THE REGIONAL MUNICIPALITY OF YORK

Housing York Inc.
November 7, 2007
Report of the
Solicitor
and
Treasurer

PURCHASING POLICY

1. RECOMMENDATIONS

It is recommended that:

1. The Board of Directors adopt the policy for the procurement of goods, services and construction (purchasing policy) as set out in *Attachment 1* and submit it to the shareholder, The Regional Municipality of York, for approval.

2. PURPOSE

The purpose of this report is to adopt a purchasing policy specifically for Housing York Inc.

3. BACKGROUND

3.1 Why does Housing York Inc. need a purchasing policy?

Housing York Inc. is a local housing corporation governed by the *Social Housing Reform Act, 2000*. Under paragraph 5(1) (a) of the *Social Housing Reform Act, 2000,* Ontario Regulation 644/00, a local housing corporation must ensure its agents are knowledgeable about all policies, procedures, standards and objectives that concern their duties. This requirement would include knowledge of procurement procedures. A purchasing policy also ensures an effective, efficient, fair and transparent procedure for the procurement of goods, services and construction.

In addition to the statutory requirement, the Housing York Inc. policy will clarify its procurement processes and specific signing authority structure. To date, Housing York Inc. has followed the purchasing by-law of The Regional Municipality of York for the procurement of goods, services and construction (being By-law No. A-0353-2004-089). This method has created some uncertainty for Housing York Inc. agents and senior management since Housing York Inc.'s management and signing authority structure differs from the Region's. A purchasing policy specific to Housing York Inc. would clarify the procurement process relative to its own signing authority required to complete day-to-day business.

4. ANALYSIS AND OPTIONS

4.1 Housing York Inc. policy similar to the Region's purchasing by-law, but not all provisions needed

The proposed purchasing policy set out in *Attachment 1* (Housing York Inc. Purchasing Policy) is similar to the purchasing by-law of the Region. In fact, Housing York Inc. will still use some of the Region's processes for procurement, such as the Bid Review Committee and 'tie-breaker' process. The Board will also adhere to the Litigation Policy under the Region's Purchasing By-law.

However, the Housing York Inc. Purchasing Policy does not include some provisions found in the Region's purchasing by-law, including:

- Price Agreements (section 8)
- In-House Bids (section 11)
- Contractor Performance (section 16)
- Surplus Stock (section 19)
- Contract Documents (section 20)

These sections are not necessary since they are issues not encountered by Housing York Inc. in their procurement process.

4.2 Responsibility and signing authority addresses the Housing York Inc. management structure

The proposed Housing York Inc. Purchasing Policy sets out the responsibility and signing authority in accordance with the management positions unique to Housing York Inc. The financial limits are set at the same increments as the Region's purchasing by-law for each corresponding Housing York Inc. signing authority, with one exception being the inclusion of one additional increment to delegate purchase authority for "purchases not exceeding $10,000" to the Housing York Inc. Manager.

4.3 New financial responsibilities for Housing York Inc. Manager

The Housing York Inc. Manager is responsible for the day-to-day operation of the corporation, including procurement of and payment for goods and services. Delays in the approval process can, in some situations, increase the cost of the required good or service and negatively impact customer service.

As all purchases and payments must be accommodated within the Housing York Inc. budget, delegating limited purchasing authority (up to $10,000) to the Housing York Inc. Manager will expedite the procurement process. Additionally, delegating invoice payment approval to the Housing York Inc. Manager in cases where the purchase was authorized according to the attached policy and evidence of satisfactory receipt of invoiced goods or services is attached will further expedite the payment process and create business process efficiencies. The proposed policy will improve flexibility for the Housing York Inc. management to manage the day-to-day business and improve the response time to the needs of its clients.

In addition, the Housing York Inc. Manager may approve payments for items in Schedule “A” for any amount provided they can be accommodated by the approved annual Housing York Inc. budget.

4.4 Other new features in the Housing York Inc. purchasing policy

Other features in the proposed Housing York Inc. Purchasing Policy that differ from the Region’s purchasing by-law are the emergency purchases schedule, contingency approval, reporting requirements, and invoice approval. Housing York Inc.’s emergency purchases often differ from that of the Region’s. Hence, the emergency purchase items listed in Schedule ‘A’ of the attached policy reflects the specific needs of Housing York Inc. Many property management activities require ongoing services that cannot be limited to a three-year contract or be interrupted.

The General Manager may approve contingency funds above the existing 15% of the original cost of the contracts authorized by the Assistant General Manager or Manager, if it can be accommodated by the annual Housing York Inc. budget and the additional funds do not exceed $15,000. This wider contingency margin allows smaller contracts to be completed without undue delay while retaining a transparent approval process.

The reporting requirements for Housing York Inc. differ from the Region’s. The General Manager must report at least annually to the Board, listing contracts that exceed $100,000. This list of contracts is not required under the Region’s purchasing by-law. Therefore, contingencies funds and the purchase of additional goods, services or construction need only be reported to the Board if the funds cannot be accommodated by the annual Housing York Inc. budget.

A specific authority to allow for invoice approval for those invoices that match an existing purchase order and evidence of receipt of goods or services has been added. This allowance eliminates the need for approval by the Assistant General Manager and reduces repetition in the process, since these invoices are reviewed on a monthly basis by the Housing York Inc. Assistant Treasurer.

5. FINANCIAL IMPLICATIONS

A purchasing policy provides a framework within which fiscally sound procurement practices will be undertaken.

6. LOCAL MUNICIPAL IMPACT

A well-managed housing corporation provides affordable housing across the Region.

7. CONCLUSION

The Board should adopt the attached Housing York Inc. Purchasing Policy for a clearer and more efficient procurement process.

For more information on this report, contact Janis Vanderburgh, Solicitor for Housing York Inc.

The Senior Management Group has reviewed this report.

Reviewed by:

Janis Vanderburgh
Solicitor

Lloyd Russell
Treasurer

Recommended by:

Joann Simmons
General Manager

October 29, 2007

Attachment - 1

ES/SP/DN/jel

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