

Review of Bid Award Panel

Date: March 24, 2025
To: General Government Committee
From: Chief Procurement Officer
Wards: All Wards

SUMMARY

This report outlines the findings and recommendations from a review of the Bid Award Panel and its role in the City's procurement process. In 2023, Purchasing and Materials Management Division (PMMD) completed a review of Toronto Municipal Code Chapter 195 (Procurement By-law), per the review requirements set out in the Procurement By-law. The review was scoped into two phases. City Council adopted Phase 1 recommendations in December 2023, which took effect on July 1, 2024. The report to Council identified key phase 2 review items, one of which was a review of the role of the Bid Award Panel to determine if it effectively serves its intended purpose, which is to enhance oversight of the procurement process. This review aligns with Council direction to consider the role of Bid Award Panel relative to capital program delivery, in particular regarding the feasibility of streamlining the bid award process to under 30 days.

The City's procurement activities are governed by three key By-laws that set out the authorities required for procurement to proceed: commitment authority, award authority, and signing authority.

- Toronto Municipal Code, Chapter 71 (the Financial Control By-law) outlines commitment authority, which is the authority to make a contractual obligation for the purchase of goods, services or construction, including the execution of any agreement or contract, which commits City funds.
- Toronto Municipal Code, Chapter 195 (the Procurement By-law) establishes award authority, which is the formal authorization to proceed with the purchase of goods or services or both from a supplier who has been selected through a procurement process.
- Toronto Municipal Code, Chapter 257 (the Signing Authority By-law) sets out who may sign agreements for the purchase of goods and services, where a commitment and an award have been made. The same authority is also in Section 11.1 of the Procurement By-law.

The Bid Award Panel is an administrative committee that authorizes both the commitment of funds, and the award of open competitive solicitations valued between \$500,000 and \$20 million. PMMD completed a review of the Bid Award Panel to determine if it enhances oversight of the procurement process. The review was conducted using the guiding principles of: openness, fairness, and transparency; efficiency and effectiveness; accountability; and adaptiveness.

The review determined Bid Award Panel does not provide additional oversight in the procurement process to justify the delays and additional workload that it creates, while noting:

- Review of procedural compliance does not occur at BAP.
- The Bid Award Panel process adds approximately 10–20 days to the award timeline.
- By recommending an award and approving the recommendation to proceed to Bid Award Panel, Division Heads and the Chief Procurement Officer, respectively, are accountable for award decisions.
- The \$20 million award threshold, set in 2007, is not reflective of current economic realities.

The review of Bid Award Panel identified benefits of the committee structure related to transparency, a key principle of the City's procurement process. All awards over \$133,800, including those resulting from non-competitive and limited solicitations, are posted on the Toronto Bids Portal and the Open Data Portal and will continue to be reported in these places. However, some of the features of BAP reports are not available through these portals, including: a summary of bids received and bid price, and the ability to subscribe to receive notifications when new awards are posted.

Given these findings, this report recommends the following:

- Eliminate Bid Award Panel.
- Delegate award authority to the Chief Procurement Officer to approve open competitive solicitations up to \$30 million, subject to conditions set out in the Procurement By-law.
- Replace BAP's current extended authority to exercise the power of a Standing Committee with extended authority to the Chief Procurement Officer but remove extended authority during summer recess and election recess.
- Delegate commitment authority to the City Manager to approve the commitment of funding for open competitive procurements up to \$30 million, subject to conditions set out in Toronto Municipal Code, Chapter 71 (Financial Control By-Law), and authorize the City Manager to sub-delegate their commitment authority.

To ensure transparency remains central to the procurement process, the following measures will be implemented:

- Review existing datasets to ensure the types of information available through BAP remain available to the public and that the datasets are simple to use.
- Add clear instructions on how to find these datasets to the 'Doing Business with the City' webpage.

PMMD will work to identify additional options for award information to be shared with Councillors and the public.

The changes recommended in this report aim to improve efficiency and oversight while upholding the principles of open, fair, and transparent procurement. Additionally, they align with the City's evolving governance structure and the need to adapt to current economic conditions.

To put these recommendations into effect, amendments will be required in:

- The Procurement By-Law.
- The Procurement Policy, to align with the updated authority to award open competitive solicitations.
- The Financial Control By-law, to align the updated award authority with the authority to commit funding resulting from these awards.

Administrative processes and procedures will also be updated by the Chief Procurement Officer, in line with the Procurement By-law, Section 3.1.A, as well as by the City Manager, in line with the Financial Control By-law.

RECOMMENDATIONS

The Chief Procurement Officer recommends:

1. City Council amend Municipal Code Chapter 195, Procurement, Municipal Code Chapter 71, Financial Control, and the Procurement Policy as set out in this report, effective July 2, 2025, to:

- A. Eliminate the Bid Award Panel;
- B. Delegate award authority to the Chief Procurement Officer to award open competitive solicitations up to \$30 million;
- C. Replace BAP's current extended authority to exercise the power of a Standing Committee with extended authority to the Chief Procurement Officer, and remove extended authority during summer recess and election recess; and

D. Delegate commitment authority to the City Manager to approve the commitment of funding for open competitive procurements up to \$30 million and authorize the City Manager to sub-delegate commitment authority up to \$30 million to City officials or staff.

FINANCIAL IMPACT

There are no financial implications arising from this report.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the information presented in the Financial Impact Section.

DECISION HISTORY

At its meeting on October 9 and 10, 2024, City Council adopted [IE16.2, Enhancing Capital Infrastructure Program Coordination](#), including a request that the City Manager report by the first quarter of 2024 on whether Bid Award Panel provides sufficient value to the City to justify the delays that it creates in City capital projects.

At its meeting on May 22 and 23, 2024, City Council adopted [GG12.18, Procurement Policy Updates Resulting from Amendments to Toronto Municipal Code, Chapter 195, Procurement](#), with direction to the Chief Financial Officer and Treasurer, the Deputy City Manager, Infrastructure Services, and the Chief Procurement Officer, to report back on the feasibility of reducing the bid award process to under 30 days.

At its meeting on December 13, 14 and 15, 2023, City Council adopted [GG8.21, Amendments to Toronto Municipal Code, Chapter 195, Procurement, and Review of Open Contracting Global Principles and the Role of an Inspector General](#), which included a recommendation to review the role of the Bid Award Panel and report on recommendations for improving its function and oversight in the procurement process.

COMMENTS

OVERVIEW OF THE CITY'S FINANCIAL CONTROL, PROCUREMENT AND SIGNING AUTHORITIES FOR OPEN COMPETITIVE SOLICITATIONS

The City of Toronto's governance framework for financial control, procurement and signing authorities related to open competitive solicitations is structured to ensure accountability, transparency, fairness, and responsible management of public funds through clearly defined roles and processes.

The Financial Control By-law sets out commitment authorities related to the procurement process. The City Manager is authorized to make a financial commitment up to \$500,000 and may delegate this commitment authority to a Division Head. There is no delegation of commitment authority over \$500,000 and the authority to commit funds must be approved by BAP, Standing Committee or Council.

The Procurement By-law sets out award authorities for open competitive solicitations based on procurement value, procurement method, contract duration, budget availability, and potential risks. The authority levels for open competitive awards are as follows:

- The Chief Procurement Officer (CPO) approves awards up to \$500,000, provided that the conditions in Section 195-8.1 are met.
- Bid Award Panel (BAP) approves awards valued between \$500,000 and \$20 million, provided that the conditions in Section 195-8.2 are met.
- Standing Committee approves awards exceeding \$20 million, provided the conditions in Section 195-8.4 are met.
- City Council may approve awards of any value, pursuant to Section 195-8.5.

The Signing Authority By-Law sets out who may sign agreements for the purchase of goods and services. The same authority is also in Section 11.1 of the Procurement By-law.

OVERVIEW OF THE BID AWARD PANEL

Bid Committee was established by City Council in 1998 and was replaced by the Bid Award Panel on January 1, 2017. It was initially established to play an active role in the procurement process through direct review of bids and was modified over time as the City's procurement functions grew to provide oversight in the procurement process. BAP is currently authorized to make a commitment of funds and award contracts resulting from open competitive solicitations, provided they meet the following conditions:

- The award is to the supplier whose response meets the specifications and qualification requirements set out in the solicitation and whose response represents the best value to the City based on the evaluation criteria set out in the solicitation, including price criteria;
- The solicitation was conducted in a fair and transparent manner, in accordance with the process disclosed to all suppliers;
- The term of the contract does not exceed a maximum term of five (5) years, including option periods, or the projected term of capital funding for a project as approved by Council; and
- The contract is within funding approval up to a maximum procurement value of \$20,000,000.

The Bid Award Panel is composed of the following persons or their respective delegates: the City Manager; the Chief Financial Officer and Treasurer; the Deputy City Manager, Community and Social Services; and the Deputy City Manager, Infrastructure and Development Services. The City Clerk or their delegate coordinate the meetings. Three members of BAP must be present for quorum and decisions require a unanimous vote. While BAP meetings are open to the public, public presentations are not permitted.

The Chief Procurement Officer makes award recommendations to BAP, in consultation with the Division Head who initiated the solicitation. BAP is authorized to award solicitations through the Procurement By-law and to make a commitment of funds through the Financial Control By-law. Authority is required under both the Procurement By-law and the Financial Control By-law in order for the contract award to proceed.

REVIEW OF THE BID AWARD PANEL

PMMD completed a review of the Bid Award Panel to determine if it enhances oversight of the procurement process. The review began with cataloguing existing oversight mechanisms. The review was conducted using the guiding principles of:

- Openness, fairness, and transparency;
- Efficiency and effectiveness;
- Accountability; and
- Adaptiveness.

A jurisdictional scan and an analysis of awards made by BAP were also completed.

Current Oversight Mechanisms in the Procurement Process

The Procurement By-law and procurement policies and procedures set out oversight mechanisms throughout every procurement process. A series of requirements must be met before any award is recommended to the CPO, and subsequently BAP, Standing Committee or Council.

During the procurement planning process, Divisions develop procurement plans that detail the goods and services they require and prepare budget submissions to obtain Council approval of the budget for proposed purchases. The approved budget then becomes the source document for all subsequent financial checks in the procurement process.

During solicitation development, Divisions develop specifications and draft solicitation documents using PMMD templates that have been drafted in consultation with Legal Services and Insurance and Risk Management. Divisions submit sourcing requests to PMMD to be assigned a buyer who works with the Division to confirm the most appropriate solicitation method. For open competitive solicitations, the buyer reviews the solicitation documents for correctness and to confirm there is nothing scoped into the specifications that could limit open and fair competition. At this stage, the Division or PMMD may recommend a fairness consultant be retained to monitor adherence to the

City's prescribed procurement process, specifically to the principles of openness, fairness and transparency.

The blackout period begins when a Notice of Intended Procurement is posted on the Toronto Bids Portal, in advance of the solicitation being posted and in compliance with trade agreement obligations. From the beginning of the blackout period until award of the solicitation, PMMD ensures the solicitation is conducted in adherence with the Procurement By-law and all procurement policies and procedures. Various oversight mechanisms exist during this period:

- Communications are restricted to the assigned buyer (or delegate) and the Chief Procurement Officer. If a supplier communicates with any other City staff during the blackout period, the supplier may be disqualified.
- Questions are compiled, and responses are issued via addenda that all suppliers can access.
- After bids are received, the buyer reviews all bids for compliance; completes the unbalanced bid analysis; checks for Fair Wage Policy compliance, in consultation with the Fair Wage Office; and checks for suppliers who are indebted to the City.
- An evaluation team is created to confirm compliance of bids with the requirements and specifications included in the solicitation, as well as a qualitative and/or quantitative assessment. For Requests for Proposals, this includes scoring proposals. All evaluation team members are required to sign a non-disclosure and conflict of interest declaration.

Following the review of bids, the Division Head makes a recommendation of award to the CPO. If the recommended supplier is not the lowest bid or the highest ranked supplier, the Division Head must provide appropriate justification for the recommendation. As a component of the award recommendation, financial checks are completed by Financial Planning Division to ensure the bid price of the recommended supplier is within the Council-approved budget.

The CPO then reviews the award recommendation, in consultation with the PMMD staff responsible for managing the solicitation and determines whether to approve the award. If a solicitation is conducted in compliance with the Procurement By-law and all procurement policies and procedures, and the award recommendation is within Council-approved budget, the award may be approved. The Procurement By-law also provides for circumstances when a solicitation may be cancelled.

If an award is approved by the CPO and the value is up to \$500,000, the CPO is authorized by the Procurement By-law to make the award. If an award is approved by the CPO and the value is over \$500,000, the Division prepares a report for the Bid Award Panel (up to \$20 million), Standing Committee (over \$20 million) or Council (any value), recommending the award be made.

Throughout the procurement process until up to 10 days after suppliers are notified of the award decision, suppliers may submit bid disputes. Bid disputes are reviewed by the

CPO and may be escalated to the Chief Financial Officer and Treasurer. Disputes may be dismissed or accepted. If accepted, the CPO is authorized to take appropriate remedial action, including, but not limited to, rescinding the award and any executed contract, and cancelling the solicitation. Unsuccessful suppliers may also request a debriefing.

Fairness, Openness and Transparency

As BAP has evolved over time, its role has changed. Originally, bids were received, open and read aloud at the Bid Committee. When this function moved to staff in 2004, Bid Committee was authorized to receive material objections from bidders to consider as part of the award process. In 2017, the bid dispute process was transferred to the Chief Purchasing Official (now the Chief Procurement Officer) and the mandate of BAP then remained the same from 2017 to present.

In its current structure, BAP does not significantly enhance oversight of the procurement process or its adherence to the principles of openness, fairness, and transparency:

- The CPO ensures that all solicitations comply with the Procurement By-law and procurement policies and procedures before recommending an award to BAP. Review of procedural compliance does not occur at BAP.
- In a review of BAP in its current structure, from 2017-2024, BAP did not decide against an award recommendation from the CPO.
- BAP meetings do not permit public presentations, nor would public presentations be appropriate during the blackout period.
- Although BAP is open to the public, the meetings are not streamed or posted publicly. Anyone interested in attending must sign up with the City Clerk's Office and be sent the meeting information.

The review of BAP did, however, demonstrate that it serves a key function related to transparency in award recommendations, through the publishing of award reports on the Toronto Meeting Management Information System (TMMIS). Award information is available on the Toronto Bids Portal and Open Data Portal and will continue to be available in these locations. Awards are posted within 72 days, in compliance with trade agreement obligations. However, not all of the information presented in BAP reports is also available through these portals, specifically the summary of bids received and bid price. In addition, these portals do not offer the ability to subscribe to receive notifications when new awards are posted.

Efficiency and Effectiveness

In 2024, City Council (through [2024.GG12.18](#) and [2024.IE16.2](#)) directed staff to assess BAP's efficiency and explore reducing bid award timelines to 30 days. The average procurement cycle time from 2019 to 2023 was 145 working days, covering the entire process from solicitation initiation to the issuance of a purchase order. This duration reflects the time required for multiple stakeholders, including PMMD, Client Divisions,

Financial Planning Division, Insurance and Risk Management and Legal Services, to complete their reviews and approvals.

A detailed review of procurement timelines revealed that awarding open competitive solicitations through BAP adds approximately 10 to 20 business days to the procurement process, including 5 to 10 days for Client Divisions to prepare BAP reports and obtain internal divisional and PMMD approvals. While this is less than the 30 to 60 days required for awards by Standing Committee, it still creates delays that are not sufficiently justified by enhanced oversight. In addition to delaying award, a significant commitment of staff time across multiple divisions is required to facilitate BAP.

Accountability

The Procurement By-law establishes BAP membership and allows for delegates. Currently, all BAP members are delegates, representing various levels of management staff. In allowing for membership to be delegated, the Procurement By-law creates the conditions where all members of BAP have less procurement and financial authority than the CPO and the Division Head recommending award. The review considered removing the authority to delegate, but this would make it impossible to maintain weekly meetings, which would extend award timelines even further.

Ultimately, accountability is not enhanced through BAP. In the current process, by recommending an award and approving the recommendation to proceed to BAP, Division Heads and the Chief Procurement Officer, respectively, are accountable for award decisions. Importantly, to mitigate any risks associated with this current state, Article 8.5 in the Procurement By-law sets out circumstances in which an award that would otherwise be made by the CPO or BAP may be authorized by Council. This includes:

- An award is being recommended to a supplier whose response may not materially meet the specifications and qualification requirements set out in the solicitation or whose response may not represent the best value to the City based on the evaluation criteria set out in the solicitation;
- The award exceeds the contract term limit of five (5) years, including option periods, or exceeds the projected capital funding for a project previously approved by Council;
- The Chief Procurement Officer, after consulting with the City Solicitor, has determined that there are material risks as to the merits of making or rescinding any award;
- Funding for the value of the contract exceeds the Council approved budget;
- The Chief Procurement Officer or the Division Head are of the opinion that the award should be made by Council; and
- Council has directed that the award be made by Council.

Adaptiveness

BAP's approval threshold, originally set at \$1 million in 1998, was increased to \$20 million in 2007 and has remained unchanged since, despite inflation. Twenty million in 2007 is equivalent to \$29 million in 2025, reflecting a 45% increase over 18 yearsⁱ. Additionally, Statistics Canada's 2024 Building Construction Price Index indicates that non-residential construction costs in Toronto have increased by 60% since 2017, with Toronto experiencing the highest increase in construction costs among major Canadian citiesⁱⁱ. In Q4 2024, Toronto led the country with a 1.1% quarterly increase in non-residential construction costs, further emphasizing the impact of inflationary pressures on procurementⁱⁱⁱ. As such, the \$500,000 award threshold for the CPO and the \$20 million award threshold for BAP are not reflective of economic realities.

Jurisdictional Comparisons of Procurement Authority

Of comparable Canadian municipalities, only City of Vancouver has a Bid Committee similar in structure to the Toronto's Bid Award Panel. Vancouver's Bid Committee has authority to award contracts between \$1 million and \$3 million. City of Vancouver, City of Montréal and many smaller municipalities across Canada delegate authority to the Chief Procurement Officer to award solicitations valued up to \$1 million. However, there are comparable municipalities that do not limit the Chief Procurement Officer's authority to award, provided that all conditions to award funding are met. These include York Region, Peel Region, City of Ottawa and City of Halifax.

City of Toronto Procurement Data

An analysis of the City's procurement data from 2019-2024 (Table 1) revealed the following breakdown of contracts awarded by the City:

Table 1: Volume of Open Competitive Procurements Over \$100,000, 2019 to 2024

Approval Level	Contract Value Thresholds (\$)	# of Awards	% of Awards
CPO	100,000 to 500,000	775	29%
BAP	500,000 to 2,000,000	995	37%
	2,000,000 to 5,000,000	537	20%
	5,000,000 to 10,000,000	219	8%
	10,000,000 to 20,000,000	112	4%

i Bank of Canada. (2025). *Inflation Calculator*. Retrieved from <https://www.bankofcanada.ca/rates/related/inflation-calculator/>

ii Statistics Canada. (2025, February 4). *Building construction price indexes, fourth quarter 2024*. The Daily. Retrieved from <https://www150.statcan.gc.ca/n1/daily-quotidien/250204/dq250204b-eng.htm>

iii Statistics Canada. (2025). *Building Construction Price Indexes, percentage change, quarterly*. Retrieved from <https://www150.statcan.gc.ca/t1/tb1/en/tv.action?pid=1810027602>

Approval Level	Contract Value Thresholds (\$)	# of Awards	% of Awards
Standing Committee/ Council	20,000,000 to 30,000,000	31	1%
	Over 30,000,000	36	1%
Total		2,705	100%

Key findings from this data include:

- Since 2019, BAP has awarded 69% of all open competitive solicitations and the Chief Procurement Officer has awarded 29%.
- Only 2% of open competitive award recommendations are made by Standing Committee or Council.
- Approximately 85% of contracts awarded by the City are under \$5 million and 99% fall below \$30 million.

Note on Data

This table is based on data from the City's SAP Ariba online tendering system. SAP Ariba was implemented in late 2019 and records of contracts awarded prior to implementation were subsequently added to the system. However, there may be minor underreporting of 2019 data. In addition, some contracts from late 2024 may not have been captured at the time of data analysis. On July 1, 2024, Division Heads authority to award Divisional Purchase Orders increased to \$120,000. From this time, some procurements valued between \$100,000 and \$120,000 were completed using limited solicitation, rather than open competitive solicitation, processes and are not included in this table.

PROPOSED UPDATES TO PROCUREMENT AWARD AUTHORITIES AND ASSOCIATED COMMITMENT AUTHORITIES

Elimination of BAP and Delegation of Award Authority to the Chief Procurement Officer for Open Competitive Procurements

The report recommends eliminating BAP and delegating award authority to the Chief Procurement Officer to replace the role of BAP. The review found that BAP does not enhance oversight of the procurement process and delays the award of contracts by up to 20 days. In addition to delaying award, a significant commitment of staff time across multiple divisions is required to facilitate BAP.

The CPO is the City's senior procurement authority, responsible for ensuring compliance, financial oversight, and best value purchasing. Consultations with PMMD staff, Deputy City Manager's Offices, the City Clerk's Office, and divisional representatives confirm that BAP serves a procedural role, not a decision-making function. Divisions overwhelmingly support eliminating BAP, provided that current reporting and compliance reviews remain in place. The Bid Award Panel is a "local

board" under the City of Toronto Act, 2006 ("COTA"). The City is authorized under Section 145(3) of the COTA to dissolve or change a local board.

This recommendation applies only to open competitive procurements up to 5 years in duration, including option periods. Award authorities related to non-competitive and limited solicitations will not change. Authorities related to Purchase Order Amendments (POAs) will also not change.

Increasing the Threshold for Standing Committee to Award to \$30 Million

This report recommends increasing the threshold for awards to be made by Standing Committee to \$30 million. In the context of the first recommendation, this means delegating authority to the Chief Procurement Officer to award open competitive solicitations up to \$30 million under the Procurement By-law and increasing the delegation of commitment authority to the City Manager to \$30 million under the Financial Control By-law.

This adjustment will help the City better respond to rising construction costs and inflationary trends, reduce administrative bottlenecks and ensure timely procurement decisions. In addition, increasing the CPO's authority to \$30 million aligns more closely with best practices in large municipalities with equivalent procurement structures, where the CPO has authority to make an award of any value arising from an open competitive solicitation, provided that all conditions to award funding are met.

Extended Authority for the Chief Procurement Officer to Award over \$30 million when Standing Committee and Council do not meet.

This report recommends replacing BAP's current extended authority to exercise the power of a Standing Committee with extended authority to the CPO, but to remove extended authority during summer recess and election recess, as both breaks can be planned for. This means the CPO would be authorized to exercise the power of a Standing Committee to make an Award that exceeds \$30 million in the following circumstances:

- A regularly scheduled meeting of the Standing Committee to which the bid, as the case may be, would be normally reported for award is cancelled for whatever reason, including labour disruption, and there is no meeting of Council scheduled either prior to or within the week following the cancelled Standing Committee meeting to which the bid could be reported; and
- All other pre-conditions to an award by the Chief Procurement Officer are met, including that the contract has funding approval under the provisions of Chapter 71, Financial Control.

If the Chief Procurement Officer makes an award under this extended authority, the award will be reported to the appropriate Standing Committee for information.

In practice, other than for summer recess and election recess, the extended authority of BAP has not been exercised in its current structure (since 2017).

Aligning Commitment Authority for Open Competitive Procurements

In addition to providing award authority, BAP approvals also provide commitment authority to City staff. Upon the elimination of BAP, the City Manager's commitment authority will need to increase from \$500,000 to \$30 million in the Financial Control By-law, with a corresponding ability to sub-delegate this authority to City officials, including Division Heads. This report recommends delegating commitment authority to the City Manager, or their delegate, to make a funding commitment up to \$30 million resulting from an open competitive solicitation. This captures the full scope of the previous approvals by BAP.

Committing funding without adequate financial controls could expose an organization to risks of over-expenditure, misallocation of funding, or even financial loss if the intended outcomes are not achieved. As a result, financial controls are crucial to mitigate any risks that may arise and ensure that the City's financial resources are used responsibly and in line with organizational objectives and Council direction. Examples of financial controls are policies, procedures, and systems implemented to ensure the integrity, transparency, and accountability of financial transactions within a public sector organization. These controls mitigate risks such as fraud, errors, and inefficiencies while ensuring compliance with applicable by-laws and policies.

The Controller & Chief Accountant and Accounting Services Division (ASD) were consulted on financial controls in support of the proposed changes for commitment authority. To minimize the risks related to eliminating BAP and increasing the commitment authority delegated to the City Manager, the City will need to have the following financial controls in place:

- Segregation of Duties - ensuring that no single individual has control over all aspects of a financial transaction, reducing the risk of fraud and errors.
 - Delegating BAP's previous authority to three different City approvers ensures that no single individual has control over all aspects of a financial transaction, reducing the risk of fraud and errors. These approvers are: 1) commitment authority to the City Manager with the ability to sub-delegate; 2) award authority to the CPO; and 3) signing authority to an appropriate Division Head having management responsibility for the agreement.
 - In addition, a Division Head wishing to procure goods or services would need to meet the requirements throughout each stage of the financial management process. Examples of these financial controls include Financial Planning Division's requirement for budget approvals, PMMD's requirements for solicitations, and ASD's requirements for exercising financial authority. These corporate divisions and their approval requirements provide additional oversight of each stage of the procurement process.
- Sub-delegation of Commitment Authority - enabling the City Manager to sub-delegate commitment authority within defined parameters ensures efficient decision-making while maintaining accountability.

- This report recommends that the City Manager be authorized to sub-delegate their commitment authority to City officials. The City Manager's sub-delegation to City officials or staff will be clearly defined in a City policy document that outlines the scope, limits, and requirements of the sub-delegated commitment authority. This policy would establish a consistent framework of commitment authority to specify the responsibilities and obligations for positions that are authorized to manage public funds.

RECOMMENDED BYLAW CHANGES

The proposed by-law changes in this report are recommended to take effect on July 2, 2025.

To give effect to the recommendations in this report, the following changes are recommended in the Procurement By-law:

- Delete Article 5, 'Bid Award Panel' and Section 8.2, 'Authority to award - Bid Award Panel' entirely.
- Update Section 8.3, 'Extended authority of the Bid Award Panel' to replace references to BAP with the CPO and to delete Subsections 8.3.1.A.(2) and (3).
- Modify Section 195-8.1.D to grant the CPO the authority to approve open, competitive awards up to \$30 million.
- Delete additional references to BAP in Section 2.1, 'Definitions' and Section 3.1, 'General duties and responsibilities' of the Chief Procurement Officer.

Appendix B of the Procurement Policy must be updated to reflect the changes recommended in this report.

Currently, under Chapter 71-11.1, the City Manager has the highest commitment authority at \$500,000 and can delegate this authority to staff. Commitments exceeding \$500,000 require approval from the BAP, Steering Committee, and Council. This report recommends the following changes in the Financial Control By-Law:

- Remove all references to BAP in Chapter 71 and eliminate it as an approval body for commitments over \$500,000.
- The City Manager will assume BAP's authorities to make funding commitments arising from open competitive solicitations, with an increased commitment authority of up to \$30 million.
- Allow the City Manager to delegate commitment authority for open competitive awards between \$500,000 and \$30 million to City officials or staff.
- Update references to 'Purchasing' with 'Procurement'.

Administrative processes and procedures will also be updated by the Chief Procurement Officer, in line with the Procurement By-law, Section 3.1.A, as well as by the City Manager, in line with the Financial Control By-law.

IMPLEMENTATION CONSIDERATIONS

Transparency

The review of Bid Award Panel identified benefits of the committee structure related to transparency, a key principle of the City's procurement process. All awards over \$133,800, including those resulting from non-competitive and limited solicitations, are posted on the Toronto Bids Portal and the Open Data Portal and will continue to be reported in these places. However, some of the features of BAP reports are not available through these portals, including: a summary of bids received and bid price, and the ability to subscribe to receive notifications when new awards are posted.

To ensure transparency remains central to the procurement process, the following measures will be implemented:

- Review existing datasets to ensure the types of information available through BAP remain available to the public and that the datasets are simple to use.
- Add clear instructions on how to find these datasets to the 'Doing Business with the City' webpage.

PMMD will work to identify additional options for award information to be shared with Councillors and the public.

CPO's Authority to Escalate Awards to City Council

Under Section 8.5 of the Procurement Bylaw, the CPO may escalate the award of open competitive solicitations to City Council, as described above. Prior to the effective date of the proposed changes, if adopted, PMMD will update its Council reporting procedures to provide additional clarity on circumstances when the CPO may defer approvals to City Council, including:

- Open competitive solicitations over \$30 million or over 5 years in duration, including option periods;
- Awards not recommended to the lowest price or highest scoring compliant bidder;
- Conflicts of interest or ethical concerns;
- Material deviations from procurement policies;
- Complex infrastructure and capital projects;
- Procurements with non-standard financing models (e.g. Public-Private Partnerships, Alternative Procurement and Financing Models);
- Procurements with high legal or compliance risks;
- Contracts with significant vendor performance risks;

- Contracts that have previously been audited by the Auditor General;
- Unresolved disputes; and
- Contracts with significant public impact or those related to Mayor's Key Initiatives or with significant social/community impact.

Phase 2 Procurement By-Law Review

To further strengthen procurement oversight, PMMD, as part of its ongoing Procurement By-law review, will continue to identify opportunities to enhance accountability and risk management measures. This includes a report to Council in Q4 2025 on:

- Improving oversight of solicitations where there is a single bidder and promoting competition.
- Updating the bid dispute process to provide greater clarity.
- Strengthening supplier suspension procedures to ensure appropriate mechanisms are in place to address non-compliance or performance issues.

CONCLUSION

The findings of the BAP review demonstrate the need to update the City's procurement approval framework. While BAP was initially established to play an active role in the procurement process through direct review of bids, it was modified over time as the City's procurement functions grew to provide oversight in the procurement process and has now taken on a procedural role. There are extensive financial and procurement process related checks in place related to the award of open competitive solicitations, and BAP duplicates these steps without providing sufficient additional oversight in the procurement process to justify the delays and additional workload that it creates.

BAP does enhance transparency related to the award of open competitive solicitations through its published agendas and PMMD will ensure transparency remains central to the procurement process.

These recommendations will streamline the role of Standing Committees while ensuring ongoing Council oversight of high-value and high-risk procurements, strategic procurement policies and other critical decisions.

CONTACT

Hillary Keirstead, Director, Program Support, Policy and Strategy, Purchasing and Materials Management Division, 416-392-0643, hillary.keirstead@toronto.ca

SIGNATURE

Geneviève Sharkey
Chief Procurement Officer