Purchasing Policy Review
2005

Presented to:
Corporate Administration Committee

Presented by:
Financial Services Division

October 2005
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AGENDA

• Background
• Purchasing Statistics
• Proposed Changes
• New Policies
• Disqualification of Bids
• Discussion & Feedback

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BACKGROUND

• Annual review of the Purchasing Policy
• All existing policies were reviewed and restructured to form one Purchasing Policy
• Amendments made to the Policy are communicated to the Client Department on an ongoing basis to ensure understanding and compliance
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2004 STATISTICS
- Purchasing issued 5,600 purchase orders, totaling $373 million
- 282 contracts were issued, consisting of RFQs, RFTs, RFPs, and Request for Prequalifications

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PROPOSED CHANGES - OVERVIEW
- Policy and procedures have been split into 2 separate documents
- Council will be presented with Policy amendments only
- Council will be presented with both the policy and accompanying procedure when a new section of the Policy is implemented
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PROPOSED CHANGES –
DEFINITIONS

• Several definitions were added to the existing glossary of terms
• Goal was to ensure consist use of language throughout

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PROPOSED CHANGES
SECTION 4.1–VENDOR LIST

• Time restriction for removing a vendor from the list was for a period of up to 5 years
• Time restriction was eliminated to allow the City to affix an appropriate time limit on a per case basis
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PROPOSED CHANGES
SECTION 4.3—SPECIFICATIONS

- Manager of Purchasing was required to approve all Specifications
- Amended to read that the Manager of Purchasing has the authority to reject any Specifications

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PROPOSED CHANGES
SECTION 4.5—GENERAL ACQUISITION

- States how the dollar value is determined in order to apply the correct process for procuring Goods and/or Services
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PROPOSED CHANGES
SECTION 4.5.2–INFORMAL QUOTATIONS
• This Policy now allows for RFPs to be issued for these dollar values.
• If a Client Department wishes to issue a RFP in lieu of an Informal Quotation, the RFP will be issued by the Purchasing Section

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PROPOSED CHANGES
SECTION 4.8–VENDOR PERFORMANCE EVALUATION
• It is the responsibility of the Client Department and its General Manager to ensure that evaluations are completed
• A 72 hour time limit for completion of the evaluation has been added
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PROPOSED CHANGES
SECTION 4.17-CONFLICT OF INTEREST

- Anyone participating in the evaluation of Bids for any RFQ, RFP or RFT must complete and sign a Conflict of Interest Form
- Previously, this was limited to RFPs only

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PROPOSED CHANGES
SECTION 4.18-VENDOR COMPLAINT RESOLUTION

- Applies only to Vendors raising issues related to RFQs, RFPs and RFTs
- Requests to CAC by Vendors can only be made after a formal meeting has been held with the Manager of Purchasing
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PROPOSED CHANGES
SCHEDULE ‘B’-RECURRING OR NON-COMPETITIVE EXPENDITURES

- Deletions: Human Resources Services, Employee training, facilitators, speakers

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PROPOSED CHANGES
SCHEDULE ‘B’-RECURRING OR NON-COMPETITIVE EXPENDITURES

- Additions: Confidential Items (Forensic Audits) and Government Legislated Bodies
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PROPOSED CHANGES
SCHEDULE 'B'-RECURRING OR
NON-COMPETITIVE
EXPENDITURES

• Amendments: Outside Legal
Counsel was modified for clarity

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PROPOSED CHANGES
SCHEDULE 'C'-PURCHASING
GUIDELINES REGARDING BID
IRREGULARITIES

• This schedule has been removed
from the Policy as it is address in the
Instructions to Bidders section of all
RFQs, RFPs and RFTs
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NEW
SECTION 4.21- ANTI-SWEATSHOP PROCUREMENT

- New Policy to prohibit the procurement of Goods that have been manufactured, assembled or produced under Sweatshop Conditions.

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SECTION 4.21- ANTI-SWEATSHOP PROCUREMENT

- The City will not knowingly accept consumer goods produced in a Sweatshop
- Compliance shall be in the absolute discretion of the City
- Complaint based process as there is no effective way to monitor
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SECTION 4.21- ANTI-SWEATSHOP
CITY REMEDIES

- The City has two alternatives when goods are in contravention with this Policy
  - Return all the goods to the vendor for replacement with compliant goods
  - Require the vendor to provide the City with conclusive evidence that the goods are complaint, failing which the City may terminate the contract with the vendor

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SECTION 4.21- ANTI-SWEATSHOP
PROCUREMENT

Bidders will be required to certify that:
- all goods or products supplied under this RFQ/RFP/RFT have not been produced, either wholly or in part, in a Sweatshop;
- that any goods or products found to be supplied in contravention of the City’s Anti-Sweatshop Policy will be returned to us, and that the City has the option to have the goods or products replaced by us with product of at least equal value, or the City may terminate the contract without compensation whatsoever to us.

In addition, the bidders will acknowledge that:
- the City has been induced to consider their Bid on the basis of this representation and certification;
- the City shall have the right to reject our Bid, terminate any contract made, and collect any of its losses or damages arising out of our breach.
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NEW

SECTION 4.22-IN-HOUSE BID SUBMISSIONS

• New Policy to address when and how an in-house bid will be considered for a RFT or a RFP.
• Requirement under the Municipal Act, 2001

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SECTION 4.22-IN-HOUSE BID SUBMISSIONS

• Will be considered when contemplating a transfer of services from internal to external or vice versa
• The General Manager of the Client Department shall obtain Council approval for such a Bid prior to the issuance of the RFP/RFT.
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SECTION 4.22-IN-HOUSE BID SUBMISSIONS

The RFP/RFT document shall clearly indicate:

- An in-house Bid is being considered for the RFP/RFT
- Any advantages that the in-house Bid will have over other bidders by virtue of it being an in-house Bid.

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SECTION 4.22-IN-HOUSE BID SUBMISSIONS

- Communication between the in-house bid team and the evaluation team will be strictly in accordance with the provisions in the RFP/RFT document to ensure the in-house bid team is not given an undisclosed advantage
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SECTION 4.22-IN-HOUSE BID SUBMISSIONS

- No person involved in the development of the RFP/RFT shall have any communication with any person on the in-house bid team

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SECTION 4.22-IN-HOUSE BID SUBMISSIONS

- The same rules shall govern the submission of the in-house bid as will apply to any other bidder
- The evaluation of Bids shall be objective and the process shall avoid any unfair bias towards either the in-house Bid or external Bids
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DISQUALIFICATION OF BIDS
2005 STATISTICS

• Total of 105 RFTs and RFPs issued, consisting of:
  – 18 RFPs receiving 96 submissions
  – 87 RFTs receiving 504 submissions

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DISQUALIFICATION OF BIDS
2005 STATISTICS

• 87 RFTs issued
  – 53 RFTs had no disqualified bids
  – 34 RFTs had at least 1 disqualified bid
    • 19 RFTs only had 1 disqualified bid
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DISQUALIFICATION OF BIDS
2005 STATISTICS

• 18 RFPs issued
  – 12 RFPs had no disqualified bids
  – 6 RFPs had at least 1 disqualified bid
    • 5 RFPs only had 1 disqualified bid

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DISQUALIFICATION OF BIDS

• 600 submissions for 105 contracts issued
  – 74 bids were disqualified
    • 58 disqualifications were common to Ontario municipalities
    • 16 disqualifications were due to unique City requirements
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DISQUALIFICATION OF BIDS

Common
- Incomplete or partial Bids
- Qualified Bids
- Unsigned or missing original signature
- Bids not submitted on proper form
- Erasures / crossouts / whiteouts
- Addendums not acknowledged

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DISQUALIFICATION OF BIDS

Unique
- 12 were related to Bid Securities
  - City has changed the requirement from a percentage to a fixed dollar amount to help minimize this problem
- 1 was for insufficient time open for acceptance
- 1 was for pricing submitted incorrectly with technical submission
- 2 disqualifications were due to deficiencies with the Agreement to Bond citing insufficient number of days
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DISQUALIFICATION OF BIDS INITIATIVES

- All RFQs/RFPs/RFTs now include a Checklist of Requirements
- Each bidder must acknowledge that no information is to be assumed, and that all information provided is complete and full

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DISQUALIFICATION OF BIDS INITIATIVES

- Greater use of pre-closing meetings with bidders
- Meeting with disqualified bidders to review deficiencies
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DISQUALIFICATION OF BIDS
FUTURE INITIATIVES

- "Guidelines Regarding Bid Irregularities" are included in the Instructions to Bidders section of every RFQ/RFP/RFT will be highlighted
- Review of Instructions to Bidders with Legal and Risk Management

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OPBA SURVEY & RESULTS

- Disqualification
  - Contacted 9 area municipalities
  - Only qualitative results are available for disqualification comparison
- Approval limits
  - Consistent with other Ontario municipalities and recommend no changes
- Insurance & bonding levels survey
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DISCUSSION
&
FEEDBACK