



Strategic Procurement Update

Item 10

July 17, 2023

Building Investment, Finance and Audit Committee

Report: BIFAC:2023-71

To: Building Investment, Finance and Audit Committee
("BIFAC")

From: Chief Financial Officer & Treasurer

Date: June 29, 2023

PURPOSE:

The purpose of this report is to provide the Building Investment, Finance and Audit Committee ("BIFAC") with an update on the activities of TCHC's Strategic Procurement division.

RECOMMENDATIONS:

It is recommended that the BIFAC receive this report for information.

REASONS FOR RECOMMENDATIONS:

In the context of the oversight responsibility, delegated to BIFAC by the Board, the BIFAC Charter provides that it fulfills that responsibility by:

- Reviewing and approving the Internal Audit work plans and reports and advising the Board, as appropriate, on the adequacy, accuracy, timeliness and reliability of financial reports and on the efficacy of internal accounting, auditing, and management control systems and procedures.

Part of the BIFAC's oversight responsibility relates to TCHC's procurement function. The following provides an update on the work underway by the Strategic Procurement division.

1. CEO/PAC/BIFAC/Board Approval Thresholds

- Threshold changes were proposed to the Procurement Award Committee ("PAC") and BIFAC Charters to better align with the financial limits of other City of Toronto ("City") agencies in order to focus more on strategies and overall policy. The recommended changes were approved by the BIFAC at its June 23, 2023 meeting and are scheduled for review and approval by the Governance, Communications and Human Resources Committee ("GCHRC") and the Board of Directors (the "Board") at their July 2023 meetings.
- Completing environmental scan of governance structure for open and non-competitive procurements with other City agencies.

2. Leveraging Volume Purchasing Powers

- Working with the Legal Services division to ensure trade treaty compliance on Vendor of Record ("VOR"), piggybacking, and buying groups.
- Utilizing collaborative procurements with City of Toronto and other appropriate entities to increase TCHC's buying power and visibility
- Exploring contacts with Supply Ontario, and buying groups such as Kinetic GPO and the Ontario Education Collaborative Marketplace ("OECM") to leverage opportunities to proactively source TCHC requirements in a timely manner, increase visibility, provide greater efficiencies, and optimize spend.

3. Diversification of TCHC's Vendors

- Identifying strategies to increase the diversity of bidders on TCHC's projects.
- Reviewing the procurement process in order to identify opportunities to enable mid-sized vendors to participate in contract competition.
- Embarking on a roster refresh program to create smaller threshold rosters to enable small and medium sized business to prequalify, and work with TCHC to build their business experience.

- Actively collaborating with Programs and Partnership for tenant engagement and scan of interests, skills, and capacity to try to identify procurements that may be suitable for social procurement considerations or tenant-owned businesses.
- Updating TCHC's procurement policy with language regarding social procurement and equity deserving groups (currently under review and update).
- Formally integrating language within procurement bid documents regarding social procurement, small vendors, and equity deserving groups

4. Contract Repository

- Launched phase 1 of new contract repository tool (activation of module and upload of roster contracts) hosted within the Bonfire software, which will provide business units with the ability to view contracts to proactively plan procurement timing and subsequent strategies.
- Phase 2 will include uploading individual project contracts, collaboration with business units to determine lead time notifications, and engaging and training of business unit staff.

5. Regular Reporting/Analytics to BIFAC

NEXT STEPS:

To ensure the BIFAC has regular oversight of TCHC's procurement function, on a go-forward basis, Strategic Procurement will be providing the BIFAC with quarterly updates on TCHC's procurement activities. From 2015 to 2018, the BIFAC received quarterly reports regarding to TCHC's procurement metrics, contracts and rosters, and direct awards. The intention is to return to this level of performance and activities reporting to assist the BIFAC in performing the oversight function they are tasked with through the BIFAC Charter. The first quarterly report in 2023 will be brought to the September 8, 2023 BIFAC meeting, providing an overview of Q2 activity.

IMPLICATIONS AND RISKS:

Providing the BIFAC with regular updates on the work undertaken by the Strategic Procurement division will help to ensure that TCHC is maximizing

its value for money and monitoring external vendor spend for compliance with TCHC's Procurement Policy and Procedures, in turn ensuring public accountability.

SIGNATURE:

"Lily Chen"

Lily Chen
Chief Financial Officer & Treasurer

STAFF CONTACT:

Lily Chen, Chief Financial Officer & Treasurer
416-981-4256
Lily.Chen@torontohousing.ca

Joanne Bourne-James, Senior Director, Procurement (Acting)
416-981-4056
Joanne.Bourne-James@torontohousing.ca