

Procurement Audit Progress Report – 2026

Presented to the Internal Audit Steering Committee

June 2026



Procurement Audit Progress Report

The Procurement Audit Progress Report is used to update the Internal Audit Steering Committee (IASC) on the status of the implementation of approved action plans to address the recommendations contained in the Procurement Audit Report. This report is prepared on an annual basis.

About the Procurement Audit

The Procurement Audit was the first audit directed by the IASC and was completed in Q4 2019. Upon receipt of the report administration began implementing recommendations. The implementation of recommendations was disrupted in 2020 and 2021 which delayed many of the recommendations. Revised completion dates provided in this report indicate the Procurement Audit should be fully implemented by end of 2029.

Project Approach, Benefits & Accomplishments - 2025 and Early 2026

The Procurement Audit project team has continued to implement audit recommendations through a phased and foundational approach, focusing on establishing sustainable procurement practices, governance, tools, and resources before introducing more advanced procurement functions. Significant progress was achieved throughout 2025 and into 2026, with key foundational elements now in place to support the implementation of remaining recommendations related to contract management, vendor performance management, procurement risk management, and organizational training.

This approach continues to support effective change management, reduce operational risk, improve consistency across procurement activities, and create efficiencies for both Purchasing Services and business areas across the organization

Key accomplishments achieved by the project team within the last year include:

- Completion of documentation and standardization of core procurement processes
- Launch of the Purchasing Services Vine site to provide employees with procurement resources, tools, templates, and guidance
- Organizational rollout of RFx Drafter to support the development and preparation of competitive procurement documents
- Completion of the transition of Corporate Procurement Card administration from Purchasing Services to Finance
- Completion of current state and best practice research for Vendor Performance Management
- Addition of a Contract Management Specialist position to support future contract management and vendor performance initiatives

Completed

Recommendations

- ✓ 1. Clarify Roles and Responsibilities
- ✓ 2. Develop Common Procurement Processes
- ✓ 4. E-procurement Solution
- ✓ 14. Corporate Credit Cards
- ✓ 16. Guidance on Procurement Contracts

Current



Recommendations



- 3. Communication and Training
- 5. Documenting key activities and decisions
- 6. Procurement File Checklist
- 9. Resourcing
- 12. Risk-based Internal Control Framework
- 13. Implement Mitigating Controls
- 15. Contract Management Policy
- 17. Contactor References
- 18. Contractor Evaluation
- 19. Vendor's Previous Performance




Future



Recommendations





- 7. Procurement Planning and Resourcing
- 8. Leveraging Buying Power
- 10. Purchase Approval
- 11. Spend Analysis
- 20. Competitive Thresholds



| Recommendations | Report Risk Rating | Approved Action Plan | Target Completion Date | Implementation Status | Revised Completion Date |
|--|--------------------|---|------------------------|--|-------------------------|
| Procurement Audit | | | | | |
|  1. Clarify Roles and Responsibilities | High | <p>To adequately support the current decentralized procurement model, the City should clarify the roles and responsibilities of Purchasing, Legal Services and user departments in the procurement process. Guidance should also be provided on when consultation with Purchasing and Legal Services is required (e.g. high risk / high complexity procurement or when changes are made to contract templates). Once clarified, the Purchasing Policy should be updated to delineate the roles and responsibilities of Purchasing, Legal Services and user departments, including guidance on when consultation with Purchasing and Legal Services is required.</p> | 12/31/20 | <p>Defined roles and responsibilities have been drafted and presented to Leadership Team (July 2023). This includes roles and consultation guidelines for all departments with corporate functions.</p> <p>The directive update is scheduled to occur when other aspects of the Purchasing Directive are ready.</p> <p>The Purchasing Services Vine page with updated Vine posts has been launched to help employees understand collaboration and when to involve other departments in procurement</p> | 7/31/23 |
|  2. Develop Common Procurement Processes | High | <p>In conjunction with clarifying the roles and responsibilities of Purchasing, Legal Services and user departments, the City should develop and document common procurement processes for employees to follow when acquiring goods and services (including construction).</p> | 12/31/20 | <p>The development and documentation of current purchasing processes have been finalized. The processes incorporate new roles and responsibilities and address changes resulting from the introduction of new software. This is a major component to more effectively support the remaining audit recommendations.</p> | 3/31/24 |



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|  3. Communication and Training | Medium | <p>The City should develop a communication and training plan to guide the implementation of the common procurement processes and the procurement user guide. The plan should include information on how the common processes will be communicated across the City and a schedule for employee training.</p> | 12/31/20 | <p>Training resources have been developed for the implementation of new software.</p> <p>Work has started on assessing training needs for the documented procurement processes and internal communication tactics will be planned for systematic rollout.</p> <p>The project team has identified additional training requirements that will be supported through the implementation of other recommendations. The communication and training plan has been updated to reflect priorities for 2026 with a scheduled rollout for fall 2026.</p> | 8/31/27 |
|  4. E-procurement Solution | Medium | <p>The City should consider obtaining and implementing an E-Procurement solution that will increase the efficiency and consistency of purchasing processes across the City. Such tools also provide document storage capacity allowing users to easy retain procurement documents and evidence compliance with policy and trade agreements.</p> | 12/31/20 | <p>Bids and Tenders has been implemented and is in use by employees and vendors for procurements. Additional modules will be implemented once contract management, vendor performance, and approvals are complete.</p> <p>A second software, RFx Drafter has been implemented to assist with the development of tender documents posted on Bids and Tenders. This software was soft launched at the end of 2023 with a wider release and training done in 2024.</p> | 6/30/24 |




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|  5. Documenting key activities and decisions | High | The City should expand the required activities that should be performed and information that should be documented within the master bid file. An expanded summary/checklist of key activities, reviews/approvals and documents to be retained in the master bid file should be developed and implemented. | 12/31/20 | This work has been started in alignment with recommendations #2, #4 and #6 and will be met through a combination of documentation and automation through software. Updates to documentation of key activities and decisions will need to occur as practices evolve and additional recommendations are completed, such as contract management and vendor performance. | 7/30/27 |
|  6. Procurement File Checklist | Medium | To improve consistency and accountability of the competitive procurement process, Purchasing should develop a procurement file checklist aligned with leading practice that outlines information that must be maintained on file along with key steps that must be completed in the procurement process. Employees should complete the checklist, noting dates of key activities and maintaining supporting documentation, to evidence the completion of the required procurement steps. By doing this, Purchasing will ensure key processes are being followed and control activities are taking place and evidenced. | 12/31/20 | This work is aligned with recommendations #2, #4 and #5 and will be met through a combination of documentation and automation through software. | 4/30/28 |
|  7. Procurement Planning and Resourcing | High | As part of the annual capital budgeting process, Purchasing should work with departments to identify their upcoming procurement needs and develop a formal plan to meet those needs. The plan should identify upcoming capital projects and estimated timing of posting of opportunities to Alberta Purchasing Connection (“APC”) or other similar websites, as well as the estimated support required from Purchasing and Legal Services. | 12/31/20 | Work on this recommendation will start in 2028. | 4/30/29 |

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|  8. Leveraging Buying Power | Medium | <p>As part of its annual operating budgeting process, Purchasing should work with user departments to identify common goods/services required across the City (e.g. office supplies, first aid supplies, office furniture, etc.). Where possible, leveraging opportunities for standing offers or collaborating with other municipalities should be considered. The Procurement Policy should be updated expressly to allow for the use of the Government of Alberta Standing Offers and promote its priority over procurement methods. User departments should be prohibited from obtaining goods/services available under standing offer using other procurement methods (e.g. corporate credit card).</p> | 12/31/20 | <p>The City has implemented a quick win through collaborating with the Government of Alberta standing offer and CANOE collaborative procurement. This recommendation will be addressed through other recommendations such as the Spend Analysis (#11).</p> | 12/29/28 |
|  9. Resourcing | Medium | <p>With the information generation from Recommendation #7 and #8, the demand for Purchasing and Legal Services resources for competitive procurement can be estimated and the City should assess the resourcing of each of these departments to ensure both departments have sufficient capacity required to support the procurement of and related contracting for goods/services and manage associated risks appropriately. This includes ensuring Purchasing has sufficient resources to carry out audits to assess user departments compliance with Policy. Once demand and capacity are assessed, the City should examine whether a centralized, hybrid, or decentralized model is most appropriate.</p> | 12/31/22 | <p>The contract management specialist position was filled later in 2025. A need for procurement specialist has been identified. The completion of resourcing will be covered as part of the Workforce Planning Process for Financial and Strategic Services department led by HR department.</p> | 3/31/28 |

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|  10. Purchase Approval | High | The City should require all employees to create purchase requisitions/purchase orders for the procurement of goods/services prior to the purchase taking place. The purchase requisition/purchase order should be approved by an appropriate authority and contain detailed information on the goods / services being procured. Pre-approval of purchase requisitions/ purchase orders will provide assurance that unauthorized procurement of goods/services is not taking place and appropriate data will be collected to facilitate future spending analysis. | 12/31/22 | Work on this recommendation will commence in 2027 | 12/31/28 |
|  11. Spend Analysis | Low | The City should determine whether additional information can be obtained on the type of goods/ services being procured by City employees using corporate credit cards (e.g. data file). If this information can be provided, the City should combine it with the spending information generated through the creation of purchase requisitions/purchase orders (Recommendation #10) to conduct spending analysis in the future. This spend analysis should inform future procurement planning and resourcing. | 12/31/22 | This recommendation is scheduled to be completed in 2028. | 12/30/28 |
|  12. Risk-based Internal Control Framework | Medium | The City should develop and maintain a risk-based control framework for procurement through to accounts payable and payment (“procure-to-pay cycle”). | 12/31/20 | <p>An operational risk register has already been developed and risk matrix documentation is in progress. The operation risk register will be updated in the summer of this year which includes a list of potential mitigations to address the risks is being identified.</p> <p>Work is underway to develop accompanying guidance documents to support risk assessment of procurement projects</p> | 7/30/27 |
|  13. Implement Mitigating Controls | Medium | The City should implement mitigating internal controls or strategies to address the control deficiencies. | 12/31/20 | This recommendation will be addressed as part of the Risk Control Framework (recommendation #12) | 7/30/27 |

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|  14. Corporate Credit Cards | High | Review the City's current practice of corporate credit cards through the analysis of credit card activity and analysis of goods procured through credit cards. Guidelines should be set for spending limits and appropriate sign-offs. Consideration should also be given to who should maintain responsibility for administering the corporate credit cards program and whether it should be transferred to another function within Finance. | 12/31/20 | The transition of the Corporate Procurement Card Administration function from Purchasing Services to Finance has been successfully completed. | 6/30/24 |
|  15. Contract Management Policy | High | The City should develop and implement a contract management policy and supporting procedures to assist City employees in carrying out contract management activities. The contract management policy supporting procedures should contain guidance on the development and required review/approval of contract documents (including change orders) and monitoring of contractor activities. | 12/31/20 | Research on current state and best practice has been completed, operational protocols, business process documents and defining shared roles and responsibilities is in progress and a new contract management administrative directive has been sent for legal review and approval with expected launch in Q2 2026. Processes associated with this work will also be completed in alignment with standards set in recommendation #2. Training modules and implementation of the Contract Management Practice is planned to be rolled out in the fall of 2026 and complete by spring of 2027. | 7/30/27 |

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|  <p>16. Guidance on Procurement Contracts</p> | Medium | <p>The City should include guidance on roles, responsibilities and processes for drafting, negotiating and executing procurement contracts (including change orders) as part of the recommended policy review and in the procurement user guide.</p> | 12/31/20 | <p>New contract templates have been developed in collaboration with Legal Services and Capital Projects. A guidance manual has been designed, and internal training on procurement contract templates is ongoing, with additional modules in development for launch through InteleX. Efficiencies will be realized through standardized contract templates that will reduce the requirement for legal reviews of contracts in the future. Contract Training Modules for the Goods and Services and Construction Contracts have been completed in InteleX. Outstanding modules are for the Master Framework for Roster Agreement Training Module.</p> | 3/31/25 |
|  <p>17. Contactor References</p> | Medium | <p>As part of the evaluation of proponent submissions (before contract award decisions have been made or communicated to vendors), Purchasing or user departments should check contractor references and document the results of the reference checks for proponents who have been either “short listed” for potential contract award, have been selected as the successful proponent, especially in the case of higher risk or non-routine procurements. Questionnaires should be developed to guide the reference checks to ensure all references are asked the same questions. The results of the reference checks should be included as part of the evaluation of submissions and retained within the master bid file. Purchasing should consider including steps to evaluate the proponent’s financial status as part of the RFX and related evaluation process.</p> | 3/31/20 | <p>This recommendation will be addressed later in Q3/Q4 2026 through the review and development of more robust vendor evaluation and performance practices. (aligned with #18 & 19)</p> | 7/30/27 |

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|  18. Contractor Evaluation | Medium | At the end of each contract, user departments should complete a formal contractor evaluation. Purchasing should develop a template to guide the evaluation and the results should be documented and shared with the contractor. In addition, notice of the evaluation protocol should be included in the RFx document. | 3/31/20 | Work on training plan and materials has started; however, the primary focus on this work will begin in Q1 2027, following the completion of the contract management practice (#15). | 7/30/27 |
|  19. Vendor's Previous Performance | Low | Purchasing should consult with Legal Services and obtain advice on whether and how a vendor's previous performance with the City should be incorporated into evaluation criteria in future procurement opportunities without contravening trade agreement requirements. | 12/31/20 | Work on current state assessment and best practices research has been completed; the project team is now working on creating and implementing a Vendor Performance Management program in conjunction with the new contract management practice (#15). | 6/30/27 |
|  20. Competitive Thresholds | High | The City should review its current thresholds for competitive procurement to determine if they should be more consistent with NWPTA thresholds to help ensure the level of effort to procure goods/services is aligned to the value of those goods/services and the associated risks. Unless a valid business reason exists, the City should cease using competitive procurement processes to acquire goods/services valued at amounts less than those required by the City's Purchasing Policy. | 6/30/20 | An initial update of competitive thresholds was done since the audit report was received, however, the work associated with this recommendation has been scheduled for 2028 once the spend analysis (recommendation #11) and market benchmark is completed. | 10/31/28 |