

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON TUESDAY, MAY 13, 2014
FROM:	MIKE TURNER DEPUTY CITY TREASURER
SUBJECT:	2013 COMPLIANCE REPORT IN ACCORDANCE WITH THE PROCUREMENT OF GOODS AND SERVICES POLICY

RECOMMENDATION

That, on the recommendation of the Deputy City Treasurer:

- a) As per the Procurement of Goods and Services Policy, Section 8.11 (c), an annual report of total payments required where a supplier has invoiced the City a cumulative total value of \$100,000 or more in a calendar year, **BE RECEIVED** for information (Appendix "A");
- b) The administrative contract awards for Professional Consulting Services with an aggregate total greater than \$100,000, as per Section 15.1 (g) of the Procurement of Goods and Services Policy, decentralized from Purchasing and Supply that have been reported to the Manager of Purchasing and Supply and have been reviewed for compliance to the Procurement of Goods and Services Policy, **BE RECEIVED** for information (Appendix "B");
- c) The list of administrative contract awards for Tenders with a value up to \$1,000,000 that do not have an irregular result, as per Section 13.2 of the Procurement of Goods and Services Policy, **BE RECEIVED** for information (Appendix "C").
- d) The City Treasurer or delegate is hereby delegated authority to at any time refer questions concerning compliance with the Procurement of Goods and Services Policy to the City's internal auditor and the City Treasurer or delegate is hereby further authorized to ratify and confirm completed awards or purchases between \$10,000 and \$50,000 where the City Treasurer or delegate is of the opinion that the awards or purchases was in the best interests of the Corporation.
- e) Subject to d), the Deputy City Treasurer and Manager of Purchasing and Supply certify the awards are in compliance with this policy.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

Compliance Reports in Accordance with the Procurement of Goods and Services Policy: Corporate Services Committee, April 23, 2013;
Finance and Administrative Services Committee, April 16, 2012;
Finance and Administration Committee, April 13, 2011.

BACKGROUND

In accordance with the Procurement of Goods and Services Policy, Managing Directors submit an informational report no later than March 1st to the Manager of Purchasing and Supply containing the details of the administrative contract awards made under Section 8.5 (c) for their respective Service Areas and administrative contract awards made in their area to any Professional Consulting Service firms with an aggregate total greater than \$100,000. To ensure complete transparency, an annual report of total payments is also required from the Finance Division to document where a supplier has invoiced the City a cumulative total value of \$100,000 or more in a calendar year. This report outlines total amounts billed by and paid for expenses incurred in 2013. Expenses are shown alphabetically in Appendix "B".

Legal accounts will be reported separately subject to solicitor-client privilege and the requirements of *MFIPPA*.

New Methodology

For 2013, we pulled the data for purchases between \$10,000 - \$50,000, directly from a General Ledger report for items that did not have Purchase Orders. This has been reviewed by the Manager of Purchasing and Supply for comparability to the Procurement of Goods and Services Policy. This new data provided a much more in-depth review for 2013. There were some minor items identified as a result of our review and all of these issues have been reviewed by the client Service Areas for root cause analysis, and corrective actions are being implemented by the Managing Directors.

A majority of these issues have been identified as minor findings between \$10,000 - \$20,000, and specifics of the issues have been communicated in each area and additional training has been provided, which will prevent future re-occurrences.

By providing the authority requested in Recommendation d) the City Treasurer or delegate will be able to identify and authorize any purchases that meet this criteria and can act on any items that may require internal audit attention.

Procurement Controls

The initiation of procurement is a controlled process at the City whereby staff must follow a controlled intake process that begins with a list of monetary approval limits established by Senior Administration.

Administrative Approval Forms are used by the Procurement Specialists/Officers to gather input and proper authorization to commence the bid solicitation process, and signing controls are used to verify authorizations.

In 2013, City Council delegated authority to Civic Administration to award Tenders (without an irregular result) up to \$1,000,000 administratively. This limit was further increased on December 17, 2013 to \$3,000,000. For transparency, a list of these Tenders is shown in Appendix "C". This will become part of the Annual Compliance Reporting as requested by the Corporate Services Committee on December 10, 2013.

The entire process is guided by the Procurement of Goods and Services Policy as per Schedule "A" (in effect from December 11, 2012 to December 17, 2013) without exception; this schedule is shown on Appendix "D". Please note that the current Schedule "A" has been further revised to reflect the increase in Administrative Tender approval to \$3,000,000 commencing December 17, 2013.

Scope of Responsibility

This review is limited to the City of London only and does not include Boards and Commissions procurement.

Acknowledgements

This report was prepared by John Freeman with the assistance of the Managing Directors and their staff.

SUBMITTED BY:	RECOMMENDED BY:
JOHN FREEMAN MANAGER, PURCHASING & SUPPLY	MIKE TURNER DEPUTY CITY TREASURER

Attachments:

- Appendix "A" – List of Suppliers > \$100K Annual Spend, Section 8.11 (c)
- Appendix "B" – List of Appointment of Professional Consulting Services, Section 15.1(g)
- Appendix "C" – List of Administratively Awarded Tenders < \$1M Section 13.2
- Appendix "D" – Schedule "A", Procurement of Goods and Services Policy