

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON TUESDAY, APRIL 14, 2020
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	2019 COMPLIANCE REPORT IN ACCORDANCE WITH THE PROCUREMENT OF GOODS AND SERVICES POLICY

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer:

- a) As per the Procurement of Goods and Services Policy, Section 8.11 (c), an annual report of total payments where a supplier has invoiced the City a cumulative total value of \$100,000 or more in a calendar year, **BE RECEIVED** for information, attached as 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, attached as Appendix "B";
- c) The list of administrative contract awards for Tenders with a value up to \$3,000,000 that do not have an irregular result, as per Section 13.2 (c) of the Procurement of Goods and Services Policy, **BE RECEIVED** for information, attached as Appendix "C";
- d) The City Treasurer, or delegate, **BE DELEGATED** authority to, at any time, refer questions concerning compliance with the Procurement of Goods and Services Policy to the City's internal auditor. The City Treasurer, or delegate, is hereby further authorized to ratify and confirm completed awards or purchases between \$15,000 and \$50,000 where the City Treasurer or delegate is of the opinion that the awards or purchases were in the best interests of the Corporation.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Procurement of Goods and Services Policy Revisions, Corporate Services Committee, September 24, 2019, Consent Item #2.3; June 19, 2018, Consent Item #2.8,

Compliance Report in Accordance with the Procurement of Goods and Services Policy, Corporate Services Committee, April 16, 2019, Item #2.3; April 17, 2018, Item #2.3; March 28, 2017, Item #5; April 12, 2016, Item # 4; April 7, 2015, Item #6; May 13, 2014, Item #5; April 23, 2013, Item #3.

BACKGROUND

The Procurement of Goods and Services Policy outlines the processes to be followed in order to obtain the best value when purchasing goods, or contracting services for the

Corporation of the City of London. In accordance with section 8.11 (a), Managing Directors are required to submit an informational report no later than March 1st to the Manager of Purchasing and Supply containing the details of the informal quotation contract awards made under Section 8.5 (c) (i). Further administrative contract awards made in their area to any Professional Consulting Service firms made under Section 8.5 (c) (ii) with an aggregate total greater than \$100,000 in their respective Service Areas were also submitted to the Manager of Purchasing and Supply.

For information purposes, section 8.11(c) requires that an annual report of total payments by supplier (Appendix "A") is provided to identify where a supplier has invoiced the City a cumulative total value of \$100,000 or more in a calendar year. In 2019, the amount of suppliers who invoiced the City a cumulative value of \$100,000 or more was 491 (2018 - 517, 2017 – 369), a decrease of 26 suppliers. This report includes total amounts paid by the City during 2019, sorted alphabetically by supplier. This reporting requirements pre-dates the much more thorough annual compliance reporting that has been provided to Council since 2010.

The decentralized, administratively awarded Professional Consulting Service contracts that are aggregately greater than \$100,000 as per Section 15.1 (g) appear in Appendix "B". These awards were made in compliance with the Procurement of Goods and Services Policy.

Administratively Awarded Tenders with a value up to \$3,000,000 as per Section 13.2 (c) that do not have an irregular result are shown in the attached Appendix "C". When irregular results arise during the procurement process, those procurements follow Section 8.10 of the Procurement of Goods and Services Policy.

The Procurement of Goods and Services Policy (current revision dated October 1, 2019) identifies authorization thresholds, approval authority, and the associated Procurement policy section as per Schedule "A" of the policy, which is shown in the attached Appendix "D".

Purchases Between \$15,000 and \$50,000 Methodology

The data for 2019 purchases between \$15,000 and \$50,000 was directly extracted from the accounting system for items that did not have Purchase Orders. This has been reviewed by the Manager of Purchasing and Supply for compliance to the Procurement of Goods and Services Policy. There were some minor items identified as a result of our review; all of these issues have been reviewed by the client Service Areas for root cause analysis, and corrective actions are being implemented by the respective Managing Directors. The amount of issues continue to be significantly reduced and are at the same level as the 2018 reporting, which remains an all-time low.

Specifics of the issues have been communicated in each area and additional training has been provided, which will prevent future re-occurrences. 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 Procurement Process is controlled at every step beginning with monetary spending limits, authorized documentation to commence procurement and clear processes for soliciting bids at various authorization limits. Awards are clearly documented both administratively and by City Council. The process is documented and subject to audit. Furthermore, in 2018 the City implemented eProcurement which further "error-proofs" the bidding process and provides a digital audit trail that also further improves efficiency and effectiveness of resources while standardizing our processes. This new digital business platform continues to be very successful.

Further, over the past two years, internal audit through work performed by Deloitte, conducted a procurement process assessment along with a review of the consultant selection/ engagement and construction procurement practices with reports issued to Audit Committee.

This annual report provides an in-depth review of various types of procurement and spending levels. It is a continuous improvement tool designed to demonstrate the City’s Mission for transparency, fairness and competitiveness in public procurement.

Scope of Responsibility

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

Acknowledgements

This report was prepared by John Freeman with the assistance of Melissa McErlain and the Financial Business Support Team: Catherine Nie, Manish Anjani, Janice Brown, Douglas Drummond, Debbie Gibson, Laurie Green, Lisa Karlovcec, Lisa MacInnis, Annette Ripepi, and Steve Whitmore.

SUBMITTED BY:	CONCURRED BY:
JOHN FREEMAN, CSCMP, LSSGB MANAGER, PURCHASING & SUPPLY	IAN COLLINS, CPA, CMA DIRECTOR, FINANCIAL SERVICES
RECOMMENDED BY:	
ANNA LISA BARBON, CPA, CGA MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER	

- 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 < \$3M Section 13.2
 - Appendix “D” – Schedule “A”, Procurement of Goods and Services Policy