

**HALIFAX**

**Administrative Order  
2016-005-ADM  
Procurement Policy**

Presentation to Audit and Finance  
Committee July 20, 2016

# Overview of Presentation

- Why recommend changes to the Policy?
- Who was consulted?
- What did we discover?
- How would the Purchasing process change?
- What are the practices/policies of other jurisdictions?
- How would award and signing authority change?
- How would the Policy guide contract management?
- How do we handle surplus assets?

# Why are we recommending changes to the Policy?

- Council requested that the CAO conduct a review of the Procurement and Payment related Policies, specifically Administrative Order 35, to ensure that HRM is advancing the award of projects and payments in a timely and appropriate manner.
- The April 2014 Auditor General Review of the Washmill Court Extension Project suggested that the Procurement Policy could be clearer as it relates to certain delegated authorities, including the ability to approve contract amendments and increases.

# Who did we talk to?

- Internal clients including:
  - Transportation and Public Works
  - Operations Support
  - Parks and Recreation
  - Legal Services
- Province of Nova Scotia
- External Market Representation
  - Construction Association of NS (CANS)
  - Consulting Engineers of NS (CENS)
- Other Policies
  - Ottawa
  - Winnipeg
  - Hamilton
  - Province of Nova Scotia

# What did we discover?

- Opportunities for:
  - Improved and shortened Award recommendation processes and reduction of “red tape”
  - Adding marketplace clarity via consistency with other levels of Government who are tendering within the Municipality
  - Recognition that Council has already approved most Capital Projects through the Budget Process
  - The need for defined standards for each process and point of approval

# Who would the Policy apply to?

- All HRM Business Units including Police and Fire, as well as Halifax Public Libraries
- Directors and CAO are responsible for compliance
- Responsibilities of Procurement and client Business Units are clearly defined
- Purchases made by Agents are subject to the terms of their individual contract with HRM

# How would the purchasing process change?

- Aligns our solicitation and public advertising processes with the Public Procurement Act, the Atlantic Purchasing Agreement, and Province of Nova Scotia practices.
- Changes enable non-binding procurement processes, such as Negotiable RFPs, as a risk mitigation tool.
- Although Public Openings are no longer mandated, bid information is still posted online within 24 hours of closing, as per the Public Procurement Act.

# What about the engagement of Engineers and associations?

- Constraints and processes for the engagement of Engineers and Architects are aligned with the Province of NS and Trade Agreements, to provide the professional community with a consistent approach.
- Some categories have been added to more closely reflect the Atlantic Purchasing Agreement.
- Council and staff have some discretion related to Cultural Enterprise, subject to their respective authorities.



# What are the practices/policies of other jurisdictions?

The Province of Nova Scotia, the City of Hamilton, the City of Ottawa and the City of Winnipeg procurement policies were reviewed and are summarized

# What are the practices/policies of other jurisdictions?

Jurisdiction	Approvals (in General Terms)	Pro	Con
Hamilton, ON	<p>RFPs and Tenders for Goods are approved at the Director level up to \$100,000, CAO level up to \$249,000, and Council level, \$250,000 and above except for linear construction.</p> <p>Linear construction tenders of any amount approved at Director level and executed by Director and CAO/City Manager as long as the construction does not exceed 10% or \$250,000 above the estimate and the funds are budgeted.</p>	<p>Expedites the award of TPW contract (roads, streets, sidewalks, bridges.)</p>	<p>Does not streamline award process for goods and services and building construction.</p> <p>Approval structure adds complexity to award process which may slow down awards and confuse staff.</p>
Winnipeg MB	<p>CAO or their delegate approves all contracts up to \$5,000,000 where the funds are budgeted, and all standing offers not exceeding 5 years and not exceeding \$5,000,000 as long as there is no absolute commitment of funds not yet approved by Council. CAO approves Sole Source up to \$1,000,000. Awards outside CAO authority are approved by Standing Committee but awarded by CAO.</p>	<p>Expedited award of contracts under \$5m</p> <p>Recognizes requirements for Ministerial Approval and Council Oversight.</p> <p>Standing Committee approval relieves some Council workload.</p> <p>Similar approach can work without a Standing Committee.</p>	<p>Council may not wish to defer delegation of authority to CAO.</p>

# What are the practices/policies of other jurisdictions?

Jurisdiction	Approvals (in General Terms)	Pro	Con
Ottawa ON	Quotations are approved at the Director level up to \$100,000. Director limits increase to \$500,000 for RFPs and Tenders, DCAO/CAO approves all budgeted RFP's and Tenders over \$500,000, and Sole Source over \$100,000, All awards require agreement of the Procurement Manager.	Streamlines award process by giving 100% of authority to award budgeted tenders to CAO	May remove some Council oversight in regard to high value projects.
Province of NS	Deputy Minister of the spending department approves budgeted procurements at requisition phase and awards are reported when executed. Legislature approves at Budget phase.	Streamlines award process by giving 100% of authority to award to the Deputy Minister	May remove some Council oversight in regard to high value projects

# How would award and signing authority change?

- Increase authority limits for standard purchases for Director from \$50,000 to \$100,000, and for CAO from \$500,000 to \$2,000,000.
- Increase the authority limits for sole source purchase approval by the CAO from \$50,000 to \$100,000, and the Director from \$25,000 to \$50,000
- Change the limit for Business Unit authority to make low value purchases from \$1,000 to \$10,000

# How would award and signing authority change?

- Confirm the Manager of Procurement and Director of Finance as authorities for Standing Offers.
- Combine award authority and signing authority
- Allow the CAO to exercise options to extend contracts within certain constraints.

and

- Reduction in volume of awards that must be approved by Halifax Regional Council

# What is a Conditional Award Authority?

- Attempts to balance Jurisdictional Scan with authority of the CAO, and recognition that Council has already approved the Project Budget
- Allows the CAO to delegate their full award authority if the Project Budget has been approved by Council and the low bid is within (+10%) of pre-tender estimate.
- These changes are expected to decrease the period between closing and award by one to six weeks, which is one of the drivers of the Policy Change.

# How would the Policy guide contract management?

- Clear description of authority which reflects recommendations of the Auditor General
- Clear delegation of responsibility which reflects the need for clarity noted by the Auditor General
- Clear procedures and authorities for Amendments, Options, Assignments and Terminations

# How would we handle surplus assets?

- Allows for the CAO to donate or sell at less than market value to NFP, Agents, Government.
- Allows that the CAO may redirect decision to Council.
- Contemplates that some surplus assets are unsaleable.



# What are the expected improvements?

- Provides a clear roadmap to Procurement activity, responsibilities and authorities related to Procurement
- Provides a more streamlined contract award and execution process.
- Places appropriate accountability on staff in regard to contract management.
- Reflects Procurement Act and Trade Agreements

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**Questions?**