**Council Direction:**

Staff were directed to prepare a work plan for the implementation of the recommendations contained in the Evaluation of the City of Hamilton’s Procurement Program prepared by the National Institute of Governmental Purchasing, Inc. (NIGP).

**Information:**

The Operational Review Sub-Committee approved report FCS09109 “Evaluation of the City of Hamilton Purchasing Program” (Report 09-001) which directed staff to hire an external consultant to undertake a review of the City of Hamilton’s Procurement Program.

A staff steering committee, chaired by the City Treasurer, was brought together to prepare a Request for Proposals document, evaluate the proposal submissions received and select a successful proponent. This Request for Proposals was awarded to the National Institute of Governmental Purchasing, Inc. (NIGP).

NIGP conducted a review of the City of Hamilton’s Procurement Program in the winter of 2010 and their final report was presented to the May 6, 2010, Operational Review Sub-Committee (report FCS09109(a) “Evaluation of the City of Hamilton Purchasing Program”).
The findings in the NIGP report include 58 recommendations. These recommendations are categorized into the following six groups and are outlined in the Procurement Program Review Recommendations (attached as Appendix ‘A’ to report FCS09109(b)):

- Procurement Policy By-law amendments (5 recommendations)
- Procurement Procedures (15 recommendations)
- Procurement Section Organization Structure (including job descriptions) (11 recommendations)
- Technology (9 recommendations)
- Training and Education (13 recommendations)
- Cost-effectiveness (5 recommendations)

Any organization can benefit from enhancements to their current way of doing business. The concept of continuous improvement has been adapted so that there is an ongoing effort to improve on the resulting outcomes of the procurement process at the City of Hamilton.

Seventeen of the 58 recommendations addressed initiatives that were already underway at the City. The NIGP review concluded these initiatives were best practices and should be continued and built upon. Appendix ‘A’ to report FCS09109(b) outlines all the recommendations of the NIGP report along with a priority rating of A, B, C, D or ongoing. Staff will undertake to implement these recommendations in order. It is staff’s intent to implement the majority of the recommendations by the end of 2011. Many of these recommendations will require more time as there may be cost implications and/or Information Systems implications. Those recommendations will be addressed before the end of 2012.

The restructuring of the Purchasing Section into the Procurement model, outlined in the NIGP report, is the most urgent task to be completed, as many of the other recommendations, cannot be undertaken until the restructuring is complete. The NIGP report recommended moving to a customer service model incorporating three teams led by Senior Procurement Specialists. The job descriptions for these positions have been developed by the Financial Services Division, reviewed with and rated by the Human Resources Department and are in the process of being posted. It is anticipated that the restructuring will be complete by the end of 2010. The next major task will be to revise the Purchasing Policy to reflect the changes recommended in the NIGP report. The Purchasing Policy changes will be presented to the Audit and Administration Committee for review and approval in the late first quarter or early second quarter of 2011.

The staff steering committee will oversee the implementation of these recommendations. The Operational Review Sub-Committee will receive update reports as progress is made.
As costs are determined during this process, staff will bring forward a report and seek Council approval for any item that will result in an increase to the existing approved Budget. At this time, the only costs identified are associated with the restructuring of the Procurement Section with the creation of two Senior Procurement Specialist positions. These positions are in the process of being rated by Human Resources and it is anticipated that the cost will be approximately $10,000. It is expected that this cost will be absorbed into the existing Budget.