



REPORT TO

REGULAR BOARD

REVIEW OF PURCHASING POLICY F.P.01

“We can't have full knowledge all at once. We must start by believing; then afterwards we may be led on to master the evidence for ourselves.”

St. Thomas Aquinas

Created, Draft	First Tabling	Review
March 5, 2019	March 19, 2019	June 13, 2019

M. Farrell, Coordinator, Materials Management
 P. De Cock, Comptroller of Business Services & Finance
 P. Aguiar, Superintendent of Education

RECOMMENDATION REPORT

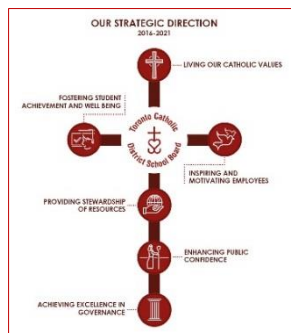
Vision:

At Toronto Catholic we transform the world through witness, faith, innovation and action.

Mission:

The Toronto Catholic District School Board is an inclusive learning community uniting home, parish and school and rooted in the love of Christ.

We educate students to grow in grace and knowledge to lead lives of faith, hope and charity.



Rory McGuckin
 Director of Education

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 Associate Director
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 Associate Director of Facilities,
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 Development, and
 Chief Financial Officer

A. EXECUTIVE SUMMARY

The Purchasing Policy F.P. 01 has been revised and updated to better meet Board operational requirements and reflect changes in the area of public sector procurement.

The changes are consistent with the principles of the Multi Year Strategic Plan in terms of stewardship of resources, excellence in governance and financial accountability.

The policy is also being changed to ensure alignment to and compliance with the requirements outlined in the Broader Public Sector (BPS) Procurement Directive and the new inter provincial Canada Free Trade Agreement(CFTA) and the Canada-European Union Comprehensive and Economic Trade Agreement (CETA).

This report recommends the Governance and Policy Committee recommend to the Board of Trustees approval of the revised Purchasing Policy F.P.01.

The cumulative staff time required to prepare this report was 6 hours.

B. PURPOSE

This Recommendation Report is on the Order Paper of the Governance Policy Committee for scheduled review.

C. BACKGROUND

1. Purchasing Policy F.P.01 was last revised in November 2014. The revisions included a higher delegated approval limit for the Director of Education where a budget or project had been approved by the Board. The intent of this delegation was to streamline standard procurement awards, accelerate project start ups and remove reports on a Board agenda for an approval where the award had already been determined through a competitive bid process.
2. The revisions have made the policy more straightforward and easily understood by clearly delineating policy objectives and regulations. Procedural steps related to the policy and regulations have been included in a Purchasing Manual.

D. EVIDENCE/RESEARCH/ANALYSIS

1. The delegation of approval for all contract awards has increased the operational effectiveness and administrative efficiency by facilitating faster contract awards and project initiation.
2. Elimination of procurement recommendation reports from the Board agenda has reduced the number of Board/Committee agenda items.
3. There are no changes to the Policy section while some Regulations have been revised. The revised version complete with mark-ups to highlight the changes appears in Appendix A and are listed below:
 - i. The Cross Reference section was updated to remove two deleted policies and to include two new trade agreements- the interprovincial Canada Free Trade Agreement (CFTA) and the Canada-European Union Comprehensive and Economic Trade Agreement (CETA).
 - ii. A minor change was made to the wording of Regulation 18 with respect to a sole source to include a reference to single sourcing which is now listed in the Definitions section.
 - iii. Regulation 21, the Supply Chain Code of Ethics, was amended to include a reference to the Procurement Directive.
4. The following two Regulations are recommended for deletion:
 - Regulation 10, which requires all contracts to be reviewed centrally, has been determined to be impractical to manage given the number of small value contracts that schools and departments have over the course of a year.
 - Regulation 17, that notes that a Purchasing Procedures Manual will provide direction and guidance to staff, is redundant and no longer required as the Manual is now listed an Appendix to this Policy.
5. After an initial review by the Governance and Policy Committee meeting of March 20,2019, further revisions were made and have now been included in policy in Appendix A:

- Regulation 7, the removal of duplicate wording “to any”.
 - Regulation 10, the addition of the word “strictly” to emphasize that lobbying during a competitive procurement is strictly prohibited.
 - Regulation 11 has been further amended to clarify the Board’s right to exclude a vendor or proponent from future procurements.
6. The 2014 Purchasing Policy revisions increased the delegated authority of the Director of Education to approve contract awards and expenditures where the budget, project or report have been approved by the Board and which are in compliance with the Procurement Directive. The intent was that such delegation would increase operational effectiveness and administrative efficiency by facilitating faster contract awards and project start-ups for traditional procurements and previously approved projects. In addition, removal of these recommendation reports would help to streamline Board agendas and meetings.
 7. Additional rationale for this change was that the financial and fiscal responsibilities for school operations continues to be more clearly prescribed. The procurement environment has always been subject to evolving contract law and provincial and federal trade agreements. The introduction of the Procurement Directive in the Broader Public Sector has now introduced mandatory requirements, which must be followed in arriving at a recommendation for an award.
 8. An award to other than the compliant low bid or highest scoring proponent could be construed as a breach of contractual obligations and result in a legal or trade agreement challenge with attached liability. In these circumstances, the Board would not reverse a recommendation that has followed contract law and the BPS mandatory requirements. Board approval would be more or less a formality that was required only because of the then stipulated limit in the Purchasing Policy.

9. The 2014 policy stated three exceptions to the delegation authority of the Director of Education:
- new school construction and major school additions;
 - contracts which have exceeded the approved budget;
 - significant strategic initiative.
10. The term **significant strategic initiative** was introduced as a way of identifying new or non-standard procurements to the Board of Trustees. Such initiatives would be required to come to the Board of Trustees for approval. A significant strategic initiative is defined as a departure from traditional procurement activities, which has yet to receive Board approval and may commit the Board to long term expenditures based on new evidence or theory requiring a different strategy. This may include first-time partners or a new category of contract.
11. As a result of discussion at the Governance and Policy Committee, two additional Procurement Reporting mechanisms have been established:
- Procurement and tender awards will be posted on the Board’s main webpage under the **Tendering Information** tab.
 - A list of Sole and/or Single source purchases report will be provided to the Audit Committee on a quarterly basis.
12. At the Governance and Policy Committee Meeting of June 4, 2019 the Policy and regulations were amended as follows:
- *The Board of Trustees delegates to the Director of Education the authority to approve the award of all contracts and expenditures up to \$50,000. All other contracts and expenditures, greater than \$50,000 must be approved by the Board of Trustees before any money is spent.*
 - *Regulation 13: That the word “exits” be replaced with “exists” and that a definition of an Emergency Situation be added to the Definitions List.*
 - *Regulation 15: That the word “up” be added after “limited”; and*
 - *Regulation 11: revised include the provision that violation by a vendor of the lobbying provision in the Purchasing Policy will disqualify the vendor for up to 5 years at the Board’s discretion.*

E. IMPLEMENTATION, STRATEGIC COMMUNICATIONS AND STAKEHOLDER ENGAGEMENT PLAN

Implementation of the revised delegation of authority will require a department by department review of the status of current and proposed procurements and expenditures, which will exceed the established \$50,000 threshold.

Going forward all departments will be required to incorporate the need for Board approval when planning new procurements greater than \$50,000 for both competitive and non-competitive procurements.

SAP Purchase Order release authority for the Executive Superintendent of Facilities will be reduced from the current limit of \$50,000. Other limits and expenditure levels will also be reviewed.

The Purchasing Procedures Manual will be revised to reflect the change to delegation of authority for staff.

Reports for Tender and RFP awards will continue to be reviewed by the various delegated authorities prior to submission to the Board of Trustees for approval.

Reports for expenditures that are not subject to a procurement process (e.g. annual SAP Licence Agreement renewal), are sole or single source must also be reviewed prior to submission to the Board of Trustees for approval.

There will be an increase in number of procurement reports on Board Agendas. The format and scheduling of these reports has yet to be determined however, options include one larger report for all RFPs and tenders or individual reports or briefing notes for RFPs, tenders and non-competitive procurements or expenditures.

Timeliness of approvals at Board will determine the impact on overall Board operations particularly with respect to the number of tenders for the Renewal Program. Contracts not approved in a timely manner may have reduce the ability generate the volume of work that has been approved and funded by the Ministry.

Change Orders are time sensitive and can impact a project's progress. Providing preapproval for Change Orders within the original tender report to Board will reduce the need to return to Board for subsequent approvals. Reporting would be by way of an Information Report for all Change Orders in a given period and reduces the potential for the same project to come back to the Board multiple times.

In order to avoid delays in program, service and product and services, departments will need to develop detailed list of anticipated purchase for the fiscal year taking into account the date of the required deliverable and Board approval. This will include scheduling procurement and non-procurement (e.g. Fully Alive textbook purchases) activities.

Departments will also be instructed with respect to the Government of Ontario Centralized Procurement Initiative must also be factored in to all schedules. The Initiative requires boards to check for an existing Vendor of Record(VOR) arrangement from either Ministry of Government and Consumer Service (MGCS) or the Ontario Educational Collaborative Marketplace(OECM). If no VOR exists or if the board has reason for issuing on its own must file a Rationale Report Form 45 days before issuing a procurement.

To ensure a smooth transition resources will need to be allocated or reallocated to assist departments organize their procurement schedules in order to avoid will slow down various programs. There are currently multiple areas where contracts are maintained usually in the respective department. A centralized contract database should be developed to collate and manage contracts.

In the event of an emergency as defined in this Policy and accompanying Procedures manual, the approval requirements of the Purchasing Policy shall not apply, and administration shall take immediate necessary action to make the repairs and the expenditure will be reported to the appropriate authority level.

Staff Recommendation

That the Board adopt the policy as recommended by the Governance and Policy Committee