



Purchasing Policy (P017) Review, Phase 1

To: Governance and Policy Committee

Date: 11 September, 2019

Report No.: 09-19-3708

Strategic Directions

- Allocate Human and Financial Resources Strategically to Support Student Needs

Recommendation

It is recommended that the Policy Review Work Plan, as presented in this report, be approved.

Context

During the 2018/19 fiscal year, staff identified certain areas in the Board's Purchasing Policy (P017) (the "Policy") (see Appendix A) that require clarification and alignment with new legislation. Staff is proposing to initiate the review of the Policy in the 2019/20 fiscal year in accordance with the Policy Development and Management governance procedure (PR501) and the corresponding Policy Review Process approved by the Board of Trustees on February 6, 2019.

The proposed revisions to the Policy as outlined in the Policy Review Work Plan (see Appendix B) are based on a review of legislative requirements, government policy directions, including the Ontario Broader Public Sector Procurement Directive, and operational requirements. As part of the Policy Review Work Plan, staff completed a jurisdictional scan of similar policies from other school boards and municipalities (see Appendix C).

Action Plan and Associated Timeline

Based on the Governance and Policy Committee's input, the Policy will be reviewed in accordance with the Policy Review Work Plan and subsequently presented to the

Governance and Policy Committee for consideration and recommendation. The Policy will then be presented to the Board of Trustees for final approval.

Resource Implications

No additional resources will be required for the review of this Policy.

Communications Considerations

The Policy will be communicated in accordance with the Policy Review Work Plan.

Board Policy and Procedure Reference(s)

- Architect Selection Policy (P026)
- Executive Signing Authority (P082)
- Consulting Services Procedure (PR680)
- Delegation of Authority Procedure (PR711)
- Occupational Health and Safety Purchasing Specifications (PR674)

Appendices

- Appendix A: Purchasing Policy (P017) (current)
- Appendix B: Policy Review Work Plan
- Appendix C: Scan of Selected School Boards, Municipalities and Post-Secondary Institutions

From

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Toronto District School Board

Policy P017

Title: **PURCHASING**

Adopted: October 24, 2001

Revised: April 10, 2002; January 28, 2004; September 21, 2005;
January 31, 2007; May 18, 2011; **June 17, 2015**

Reviewed: November 2011

1.0 OBJECTIVE

To establish administrative requirements for the purchase and supply of materials, equipment and services

2.0 RESPONSIBILITY

Associate Director, Finance and Operations

3.0 DEFINITIONS

Consultant means a person or entity that under an agreement, other than an employment agreement, provides expert or strategic advice and related services for consideration and decision-making. An individual or organization is considered a consultant if they provide the following services:

- Management Consulting (i.e. helping improve performance, primarily through the analysis of existing problems and development of plans for improvement. This includes organizational change management assistance and strategy development);
- Information Technology Consulting (i.e. advisory services that help clients assess different technology strategies, including aligning their technology strategy with their business or process strategy);
- Technical Consulting (i.e. strategic advice related to actuarial science, appraisal, community planning, employment/placement, engineering, health sciences, interior design, realty, social sciences);
- Policy Consulting (i.e. the provision of advisory services to provide policy options, analysis and evaluation);
- Communication Consulting (i.e. the provision of strategy and advice in conveying information through various channels and media

Consulting Services is the provision of expertise or strategic advice that is presented for consideration, and decision making.

Non-Consulting Service Provider is an individual/company who contracts to provide services, other than consulting services to another individual or business. Examples may include “consultants” such as property brokers, head hunters or trainers.

(See Appendix A for examples of consulting services and non-consulting service providers and exemptions.)

4.0 POLICY

4.1. General

- (a) Purchasing and Distribution Services shall be responsible for the purchase and supply of all materials, equipment and services required by the Board, except land purchases, insurance, employee fringe benefit contracts and miscellaneous petty cash and purchase-card purchases.
- (b) Purchasing and Distribution Services shall not make any purchases on behalf of employees or members of the Board.

4.2. Musical Instrument Repair

Schools shall use only the vendors approved by the Board when purchasing repairs to musical instruments.

4.3. Legal Services

Prior to a Request for Proposal being issued for legal services, staff shall present a clearly defined selection process, including trustee participation, for the Board’s consideration, and the participating trustee or trustees shall be appointed by the Board.

4.4. Approval Authority

- (a) Contracts for consulting services* up to \$50,000 shall be acquired using the Request for Quotation process and may be approved by the Director, or designate.
- (b) Contracts over \$50,000 for consulting services shall be acquired using the Request for Proposal process and approved by the Board prior to an award.
- (c) Where a sole-source consulting services contract exceeding \$50,000 is deemed necessary, the user department shall receive Board approval prior to an award.
- (d) Contracts for goods and non-consulting services over \$50,000 and up to \$175,000, exclusive of taxes, may be approved by the Director, or designate, and presented to the appropriate standing committee for information, except those undertaken by Facility Services.

* See definitions below

- (e) Contracts for goods and non-consulting services over \$175,000 and up to \$250,000, exclusive of taxes, may be approved by the appropriate standing committee and presented to the Board for information.
- (f) Contracts for goods and non-consulting services over \$250,000, exclusive of taxes, shall be approved by the Board, except those undertaken by Facility Services.

4.5. Facility Services Contracts

- (a) Contracts for goods, non-consulting services, and construction/maintenance undertaken by Facility Services over \$50,000 and up to \$500,000 may be approved by the Director, or designate, and presented to the appropriate Board standing committee for information.
- (b) Contracts for goods, non-consulting services, and construction/maintenance undertaken by Facility Services over \$500,000 and up to \$1,000,000 may be approved by the appropriate standing committee and presented to the Board for information.
- (c) Contracts for goods, non-consulting services, and construction/maintenance over \$1,000,000 undertaken by Facility Services shall be approved by the Board.
- (d) The approval requirements in the purchasing policy shall not apply in the event of an emergency which includes, but is not limited to situations where a risk to health and/or safety of students and/or staff exists, or situations where a risk exists of imminent damage to any of the Board's school sites, properties or facilities.
- (e) The Director, in consultation with the Chair of the appropriate standing committee, may call meetings to approve contracts during months where there are no scheduled meetings and report such approvals at the first scheduled Board meeting.

4.6. Collaborative Services

The Board is committed to working collaboratively with other boards and, where applicable, other public sector agencies, to develop cooperatives and shared services in a wider range of board operations.

4.7. Accountability

The Director shall present a report to the Board, in October of each year, outlining all collaborative ventures entered into by the Board during the previous fiscal year including the measurements and effectiveness of existing collaborative ventures.

5.0 SPECIFIC DIRECTIVES

The Director has authority to issue operational procedures to implement this policy.

6.0 REFERENCE DOCUMENTS

PR.680 Consulting Services

Appendix A

1. Examples of Consulting Services

- (a) Communications – an individual or organization is engaged to develop a communications strategy;
- (b) Training – an individual or organization is engaged to develop a training plan for the organization;
- (c) Professional Services – an architect is engaged to develop a ten year strategy;
- (d) Information Technology – an organization is engaged to develop an IT strategy;
- (e) Operations – an individual or organization is engaged to assess operational performance;
- (f) Executive Management – an individual is engaged to advise the executive team on communicating to the media;
- (g) Employment – an individual is engaged on retainer to provide ongoing expertise to the organization.

2. Examples of Non-Consulting Service Provider

- (a) Communications - an individual or organization is engaged to design a newsletter;
- (b) Training – an individual is engaged to develop and deliver a specific training program;
- (c) Professional Services – an architect is engaged to design a specific building;
- (d) Information Technology – an individual is engaged to create a data base that will support an IT implementation;
- (e) Operations – an individual or organization is engaged to implement process improvements on specific operational processes;
- (f) Executive Management – an individual is engaged to facilitate executive team building sessions;
- (g) Employment – a specialist is engaged on a temporary basis to manage a specific assignment but is **not** on the payroll;
- (h) Employee – an individual is hired on a full or part time temporary basis and is on the payroll.

Exemptions

Services that do not constitute Consulting Services as defined above include:

- (a) Services provided under an employee-employer relationship and paid through Payroll;
- (b) Contracted-out/outsourced services which include, but may not be limited to, snow removal, cafeteria operations; cartage; etc.;
- (c) Fees, which include, but may not be limited to, honoraria, training courses instruction, etc.;
- (d) Tendered work for which the task to be done and the method used to do it are both known, and suppliers/contractors compete only on price;
- (e) Temporary clerical and/or technical staff that is hired directly or through agencies (e.g. Office Overload, Pinstripe, etc.) on a per diem basis to address peak period needs and/or temporary staff shortages;
- (f) Auditing and Banking services.

POLICY REVIEW WORK PLAN

Date: [August 22, 2019](#)

All policies will be reviewed to ensure consistency with the TDSB's Mission, Values and Goals Policy (P002), the Equity Policy (P037) and the Board's Multi-Year Strategic Plan.

POLICY INFORMATIONPolicy Title and Policy Number: [Purchasing Policy \(P017\)](#)Review during fiscal year: [2019/2020](#)Last reviewed: [June 17, 2015](#)Director's Council member responsible for this Policy review: [Associate Director, Business Operations and Service Excellence](#)**Phase I. PLANNING AND OBTAINING TRUSTEES' DIRECTIONS**

This Policy Review Plan has been discussed with the Policy Coordinator:

- Yes
 No

This Policy Review Work Plan will be discussed at the Governance and Policy Committee meeting held on:

Phase II. REVISIONS**Formatting Changes**

The Policy will be reformatted to ensure alignment with the current Policy Template (Operational Procedure PR501, Policy Development and Management, Appendix A):

- Yes
 No

Content Changes

The Policy requires content revisions:

- Yes
 No

The content changes are due to the following reason(s):

- Legislation
- Government directives/policies
- Board decisions
- Multi-Year Strategic Plan requirements
- Operational requirements
- Simplify and/or update using plain language
- Alignment with Equity Policy

Detailed information on the proposed content changes:

- Incorporate relevant policy statements found within the Purchasing and Distribution department's internal document such as:
 - Including general requirements under the competitive bidding process as well as non-competitive purchasing;
 - Introducing the total cost of ownership model and the relationship of purchasing to Board priorities including the stewardship of Board resources;
 - Adding provisions relating to suppliers, including vendor of record process, vendor performance and vendor responsibilities;
 - Expanding the Collaborative Purchasing section with information on cooperative purchasing; and
 - Including general statement regarding public tender/proposals process.
- Alignment of the policy with requirements of the Canada Free Trade Agreement and the Canada-European Union Comprehensive Economic and Trade Agreement, specifically:
 - Collection and reporting of procurement statistics;
 - Revised/expanded rules and procedures around bid posting periods, evaluation criteria, posting of contract award information, and vendor debriefings
 - Bid dispute procedures
- Consider merging of the Purchasing Policy (P017) with the Architect Selection Policy (P026);
- Incorporate and/or clarify elements of the Broader Public Sector Procurement Directive as necessary;
- Enhance the Accountability section of the Policy including introduction of Code of Ethics and Conflict of Interest sections;
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- Include environmental purchasing consideration as a criterion for procurement; and
- Equity considerations as part of the purchasing criteria, consistent with the

TDSB's Equity Policy (P037).

A review of leading practices for similar policies across jurisdictions has been completed and is included with this Work Plan.

Phase III. INTERNAL REVIEWS AND SIGN-OFFS

The Policy review will include TDSB divisions affected by the Policy:

- Business Operations and Service Excellence
- Equity, Well-Being and School Improvement
- Human Rights and Indigenous Education
- Learning and School Improvement
- School Operations and Service Excellence

In addition, the following departments will be required to sign-off on the proposed Draft Policy:

- Legal Services
- Governance and Board Services
- Government, Public and Community Relations

A sign-off from the Director of Education will be obtained before proceeding with external consultations and/or Committee/Board approval.

- Director of Education

Phase IV. EXTERNAL CONSULTATIONS

Are external consultations applicable to this Policy?

- Yes
- No (*Ministry of Education mandated policy or corporate policy without external stakeholders*)

Mandatory external consultations will include, at a minimum:

1. Posting of the working draft Policy on TDSB website for public feedback (45 days minimum): 45 days
2. Extending invitations for consultation to:

Student Senate

and

all Community Advisory Committees of the Board and conducting consultations with the Community Advisory Committees that expressed interest (either individually with each interested committee or collectively with representatives of all interested committees): [January - February 2020](#)

- Alternative Schools Community Advisory Committee
- Black Student Achievement Community Advisory Committee
- Community Use of Schools Community Advisory Committee
- Early Years Community Advisory Committee
- Environmental Sustainability Community Advisory Committee
- Equity Policy Community Advisory Committee
- French-as-a-Second-Language Community Advisory Committee
- Inner City Community Advisory Committee
- LGBTQ2S Community Advisory Committee
- Parent Involvement Advisory Committee (PIAC)
- Special Education Advisory Committee (SEAC)
- Urban Indigenous Community Advisory Committee

In addition to mandatory consultations, other external participants and projected dates of consultation(s) include:

- School Councils
- Professional Associations and Unions
- Other:

The following methods will be applied in the external consultations:

- Public meeting
- Facilitated focus group
- Call for public delegations
- Expert panel discussion
- Survey
- Posting on the TDSB website
- Other:

Phase V. COMMITTEE/BOARD APPROVALS

Following external consultations and revisions, the working draft Policy will be presented to the Governance and Policy Committee on the following date: [March - April 2020](#)

Following recommendation by the Governance and Policy Committee, the revised Policy will be presented to the Board on the following date: [May - June 2020](#)

Once approved, the revised Policy will replace the existing policy on the TDSB website.

Phase VI. IMPLEMENTATION

Following Board approval, the final revised Policy will be communicated through:

- Posting of the revised Policy on the TDSB website through the Policy Coordinator
- Sharing with staff through the System Leaders' Bulletin and the TDSB Connects
- Informing departments at staff meetings and channeling information to the school principals through respective superintendents
- Implementation of a broad communication plan for internal and external audiences, include summary of policy revisions and expected outcomes

Policy implementation will include:

- Conducting information/training sessions to TDSB staff affected by the Policy

The projected time period for conducting information/training sessions to staff will be: [June – September 2020](#)

- Review of associated procedures or initiate development of new procedures
 - [Consulting Services Procedure \(PR680\)](#)
 - [Delegation of Authority Procedure \(PR711\)](#)
 - [Occupational Health and Safety Purchasing Specifications \(PR674\)](#)

Scan of Selected Ontario School Boards and Other Jurisdictions: Purchasing Policy

The Toronto District School Board's (TDSB) Purchasing Policy (P017) was adopted on October 24, 2001 and last updated on June 17, 2015. The current Policy establishes administrative requirements for the purchase and supply of materials, equipment and services.

Within Ontario's broader public sector, there are several pieces of legislation governing the complexities of purchasing. This includes the Ontario Broader Public Sector Procurement Directive, Canadian Free Trade Agreement (CFTA, Canada-European Union Comprehensive Economic and Trade Agreement (CETA) and the Supply Chain Code of Ethics.

All trustees, staff members and agents of the Board are required to comply to the above legislation, where applicable, when involved in purchasing or related supply chain activities for the Board. This scan looks at best practices in school boards and other public sector jurisdictions (see list below).

Key Similarities and Differences

1. Competitive Bidding Process

Nearly all policies scanned included procurement and purchasing initiatives premised on the commitment to being accountable, ethical and fiscally responsible when expending public funds. While public sector organizations generally focus on the lowest price, organizations (e.g., City of Burlington, Peel DSB, Toronto Catholic DSB, York Region DSB) are increasingly utilizing a total cost of ownership or acquisition model, which refers to the direct and indirect costs associated with a specific product, service or operation over its entire life cycle. This may include, but is not limited to, consideration of all costs, including acquisition, delivery, installation, removal, operating and disposal costs rather than solely the lowest price bid received. Outside of the competitive bidding process, special circumstances sometimes require organizations to use non-competitive procurement. This may include sole source due to expertise/specialty, authorized purchasing within a certain dollar limit (e.g. City of Hamilton, York Region DSB), general emergencies (e.g. City of Hamilton, Toronto Catholic DSB) or authorization to use non-competitive procurement processes when it involves facility services emergencies only (i.e., Thames Valley DSB).

The TDSB in its current policy adheres to a competitive bidding process consistent with other jurisdictional policies and governing legislation, including the Ontario Broader Public Sector Procurement Directive. It also utilizes non-competitive procurement processes when required such as under emergency situations or if a sole-source purchase is justifiable.

2. Broader Public Sector Supply Chain Code of Ethics /Conflict of Interest

Legislative and regulatory requirements provide that every broader public sector organization, including employees and elected officials involved in the procurement process, be subject to the Broader Public Sector Supply Chain Code of Ethics. The Code includes principles such as personal integrity, professionalism, accountability and transparency, compliance and the need for continuous improvement. In the majority of policies scanned, conflict of interest provisions were also generally included to support overall Code compliance.

While the TDSB's current Policy does not reference the Code, it is included in an internal purchasing department document on administrative procedures. Regarding conflict of interest provisions, the TDSB has a standalone Employee Conflict of Interest Policy (P057) with reference in its current Purchasing Policy that "Purchasing and Distribution Services will not make any purchases on behalf of employees or members of the Board." More information surrounding the avoidance of real and apparent conflict of interest can be found within the department's internal document.

3. Signing Authority, Approvals and Responsibilities

All organizations include provisions relating to signing authority, approvals and responsibilities. Their levels of approval requirement (e.g. Superintendent, Associate Director, Director, Board of Trustees, etc.), based on the value of purchase (e.g., up to 25K, greater than 100K) is outlined for both competitive and non-competitive purchases. Nearly all organizational policies indicate that the type of procurement process required (e.g. no purchase order issued, minimum 3 informal quotes, minimum 3 formal quotes, request for proposal) is determined by the value of the purchase and sometimes even the type of purchase. As an example, some organizations have rules specific to use of consulting services (i.e., Peel DSB) whereby this activity requires a public quote or RFP regardless of the dollar value. In other instances (i.e., Waterloo Region DSB), there may be a more stringent vetting process dependent on the type of service involved such as instructional classes like karate or drama.

Recognized as a concept of internal controls to ensure that employees cannot independently acquire goods and services, some organizations (e.g. Thames Valley DSB, York Region DSB) explicitly state in their policies the requirement to have at least three of the following five functional roles segregated. These roles include: ordering, budget checking, issue of purchase orders/contracts/letters of intent, receiving and payment.

Under its current Policy, the TDSB's purchasing department engages in all purchasing functional roles but it is not clear whether there is a segregation of responsibility during the key stages of any procurement process. Regarding signing authority and approvals, the TDSB's Purchasing Policy outlines the different approval authority levels (including for certain activities like consulting, music instrument repair, legal services or facility services contracts).

5. Open and Competitive Bidding and Vendor Pre-Qualification/Source Lists

All jurisdictions scanned encourage open competitive bidding to promote the most cost effective use of resources, resulting in high quality, well priced and accurately delivered goods and/or services. Many organizations (e.g. City of Hamilton, Waterloo Region DSB) have a prequalification process for vendors in which the vendors who qualify may become vendors of record. This process is used in cases where the work generally requires substantial project management; the job is required to be done the right time to mitigate organizational impact; or the product or work scope may be complex, multi-disciplinary or specialized in nature. Prequalification involves vendors demonstrating previous experience on similar work, capacity to fulfil contract requirements including having the facilities and/or equipment to perform the work. TDSB maintains a list of prequalified construction contractors for minor projects under \$1.3M. There are also some specific product categories where there are pre-qualified vendors of record (e.g. athletic and spirit wear suppliers, student photography, moving services).

6. Cooperative, Local and Environmental Purchasing

Many organizations (e.g. Algoma DSB, City of Hamilton, City of Toronto, Toronto Catholic DSB) will engage in cooperative purchasing with other public sector agencies or purchasing consortiums whenever it is feasible. Depending on the product or service, benefits can include administrative efficiency as well as better value for money due to buying power. Examples of cooperative purchasing groups include the Ontario Educational Collaborative Market Place, Halton Co-operative Purchasing Group and Ontario Buys. The TDSB's current Purchasing Policy includes a provision which indicates participation in collaborative services and a report is submitted annually to the Board regarding the measurements and effectiveness of collaborative ventures.

In addition to cooperative purchasing, one school board (e.g. Algoma DSB) was explicit to encourage local purchasing through a "Buy Canadian Policy" whereby all factors being equal (quality, service and price), preference is given to Made in Canada products as well as suppliers who maintain a business facility within the Board's jurisdiction. The TDSB's current Policy is silent but within the purchasing department's internal document, there is reference to a local priority order.

In the context of environmental purchasing, several jurisdictions (e.g. City of Burlington, City of Hamilton, City of Toronto) include procurement goals which show regard to the preservation of the natural environment and to encourage use of environmentally friendly products. While the TDSB's current Policy is silent, it emphasizes a commitment to source, promote and support products and services that are environmentally conscious within the department's internal document. There is also an Occupational Health and Safety Purchasing Specifications operational procedure (PR674) which

gives consideration to environment standards when purchasing equipment, material, supplies and services.

Organizations Scanned (11)

Algoma DSB, City of Hamilton, , City of Toronto, Peel DSB, York Region DSB, Toronto Catholic DSB, Thames Valley DSB, Toronto District School Board, Wilfrid Laurier University, Waterloo Region DSB, York Region DSB

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