

# Procurement Audit Implementation Progress Report - 2024

Presented to the Internal Audit Steering Committee

April 4, 2025



## **PROCUREMENT AUDIT IMPLEMENTATION PROGRESS REPORT**

The purpose of the report is to update the Internal Audit Steering Committee (IASC) on the status of the implementation of approved actions to address the recommendations contained in the Procurement Audit Report.

### **About the Procurement Audit**

The Procurement Audit was completed in Q4 2019. Upon receipt of the final report, Administration began implementing recommendations. The implementation of recommendations was delayed in 2020 and 2021 due to external events and competing priorities. Revised completion dates indicate the Procurement Audit should be fully implemented by the end of 2026.

### ***Project Accomplishments – 2024***



The Procurement Audit project team has focused on strengthening the foundation for procurement practices and operations and sequenced the audit recommendations to introduce new aspects to corporate procurement to balance it with the regular delivery of services. Some of the key accomplishments achieved by the project team in 2024 include:



- Launch of new contract templates for goods, services, construction and master framework agreements
- Launch of Purchasing Vine Site to provide employees with key resources and information related to procurement
- Piloting new software to help employees draft and prepare competitive bid documents
- Completing the transition of the Corporate Procurement Card Administration function from Purchasing Services to Finance
- Finishing documentation of contract management directive, operational protocols and business process documents



**Recommendations by Status**

COMPLETED 	IN PROGRESS 	NOT STARTED 
<ul style="list-style-type: none"> <li>1. Clarify Roles and Responsibilities</li> <li>2. Develop Common Procurement Processes</li> <li>4. E-procurement Solution</li> <li>14. Corporate Credit Cards</li> <li>16. Guidance on Procurement Contracts</li> </ul>	<ul style="list-style-type: none"> <li>3. Communication and Training</li> <li>5. Documenting Key Activities &amp; Decisions</li> <li>6. Procurement File Checklist</li> <li>9. Resourcing</li> <li>12. Risk-based Internal Control Framework</li> <li>13. Implement Mitigating Controls</li> <li>15. Contract Management Policy</li> </ul>	<ul style="list-style-type: none"> <li>7. Procurement Planning &amp; Resourcing</li> <li>8. Leveraging Buy-in Power</li> <li>10. Purchase Approval</li> <li>11. Spend Analysis</li> <li>17. Contractor References</li> <li>18. Contractor Evaluation</li> <li>19. Vendor's Previous Performance</li> <li>20. Competitive Thresholds</li> </ul>

Note: Numbers align with a number of recommendations in the original final report.

Recommendations	Report Risk Rating	Approved Action Plan	Target Completion Date	Implementation Status	Revised Completion Date
 2. Develop Common Procurement Processes	High	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).	12/31/20	The development of common procurement processes has been completed.	3/31/24
 3. Communication and Training	Medium	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.	12/31/20	Work progressed in assessing training needs for the documented procurement processes, with the team drafting the required training content. A communication plan will be developed once the training plan and content are completed.	12/31/25


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 4. E-procurement Solution	Medium	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 easily retain procurement documents and evidence compliance with policy and trade agreements.	12/31/20	Additional modules were purchased for Vendor Performance and Contract Award Approvals. RFX Drafter was implemented to assist with the development of tender documents posted on Bids and Tenders.	6/30/24
 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 continued in alignment with recommendations #2, #4 and #6 and progressed through a combination of documentation and automation through software.	06/30/25

Recommendations	Report Risk Rating	Approved Action Plan	Target Completion Date	Implementation Status	Revised Completion Date
 6. Procurement File Checklist	Medium	<p>To improve consistency and accountability of the competitive procurement process, Purchasing should develop a procurement file checklist aligned with a 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.</p>	12/31/20	<p>Progress continued on the procurement file checklist, with additional requirements identified through the Contract Management Processes.</p>	06/30/25
 7. Procurement Planning and Resourcing	High	<p>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.</p>	12/31/20	<p>This recommendation is scheduled to be completed in Q4 2025.</p>	12/31/25



Recommendations	Report Risk Rating	Approved Action Plan	Target Completion Date	Implementation Status	Revised Completion Date
<p>8. Leveraging Buying Power</p>	<p>Medium</p>	<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 a standing offer using other procurement methods (e.g., corporate credit card).</p>	<p>12/31/20</p>	<p>This recommendation is scheduled to be completed in Q4 2025 and will be addressed through other recommendations such as the Spend Analysis (#11)</p>	<p>12/31/25</p>


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<p>9. Resourcing</p>	<p>Medium</p>	<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>	<p>12/31/22</p>	<p>The position of Contract Management Specialist was approved.</p> <p>This recommendation is scheduled to be completed in 2026</p>	<p>6/30/26</p>




Recommendations	Report Risk Rating	Approved Action Plan	Target Completion Date	Implementation Status	Revised Completion Date
 10. Purchase Approval	High	<p>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.</p>	12/31/22	This recommendation is scheduled to be completed in 2026.	12/31/26

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● 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 start in 2025.	12/31/25
● 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	The operational risk register was developed. The risk register includes a list of potential mitigations to address identified risks.	5/30/25
● 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). The management of the mitigating controls is ongoing.	06/30/25

Recommendations	Report Risk Rating	Approved Action Plan	Target Completion Date	Implementation Status	Revised Completion Date
 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. All other activities were completed in previous years.	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 the current state and best practices was completed, and a new contract management administrative directive was drafted.  Processes were completed in alignment with standards set in Recommendation #2.	5/30/25

Recommendations	Report Risk Rating	Approved Action Plan	Target Completion Date	Implementation Status	Revised Completion Date
 <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 were developed in collaboration with Legal Services and Capital Projects.</p> <p>A guidance manual was designed and internal training on procurement contract templates is ongoing.</p> <p>Contract training modules for the Goods and Services and Construction Contracts were completed in Intelex.</p>	3/30/25

Recommendations	Report Risk Rating	Approved Action Plan	Target Completion Date	Implementation Status	Revised Completion Date
 17. Contractor References	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	This recommendation will be addressed later in 2025 to enhance existing practice, aligned with recommendations #18 and #19.	12/31/25

Recommendations	Report Risk Rating	Approved Action Plan	Target Completion Date	Implementation Status	Revised Completion Date
<p>● 18. Contractor Evaluation</p>	<p>Medium</p>	<p>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.</p>	<p>3/31/20</p>	<p>The work will begin in 2025, following the completion of the contract management practice (recommendation #15).</p>	<p>12/31/25</p>
<p>● 19. Vendor's Previous Performance</p>	<p>Low</p>	<p>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.</p>	<p>12/31/20</p>	<p>This work will begin in 2025, following the completion of the contract management practice work (recommendation #15 &amp; recommendation # 18)</p>	<p>12/31/25</p>
<p>● 20. Competitive Thresholds</p>	<p>High</p>	<p>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.</p>	<p>6/30/20</p>	<p>Thresholds were reviewed in 2021 and will be reviewed again once the spend analysis (recommendation #11) and market benchmark are completed. This work is currently planned to take place in the fall of 2025.</p>	<p>12/31/25</p>

