



Staff Report for Audit Committee Meeting

Date of Meeting: June 24, 2025

Report Number: SRCFS.25.029

Department: Corporate and Financial Services

Division: Financial Services

Subject: SRCFS.25.029 - Implementation of New
Procurement By-law – Effective September 1,
2025

Purpose:

This report outlines the new Procurement By-law, recommended to take effect on September 1, 2025. It also describes the amendments to the Financial Control By-law, which are necessary to consolidate all purchasing rules and approval authorities within the Procurement By-law.

Recommendation(s):

- a) That staff report SRCFS.25.029, be received;
- b) That the New Procurement By-law 76-25, attached as Appendix A to staff report SRCFS.25.029, with an effective date of September 1, 2025, be approved
- c) That By-law 77-25, being a By-law to amend Financial Control By-law 114-16, attached as Appendix B to staff report SRCFS.25.029, with an effective date of September 1, 2025, be approved.

Contact Person(s):

- Mary-Ann Kotylak, Manager Procurement Services, extension 2535
- Gigi Li, Director Financial Services and Treasurer, extension 6435
- Sherry Adams, Commissioner Corporate and Financial Services, extension 2521

Report Approval:

All reports are electronically reviewed and/or approved by the Division Director, Treasurer (as required), City Solicitor (as required), Commissioner, and City Manager. Details of the reports approval are attached.

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Key Messages:

- The updated Procurement By-law supports transparency, accountability, and best value in municipal procurement practices. It introduces a streamlined policy structure with modernized roles, responsibilities, and procedures aligned with current best practices and legislation.
- The new By-law introduces a concise Procurement Policy Document; a separate administrative Procurement Manual is in development and will be finalized for staff use.
- Concurrent update to the Financial Control By-law removes procurement-specific sections and definitions now handled by the Procurement By-law.
- Clearly defined roles and responsibilities in the new By-law support accountability and decision-making.
- Updated procurement thresholds and delegated authority streamline operations.
- Stronger controls for non-competitive and emergency procurements ensure compliance and risk mitigation.
- Incorporates fairness, accessibility, and social/environmental considerations throughout.

Background:

Council approved the initiative to transform procurement at the City of Richmond Hill, as part of the 2024 Operating Budget. This initiative led to a comprehensive analysis of the City's current and future procurement needs and the development of a strategic framework to address key areas such as organizational structure, governance, process improvements, technology enablement, data analytics, dashboards, metrics, training, and sustainability. As part of this initiative, a Procurement Advisory Board (PAB) was established in 2024. The PAB is composed of senior city leaders at the Director level and above, representing key client departments, along with the Director of Financial Services and Treasurer, and the Manager of Procurement Services. The PAB serves in an advisory capacity only. Since its inception, the PAB has met quarterly, with updates on procurement governance and the development of the new Procurement Policy being standing agenda items. The PAB has provided valuable insight and feedback that has informed both the strategy, and the policy changes now reflected in the proposed new Procurement By-law.

This report is brought forward to support the adoption of a new Procurement By-law that reflects current legislation, industry standards, and municipal best practices. Section 270(1) of the Municipal Act, 2001 requires that all municipalities adopt and maintain policies with respect to the procurement of goods and services. The Act provides municipalities the discretion to determine how and when policies are evaluated. As part of the City's commitment to good governance and continuous improvement, the new

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policy includes an internal requirement for a detailed review in five years. This aligns with best practices recommended by provincial procurement guidance and internal audit principles.

Concurrently, the City's Financial Control By-law (By-law 114-16) is being amended to remove sections and definitions that overlap with the Procurement By-law, and to update its interpretation section so that all procurement-related delegation, encumbering and commitment authorities now reside solely in the new Procurement By-law.

Discussion:

The City of Richmond Hill has maintained a formal Procurement Policy, with the most recent comprehensive update and adoption of a new governing By-law on January 1, 2017, through By-law No. 113-16. This By-law has provided a sound framework for the procurement of goods and services and has generally been well-understood, consistently applied, and compliant with legislative requirements and trade agreements. Amendments to this by-law were made on November 25, 2020, and March 26, 2025, through By-laws 141-20 and 40-25, respectively.

While the existing By-law served its purpose effectively, it has not kept pace with the evolving expectations around public procurement, including clarity, accountability, accessibility, and efficiency. In recent years, industry best practices, legislative changes, and advances in procurement governance have highlighted the need for a more modernized and user-friendly approach.

In response, the City undertook a comprehensive review and benchmarking exercise, comparing its procurement framework to those of other major Ontario municipalities. The result is a proposed new Procurement By-law that builds on the strengths of the previous framework while introducing meaningful updates to modernize, clarify, and streamline the policy.

The new Procurement By-law reaffirms the City's commitment to integrity, transparency, and value for money, while enhancing the tools and structure needed to support responsible procurement and good governance.

Modernization Highlights

The new Procurement By-law introduces several structural and functional changes designed to modernize and clarify the City's procurement framework:

- The policy has been restructured to distinguish between high-level governance and operational procedures. The core Policy Document provides clear principles and direction, while detailed procedures are outlined in a separate Procurement Manual, making it easier for staff to understand and apply the rules effectively.

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- Roles and responsibilities are clearly defined for Council, staff, and advisory bodies. This structure enhances accountability, supports informed decision-making, and ensures all participants understand their delegated authorities.
- The By-law uses simple and plain language throughout to promote accessibility and reduce ambiguity, in keeping with the City's commitment to transparency and inclusivity.
- Procurement thresholds for open competitions were updated earlier this year through By-law 40-25 in response to the **Made in Canada Motion** as responded to in Staff Repot SCRCFS 25.0007. In this version of the policy, all related definitions and the Schedule of Approval Authorities have been updated to align with those revised thresholds, ensuring consistency, operational efficiency, and continued adherence to internal controls.
- Competitive, non-competitive, and emergency procurement processes are clearly defined, with consistent documentation and approval requirements that improve compliance and audit readiness.
- Supplier performance management has been formalized through new provisions for evaluation, disqualification, and suspension, giving the City better tools to manage risk and contractual performance.
- A formal review cycle, to be conducted at least every five years, is now embedded in the policy to ensure ongoing relevance, alignment with legislation, and responsiveness to evolving procurement trends.

Enhancing Non-Competitive Procurement Oversight

As part of the modernization of the City's Procurement Policy, the threshold for Council approval of Non-Competitive Procurements has been increased to \$500,000. This adjustment has been accompanied by several accountability enhancements to ensure transparency and due diligence:

- A robust justification and documentation process has been implemented to confirm that all Non-Competitive Procurements are valid and compliant with trade treaty exemptions.
- All Non-Competitive contract awards at or above the high-value threshold must now be posted publicly, providing greater visibility and reinforcing public trust in the City's procurement process.

These measures support a balanced approach: maintaining operational flexibility while strengthening oversight and transparency.

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Key Structural Improvements

Feature	Existing Procurement Policy	2025 Proposed New Procurement By-Law
Policy Format	Single, detailed policy document with procedures mixed in	Clear separation between policy (By-law) and operational manual
Language Style	Technical and legalistic	Simplified, plain language to improve accessibility
Roles & Responsibilities	Described by function	Clearly outlined by role
Review Cycle	No formal review cycle defined	Requires formal review at least every five years

Comparison of Functional Enhancements

Category	Existing Procurement Policy	2025 Proposed New Procurement By-Law
Delegated Authorities	Described in appendix; somewhat complex	Streamlined and aligned with Financial Control By-law
Procurement Thresholds	Outdated and less flexible	Updated for efficiency while maintaining internal controls
Non-Competitive Procurement Approval	Council approval required above ~\$100,000	Council approval required above \$500,000, with robust documentation and public posting
Supplier Performance Management	Limited provisions	Formalized evaluation, disqualification, and suspension mechanisms
Emergency Procurement	Defined in general terms	Dedicated section with improved clarity and process guidance

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Category	Existing Procurement Policy	2025 Proposed New Procurement By-Law
Sustainability & Inclusion	Not referenced	Integrated approach encouraging environmental and social factors
Transparency Measures	Focused on reporting to Council	Public disclosure of Non-Competitive Procurements enhances transparency

Benchmarking and Policy Alignment

In developing the new Procurement By-law, Richmond Hill conducted an extensive benchmarking analysis against municipalities such as Toronto, Ottawa, Vaughan, Markham, and others. This review demonstrated that the proposed By-law aligns with leading practices across the province and reflects a modern, accountable approach to municipal procurement.

Comprehensive Coverage of Core Elements

Richmond Hill's By-law incorporates all foundational elements common among leading municipalities—such as clear policy objectives, defined procurement principles, a code of ethics, and detailed application and scope provisions. These elements are critical for ensuring accountability, transparency, and fairness in the procurement process and are fully addressed in the City's updated policy.

Strategic Policy Development Guided by Benchmarking

By benchmarking against municipalities of various sizes and complexities, Richmond Hill ensured that its By-law is both scalable and adaptable. This strategic alignment provides confidence that the new Procurement By-law supports both current needs and future growth.

The new By-law will take effect on September 1, 2025.

Financial Implications:

There are no direct financial impacts resulting from the adoption of this By-law. However, by emphasizing best value and proper controls, the new policy and the concurrent Financial Control By-Law alignment are expected to improve financial outcomes over time. All procurement activities will continue to align with Council-approved budgets. Reports involving financial commitments will follow the delegated authority schedule and require Treasurer approval where applicable.

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Relationship to Strategic Plan 2024-2027:

The implementation of the new Procurement By-law relates to ***Pillar 4: Working Together***, specifically Priority 1, by enhancing accountability and transparency in municipal decision-making and operations, and Priority 3, by improving internal systems and processes to deliver modern, efficient, and effective services. This initiative directly supports ***Implementation Plan Action 4.3.2***: “Enhance procurement and contract management practices.”

Attachments:

The following attached documents may include scanned images of appendixes, maps and photographs. All attachments have been reviewed and made accessible. If you require an alternative format please call the contact person listed in this document.

- By-law 76-25 - Appendix A - New Procurement Policy
- By-law 77-25 - Appendix B - Amendments to Financial Control By-law

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Report Approval Details

Document Title:	SRCFS.25.029 Implementation of New Procurement By-law – Effective September 1, 2025.docx
Attachments:	- SRCFS.25.029 By-Law 76-25 Appendix A New Procurement Policy.docx - SRCFS.25.029 By-Law 77-25 Appendix B Amendments to Financial Control By-law.docx
Final Approval Date:	Jun 5, 2025

This report and all of its attachments were approved and signed as outlined below:

Gigi Li - Jun 4, 2025 - 6:03 PM

Sherry Adams - Jun 5, 2025 - 10:26 AM

Darlene Joslin - Jun 5, 2025 - 12:13 PM