Procurement Processes

Transportation and Economic Corridors

Report of the Auditor General
March 2025

Assessment of Implementation Report

Auditor General
OF ALBERTA

Auditor General
OF ALBERTA

Shane Getson, MLA
Chair
Standing Committee on Legislative Offices

I am honoured to transmit my *Procurement Processes Assessment of Implementation* to the Members of the Legislative Assembly of Alberta, under the *Auditor General Act*.

W. Doug Wylie FCPA, FCMA, ICD.D
Auditor General of Alberta

Edmonton, Alberta
March 2025

Outstanding Recommendations

Assessment of Implementation Report

Procurement Processes

Transportation and Economic Corridors

(December 2023)

Summary of Recommendations

IMPLEMENTED Recommendation:
Improve controls for posting periods

IMPLEMENTED Recommendation:
Improve documentation controls

IMPLEMENTED Recommendation:
Improve access controls for procurement information systems

Introduction

We completed our assessment of implementation of three recommendations from our December 2023 audit of the department's procurement processes for its construction projects. We found all three recommendations have been implemented.

Recommendation:
Improve controls for posting periods
IMPLEMENTED

Context

In 2023, we audited whether the department had effective processes to ensure fair and competitive procurement of its construction tenders. From January 2019 to January 2022, the department awarded almost 300 construction contracts for almost $2.2 billion. The trade agreements[1] require departments to use open solicitation for construction procurements over a threshold amount and must provide proponents with a reasonable time to submit a response.

[1] The trade agreements allow for certain exceptions.

The department posts all procurements publicly to the Alberta Purchasing Connection (APC) and, since July 2021, the department has only accepted bids in electronic format. As a result, the department must post its construction tenders over $8.8 million[2] for a minimum of 25 days from the APC posting date to the date the bid is due. Trade agreements do allow for a reduction in the posting period to no less than 10 days in certain circumstances.[3]

We found that almost 30 per cent of construction projects sampled were not initially posted for the minimum timelines per the trade agreements. The department did not provide support in any of these instances that would have allowed reduced posting timelines.

Our current findings

The department has implemented our recommendation to improve controls to ensure posting periods comply with trade agreement requirements.[4]

The department developed a posting time approval process that requires business areas to receive sign-off from the department's procurement strategy and planning branch (PSP) for any construction procurements over $8.8 million that are to be posted for fewer than 25 days. Business areas must also provide documented rationale for the reduced posting time, including documentation supporting how the trade agreement exception is met. PSP ensures all approvals and supporting documentation are kept in the associated procurement files. The department also does procurement training at least twice a year to ensure everyone performing procurements is aware of the requirements.

Since our 2023 audit, the department asserted that it would only use reduced posting periods in extreme circumstances. Based on our review of procurements posted to APC from January 1, 2024 to November 30, 2024, we did not identify any construction tenders over $8.8 million that were posted for less than 25 days.

Recommendation: **Improve documentation controls**

IMPLEMENTED

Context

The department uses various procurements methods for its construction projects, including a qualifications-based approach where it evaluates submissions against pre-determined criteria. In these instances, the department forms independent evaluation teams that score submissions and bases its shortlisting or final award decisions on this scoring. The department should ensure all documentation and records to support shortlisting and award decisions are kept on file.[5]

In our 2023 audit, we identified two large-scale construction procurements where the department could not provide supporting documentation for the results of all evaluation processes. For one of the two procurements, the department did not document the rationale for its final shortlisting decision.

---

2 This amount was previously $9.1 million at the time of our original audit in 2023.

3 The posting timeline can be reduced to no less than 10 days if a notice of the planned procurement was published in advance of the intended procurement, or a state of urgency duly substantiated by the department renders the time period for the tendering impracticable.

4 *Procurement Processes*, *Report of the Auditor General—December 2023*, page 9.

5 The Government of Alberta's Procurement Accountability Framework, s. 3.2.5, lists documentation such as copies of all responses received from vendors, solicitation and vendor notices and communications, evaluation ratings and scoring sheets, recommendations for awards, and other department internal communication documentation where applicable.

Our current findings

The department has implemented our recommendation to improve its documentation controls to ensure it has adequate support for its shortlisting and award decisions.[6]

The department developed a procurement documentation checklist to ensure it retains appropriate records to support all award decisions. The checklist includes required documentation for each of the various procurement stages, including pre-solicitation and solicitation, evaluation, award, and debriefing. The department's PSP branch:

- oversees all construction procurements to ensure award decisions align with completed evaluations, where applicable
- reviews all procurement folders to ensure they include all required documentation

We identified four large-scale construction projects in 2024 where the department evaluated and scored submissions for shortlisting decisions. For all four procurements, the shortlisting award decisions appropriately aligned with completed evaluations, and all required documentation per the checklist was retained on file.

Recommendation: **Improve access controls for procurement information systems**

IMPLEMENTED

Context

The department uses three main systems to receive and store procurement information:

- email accounts where proponent submissions are received
- network folders where procurement records and supporting documentation are stored
- the Program Management Application (PMA) system is used to track and retain procurement-related information such as successful and unsuccessful proponents, submission evaluation results, bid prices, award recommendations, and approvals

In our 2023 audit, we found the department did not periodically review user access to these systems. We found one user had access to the submission inboxes even though they were no longer with the department, and the department could not provide evidence that all individuals with access to the network folders and PMA should have this access or that their access was appropriate.

[6] *Procurement Processes, Report of the Auditor General—December 2023*, page 12.

Our current findings

The department has implemented our recommendation to improve access controls for its procurement information systems.[7]

The department developed a process to review user access to each procurement system twice a year[8] to ensure user access is appropriate. The reviews are overseen by the department's PSP branch.

Based on our testing, the department completed reviews of all three systems in June 2024 and December 2024. We tested the December 2024 listings of all users with access to each of the three procurement systems, and all users were current employees at the department. We also found evidence that users who no longer needed access to the procurement systems had that access revoked.

[7] *Procurement Processes, Report of the Auditor General—December 2023*, page 13.

[8] Reviews are to be completed by end of June and end of December.

About our Assessment of Implementation Report

Management is responsible for implementing our recommendations. We examine implementation plans and perform procedures to determine whether management has implemented our recommendations when management asserts that they have been implemented. We repeat our recommendations if we do not find evidence they have been implemented. We may also issue new recommendations for matters that come to our attention during our assessment.

We conduct our assessments of implementation under the *Auditor General Act*. We apply Canadian Standard on Quality Management 1. Accordingly, we have maintained a comprehensive system of quality management, including documented policies and procedures regarding compliance with applicable professional standards and applicable ethical, legal, and regulatory requirements. We comply with the independence and other ethical requirements of the Chartered Professional Accountants of Alberta Rules of Professional Conduct, which are founded on fundamental principles of integrity and due care, objectivity, professional competence, confidentiality, and professional behaviour.

Auditor General
OF ALBERTA

oag.ab.ca

Contact us:
info@oag.ab.ca
780.427.4222

ISSN 1919-4242 (print)
ISSN 1927-9604 (online)