Agenda – Executive Policy Committee – January 21, 2015

REPORTS

Item No. 5 Revisions to the Materials Management Policy

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That revisions to the City of Winnipeg Materials Management Policy (Policy), attached as Appendix A - Amendment to the Materials Management Policy, be approved and become effective from and after the date of approval by Council.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

ADMINISTRATIVE REPORT

Title: **REVISIONS TO THE MATERIALS MANAGEMENT POLICY**

Critical Path: **Executive Policy Committee - Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
B. D'Avignon Manager of Materials	Mike Ruta	Mike Ruta	D. Joshi A/CAO

RECOMMENDATIONS

1. That revisions to the City of Winnipeg Materials Management Policy (Policy), attached as *Appendix A - Amendment to the Materials Management Policy*, be approved and become effective from and after the date of approval by Council.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

On October 22, 2013, City Council concurred in the 14 recommendations contained in the *New Fire Paramedic Stations Construction Project* audit (Audit). The attached *Appendix A – Amendment to the Materials Management Policy* contains several revisions. The most significant revision addresses Recommendation 1 of the Audit.

Council has the authority to approve revisions to the Materials Management Policy.

IMPLICATIONS OF THE RECOMMENDATIONS

Reduction in single source authority may cause an increase in Reports sent to Council for approval. There are no financial implications with the revisions to the Policy.

HISTORY

On March 24, 2004, Council adopted the new Materials Management Policy which replaced the Policy on Purchasing Procedures and the Disposal of Surplus Supplies and the Policy on Assignment of Consultants.

- On May 19, 2010, Council approved the removal of B4.1 (h), (licensed professional services) as a reason for single source negotiations.
- On October 22, 2013, Council concurred in the 14 recommendations contained in the *New Fire Paramedic Stations Construction Project* audit.
- On November 20, 2013, as a result of the Audit, Council approved a revision to the Policy, reducing the award authority of the Chief Administrative Officer (CAO) from ten million dollars to five million dollars, as long as funds are available in an approved budget.
- On February 28, 2014, as a result of Recommendation No. 1 of the *New Fire Paramedic Stations Construction Project audit,* the Acting Chief Administrative Officer determined that, effective March 1, 2014, any single source negotiation requests in accordance with B4 of the Materials Management Policy exceeding $1 million require the approval of Council, except in the case of an emergency pursuant to B4.1 (j). (such approval not to exceed the CAO's award authority)

Certain revisions to B4.1 and B8.1 (i) of the Policy are a direct result of Recommendation 1 of the Audit.

- ***Recommendation 1*** *- The City needs to examine the basis under which they allow single source contracting. We believe that Council needs to consider at what threshold single source negotiation decisions are brought to their attention. Council also should consider the contract award delegation limits as it relates to single source contracts.*

Other revisions recommended in this Report bring the Policy up-to-date with current City practice.

All delegation of authority pursuant to the Materials Management Policy to the Public Service is via the Chief Administrative Officer. This is consistent with the City Organization By-Law #7100/97.

The Materials Management Policy is written more precisely to contain that which is necessary to define the legal authority for the Public Service to act. The Policy is free of administrative standards and procedures. The Chief Administrative Officer issues administrative standards that establish procedures for the due administration of the Policy and the related delegations of authority. Administrative Standard FM-002 has been issued by the Chief Administrative Officer pursuant to the Materials Management Policy.

FINANCIAL IMPACT

Financial Impact Statement **Date:** January 2, 2015

Project Name: **First Year of Program** **2015**

REVISIONS TO THE MATERIALS MANAGEMENT POLICY

	0	1	2	3	4
Capital					
Capital Expenditures Required					
Less: Existing Budgeted Costs					
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal					
Debt - External					
Grants (Enter Description Here)					
Reserves, Equity, Surplus					
Other - Enter Description Here					
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs					
Less: Incremental Revenue/Recovery					
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts					
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: . There is no financial impact resulting from this Report

(Original signed by R. Hodges)
Ramona Hodges
Manager of Finance (Campus)
Corporate Finance Department

CONSULTATION

In preparing this report there was consultation with:

Legal Services Department (as to legal issues)
Audit Department

SUBMITTED BY

Department:	Corporate Finance
Division:	Materials Management
Prepared by:	Barb D'Avignon
Date:	January 8, 2015
File No.:	N/A



Appendix A-City_Policy_Amend