



**ANNUAL REPORT ON THE APPLICATION OF
THE CONTRACT MANAGEMENT BY-LAW**

Covering the Period from January 1, 2018, to December 31, 2018

Tabled at the July 15, 2019, public meeting of Town Council

1. BACKGROUND

Sanctioned on June 16, 2017, the *Act mainly to recognize that municipalities are local governments and to increase their autonomy and powers* (the “Act”) has, since January 1, 2018, allowed municipalities to adopt rules governing their signing of contracts that involve an expenditure of at least \$25,000 but below the threshold above which the contract may be awarded only through a public call for tenders. Section 573.3.1.2 of the *Cities and Towns Act* stipulates that rules for this purpose must be included in the municipality’s contract management by-law.

Besides granting municipalities this new power, the Act requires them to publish an annual report on the application of their contract management rules. Section 573.3.1.2 of the *Cities and Towns Act* further stipulates that the report must be tabled at a Council meeting at least once a year.

2. PURPOSE

The main purpose of this report is to improve the transparency of the Town’s contract management process by informing citizens of the application of the measures included in its contract management by-law.

3. CONTRACT MANAGEMENT BY-LAW

On December 13, 2010, via its By-law No. 10-1210, Town of Mount Royal Council adopted a Contract Management Policy.

Under the *Act mainly to recognize that municipalities are local governments and to increase their autonomy and powers* (also known as Bill 122) and, accordingly, to increase their autonomy and powers, for municipalities that have not adopted a specific contract management by-law, the contract management policy currently in effect has been considered the by-law since January 1, 2018.

During the 2018 calendar year, the Town made no changes to its contract management by-law.

4. STATISTICS FOR CONTRACTS ENTERED INTO BETWEEN JANUARY 1 AND DECEMBER 31, 2018

The Town may enter into agreements by three main solicitation methods: by mutual agreement, by awarding the contract through a call for tenders by invitation or by awarding the contract through a public call for tenders.

The contract’s estimated total value determines which method is used.

Table 1 presents the number of contacts awarded through each awarding method as well as the value of the contracts involving an expenditure of \$25,000 or higher.

Table 1: Number and value of contracts including an expenditure of \$25,000 or higher

Award	Number of contracts	Value
Call for tenders by invitation (above \$25,000, below \$100,000)	37	\$1,783,036
Call for tenders by invitation – additional expenditure authority	1	\$1,800
Call for tenders by invitation – contract extension	1	\$10,000
Call for tenders by invitation – contract renewal	9	\$304,301
Public call for tenders (over \$100,000)	34	\$12,560,266
Public call for tenders – contract addition	1	\$770,837
Public call for tenders – additional expenditure authority	3	\$92,566
Public call for tenders – contract extension	3	\$12,225
Public call for tenders – contract renewal	12	\$1,748,632
Agreement with another municipality	1	\$42,200
By mutual agreement – exceptions specified in CTA section 573.3	12	\$1,015,117
By mutual agreement	1	\$36,056

5. MEASURES INCLUDED IN THE CONTRACT MANAGEMENT BY-LAW

Town of Mount Royal’s contract management by-law includes several measures aimed at ensuring compliance with the law, as applicable to contracts, with respect to integrity, accessibility, transparency, ethics, impartiality and accountability. These measures were complied with.

6. COMPLAINTS

The Town received no complaints regarding the application of the Contract Management By-law in 2018.

7. SANCTIONS

No sanctions related to the application of the Contract Management By-law were imposed in 2018.

8. BEST CONTRACT MANAGEMENT PRACTICES

Sound contract management practices are in place in Town of Mount Royal. In particular:

- Most of the persons involved in the contract management process have taken part in training activities;
- To ensure impartiality, consistency and transparency toward all potential tenderers, an external consultant that has advised the Town during the pre-project phase may not also submit a bid for the project. A legal opinion has been received on this point;
- The Town has implemented mechanisms governing the contractor performance evaluation process;

- All bids received are checked for compliance. Bids deemed non-compliant are documented as such;
- The register of companies ineligible for government contracts is checked before awarding any and all contracts;
- Change orders, cost overruns and other changes to contracts are authorized when incidental to the original contract, when they do not change the nature of the contract and when they relate to items unforeseeable at the time the contract was awarded. All contract changes are authorized, based on the amount of additional spending, by the level of authority stipulated in the Delegation of Authority By-law or by Council once the amount of the changes exceeds the total expenditure allowed under the resolution awarding the contract.

Report tabled at the July 15, 2019, public meeting

Nathalie Rhéaume, CPA, CA
Treasurer and Director of Material Resources