

**Minutes of the Operational Review Committee
Meeting Held
Monday, August 8, 2016**

Present:

Councillor Maroosis, Committee Chair
Councillor Anthony, Committee Member
Councillor Bain, Committee Member (4:55 p.m. to 5:50 p.m.)
Councillor King, Committee Member
Councillor Serran, Committee Member
Mayor McDonald, Committee Member
Councillor Forgette
Councillor Vrebosch (5:35 p.m. to 5:50 p.m.)
Lea Janisse, Interim Chief Administrative Officer
John Severino, Managing Director Community Services
David Euler, Managing Director of Engineering, Environmental Services and Works
Margaret Karpenko, Chief Financial Officer
Interim Fire Chief Greg Saunders
Gord Mulcahey, Executive Member North Bay Professional Firefighters' Association
Jaclyn Bucik, Communications Officer

Regrets:

Brian Phillips, President CUPE Local 122

Special Review Committee Chair, George Maroosis, called the meeting to order at 4:15 p.m.

1. Adoption of Minutes:
The Minutes of July 25, 2016 were approved by the Committee and will be presented to Council on August 22, 2016.
2. Business Arising from Minutes:
 - Meetings will continue in September at 5:15 p.m.
3. Operational Review of Corporate Services.
 - Margaret Karpenko re: Financial Services – Purchasing. Copies of the presentations were provided to the Committee.
 - Related and Fluid Activities between Internal and External.
 - Legislative reporting is exhaustive.
 - Budget internal/external.
 - Also dividends and returns – Invest North Bay.
 - 27 Staff report to Chief Financial Officer to provide services.
 - Significant Changes
 - Questica has been the biggest change in five years.
 - Variance Reporting from 8 to 10 week turnaround to 5.
 - Two Tenders – auditors and banking RFP.
 - Last tender for Auditor was five years ago, change in providers but value added.
 - Going out again – c/b more change.
 - Required to send capital and operating to the Province.
 - Deadlines are June for most.
 - Used for funding.
 - Financial Services currently has 27 employees is this up from 2 to 3 years ago?
 - No – One in GG – assessment specialist.
 - What is the difference between Director and Manager Taxation?
 - Director – accounting, budgeting reports to Chief Financial Officer (CFO)
 - Manager of Taxation – oversees all tax, MPAC assessment functions and legislation.
 - Compared to other departments – position at that level not paid the same as Manager of Purchasing or Manager of Taxation?
 - Director PW? DE and yes.
 - Receivable and payables?

- Send out the tax bills and receivables.
- No tax under taxation
- Accounts receivable general billings, not taxation.
- Owe taxes and receivable?
 - Yes but different type.
- Bills sent out then someone under Manager collects them?
 - Customer Service Centre cheques.
- Cheques for ... or pay cash. Clerk in Finance?
 - No goes to Customer Service Centre.
- Why?
 - No one in finance collects cash, oversee the cash handling policy.
 - Cashiers were shifted to the Customer Service Centre – primary inflow of cash.
- There are quite a few in Finance – three people in the Customer Service Centre take in every cheque and cash.
 - Financial services looks after the lockbox, pre-authorized payments.
- What is the percentage?
 - Quite a few – will have to get back to you on that.
- Lines up at Customer Service Centre – lots of time 4 or 5 people in line. Why isn't finance handling the incoming cheques?
 - Gave up the staff to centralize in Customer Service Centre.
 - More efficient to consolidate.
- Is there a regulatory requirement for this to be done in the Customer Service Centre?
 - No – this is how we designed our services. There is no capacity for this to be done in Finance.
 - Three clerks to handle every dollar for the City?
 - Customer Service has 5 clerks.
 - Three Clerks serve the public. No replacements currently trained for these positions.
- If you have two away – move one from the back and what do you mean by mail?
 - The Customer Service Clerks process all of the incoming mail for the City Department as well as DNSSAB and all of the outgoing mail for the City and DNSSAB.
- When you are short staffed and there are line ups and someone only wants information or directions they have to wait in line until someone is available?
 - That is correct. We currently have an accommodation in the Centre – that individual was required to go back to his home department for two weeks to cover holidays. We had to bring in someone who was not trained to cover the telephones. The accounts receivable cheques are the last priority when this happens as there is no point in training someone for such a short period of time.
 - The receivable cheques received at the counter are processed immediately by the Clerk.
- How many cheques would be processed daily?
 - That would depend on the time of the month and the month. The end of the month is usually busier with water bill payments. February and June are busy with tax bill payments.
- Purchasing:
 - The purchasing manager spends a day and a half per week at Stores.
 - The purchasing by-law provides thresholds.
 - The purchasing by-law provides the authority to departments for purchases below \$5,000.00.
 - Different levels have different authorities.
 - The department is required to receive three quotes and must show best value.

- The purchasing manager has the authority to audit internal department to ensure the departments are adhering to the policies.
- Externally – the primary dialogue is with the manager of purchasing.
- The manager of purchasing reports directly to the CFO.
 - Are all of the inventories at stores computerized?
 - No still use a card system.
- Why we do:
 - The 2004 Bellamy Report provides specific requirements regarding purchasing practices.
 - Departments purchase small dollar value items without the help of the purchasing manager.
 - Are RFP's subject to MFFIPA?
 - Implementing new procedures and processes. A number of initiatives to improve this. Every department is trained and follows the purchasing by-law.
 - I like the open and transparent policy. When we receive a complaint who should those be directed to?
 - They should contact the purchasing manager. They can review their evaluation criteria but the purchasing manager cannot provide them with evaluation criteria from other bidders.
 - Are the tenders opened in a public process?
 - Yes
 - The purchasing manager is doing a great job – just had an individual who was concerned that the product on a certain project was so specific that only one person could bid.
 - The purchasing manager can provide a debrief for this individual.
 - The purchasing manager together with the Managing Director have the authority to sole source. The City does not make a practice of sole sourcing. This is only done in a situation where it is best value for the City.
 - What does the CFO do to ensure the bidding process is open and transparent?
 - An example would be specific to fleet – the RFP was for a specific part number – brought in all of the department experts and the market experts to see if this was the proper way to proceed.
 - The CFO and the purchasing manager meet on a weekly basis. The CFO does not participate in every meeting.
 - What value does the CFO bring to the table if it is a technical item?
 - If it is a technical item the matter would go to the senior manager before it goes to the purchasing manager. If it makes sense to sole source an item then it is forwarded to the purchasing manager. If the purchasing manager is in agreement this is the process that is to be used.
 - I don't see anything in the Challenges/Opportunities of your presentation regarding purchasing locally. Is there a policy in place at the moment regarding purchasing locally or do you head to Sudbury to get paper supplies, etc. Can you tell me how the purchasing department goes out do they start with a list of suppliers?
 - The City uses MERX to advertise the RFP's. Under the policy guidelines the City cannot specifically identify "local only".
 - In the purchasing department do you have a specific list for example for chemical suppliers?
 - No – suppliers are not invited personally. MERX has a mechanism that shows who has downloaded the RFP. The purchasing manager has the ability to advise companies that the RFP is out and they may want to have a look at it.

- I recently read, and forgive me I cannot remember where, that Timmins has recently purchased a system regarding RFP's. It might be something that could be looked at to help eliminate problems. This system eliminates the need to have the locked box for dropping off the bids and the bids being opened in front of the public. Have you heard of this process?
 - MERX has an electronic bidding system. Closings of the tenders are not an issue.
- It might be an idea to invite Council to the next tender opening to be part of the process.
- If a person comes to a member of Council regarding the RFP process they should be referred to the purchasing manager.
 - Recommendation 130 of the Bellamy Report strongly recommends that Council should separate themselves from this process.
 - If the water and sewer department is working on Lakeshore Drive, for example, and they loose a hammer while they are working – can you track to see if they went to the closest available hardware store to pick up a new hammer?
 - No. But what can be identified on the purchasing card is if someone is trying to split a purchase so it stays under their threshold.
- Right now is the only way that a bidder can get a tender is through MERX?
 - No they are also available on the website.
- How much does it cost a company to use MERX?
 - Depends on the services they wish to purchase from MERX.
- At what value do you move to MERX?
 - Above \$25,000.00.
- Council is the one that determines how the policy is put together. Who would I go to directly with the complaint?
 - Council has the discretion to set the policy and review the policy. The CFO's role is to ensure the policy is being adhered to.

4. Action Items:

- (i) Provide percentage of pre-authorized payments.
- (ii) Provide Customer Service Clerks hours at front counter.
- (iii) Streamline Purchasing Policy to include local suppliers.
- (iv) Paul Valenti to come before entire Council to re: purchasing policy.
- (v) Look at the program that Timmins is currently using regarding purchasing.
- (vi) Reinstate Senior Management attending before Council re: department up-dates.

Next Meeting – Monday, August 22, 2016– 4:15 p.m.
 Agenda Item: Financial Services - Bellamy Report

Meeting adjourned at 5:50 p.m.

Councillor George Maroosis
 Chair Operational Review Committee

Karen McIsaac
 City Clerk