



# Council Workshop – Public Procurement

Presentation to Town Council

March 28, 2023

# Procurement Fundamentals

Procurement is the process for budgeting funds and acquiring goods and services, with the main purpose and importance being to achieve the best value for the corporation.

Three stages of procurement:

- Planning and scheduling programs, activities to meet objectives
- Tendering – determining method, building bid documents, posting, evaluation, awarding and contract execution
- Contract Administration



# Procurement Compliance

Public procurement is subject to Public Procurement Law, including:

- Common Law
- Statutes – Municipal Act
- Regulations and Administrative Rules
- Trade Agreements (treaties)
  - Canada Free Trade Agreement (CFTA)
  - Canadian Europe Trade Agreement (CETA)
  - Others



# Legal Framework

Generally, the framework imposed by statutes and policies contains three essential elements:

- Procurement is to be accomplished using a competitive bidding process
- Selection is based on lowest price or best value
- Bidders must be treated equally and fairly

Unsuccessful bidders, believing they have a cause, can bring an action in private law, usually under the law of contracts or tendering.



# Importance of Procurement Process

- Safeguard public funds – ensure integrity of spending public funds
- Efficiency and effectiveness in a highly regulated environment
- Public confidence – procurement performed ethically and prudently
- Supplier confidence – distrust in process will discourage competition
- Public policy and the law – public bodies are required as a matter of both public policy and law to ensure that goods and services are obtained by fair and open competition.



# Procurement Process in Tecumseh

Procurement is governed by the Town's Purchasing By-law and Policy 2021-60, and as amended by By-law 2021-103.

The purpose is to ensure:

- Goods and services are acquired through a compliant, open, fair and transparent process
- Identify and define responsibilities of Town staff throughout each stage of the procurement process
- That procurement processes are managed consistently.



# Purchasing By-law and Policy

By-law Guiding Principle – that procurement decisions will be made using a competitive process that is open, fair and transparent, and in accordance with applicable regulatory Trade Agreements.

## General Provisions Highlights:

- Department Directors shall act for the Town for the purchase of all goods and services in accordance with this By-law and Policy
- No purchase of goods or services shall be authorized unless it is in compliance with the Town's By-law and Policy



# Purchasing By-law and Policy continued

- Elected Officials shall not approve or acquire any goods or service
- Purchase of all goods and services shall be authorized in accordance with provisions of Schedule A, with limited exceptions
- Schedule A excerpt (Regular purchases):

Dollar Value	Procurement Process	Approval Authority
\$10,000 or less	No formal quotes required	Department Director/Delegate
\$10,000 to \$50,000	Informal Quotation	Department Director
\$50,000 to \$500,000	Formal Quotation – RFQ/RFP/RFT	Department Director, Purchasing Coordinator and CAO
Greater than \$500,000	Formal Quotation – RFQ/RFP/RFT	Town Council





# Purchasing By-law and Policy continued

## Responsibilities:

- Department Directors have responsibility for all procurement activities within their respective Department and are accountable to achieving best value while following the procurement principles; and have the authority to purchase items as outlined in Schedule A.
- Purchasing Officer provides procurement advice and services to departments, monitors compliance with the By-law and Policy, administers the public tender process and provides education and training sessions to all departments.
- Purchasing Coordinator has approval authority in certain circumstances and is authorized to make and promulgate administrative policies, procedures and directions.



# Competitive Procurement and Common Methods

There are, in principle, only two types of competitive procurement: An Invitations for Bids, or a Request for Proposals

Invitation for Bids – procurement based on price alone, subject to proponents meeting product/service specifications

- Request for Quote (RFQ)
- Request for Tender (RFT)

Request for Proposal – procurement based on a combination of factors, such as quality, past experience of vendor, creative solution, etc. in addition to price

- Request for Proposal (RFP)



# Non-Competitive Procurement

There are instances where Non-competitive procurement can occur:

- No compliant bids
- Emergency
- Competition precluded due to patent rights, etc.
- Only one source of supply exists
- Confidentiality/Security matters
- Less than \$10,000

Council approval required for purchases greater than \$100,000



# Co-operative Purchasing

Cooperative purchasing (Group buying) is the acquisition of goods or services by two or more agencies acting together.

Tecumseh is a participating agency in procurement conducted by the following cooperative buying groups. Member agencies realize savings by combining individual requirements and seeking bids for larger volumes of goods and services.

- Canoe (Local Authority Services - LAS)
- Kinetic GPO
- Ontario Education Collaborative Marketplace (OECM)
- Ontario Public Buyers Association (OPBA)



# Electronic Tendering

Electronic Tendering is the process of using online procurement platforms to automatically solicit bids and evaluate suppliers.

Tecumseh uses “Bids & Tenders” as our electronic procurement platform.

Advantages include:

- Procurement opportunities can be posted easily and inexpensively
- Documents can be distributed quickly
- Document management costs reduced significantly
- Procurement activities are highly visible
- Value-added services for suppliers, such as bid/award notification
- New vendors often attracted to electronic tendering sites





# Discussion

