

## Section I – Items for Board of Directors Action

**TO:** Chair and Members of the Board of Directors  
Meeting #8/18, Friday, October 26, 2018

**FROM:** Michael Tolensky, Chief Financial and Operating Officer

**RE:** **PROCUREMENT POLICY**

---

### KEY ISSUE

Approval of Toronto and Region Conservation Authority's Procurement Policy.

### RECOMMENDATION

**THAT the Toronto and Region Conservation Authority's (TRCA) Procurement Policy (herein Policy) be approved and take effect on January 1, 2019;**

**AND FURTHER THAT the existing TRCA Purchasing Policy be repealed.**

### BACKGROUND

As per Resolution #A129/13 at Authority Meeting #6/16, held on July 26, 2013, TRCA's Purchasing Policy was approved and the Policy is to be reviewed every five years.

The Finance business unit led the review and update of TRCA's existing Purchasing Policy. The process was led by the Procurement Supervisor in consultation with external legal counsel, the Property and Risk Management business unit and an internal project team. The recommended Policy will take effect January 1, 2019.

### RATIONALE

Funding for TRCA's business activities are derived from a variety of sources, including municipal levies, provincial and federal grants and various TRCA generated revenues. As a result, TRCA is subject to the following procurement agreements and directive outlined below, collectively "the guidelines":

- Canadian Free Trade Agreement ("CFTA");
- Canada-European Union Comprehensive Economic and Trade Agreement ("CETA");
- Ontario-Quebec Trade Cooperation Agreement ("OQTCA"); and
- Broader Public Sector Procurement Directive ("BPS Directive")

The guidelines impose certain rules for the purchase of goods, services and construction when the estimated contract value meets or exceeds certain dollar thresholds.

The Policy was reviewed with the intent to increase transparency and examine opportunities to create organizational efficiencies, while ensuring the Policy is compliant with the guidelines. To assist in the review, the policies of municipalities, regions, conservation authorities and universities were examined. The recommended Policy establishes a clear governance framework that provides direction and oversight for all procurement activities, with the objective of conducting all expenditures in a fair and transparent manner, while obtaining the best value possible.

## Item 8.1

The recommended [Policy](#) includes the following general changes to the existing policy, as well as specific changes to expense authorization as it relates to limits and responsibilities of designated purchasing staff:

### General

- Procedural items included in the existing policy have been removed and all procedural items will be included in the Procurement Procedures;
- The recommended Policy incorporates the key requirements of the CFTA, CETA, OQTCA, and BPS Directive;
- Schedules have changed to include non-application items, discriminatory procurement practices, expense authorization, competitive thresholds and related documents;
- Competitive procurement thresholds reflect the requirements set out in the guidelines, particularly those for consulting services;
- The term used for non-competitive procurement is Limited Tendering to be consistent with the guidelines, therefore, replacing the previously used Preferred Source and Sole Source terminology;
- Items exempt from the expense authorization limits have been removed from the existing policy and will be detailed in the Procurement Procedures;
- Bid irregularities and actions to remedy them are procedural in nature and have been removed from the existing policy; and
- Authorization limits for the different stages in the procurement process are outlined for greater clarity, as highlighted below.

### Expense Authorization

- The recommended Policy formally outlines authorization required during all aspects of the purchasing process (procurement planning and agreement, purchase orders and purchase requisitions) (Schedules C and D of the [Policy](#));
- Approvals are streamlined and do not distinguish between competitive, non-competitive and emergency procurement, however, there is a distinction between consulting and non-consulting services;
- There is a higher level of risk associated with the procurement planning and award of contract stages, therefore, the majority of senior level approvals will occur during this stage, while approvals for regularly occurring purchase orders and payment requisitions are focused on managers and supervisors;
- The recommended Policy clearly defines the designated staff levels and their authorization limits, rather than generally referring to CEO or designate for authorization to award;
- Authorization limits increased for certain levels to be more closely in line with the review of other regional, municipal and conservation authority partner limits; and
- Approvals from Procurement and Legal Services, Accounting Services, and Controller, and Chief Financial and Operating Officer are formally incorporated into the Policy.

As a result of the recommended changes, staff anticipates a realization of organizational efficiencies and improved risk management. For example, an emphasis on procurement planning is expected to reduce any redundancy and administrative costs associated with conducting several procurement processes for the same or similar goods or services across the organization. An increase in certain authorization limits is also expected to expedite the procurement process for procurements less than \$100,000. Finally, distributing key staff approvals throughout the process at the appropriate time, as well as including formal approval from Procurement and Legal services, are measures expected to improve TRCA's ability to effectively manage risk throughout the process.

## Item 8.1

### DETAILS OF WORK TO BE DONE

The following represent key action items to be completed by January 2019 and following the approval of this Policy:

- Continue with amendments to Procurement Procedures;
- Train staff on changes to the Policy affecting agreements being entered into from January 2019 onwards;
- Update existing procurement databases to reflect revised expense authorization limits and levels;
- Improve TRCA's internal web page for updates to procurement processes (Staff Hub);
- Update procurement and agreement templates; and
- Review the Policy in five years or sooner if required.

Report prepared by: Lisa Moore, extension 5846

Emails: [lmoores@trca.on.ca](mailto:lmoores@trca.on.ca)

For Information contact: Lisa Moore, extension 5846,

Pamela Papadopoulos, extension 5973

Emails: [lmoores@trca.on.ca](mailto:lmoores@trca.on.ca), [ppapadopoulos@trca.on.ca](mailto:ppapadopoulos@trca.on.ca)

Date: September 10, 2018

Attachments: [Link to Recommended Procurement Policy](#)