
For Information

REPORT TITLE: Procurement Response During COVID-19

FROM: Stephen Van Ofwegen, Commissioner of Finance and Chief Financial Officer

OBJECTIVE

To provide an overview and update on the procurement of goods and/or services related to COVID-19 (COVID) and the need for procurement flexibility throughout the duration of an extended period of emergency.

REPORT HIGHLIGHTS

- The COVID pandemic has been causing unprecedented impacts to health, social welfare and economies.
 - Global supply chains have been disrupted, impacting Peel's ability to secure Personal Protective Equipment and other goods and services.
 - The Region of Peel (Region) is experiencing significant challenges to secure commodities to support the COVID response including price increases and lack of supply.
 - Regional staff have implemented strategies and new approaches for sourcing essential products and critical services.
 - The Emergency Procurement Procedure has been updated to efficiently manage the increased emergency purchase demand.
 - Emergency related procurement activity is being tracked to secure senior government funding recovery and will be reported to Council as part of the triannual procurement reporting process.
 - There is a need for the Region to adapt to the many phases of a prolonged state of emergency providing a flexible process designed to support emergency relief.
 - The Region's Procurement approach is balanced, practical and fiscally responsible offering a moderate level of risk mitigation.
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DISCUSSION

1. Background

The COVID pandemic has surged through the world, transforming lives in ways many never thought possible. It has created unprecedented challenges to health, social welfare, and economies. With supply chain shortages, border restrictions, large-scale layoffs and lockdowns, the Region has had to look at ways to minimize the pandemic's risks to public health, support communities, economic impacts, and create new opportunities. COVID has severely disrupted supply chains on a global scale. The Region is having to maintain business operations, fulfill urgent demands, and mitigate vendor challenges against a backdrop of significant disruption to teams, people and local communities. While the overall

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financial impact of the pandemic is unclear, it is certain that there will be several more months of operational impact from COVID. Procurement has had to approach purchases through a lens that is balanced, practical and fiscally responsible and one that offers a moderate level of risk mitigation, specifically as it relates to a prolonged state of emergency.

This report provides information regarding challenges in securing goods and/or services as a result of COVID and the measures taken to satisfy the needs of the Region.

2. Procurement During COVID

Working through COVID has required creative strategies to enable on-the-ground decision-making. Procurement has identified and implemented strategies for securing essential products and critical services for the organization. Some of these strategies include:

- Assigning a dedicated COVID Procurement team, created to manage service demands and mitigate disruptions to Regional essential services, specifically for purchases that required an immediate response (See Appendix I).
- Taking an active role in the Regional Emergency Operations Centre (REOC) Logistics section.
- Issuing a Call to Suppliers to the vendor community to centralize the flow of information from the market and identify suppliers of vital goods and/or services including hand sanitizers, disinfectants and Personal Protective Equipment (PPE), such as masks, gloves, and gowns, in an attempt to meet the unprecedented demand and urgent need for products that can help limit the spread of COVID.
- Establishing a vetting process to ensure the legitimacy of vendors and identification of vendors who are price gouging and reporting of same at the Provincial level where appropriate.
- Initiating a direct escalation process for PPE with the Province of Ontario, that provides five (5) days worth of inventory as a “stop gap” measure when Regional inventory levels become dangerously low.
- Finding solutions or alternatives to PPE where demands are high and supplies are low.
- Creating a Regional supply chain for PPE.
- Analysis of Vendor requests for cost increases related COVID on existing contracts to mitigate financial impacts to the Region.
- Active tracking of emergency procurements with regular communication to all appropriate parties, including reporting for senior government reimbursement
- Reporting of Emergency procurements to Regional Council will be completed on the Procurement Activity Report tri-annually.
- Tracking of lessons learned for future adjustments to by-law and procedures.

3. Update to Emergency Procurement Procedure

The Region’s current Emergency Procurement Procedure has long been effective for the purchase of goods and/or services for isolated emergencies where there is a need to respond immediately.

However, a prolonged state of emergency, such as COVID, has demonstrated the need for both immediate and prolonged emergency procurement support. The continual evolution of the Region’s requirements during the pandemic has created a change in both the need and nature of emergency purchases. This has particularly evident during COVID in that the length of the prolonged emergency has led to priority shifts, supply and demand changes,

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challenges with delivery and quality of goods, etc. Additionally, contracts for goods and/or services established prior to the declared Region of Peel State of Emergency are being impacted by vendor requests for price increase considerations. Based on these learnings with COVID, Procurement has reassessed how the Region procures required goods and/or services in response to varying degrees of emergencies. In addition, the Procurement Emergency Procedure has been updated to include a process for the provision of goods and/or services in an emergency that extends over a prolonged period.

It is critical to the Region that an emergency program be provided with the flexibility to purchase direct from a supplier if the delay involved in conducting a routine procurement process could prevent the delivery of goods and/or services in time to bring effective and immediate relief.

The updates to the Region's Emergency Procurement Procedure, build upon what has previously worked for the Region for isolated emergencies requiring an immediate response and supplements them with the introduction of an accelerated procurement process over a prolonged state of emergency. The enhanced procedure takes into consideration what is reasonable and justifiable given all the facts and circumstances of an emergency event or situation. The update also includes a more formalized approval process to bring some level of spend control in a time of market instability and great uncertainty.

CONCLUSION

The Procurement response to COVID, including the update to the Emergency Procurement Procedure, satisfies the need for the Region to adapt to the many phases of a prolonged state of emergency by providing a flexible process designed to support emergency relief. The Region's Procurement approach is balanced, practical and fiscally responsible and offers a moderate level of risk mitigation.

APPENDICES

Appendix I - COVID-19 Procurement Support Team

For further information regarding this report, please contact Natasha Rajani, Director Procurement, Ext. 4302, natasha.rajani@peelregion.ca

Reviewed and/or approved in workflow by:

Department Commissioner and Division Director.

Final approval is by the Chief Administrative Officer.



N. Polsinelli, Interim Chief Administrative Officer