

To:	Warden Milne and Members of County Council
Committee Date:	November 28, 2024
Subject / Report No:	FR-CW-36-24
Title:	Updates to County Purchasing Policy
Prepared by:	Mike Alguire, Purchasing Manager
Reviewed by:	Kim Wingrove, Chief Administrative Officer and Mary Lou Spicer, Director of Finance/County Treasurer
Lower Tier(s) Affected:	

Recommendation

1. That report FR-CW-36-24 regarding updates to the County Purchasing Policy be received; and
2. That the proposed Grey County Purchasing Policy be adopted as presented; and
3. That By-law 5074-20 being Grey County's Purchasing Policy be repealed and an updated Purchasing Policy by-law be prepared for Council's consideration.

Executive Summary

The County's purchasing policy was last updated in January 2020. According to the policy, the review period should be every 5 years or as required. Some clerical updates are required as well as procedural updates to help streamline the award process, and gain efficiencies with low dollar acquisitions. The County Purchasing Policy will continue to have a focus on fair, open and transparent purchasing practices. The report recommends updating the amount eligible for direct purchase from \$5,000 to \$20,000. All procurements with a value over \$20,000 must be undertaken by the purchasing department. Also, once a procurement has been approved in the budget, it will not come back to council for a second approval unless the Treasurer or CAO direct this. Any purchase exceeding the budgeted amount by over 10% requires signoff by the Treasurer and overages beyond 20% require the CAO and Treasurer to sign off.

Background and Discussion

Every year, purchasing staff facilitate over one hundred various procurement documents. It is important that these transactions are conducted with efficiency and transparency. Purchasing's goals are to ensure that the County receives the best value for money, that the bidding community is treated fairly, and accountability is maintained throughout the process. The proposed authorization limits that staff will adhere to have been updated with consideration of best practice throughout the province, as well as with our neighbouring municipalities.

Legislated Requirements

Section 270 of the Municipal Act, 2001 states that a municipality shall adopt and maintain a policy with respect to procurement of goods and services.

Proposed Updates

In the existing policy, staff are required to competitively quote all items that exceed \$5,000. The effort and time taken to create standardized bid documents for items at this cost often negate any value gained through a competitive process, both from a cost and timing perspective. Through discussions at the Lean Facilities and Management training held in August 2024 with key staff in attendance, direction was given to increase this authorization limit to put an emphasis on quick turnaround for these lower cost items. The proposed limit for direct purchases is up to \$20,000. The "informal quotation" process is recommended to be removed from the policy. "Informal quotation" allowed departmental staff to seek competitive quotes on their own, often without oversight by Purchasing. With the new policy, all items to be procured that are more than \$20,000 will be coordinated and administered by Purchasing staff.

Another proposed change with an eye on timely procurement and subsequent awards, is moving from Council approving all contracts exceeding \$500,000, to Senior Management authorizing all contracts, provided that the award amount is included in the current year's approved budget. Protocols have been added to ensure the Director of Finance approves awards over \$75,000 that exceed budget and when awards are in excess of 20% over budget, the Director of Finance and the Chief Administrative Officer must approve. There may be instances where the Chief Administrative Officer or Director of Finance deem it to be in the County's best interest that Council approves the award.

Many clauses in the current policy have been reviewed and, in some cases, revised to be more concise and provide greater clarity without changing intent. Vendor Performance, Dispute Resolution, Suspension of Bidders, and Accessibility required a more comprehensive re-write. Additions under items that require a report to Council have been added.

Relevant Consultation

Internal (list)

- AODA Compliance (describe)
- Contribution to Climate Change Action Plan Targets (describe)
- External (list)

Appendices and Attachments

2024 Purchasing Policy Rewrite