordination:

A project manager has been appointed and a business analyst has been assigned to work with the project manager. The project office is located in the Purchasing and Materials Management Division and initial interviews with all City departments, by the project manager, have taken place.

A Steering Committee comprised of the Chief Financial Officer & Treasurer, Commissioner of Works and Emergency Services, Commissioner of Corporate Services and Director of Internal Audit has been established to oversee the implementation of the Auditor General's report and work with the project manager. The Steering Committee will be responsible for approving the project charter, providing direction to the project manager, monitoring the overall performance of the project and developing recommendations for consideration by the Executive Management Team (EMT).

The prime resources currently required include the project manager and a business analyst which are both contract positions. The Client and Support Services Group in the Purchasing and Materials Management Division will provide a full-time resource primarily to deal with administrative procedures and the Purchasing Card program to ensure effective ongoing administration. The Purchasing and Materials Management Division will also provide some administrative clerical support and research as well as management support to the Stores rationalization process.

It is expected that City departments will provide some assistance either as part of their regular support to the purchasing function e.g. Legal and Internal Audit Division or, as in the case of operating departments, by improving operational efficiency and effectiveness. The Legal and Internal Audit Division have already indicated a commitment in terms of resources.

City Commissioners have some responsibility either directly or indirectly for the successful implementation of a number of the Auditor General's recommendations and therefore their commitment to providing resources as they relate to their department is required.

Information Technology assistance to establish an improved Intranet presence for procedures etc., is required. It is expected that resources will primarily be provided from within the Finance Department. There are however other technology implications (yet to be clearly defined) including

SAP enhancements for which corporate IT support would be required. This may be in association with the SAP Competency Centre and/or in the form of assistance from the business process group.

Initial Procurement Process Review - Implementation:

A project charter has been developed as well as a detailed implementation plan including timeframes. The overall scope and objectives of the project are to improve procurement processes in the City by acting on the recommendations in the Auditor General's report as well as on other significant value added procurement opportunities that are identified or result in the course of completing the work. Subject to the outcome of the Good Governance Phase of the MFP Inquiry, the objectives of the project charter may be re-visited.

A preliminary review and mapping of the current purchasing processes is underway. This review is expected to be complete by December 31, 2003, and will form the basis for considering future service delivery and process improvements. Further, work is proceeding on an improved Intranet presence for the Purchasing and Materials Management Division. The new 'site' will allow for a more centralized repository for purchasing policies and procedures as well as information, guidelines and resources related to the day-to-day procurement activities of the City's Purchasing and Materials Management Division and City departments.

Notwithstanding certain specific recommendations ranging from Purchasing Card implementation and City Stores rationalization, many of the Auditor General's report recommendations fall into four distinct categories i.e. Municipal Code, Purchasing Policies and Procedures, Purchasing Organization and Service Level Agreements. While much of the work in implementing the Auditor General's recommendations will be carried out concurrently, it is proposed that the more significant results be reported to Administration Committee for approval by June 30, 2004 in the form of a consolidated report. This will afford staff the opportunity to fully review the implications of the new Municipal Act and any changes required to the Toronto Municipal Code as well as address any organizational and procedural implications resulting from the Act, Code or the review of purchasing processes and practices.

Table 1 below is a summary of recommendations that have already been implemented.

Table 1

Recommendation No.	Comment
10. Potential repeal of Canadian Content Policy	Report submitted to Committee in September 2003. Deferred consideration until the next term of Council.
24. Notifying departments on changes to call/request documents before they are issued and consulted on changes to closing dates.	Purchasing and Materials Management Division staff have been issued instructions to notify departments. The Director PMMD will monitor this activity. Complete.
33. The Chief Financial Officer, in consultation with commissioners, re-establish a Purchasing Client Reference Group to deal with procurement issues.	The Finance and Administration Co-ordinating Team will act as the Purchasing Client Reference Group until such time as the implementation of the Auditor General's report

	is complete.
42. The proposed Water and Wastewater Committee be governed under the Toronto Municipal Code, Chapters 71 (Financial Control) and 195 (Purchasing), and be delegated the same level of contract award and procurement authority as other standing committees in the City.	The proposed Committee was not approved by Council, therefore existing authorities governing Water and Wastewater (Toronto Municipal Code Chapters 71 and 195) still apply. Any further action to be taken by Water and Wastewater will be taken in concert with Works & Emergency Services Department response to the Auditor General's report or as part of their requirements as a separate Business Unit
43. Prescribed time line and a standard payment term of the payment of all City accounts.	Report submitted to Committee in September 2003. Complete – any further action will be taken as part of continuing improvement.

Implementation of the forty-three (43) recommendations in the report of the Auditor General is underway and details, as to the status of each recommendation and implementation timelines, are provided as part of Appendix 'A' to this report.

Project Funding:

The cost to oversee the implementation of the Auditor General's recommendations on the Procurement Processes Review is estimated to be \$297,700.00 annually for the Project Manager and two business analysts and will be submitted by the Finance Department as part of its 2004 Operating Budget Submission as a new request.

The cost for the Stores Rationalization Project is estimated to be \$260,000. The Finance Department will be requesting \$180,000 in its 2004 Capital Budget Submission and a further \$80,000 for 2005.

Conclusions:

The implementation of the Auditor General's report is fully underway. Resources have been assigned and the next major status report including any appropriate recommendations will be submitted by June 30, 2004. In addition, there will be other reports forthcoming on certain recommendations as noted in Appendix 'A' to ensure that Committees and Council are apprised of initiatives as per the implementation plan timelines.

Contact:

Bill Adams, Project Manager, Procurement Process Review Implementation
Office of the Chief Financial Officer
Tel: (416) 398-5595; Fax: (416) 392-0801
E-Mail: badams@toronto.ca

Tony Veneziano
Director, Internal Audit
Office of the Chief Administrative Officer
Tel: (416) 392-8353; Fax (416) 338-2167

E-Mail: tvenezia@toronto.ca

Joseph P. Pennachetti
Chief Financial Officer and Treasurer

Attachments:

Appendix A: Procurement Process Review - City of Toronto, Summary of Recommendations, Status & Implementation Plan Timelines

APPENDIX A

**Procurement Processes Review – City of Toronto
Summary of Recommendations, Status and Implementation
Plan Timelines – December 17, 2003**

Recommendation	Current Status	Implementation Plan Timelines
1. The Chief Financial Officer and Treasurer, in consultation with Commissioners, develop service level agreements for the procurement process:	Finance is working on a Service Level Agreement for Water and Wastewater for 2004. Purchasing and Materials Management has submitted their first draft based on current service delivery. This recommendation also impacts recommendation #21	Initial Purchasing Service Level Agreement to be developed by March 31, 2004 for Water and Wastewater. Remainder to be in place by December 31, 2004
(i) that clearly define the roles, responsibilities, authorities and accountability of the Purchasing and Materials Management	Work on roles and responsibilities is underway. This work must be conducted in conjunction with other report recommendations e.g. #3 Organization, #6 PMI's and Benchmarks, #7 Purchasing	Roles and responsibilities, authority and accountability will be addressed with associated issues in a single report to the Administration Committee by January 31, 2005

<p>Division and departments for each step in the process, including the responsibility for ensuring compliance with the various policies;</p> <p>(ii) that outline the standards and expectations, with respect to the level of service, turnaround time and lead time required; and</p> <p>(iii) ensure such requirements are communicated and understood by all applicable staff, and the necessary training is provided to staff in this regard.</p>	<p>Procedures Manual and #8 Municipal Purchasing Code issues.</p> <p>Work on standards and expectations is underway. As noted above this work must be conducted in conjunction with other report recommendations.</p> <p>Any communications and training requirements resulting from above will be addressed</p>	<p>Standards and expectations will be developed in conjunction with associated issues and reported to Administration Committee in 2004.</p> <p>Any required communications will occur concurrently</p>
<p>2. The Chief Financial Officer and Treasurer and Commissioners ensure that:</p> <p>(i) appropriate controls are in place to effectively mitigate the risks in the procurement process;</p> <p>(ii) mechanisms exist to prevent and detect situations of non compliance;</p> <p>(iii) all applicable staff understand and are aware of their roles and responsibilities, and requirements that must be followed in the respective procurement process, as well as the consequences for not meeting their</p>	<p>Notwithstanding earlier reported actions taken by the CFO, the CAO and all members of the Executive Management Team (EMT) to mitigate risks in the procurement process it is expected that the response to this recommendation will come in the form of actions taken on many of the report recommendations.</p> <p>This being the case, the Internal Audit Division will provide any necessary clarification, guidance or additional specific action in terms of meeting this recommendation as the overall implementation proceeds.</p>	<p>By December 31, 2004</p>

<p>responsibilities or adhering to policies and procedures; and</p> <p>(iv) compliance with procurement procedures is incorporated into the staff performance review process.</p>		
<p>3. The Chief Financial Officer and Treasurer, in consultation with the Commissioner of Corporate Services, report to the Administration Committee by January 2004 on any revisions to the organizational structure of the Purchasing and Materials Management Division, such report to include:</p> <p>(i) an examination of the various organizational structure models;</p> <p>(ii) a determination as to whether the Client Services group of the Purchasing and Materials Management Division should be merged with the Purchasing Services Unit; and</p> <p>(iii) clarification of the roles and responsibilities of each unit, the number, type and mix of positions required, and any resulting resource implications.</p>	<p>A review of the organizational structure is underway. The review will include an examination of portfolio, commodity-based and hybrid models. Consultations will be held with departments on the recommended structure. This work must be conducted in conjunction with other report recommendations e.g. #1 Service Level Agreements, #6 PMI's and Benchmarks, #7 Purchasing Procedures Manual and #8 Municipal Purchasing Code issues.</p>	<p>Recommendations dealing with structure will be addressed in conjunction with associated issues in a single report to the Administration Committee by January 2004.</p>
<p>4. The Chief Financial Officer and Treasurer, in his report to the</p>	<p>On September 22, 23, 24 and 25, 2003 Council adopted Policy and Finance Committee</p>	<p>Develop and issue consulting Report by May 31, 2004 Select consultant by May 31, 2004</p>

<p>Administration Committee on the rationalization of all city stores, take into account:</p> <ul style="list-style-type: none"> (i) what materials, supplies and equipment should be stocked in City stores, including those operated by departments; (ii) the impact of the use of procurement cards and the increased use of blanket contracts to supply goods currently stocked by City Stores; (iii) the impact on staff levels; (iv) the opportunity costs of land and building on which the current stores are located, as well as funds tied up in inventory; and (v) the overall benefits and cost savings resulting from the rationalization of the City stores operation. 	<p>Report No. 9, Clause 65 that requested the Chief Financial Officer and Treasurer include in the forthcoming comprehensive review of the City's warehouse operations and the development of a stores management strategy, an accelerated closure of the remaining warehouses and consideration of a "just in time" strategy on the rationalization of all City stores will be submitted in late 2004.</p> <p>Work on this recommendation will commence shortly. A Task Team will be set-up to lead this initiative.</p>	<p>Complete review by August 15 Review study recommendation Committee by October 31, 200. Implement approved recommen</p>
<p>5. The Chief Financial Officer and Treasurer, in consultation with the Commissioner of Corporate Services:</p> <ul style="list-style-type: none"> (i) identify the skills and expertise required by Purchasing and Materials Management Division staff to effectively meet the Division's business and customer service objectives; 	<p>This is to be reviewed in conjunction with recommendation #3 and any other associated recommendation and with the support of Human Resources</p> <p>This is to be reviewed in conjunction with</p>	<p>By June 30, 2004</p> <p>By June 30, 2004</p>

<p>(ii) assess the skill set and competency level of current staff;</p> <p>(iii) develop a training and development program that ensures staff have the necessary customer service and technical expertise to effectively perform their responsibilities; and</p> <p>(iv) determine the causes of the Purchasing and Materials Management Division's high staff turnover rate, and take the necessary corrective action to remedy this problem.</p>	<p>recommendation #3 and any other associated recommendation and with the support of Human Resources</p> <p>Purchasing and Materials Management Division is working with Corporate Services, Human Resources to address this recommendation.</p> <p>Human Resources have provided a preliminary review to the CFO. The CFO will consult with Human Resources (if required) and PMMD Management and take remedial action.</p>	<p>Program identification by February Initial program delivery from April December 2004 (tentative completion and participation)</p> <p>The CFO will provide an update Administration Committee by January</p>
<p>6. The Chief Financial Officer and Treasurer develop:</p> <p>(i) results based performance indicators for the Purchasing and Materials Management Division that measure the results and effectiveness of its activities; and</p> <p>(ii) benchmarks to measure the success of the implementation of the recommendations in this report.</p>	<p>Work on performance indicators is underway. This work must be conducted in conjunction with other report recommendations e.g. #1 Service Level Agreements, #3 Organization, #7 Purchasing Procedures Manual and #8 Municipal Purchasing Code issues.</p> <p>Work on benchmarks and expectations is underway. As noted above this work must be conducted in conjunction with other report recommendations.</p>	<p>This recommendation will be a conjunction with associated issues report to Administration Committee 2004.</p> <p>This recommendation will be a conjunction with associated issues report to Administration Committee 2004.</p>

<p>7. The Chief Financial Officer and Treasurer:</p> <p>(i) expedite the development of a Purchasing Manual, develop clear and concise procedures to guide both the Purchasing Division and departmental staff in each type of procurement process, and ensure that the requirements of the Municipal Act, 2001 are incorporated into the City's Municipal Code and policies, as required;</p> <p>(ii) in conjunction with Commissioners, ensure that the procedures and guidelines are communicated to all staff with procurement responsibilities, and that the necessary training is provided, such that staff are aware of, understand and comply with the requirements;</p> <p>(iii) develop a process to periodically review and update the Toronto Municipal Code chapters 71 (Financial Control) and 195 (Purchasing), as well as purchasing policies and procedures as required; and</p> <p>(iv) incorporate procurement procedures/guidelines, applicable forms and "Frequently Asked Questions and Answers" for each type of procurement process on</p>	<p>Work on the Purchasing Manual, Municipal Act implications, and improved Intranet presence is underway. Some of this work must be conducted in conjunction with other report recommendations e.g. #1 Service Level Agreements, #3 Organization, #6 PMI's and Benchmarks and #8 Municipal Purchasing Code issues.</p>	<p>Improved Intranet presence by 2004. Publication of Manual including procedures on the Intranet by November Any further updated procedures: 31, 2004 Municipal Act implication and Code changes by June 30, 2004</p> <p>To be dealt with concurrently with</p> <p>To be considered as part of June</p> <p>To be dealt with concurrently with</p>
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<p>the Purchasing Division's Web site.</p>		
<p>8. The Chief Administrative Officer, in consultation with the City Solicitor, the Chief Financial Officer and Treasurer and Commissioners, review and make the necessary revisions to the Toronto Municipal Code and/or policies to clarify the following:</p> <p>(i) the appropriate level of delegation for emergency purchases, below the Commissioner level, as well as any conditions or parameters for such delegation;</p>	<p>A task team is currently working on this recommendation. This work must be conducted in conjunction with other report recommendations e.g. #1 Service level Agreements #3 Organization, #6 PMI's and Benchmarks, and #7 Purchasing Procedures Manual.</p>	<p>This recommendation will be a conjunction with associated issues report to Administration Committee 2004.</p>

<p>(ii) the authorities required for the award of multi-year contracts and contracts that straddle from one year to another, for both capital and operating expenditures;</p> <p>(iii) any appropriate revisions to the extent of Commissioners' authority to approve over-expenditures for contracts under \$500,000, and the necessary reporting requirements;</p> <p>(iv) the approval requirements for over-expenditures pertaining to operating contracts;</p> <p>(v) the parameters and criteria under which the Commissioners should be able to authorize additional expenditures under a contract as a result of unforeseen circumstances or conditions, or to take the necessary action to complete a contractor's unfulfilled contractual obligations in a timely manner, including any after the fact reporting requirements in this regard; and</p> <p>(vi) the types of expenditures that do not require a purchasing document to support payment to the</p>		
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respective organization, including any appropriate parameters or limitations relating to these expenditures.		
9. Commissioners, in consultation with the Chief Financial Officer and Treasurer, revise their respective delegation of financial signing authority schedules, such that requests to increase the previously authorized dollar value on purchase orders and contracts, requires the approval of the original authorizer's immediate manager as soon as the additional work required becomes known.	<p>Departments have been reminded to update signing authorities/ schedules where required. This was also brought to the attention of the Finance and Administration Coordinating Team (FACT) at the December 2003 meeting.</p> <p>Should there be a need to update any purchasing procedures this will be dealt as part of recommendation # 7.</p>	<p><u>Notification complete</u></p> <p>By March 31, 2004 if require</p>
10. The Chief Financial Officer and Treasurer report to the Administration Committee on the potential repeal of the Canadian Content Policy, and any related implications.	<p>The City's policy has been suspended since April 2003, as per Council's directive. A report recommending that the City of Toronto Canadian Content Policy be repealed was submitted to September 2003 meeting of Administration and Policy and Finance Committees. Both Committees deferred consideration of the report until this new term of Council.</p>	Awaiting Committee/Council a
11. The Chief Financial Officer and Treasurer, in consultation with the City Clerk, develop a composite report format, by September 2003, for the award of contracts by	Work on developing a composite report format will commence shortly.	By January 31, 2004

the Bid Committee.		
12.The Chief Financial Officer and Treasurer develop a dollar threshold limit above which responses to Request for Quotations must be opened by the Bid Committee.	To be reviewed in conjunction with process review currently underway and to be included in procedures manual.	By March 31, 2004
13.The Chief Financial Officer and Treasurer:	Work in responding to this recommendation will commence shortly.	
(i) verify on a random basis, mathematical extensions on tenders received, regardless of whether the department identified an error or not;		By February 28, 2004
(ii) in consultation with the City Solicitor incorporate in the Purchasing Manual, as well as in all call/request documents, the protocol and policies for the correction of mathematical errors contained in supplier submissions and how tenders and bids with mathematical errors will be treated;		By February 28, 2004
(iii) communicate with vendors on a regular basis, to emphasize the importance of ensuring bids are accurate and complete, and include all mandatory information, monitor bids and proposals received for any error patterns, and, in consultation with the City Solicitor,		By February 28, 2004
		By February 28, 2004

<p>determine whether any protocol or mechanisms can be implemented to deal with problematic vendors;</p> <p>(iv) develop a standard template for bids/proposals, such that the location of mandatory documentation and information at bid openings is facilitated; and</p> <p>(v) in consultation with the City Solicitor, review the call/request documents such that critical information requirements and consequences for non-compliance are clear, in particular those situations under which a bid/proposal will be declared informal.</p>		
<p>14.The Chief Administrative Officer:</p> <p>(i) develop a policy that formalizes the requirement to prohibit consulting firms who were involved in preparing a call/request from bidding on the respective project; and</p> <p>(ii) ensure this requirement is communicated to all applicable staff and vendors.</p>	<p>A draft policy has been prepared for consultation with departments.</p>	<p>Recommendation to Administration by February 28, 2004</p> <p>Within sixty days of Council approval</p>
<p>15.The Chief Financial Officer and Treasurer, in consultation with</p>	<p>The project manager will have further discussions with the Director of Purchasing and</p>	<p>Program and guidelines by June Completion of training by December</p>

<p>Commissioners, ensure that all City staff involved in the procurement process have the knowledge and are properly trained to manage and participate in the process, and develop directives and guidelines such that:</p> <p>(i) call/request methods used are appropriate, an effective evaluation methodology is designed for all requests, that the evaluation is performed by more than one person, as appropriate, that the composition, knowledge and expertise of the evaluation team is reflective of the complexity and dollar value of the assignment, and that outside expertise is retained as required for complex and high risk procurement transactions, to ensure that a sound business decision is made and properly justified;</p> <p>(ii) the proposal evaluation criteria are disclosed in the request document, the relative weights are pre-determined and documented, that price be assigned a minimum weight of 25 percent, consistent with the City's Hiring and Selection of Consulting</p>	<p>Materials Management as regards the development of a training program for departmental staff as well as the Internal Audit Division as guidelines and procedures. This recommendation also impacts #5</p>	
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<p>Services Policy, and that criteria be developed for any exceptions to these requirements;</p> <p>(iii) the Purchasing and Materials Management Division is involved, in proposal evaluations for those projects above a pre-determined dollar threshold limit or based on other criteria, as determined by the Chief Financial Officer and Treasurer, to monitor, provide guidance and ensure due process is followed;</p> <p>(iv) proposal evaluations are performed independently and that each evaluation team member, whether a staff member or an outside consultant, is required to sign a conflict of interest declaration:</p> <ul style="list-style-type: none">- disclosing any entertainment, gifts, or other benefits, in cash or in kind, received from proponents or their representatives;- certifying that he or she conducted the evaluation in a fair and objective manner, and free from any conflict of interest or undue influence; <p>(v) the Chief Financial Officer and Treasurer</p>		
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<p>develop a policy of “no informal contact” between department staff involved in the procurement process and the potential suppliers, and establish guidelines to assist staff in determining proper conduct and limitations with respect to communication and contact with potential suppliers; and</p> <p>(vi) the City’s call/request documents stipulate that staff directly or indirectly involved in the evaluation and decision making process are not permitted to accept any gifts, entertainment or other benefits, and that the supplier’s bid/proposal may be rejected if it fails to comply with this requirement.</p>		
<p>16.The Chief Financial Officer and Treasurer, in consultation with the City Clerk, report to the Administration Committee on the level of documentation required to support procurement decisions and the responsibility for the retention of such documentation.</p>	<p>The CFO and Treasurer with the assistance of the Project Manager will submit such a report with the assistance of Legal Services and the City Clerk (Corporate Records and Archives)</p>	<p>Recommendations to Administration by June 30, 2004</p>
<p>17.The Chief Financial Officer and Treasurer post the results of all contract awards, which exceed the Departmental Purchase Order limit, on the City’s Web site,</p>	<p>Preliminary work has been conducted. Assessment in terms of staff time involved in maintaining information on the City ‘s Web site to be completed.</p>	<p>Recommendation to Administration by June 30, 2004</p>

including appropriate information on all bids and proposals received.		
<p>18. The Chief Financial Officer and Treasurer develop a template for contract award reports that clearly presents key information to committees and Council, including information such as:</p> <ul style="list-style-type: none"> - the bid/proposal solicitation method - evaluation criteria, including weight assigned to each factor - composition and technical knowledge of evaluation team - justification for contract award - length of the contract, including any renewal options - total value of contract - total value of any contingencies in contract - key terms and conditions in the contract. 	<p>Initial work in responding to this recommendation is underway. The template once developed will be included in the Purchasing Manual (see #7)</p>	<p>By February 28, 2004</p>
<p>19. The Chief Administrative Officer:</p> <p>(i) ensure that City staff sign an annual declaration acknowledging that they understand and agree to the terms and conditions contained in the City's Conflict of Interest policy, as well as the consequences of non compliance;</p> <p>(ii) send an annual notice to all City staff</p>	<p>Department Heads have been directed to ensure all non-union staff signs an annual declaration as part of their annual performance plan review process.</p> <p>Department Heads have been directed to ensure all staff receives an annual notice reiterating the City's Conflict of Interest policy.</p>	<p>To be carried out annually. No required at this time.</p> <p>To be carried out annually. No required at this time.</p> <p>No further action required. Cor</p>

<p>reiterating the City's Conflict of Interest policy;</p> <p>(iii) on an annual basis, forward the Code of Conduct for Members of Council, Conflict of Interest Policy and the Fraud Policy to the Ethics Steering Committee, requesting their direction on whether these policies are clear and current, and recommend any revisions to Council for approval; and</p> <p>(iv) amend the Lobbyist Disclosure Policy such that the policy applies to all City purchases regardless of dollar amount, so that it is consistent with the voluntary lobbyist registry.</p>	<p>Code of Conduct for Members of Council is part of the mandate of the Ethics Steering Committee and as such any actions to be taken in terms of this recommendation should originate from the Steering Committee.</p> <p>A draft amended Lobbyist Disclosure Policy has been prepared for review and discussion by the Executive Management Team.</p>	<p>Recommendations to Administ by February 28, 2004</p>
<p>20. The Chief Administrative Officer, in consultation with the Chief Financial Officer and Treasurer, report to the Administration Committee by September 2003, on:</p> <p>(i) the costs and benefits of using an external consultant (Fairness Commissioner) on certain City projects, to shadow and attest to the Fairness and</p>	<p>The CAO's Office is currently researching the experience of other jurisdictions on the use of a Fairness Commissioner</p>	<p>Recommendations to Administ by May 31, 2004</p>

<p>appropriateness of the procurement process;</p> <p>(ii) the criteria to be used to determine when an external consultant (Fairness Commissioner) should be engaged; and</p> <p>(iii) the reporting relationship for this role.</p>		
<p>21. Commissioners:</p> <p>(i) identify their procurement needs, including the volumes of goods and services required, specifications and deliverables, and the timing of such requirements; and</p> <p>(ii) ensure that this information is communicated to the Purchasing and Materials Management Division and City Legal on a timely basis, allowing for sufficient lead time, such that both the Purchasing and Materials Management Division and City Legal can schedule their respective resources to meet departmental timelines.</p>	<p>The Project Manager will be working with departments to develop procedures and Service Level Agreements to cover this recommendation</p> <p>To be completed concurrent with recommendation #1</p>	<p>Initial Service Level Agreements by March 31, 2004</p> <p>Remaining Agreements to be in December 31, 2004.</p>
<p>22. The Chief Financial Officer and Treasurer:</p> <p>(i) post on the City's Intranet a library of previously developed specifications;</p>	<p>The project manager will be working with Purchasing and Materials Management Division and appropriate City staff to implement this recommendation.</p>	<p>By May 31, 2004</p>

<p>(ii) develop specifications templates and guidelines which provide information to staff on the nature, type and level of detail required for specifications; and</p> <p>(iii) establish partnerships with other jurisdictions for the sharing of specifications information.</p>	<p>The project manager will be working with Purchasing and Materials Management Division and appropriate City staff to implement this recommendation</p> <p>As previously reported the City is already involved in partnerships, as per item other jurisdictions and will continue to establish more partnerships.</p>	<p>By May 31, 2004</p> <p>Complete – No further action required Considered to be part of ongoing</p>
<p>23. Commissioners, in consultation with the Chief Financial Officer and Treasurer, establish mechanisms in their respective program areas to ensure that specifications and deliverables in Requests for Quotations, Proposals and Tenders, are clear and complete.</p>	<p>The Project Manager will be working with departments on procedures and guidelines. Any resulting procedures will be included in the Purchasing Manual (see #7)</p>	<p>By May 31, 2004</p>
<p>24 The Chief Financial Officer and Treasurer:</p> <p>(i) ensure that departments are notified of any changes to call/request documents before the request or call is issued; and</p> <p>(ii) in consultation with departments, make the determination with respect to any changes to the closing date specified in a call/request document.</p>	<p>Purchasing and Materials Management Division staff have been instructed accordingly by email July 30, 2003. The Director of PMMD will monitor this activity.</p> <p>Purchasing and Materials Management Division staff have been instructed accordingly by email July 30, 2003. The Director of PMMD will monitor this activity.</p>	<p>July 30, 2003 - Complete</p> <p>July 30, 2003 - Complete</p>
<p>25. The Chief Financial Officer and Treasurer review and report to the</p>	<p><u>Preliminary work is underway in terms of addressing this recommendation.</u></p>	

<p>Administration Committee by September 2003, on:</p> <ul style="list-style-type: none"> (i) discontinuing the practice of mailing out call/request documents to suppliers; (ii) utilizing the City's Internet Web site or other electronic tendering services, as appropriate, to advertise contract opportunities with the City, and allow interested vendors to download the call/request document; (iii) the purpose, cost and benefits of maintaining a Bidders List in its current form; (iv) the cost savings and revenue implications resulting from changes to the current procurement solicitation process; and (v) an appropriate and effective communication plan to inform suppliers of any changes to the current procurement solicitation process and requirements. 		<p>Recommendations to Administ by June 30, 2004</p> <p>Recommendations to Administ by June 30, 2004</p> <p>Recommendations to Administ by June 30, 2004</p> <p>Recommendations to Administ by June 30, 2004</p> <p>Recommendations to Administ by June 30, 2004</p>
<p>26. The Commissioner, Corporate Services, take the necessary action to expedite implementation of procurement initiatives that require information</p>	<p>Corporate Services IT will be providing support to assist in the implementation of this recommendation. Specific action required will be taken once directions and improvements to</p>	<p>Timeframes to be confirmed once requirements are identified. 90 days to be required from December 2005 at a minimum</p>

technology assistance and support.	the purchasing process have been identified. Any systems enhancements undertaken will take into account other inter-related corporate or financial systems requirements e.g. accounts payable and financial reporting.	
27.The Chief Financial Officer and Treasurer establish clear parameters and criteria to guide Purchasing and Materials Management Division staff in using less formal procurement processes to obtain price quotations or proposals, taking into consideration the time given to suppliers to respond to calls or requests, the method by which responses are received, and the number of suppliers from which bids or proposals are solicited.	<p>A review of the Purchasing and Materials Management Division purchasing process is underway. The initial work review and mapping will be complete by December 31, 2003.</p> <p>The results of this work and consideration of other report recommendations will form the basis for considering options and alternatives for using less formal and/or more cost –effective procurement processes.</p>	Recommendations to Administ by June 30, 2004
<p>28.The Chief Financial Officer and Treasurer:</p> <p>(i) expedite the implementation of purchasing cards in City operations, using a phased-in approach;</p> <p>(ii) develop the necessary policies and procedures with respect to the issuance, use and control of credit and purchasing cards, including consequences for misuse of the cards;</p>	<p>We are in the process of establishing a project team to oversee the implementation of the P-Card program. A proposal call is being prepared and will be issued to prospective PCard program providers.</p> <p>Will be included in above</p> <p>Will be included in above</p>	<p>Initial implementation April to Corporate wide implementatior - June 2005. April date is conti timely selection of a card provi</p> <p>See above</p> <p>See above</p>

<p>(iii) in consultation with Commissioners, ensure that necessary training is provided to all departmental staff responsible for the use and management of the purchasing cards; and</p> <p>(iv) report to the Administration Committee by January 2004, on the status of the purchasing card program, including any costs to administer the program and any benefits realized.</p>	<p>There will be no added costs or requests for funding to implement the PCard program.</p> <p>An information report on the benefits of the program will be submitted to the Administration Committee once the initial implementations are in place and we can sufficiently assess the benefits.</p>	<p>By October 31, 2004</p>
<p>29. Commissioners:</p> <p>(i) monitor the use of single source purchases in their respective departments with the view to reducing the need to purchase goods and services without going through a competitive process; and</p> <p>(ii) in consultation with the Purchasing and Materials Management Division, properly plan their requirements in order to reduce the single sourcing of purchases.</p>	<p>The Purchasing and Materials Management Division supplies departments with quarterly reports on sole (single) sourcing activities as a tool which may help departments reduce these activities. PMMD will meet with FACT and/or department representatives to review departmental requirements.</p> <p>Quarterly Reports on Sole (single) Source Purchases will continue to be provided to departments by PMMD so that the departments can plan their requirements and reduce their sole (single) source purchases. PMMD will meet with FACT and/or department representatives to review departmental requirements.</p>	<p>By May 31, 2004</p> <p>By May 31, 2004</p>
<p>30. The Chief Financial Officer and Treasurer:</p> <p>(i) in consultation with Commissioners, develop a list of sole</p>	<p>The Project Manager will develop procedures/guidelines to implement this recommendation.</p>	<p>By May 31, 2004</p>

<p>source goods and services (e.g., TTC tokens, utilities, etc.) that can be processed without completing a sole (single) source request form;</p> <p>(ii) report annually to the Administration Committee outlining, by department:</p> <ul style="list-style-type: none"> - all single source purchases exceeding the Departmental Purchase Order limit and reasons therefor; - percentage of purchase orders processed through the Purchasing Division using single source as justification; - all instances where purchase orders have been issued after the fact; and <p>(iii) post on the City's Web site, all single source contract awards in excess of \$7,500.</p>		<p>Commence December 2004</p> <p>By May 31, 2004</p>
<p>31. The Chief Financial Officer and Treasurer:</p> <p>(i) monitor purchasing activity, including Departmental Purchase Orders issued by departments, and work with departments to identify opportunities to consolidate the procurement of common goods and services;</p>	<p>As previously reported, opportunities to consolidate common procurement initiatives are acted upon, on an ongoing basis and Purchasing and Materials Management Division staff will continue to canvass departments for further opportunities to consolidate departmental purchases. As part of the implementation of the</p>	<p>By September 30, 2004</p>

<p>(ii) in consultation with departments, be more proactive in identifying potential opportunities to utilize blanket contract agreements for goods and services, to more efficiently meet the needs of departments, including emergency requirements;</p> <p>(iii) further explore opportunities to enter into co-operative purchasing agreements with the City's Agencies, Boards and Commissions, other municipalities, public organizations, and other levels of government.</p>	<p>Auditor General's report we will be considering how the results of the efforts can be best demonstrated or publicized.</p> <p>As noted above, opportunities have already been, and continue to be explored by the Purchasing and Materials Management Division. We will be working closely with departments to identify further opportunities</p> <p>As previously reported the Purchasing and Materials Management Division is involved in several purchasing partnerships and they will continue to explore other opportunities as they arise.</p>	<p>Initial by May 31, 2004 and the be part of ongoing operations</p> <p>Complete – No further action r Considered to be part of ongoing</p>
<p>32. The Commissioner of Corporate Services, in consultation with the Chief Financial Officer and Treasurer, report to the Administration Committee by March 2004 with respect to the effectiveness of the Information Technology Acquisition procedures.</p>	<p>The Commissioner of Corporate Services will be reporting to Administration Committee in March 2004 on the existing IT acquisition process and procedures.</p>	<p>Recommendations to Administ by March 31, 2004</p>
<p>33. The Chief Financial Officer and Treasurer, in consultation with Commissioners, re-establish a Purchasing Client Reference Group to deal with procurement issues.</p>	<p>The Finance and Administration and Coordinating Team (FACT) will be asked to act as the Client Reference Group in relation to the Auditor General's report and related matters until such time as an ongoing transitional arrangement with PMMD is established. This does not</p>	<p>By December 31, 2003</p>

	preclude the Director PMMD from dealing directly with FACT on operational matters.	
<p>34. The City Solicitor, in consultation with the Chief Financial Officer and Treasurer, and Commissioners:</p> <p>(i) develop criteria and guidelines outlining the circumstances in which a formal contract is required; and</p> <p>(ii) develop a standard contract template to be used and executed by departments for straightforward purchases, and where there is no negotiation involved with respect to the terms and conditions in the bid document.</p>	Initial work will commence in January 2004	<p>By May 31, 2004</p> <p>By May 31, 2004</p>
<p>35. The Chief Financial Officer and Treasurer, in consultation with the City Solicitor develop:</p> <p>(i) a corporate policy that outlines when Bid Bonds and Performance Bonds are required and the type of security that is acceptable; and</p> <p>(ii) a process to determine the dollar value of the security requested, taking into account the nature of goods or services to be provided, the magnitude of the contract and the risks involved, to ensure that the interests of the City are adequately</p>	The project manager is in the process of setting up initial meetings to deal with this recommendation.	<p>Recommendations to Administ by June 30, 2004</p> <p>Recommendations to Administ by June 30, 2004</p>

protected.		
<p>36. The Chief Administrative Officer, in consultation with the City Solicitor:</p> <p>(i) clarify the roles and responsibilities of City Legal, the Chief Financial Officer and Treasurer, City Clerk, and Commissioners in the contract execution process and ensure that the responsibilities and rationale are clearly communicated to all staff involved; and</p> <p>(ii) develop mechanisms and assign clear responsibility for ensuring the decisions of Bid Committee, Standing Committee and Council are accurately reflected in the purchase order or contract, and that the necessary authority exists to enter into the agreement.</p>	<p>The project manager is in the process of setting up initial meetings to deal with this recommendation. This recommendation is also associated with roles and responsibility issues in recommendation #1.</p>	<p>Recommendations to Administ by June 30, 2004</p> <p>Recommendations to Administ by June 30, 2004</p>
<p>37. The Chief Administrative Officer, in consultation with the Chief Financial Officer and City Clerk, establish a central repository for all contract signing and other procurement authorities delegated to departmental staff.</p>	<p>The project manager is in the process of setting up initial meetings to deal with this recommendation.</p>	<p>Recommendations to Administ by June 30, 2004</p>
<p>38. The Chief Financial Officer and Treasurer:</p> <p>(i) report to the Administration Committee by</p>	<p>A report was submitted to Administration Committee in September 2003 outlining the</p>	<p>Any proposed changes to FAC March 31, 2004</p>

<p>September 2003 on the control mechanisms in place or to be implemented to prevent contracts from being over-spent, including the benefits and resource implications of processing contract release orders, both at the dollar value and commodity level, and explore other viable options, such as potential system modifications to achieve this objective; and</p> <p>(ii) develop appropriate interim mechanisms to prevent contracts from being over-spent.</p>	<p>steps taken to significantly reduce the chances of a contract's limit being exceeded. The report was received for information.</p> <p>Accounting Services has held two departmental meetings to further review options to improve the management of corporate blanket orders and they plan to put forward any proposed changes to the existing process to FACT and EMT in the first quarter of 2004</p> <p>See above</p>	<p>Implementation of any EMT ap by June 30, 2004</p> <p>See above.</p>
<p>39.The Chief Financial Officer and Treasurer, in consultation with Commissioners, identify the procurement information needs of the Purchasing and Materials Management Division and departments, and take the necessary action to cost-effectively obtain the information required, in order to enable the effective management of procurement activities.</p>	<p>The Project Manager will be working on this implementation of this recommendation. Implementation may be contingent on systems modifications.</p>	<p>By May 31, 2004 (Date conting modifications)</p>
<p>40.The Chief Financial Officer and Treasurer:</p> <p>(i) in consultation with departments, establish separate blanket contracts for each individual department in accordance with the</p>	<p>Accounting Services staff has been reviewing a number of options to manage blanket orders other than establishing blanket orders by department. Accounting Services will put</p>	<p><u>Approve plan of action by M:</u> <u>Implement any proposed</u> <u>December 31, 2004</u></p>

<p>terms and conditions provided in the master agreement for the respective goods and services; and</p> <p>(ii) establish mechanisms to prevent department specific blanket contracts from being accessed by other departments.</p>	<p>forward proposed changes to FACT and EMT in the first quarter of 2004</p> <p>See above</p>	<p>See above</p>
<p>41. The Chief Financial Officer and Treasurer:</p> <p>(i) ensure that all purchase orders and contracts issued specify the prices and/or rates to be charged; and</p> <p>(ii) request suppliers to provide adequate details on the invoices, specifying the rates/prices charged and goods/services provided.</p>	<p>The Project Manager will review and prepare any necessary procedures or guidelines for staff to ensure the requirements of this recommendation are achieved.</p>	<p>By March 31, 2004.</p>
<p>42. The proposed Water and Wastewater Committee be governed under the Toronto Municipal Code, Chapters 71 (Financial Control) and 195 (Purchasing), and be delegated the same level of contract award and procurement authority as other standing committees in the City.</p>	<p>The proposed Committee was not approved by Council; therefore existing authorities governing Water and Wastewater (Toronto Municipal Code Chapters 71 and 195) still apply.</p>	<p>No longer applicable. Any further action taken by Water and Wastewater Department in concert with Works & Emergency Services Department response to the Auditor General's report or as part of their requirement to establish a separate Business Unit</p>
<p>43. The Chief Financial Officer and Treasurer report to the Administration Committee by July 2003 on:</p> <p>(i) a prescribed time line</p>	<p>A report was submitted to Administration Committee in September 2003, outlining the</p>	<p>Complete – any further action is part of continuing improvement</p>

<p>and or standard payment term for the payment of all City accounts; and</p> <p>(ii) action taken or to be taken to ensure that accounts are paid within the prescribed time line, including any changes in processes and resources required.</p>	<p>steps taken to improve the City's payment record. The report was received for information.</p> <p>See above</p>	<p>Complete – any further action v part of continuing improvemen</p>
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