

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON SEPTEMBER 6, 2016
FROM:	MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	APEAL UNDER SECTION 2.9 OF THE PROCUREMENT OF GOODS AND SERVICES POLICY

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the appeal under Section 2.9 of the Procurement of Goods and Services Policy by PricewaterhouseCoopers L.L.P. (PwC) **BE DENIED.**

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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None.

BACKGROUND

There is a dispute mechanism in the Procurement of Goods and Services Policy, Section 2.9, which allows for proponents to appeal to the Corporate Services Committee, which is the authorizing body, prior to Council's final approval should they feel that there has been an injustice. Section 2.9 reads as follows:

"2.9 The City recognizes that mistakes and misunderstandings may occur; bidders may feel aggrieved and may seek to dispute the recommendation of an award of a contract. To maintain the integrity of the process, bidders who believe they have been treated unfairly can make this known by contacting the Manager of Purchasing and Supply prior to the award of the contract. Disputes shall be resolved as follows:

- a. A meeting between the bidder and the Manager of Purchasing and Supply;
- b. If (a) does not lead to a resolution between the bidder and the City, the bidder may appeal the decision to the City Treasurer;
- c. If (b) does not lead to a resolution between the bidder and the City, the bidder may appeal the decision to the Corporate Services Committee. Committee's decision and City Council's approval is final."

There has been one appeal to the Corporate Services Committee during this term of Council (January 19, 2016 Corporate Services Committee) and two to the previous Council term of which all were denied. Generally, proponents may not agree with the decision made, but understand the rationale for the decision upon review with either the Manager of Purchasing and Supply or the City Treasurer.

Request for Proposal (RFP) 16-36: Internal Audit Services, closed July 28, 2016. The City received five bid proposal submissions. One bid from PwC did not acknowledge all addenda **as per the mandatory requirement in section 10.3 (a) of the RFP.** This bid was rejected

automatically as per Schedule C, item 7 of the Procurement of Goods and Services Policy. Upon notification to PwC of their bid rejection, they requested to meet with the City as per section 2.9 of the Policy. These meetings took place on August 8, 2016 as per 2.9 (a) and again on August 12, 2016 as per 2.9 (b). These meetings failed to resolve the appeal as both parties' positions remained unchanged. Four remaining compliant bids still need to be evaluated by the City in order to identify a successful proponent. The award of a new contract is targeted for January 1, 2017.

The RFP document is very clear **citing in five separate areas that failure to acknowledge all addenda will result in the bid being rejected.** The Procurement of Goods and Services Policy is also very clear in Schedule C item 7, that this type of non-compliant bid should be automatically rejected.

PwC is still not satisfied that their bid should be rejected and is appealing the decision to the Committee for their review.

PREPARED AND SUBMITTED BY:	CONCURRED BY:
JOHN FREEMAN, CSCMP MANAGER, PURCHASING AND SUPPLY	ANNA LISA BARBON, CPA, CGA DIRECTOR, FINANCIAL SERVICES
RECOMMENDED BY:	
MARTIN HAYWARD, BA, CPA, CGA MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER	