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# Horizontal Internal Audit of Procurement Governance

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## Executive summary

Procurement of goods, services and construction in the Government of Canada (GC) helps departments provide programs and services to Canadians. Professional services, which is a subset of those procurements, support a broad range of activities. As reported in the 2022–23 Public Accounts, the Government of Canada spent about \$14.3 billion on external professional services.

Subject to certain exceptions, the process for government procurement must be fair, open and transparent. To help achieve these procurement objectives, the GC established a suite of instruments, including legislation, regulations and policies. All those involved in procurement must consider the suite of instruments and how their spending meets operational needs and helps achieve the GC's socio-economic objectives. This involves establishing processes that support all procurement stakeholders, including training, as well as monitoring trends, risks, and compliance to continually improve the GC's procurement instruments and resources.

Procurement in the GC can be complex with many public servants involved, each with different but complementary responsibilities and accountabilities. Given this potential for complexity, and recent challenges regarding government procurement, the President of the Treasury Board announced on March 20, 2024, that the Comptroller General of Canada would conduct an audit to assess the governance, decision-making and controls for professional services contracts.

Given other audits and reviews of selected suppliers and procurement practices, this audit focused on the frameworks for managing procurement within departments and across government, not on the compliance of individual contracts.

The audit found:

- The GC made some efforts to support public servants involved in procurement in fulfilling their obligations. Gaps remain with respect to roles, responsibilities and accountabilities for horizontal and government-wide support, notably for business owners.
- Collecting and using information for monitoring, decision-making and continuous improvement, while done at the departmental level, is limited to individual contracts issued under their authorities. Gaps remain in relation to broader and government-wide collection and monitoring of procurement information to support compliance and timely decision-making, identify trends, and mitigate challenges and risks.
- Departments have processes in place to help comply with a myriad of procurement rules. The level of maturity of their departmental procurement management frameworks should be improved to support compliance and procurement objectives.

## Conformance with professional standards

This internal audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing.

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## Background

Procurement of goods, services and construction in the Government of Canada (GC) helps departments provide programs and services to Canadians. Professional services, which is a subset of those procurements, support a broad range of activities, including health care delivery, contaminated site remediation, IT services, and more. They can be used for temporary capacity, specialized advice, or skills and abilities not available within the GC.

Within the GC, procurement involves:

- many rules established by legislation, regulations, trade agreements and policies
- various central agencies, common service providers and other departments
- multiple public servants with key roles

The GC uses procurement to advance Indigenous reconciliation and the GC's socio-economic objectives, including greening government, supporting small and medium-sized enterprises, and improving accessibility.

Subject to certain exceptions, government procurement must be fair, open and transparent. To achieve these objectives, new requirements are added, increasing the complexity of the procurement process. Refer to [Appendix A: Procurement suite of instruments](#) for information on the suite of instruments related to procurement.

The *Directive on the Management of Procurement* (the directive), which is principles-based, sets expectations, objectives, outcomes, as well as roles and responsibilities for the GC's procurement.

The key partners in the GC's procurement process are: <sup>1</sup>

- **Treasury Board of Canada Secretariat (TBS):** As a central agency, TBS provides overall direction, guidance and support across government, including for contracting authorities and senior designated officials. It also develops training and awareness programs with the Canada School of Public Service.
- **Canada School of Public Service (CSPS):** As a common service provider, CSPS delivers procurement learning and development events based on the needs and content of partner organizations. <sup>2</sup>
- **Public Services and Procurement Canada (PSPC):** Both as a department and as a common service provider, PSPC provides technical direction, training and guidance for its own staff. As a common service provider, it provides contracting tools to departments and, when applicable (such as for procurement above a certain financial amount), PSPC is the contracting authority for other GC departments.
- **Departments:** Departments are responsible for conducting procurements; ensuring that requirements are followed; and for providing additional direction, guidance and training that reflects their specific operational context and needs. As outlined in the directive, some departments have additional horizontal responsibilities. For example, Indigenous Services Canada leads and administers the Procurement Strategy for Indigenous Business, and Shared Services Canada acquires goods and services related to email, data centres, networks, and end-user information technology for departments and agencies.

Within departments, there are key roles <sup>3</sup> with critical responsibilities and accountabilities in the procurement process, including respecting the *Values and Ethics Code for the Public Sector*:

- **deputy heads** are accountable for meeting all requirements under the *Policy on the Planning and Management of Investments* and the *Directive on the Management of Procurement*
- **senior designated officials** are responsible for:
  - providing advice and supporting the deputy head on the management of procurement
  - developing and implementing the departmental procurement management framework and supporting improvements to procurement tools and processes
  - facilitating collaboration between contracting authorities and business owners
  - identifying and addressing the department's needs with respect to the necessary competencies, capacity and professional development in procurement management
  - supporting improvement of government-wide procurement tools and practices by collaborating with PSPC, Shared Services Canada and TBS
- **contracting authorities** have delegated contracting authority to enter a contract or contractual arrangement on behalf of a department or agency
- **business owners** are responsible for:
  - the business or program area for which the procurement is made
  - defining the required capabilities, intended business outcomes and benefits of a procurement
  - monitoring the achievement of the intended outcomes and ensuring that the delivery of services meets the provisions of the contract (for example, quality, cost, and service levels)

Given this complexity and recent challenges regarding government procurement, on March 20, 2024, the President of the Treasury Board announced that the Comptroller General of Canada would conduct this horizontal audit to assess governance, decision-making and controls associated with professional services contracts, including information technology.<sup>4</sup>

## Objectives and scope

The objectives of this audit were to determine whether:

- TBS,<sup>5</sup> in collaboration with relevant departments, provides direction, guidance, tools and training to help ensure that procurements are managed in accordance with the directive.
- PSPC, as a common service provider, develops and communicates guidance, templates and contracting vehicles to support and ensure that procurements undertaken on behalf of other government departments are managed in accordance with the directive.
- Data on procurement is collected and used to support monitoring, oversight, continuous improvement and decision-making.
- Procurement management frameworks in selected departments:
  - are established, aligned with applicable requirements and implemented
  - support the fulfillment of procurement specific roles and inform decision-making

The scope included TBS in its policy centre role for the *Directive on the Management of Procurement*, common service providers, and large and small departments.<sup>6</sup> Departments were selected based on a variety of considerations including, among others:

- the extent of recent or upcoming assurance work by internal and external functions
- the value and number of contracts
- a mix of centralized and decentralized procurement functions

The audit's objectives and testing procedures considered the risks and challenges identified in recent procurement assurance engagements that focused on selected suppliers, contracts or procurements, including internal and external engagements such as those by the Office of the Procurement Ombud and the Office of the Auditor General.<sup>7</sup>

As such, this audit focused on the frameworks for managing and supporting procurement in departments and across government, not on the compliance of individual contracts.

For further details on the audit's objective, scope, methodology and exclusions, see [Appendix D: About the audit](#).

## Finding 1: Direction, guidance, support and training for procurement

► In this section

### What was expected

The Treasury Board *Framework for the Management of Compliance* and the *Department of Public Works and Government Services Act*, among other mechanisms, establish that, based on their respective accountabilities, TBS, PSPC, CSPS and departments have roles in providing direction, guidance, support and training on procurement in the GC.

It was expected that:



- TBS, as the policy centre, has a formalized approach for and provides government-wide direction and guidance to the procurement functional community (contracting authorities and senior designated officials), including determining the mandatory training for contracting authorities and developing the training in collaboration with the CSPA
- PSPC, as a common service provider, has formalized approaches for developing and implementing necessary guidance and training to support its own procurement professionals
- departments, based on their context and needs, provide guidance and support to their employees (senior designated officials, contracting authorities and business owners) involved in the procurement process

## What was found

**TBS, PSPC and departments made efforts to support public servants in fulfilling their procurement obligations. These efforts comply with TBS, PSPC and departments' respective roles, responsibilities and accountabilities. As a result, gaps remain with respect to horizontal and government-wide support, notably for business owners.**

TBS provided some support to senior designated officials and contracting authorities through guidance and learning events. To respond to emerging procurement challenges as identified in recent contracting reviews, TBS implemented changes to the directive and developed guidance and new mandatory procedures.

Other planned activities intended to support government-wide direction and guidance are delayed, including a formalized process for continual improvements to the directive, guidance and training, and launching a new platform for sharing procurement best practices and tools with all public servants.

TBS assessed the current mandatory learning curriculum, and, to address gaps identified, developed a new procurement professional development framework for contracting authorities that identifies both mandatory and recommended training. While TBS is working collaboratively with the CSPS to modernize its procurement learning curriculum, there is a risk that knowledge and competency gaps remain for contracting authorities.

Given PSPC's responsibility for high-risk and complex procurement conducted in the GC, it has extensive procurement expertise. In its role as a common service provider, PSPC provides advice and guidance to departments on procurement strategies, methods of supply and industry engagement, notably through the *Supply Manual*. In addition, PSPC provides specialized training, direction, guidance and tools to its own procurement professionals.

While TBS and PSPC have distinct roles in providing government-wide guidance and support, horizontal coordination to ensure that instruments are aligned occurs informally.

Departments provide guidance and support through the procurement management frameworks that are adapted to their operational context – more details on the procurement management frameworks are identified in Finding 3.

With respect to training, departments provide some guidance and training to support their respective employees that have critical responsibilities in the procurement process. There are opportunities to:

- formalize and communicate training and development plans for contracting authorities
- monitor and track the completion of mandatory training
- facilitate support for business owners

Business owners are responsible for the business or program area for which the procurement is established and, some, seldom engage in the procurement process. Despite having critical responsibilities in the procurement process (such as monitoring supplier performance), business owners are not consistently supported in and across departments. TBS and some departments have recently undertaken initiatives to support business owners.

**As an illustration of good practice, one department had established practices to support business owners. The department:**

- **developed a procurement roadmap that provides business owners with an overview of their role and responsibilities**
- **offered internal training through various procurement courses based on TBS guidelines and policies with a focus on its departmental context that covers:**
  - **roles and responsibilities between the business owners and contracting authorities through the procurement life cycle**
  - **how to monitor contracts to ensure compliance, such as with terms and conditions**

TBS, PSPC and departments have complimentary yet distinct roles, responsibilities and accountabilities to provide direction, guidance, support and training. While these organizations are making efforts to do what they are supposed to do, if they worked together to leverage their expertise and break down silos, procurement across government could be better managed and provide greater value to Canadians. For example, these risks could be mitigated:

- imbalances in awareness, knowledge and competencies across the procurement community
- inconsistency in support to business owners to discharge their responsibilities

- lost opportunities to create horizontal efficiencies and leverage specialized expertise and support

## Why it is important

Greater integration and horizontality of roles, responsibilities and accountabilities based on respective expertise and capabilities would better support those involved in procurement (the procurement community and business owners) with consistent government-wide direction, guidance, support and training. This would equip them with the required awareness, knowledge, competencies and tools to support their discharge of responsibilities in accordance with the *Values and Ethics Code for the Public Service*, the directive and procurement objectives.

## Finding 2: Collection and use of procurement information and data

► In this section

### What was expected

The *Foundation Framework for Treasury Board Policies* and the *Framework for the Management of Compliance* establish the general expectations for TBS and departments regarding monitoring and oversight of the implementation of TB policies.

It was expected that procurement information and data are collected by:

- TBS, as the policy centre, to assess the adequacy of the suite of instruments and to monitor risks and compliance with the directive across the GC

- PSPC, as a common service provider, to oversee and monitor the management of the standing offers and supply arrangements <sup>8</sup>
- departments to inform decision-making and to monitor supplier performance, compliance with the directive and potential wrongdoing.

## What was found

**Information and data are not collected nor used horizontally within departments and across the government to:**

- **identify trends and challenges**
- **facilitate continual improvement**
- **support decision-making**
- **assess the adequacy of the suite of instruments**
- **monitor risks and compliance with the directive across the GC**

As the policy centre, TBS regularly communicates with the procurement community regarding the implementation of the suite of instruments and the government-wide management of procurement.

As outlined in the *Foundation Framework*, TBS reviews various sources of information, such as audit reports, for monitoring and oversight. TBS has not clearly identified all the horizontal and departmental information needed nor its collection frequency to assess the adequacy of the procurement-related suite of instruments and to monitor risks and compliance with the directive.

PSPC has a fraud risk management framework, as well as tools and processes to detect and review instances of wrongdoing. PSPC has processes for monitoring supplier performance using its vendor information management system.

Work is underway to enhance PSPC's data analytics capabilities to further improve prevention and detection of wrongdoing. PSPC does not have processes to collect horizontal information to monitor and oversee standing offers and supply arrangements issued under its authority. Moreover, PSPC does not have access to the information and data to monitor standing offers and supply arrangements issued by other departments.

Departments established processes to assess supplier performance and monitor compliance at the individual contract level. They are not consolidating the information to:

- identify trends and risks
- monitor overall compliance
- support decision-making and continual improvements

While TBS, PSPC and departments are fulfilling some of their procurement oversight and monitoring activities in accordance with their current respective delegated authorities, the information collected is not used for horizontal analysis. As a result, gaps remain to mitigate horizontal procurement risks including:

- lack of identification of trends and risks across departments
- lack of sharing supplier performance assessments
- failing to support prevention and early detection of potential wrongdoing

## Why it is important

The consolidation and horizontal analysis of data are increasingly important in today's fast-paced and data-driven environment. With the availability of advanced data analytics tools, the GC has an opportunity to eliminate these information silos and leverage horizontal procurement data

for better government-wide insights to inform timely decision-making. Capturing this type of data could help inform GC strategic decisions, such as whether to renew contracts, renegotiate terms or explore alternative suppliers; or identify horizontal gaps in capacity and knowledge.

Consolidating, sharing, and leveraging procurement-related information and data among departments and PSPC are key to:

- identifying trends
- addressing common challenges in a timely manner
- supporting continual improvement
- enhancing the management of supplier performance
- managing risks
- improving the detection of potential wrongdoing

Sharing compliance information with TBS would enhance its ability to identify and address common challenges with the implementation of the directive, assess the adequacy of the suite of instruments and ensure continuous improvement.

## Finding 3: Departmental procurement management frameworks

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### What was expected

The directive requires departments to establish, implement and maintain a departmental procurement management framework<sup>9</sup> to achieve operational outcomes and demonstrate sound stewardship. These frameworks are expected to reflect the value, risk and complexity of the

procurements undertaken. The procurement management framework represents the overarching processes, systems and controls for procurement in a department's governance structures.

It was expected that included departments: <sup>10</sup>

- established, communicated and implemented procurement management frameworks that aligned with the directive
- established governance committees and monitored activities through the life cycle of procurement to provide accurate and timely information for decision-making

## What was found

**Departments have processes in place to help comply with a myriad of procurement rules. The maturity of their departmental procurement management frameworks can be improved to reflect the principles of the directive and support:**

- **compliance**
- **the achievement of procurement objectives**
- **continual improvement**

Procurement governance, oversight and decision-making involve many aspects. While the level of implementation varied, departments had some form of a procurement management framework. For example, some departments had draft procurement management frameworks, and others had completed frameworks, but they had yet to communicate them to all relevant organizational stakeholders.

The procurement management frameworks partially aligned with key elements of the directive. Specifically, some departments require documentation to support the following:



- integrating respect for human rights, the environment, and social and responsible corporate behaviour into procurements
- including the procurement perspective in departmental planning
- collaborative, innovative, iterative and outcomes-based procurement approaches

Areas for improvement were also noted in providing documented direction on key procurement aspects, for example deciding whether to use internal<sup>11</sup> or external resources to meet procurement objectives.

Roles and responsibilities in procurement depend on several factors. A department can manage procurement internally or use PSPC as a common service provider. For internal procurements, roles were generally clear in all departments' procurement management frameworks. When working with PSPC as a common service provider, most departments had detailed roles and responsibilities beyond those outlined in the *Supply Manual*.

Most departments established governance bodies and provided management oversight throughout the contract life cycle, integrating this governance into broader departmental structures. The criteria for escalating procurement items to relevant governance bodies were not always clearly defined.

Most departments also have departmental quality control functions to support management oversight and monitoring. The maturity of these functions varied between the departments.

**As an illustration of a good practice, two departments had well-established quality control functions to oversee and monitor contracts. They used documented processes and checklists to review a sample of contracts every quarter. The results were communicated to**

**contracting authorities and to senior management in procurement. In one department, results were also communicated to the department's procurement review committee.**

There are opportunities to better define the scope and methods of quality control functions and ensure that they work as intended, including communicating, reporting or escalating results of the quality control assessments. Some departments' quality control assessments were missing key elements, such as supplier performance evaluations.

The directive also requires that procurement management frameworks enable and maintain integrity in the procurement process. While departments have values and ethics programs, these programs do not include procurement specific considerations. There is an opportunity to use the renewed values and ethics conversations in the public service to discuss integrity in the procurement process.

Although the *Code of Conduct for Procurement* is publicly available to suppliers, the lack of referencing it explicitly or elaborating it directly were identified as issues in the contracts reviewed.<sup>12</sup> To mitigate this, in June 2024, PSPC changed its contracting templates to clearly inform contractors that they must comply with the code and included direct links to the code in the templates. This change supports suppliers' awareness and understanding of their obligations.

In the review of professional services contracts,<sup>13</sup> most of the assessed procurement management framework elements were implemented as expected, such as security requirements and consideration for Indigenous businesses. Some improvements are required to:

- support information management of contracting files
- proactively assess supplier performance
- document consideration of using internal resources

## Why it is important

Comprehensive and clear procurement management frameworks supported by integrated governance, oversight and decision-making structures that align with the directive help ensure that procurements are effective, conducted with integrity and comply with the suite of procurement instruments and the *Values and Ethics Code for Public Servants*. Procurement management frameworks help organizations support employees involved in procurement, assess and manage risks, monitor performance and make informed decisions.

## Recommendations

1. **The Government of Canada, led by TBS and PSPC**, should examine the feasibility of integrating procurement authorities across the Government of Canada to address the horizontal and government-wide gaps identified. The integration should be designed to:
  - a. ensure greater consistency and decrease fragmentation of procurement authorities
  - b. provide horizontal direction, guidance, training and support to public servants to fulfill their procurement responsibilities
  - c. facilitate horizontal monitoring and oversight of procurement practices and transactions
2. **In the interim, the Government of Canada, led by TBS and PSPC**, in collaboration with relevant departments should:
  - a. review, clarify and communicate current procurement authorities, delegations and accountabilities
  - b. leverage respective expertise and capabilities to provide government-wide support for procurement

- c. enhance and align government-wide direction, guidance and support for senior designated officials and contracting authorities
- d. **support the CSPA** in developing training for business owners that will be supplemented by department-specific training and support

**3. To improve the horizontal collection and analysis of procurement related information and data, the Government of Canada, led by TBS and PSPC, in collaboration with relevant departments should:**

- a. improve information sharing in support of government-wide analysis and monitoring
- b. explore options to strengthen the ability to capture government-wide procurement information (for example, centralized contract management system)
- c. **TBS** should identify the horizontal and departmental information (common information and indicators) needed to identify trends and challenges, assess the adequacy of the suite of instruments, and monitor risks and compliance with the directive across the GC
- d. **PSPC** should establish and implement processes to monitor use of standing offers and supply arrangements issued under its mandate as a common service provider

**4. Included departments** should update their respective procurement management frameworks to address the individual gaps identified in their departments. These updates should be designed to achieve the following:

- ensure compliance with the directive
- support and guidance for their respective employees
- support the collection and use of procurement information to monitor trends, risks and compliance; support continual improvements; and ensure integrity in the procurement process

# Conclusion

Procurement in government can be complex, involving many stakeholders within and across numerous departments. They work together to ensure that the suite of procurement instruments is used correctly and that the government's socio-economic objectives are achieved. This includes providing support to those involved in procurement, monitoring and oversight of procurement activities, and formalizing processes that support managing procurements.

The GC has made some efforts to support public servants involved in procurement in fulfilling their obligations. Gaps remain with respect to roles, responsibilities and accountabilities for government-wide support.

Collecting and using information and data for monitoring, decision-making and continual improvement are done at the departmental-level and are limited to individual contracts issued under their authorities.

Departments have processes in place to help comply with a myriad of procurement rules. The formalization, completeness and maturity of their departmental procurement management frameworks could be improved to enhance compliance and support procurement objectives.

While partially fulfilled, TBS, PSPC and departments have complimentary yet distinct roles, responsibilities and accountabilities for managing procurement. The following risks for managing procurement across government remain:

- imbalances in awareness, knowledge and competencies across the procurement community and business owners
- lost opportunities to create government-wide efficiencies and ensure consistency
- lack of comprehensive and government-wide information for timely horizontal oversight and monitoring

# Management responses

The findings and recommendations of this engagement were presented to the departments that were included in its scope.

Management in all departments have agreed with the findings in this report and are committed to take actions to address all recommendations.

Management responses from the included departments are in [Appendix I: Departmental management responses](#).

## Appendix A: Procurement suite of instruments

This list includes some of the key applicable legislation, policies, directives and guidance for procurement in the GC. This is not an exhaustive list; additional relevant legislation, policies, directives and guidance can be found in the “References” section of the [\*Directive on the Management of Procurement\*](#).

Legislation, policy, directive, standard or guideline	Description
<a href="#"><i>Department of Public Works and Government Services Act</i></a> <b>Effective June 20, 1996</b>	An Act to establish the Department of Public Works and Government Services and to amend and repeal certain Acts. The department shall operate as a common service provider for the GC, and its activities as a common service provider shall be directed toward providing the departments, boards and agencies of the GC with services in support of their programs.

Legislation, policy, directive, standard or guideline	Description
<u><i>Shared Services Canada Act</i></u> <b>Effective</b> June 29, 2012	An Act to establish Shared Services Canada, recognizing that the GC wishes to standardize and consolidate, within a single shared services entity, certain administrative services that support government institutions.
<u><i>Canada School of Public Service Act</i></u> <b>Effective</b> March 27, 1991	An Act respecting the CSPS, including the establishment of the objects and powers of the CSPS.
<u><i>Policy on the Planning and Management of Investments</i></u> <b>Effective</b> May 13, 2021	The objective of this policy is that the GC has the necessary assets and services in place to support program delivery to Canadians.
<u><i>Policy on Service and Digital</i></u> <b>Effective</b> April 1, 2020	This policy and supporting instruments serve as an integrated set of rules that articulate how GC organizations manage service delivery, information and data, IT, and cyber security in the digital era.
<u><i>Policy on People Management</i></u> <b>Effective</b> April 1, 2021	The policy provides deputies with foundational support in developing and sustaining a high-performing workforce that ensures good governance and service to Canadians and an inclusive, safe, barrier-free workplace that embodies public service values, including respect for people, respect for democracy, integrity, stewardship and excellence in its actions and decisions.
<u><i>Directive on the Management of Procurement</i></u> <b>Effective</b> May 13, 2021	The objective of this directive is that procurement of goods, services and construction obtains the necessary assets and services that support the delivery of programs and services to Canadians, while ensuring best value to the Crown.

Legislation, policy, directive, standard or guideline	Description
<u><i>Directive on Delegation of Spending and Financial Authorities</i></u> <b>Effective</b> April 1, 2017	<p>The directive provides chief financial officers with their responsibilities for delegating, maintaining, managing and monitoring spending and financial authorities.</p>
<u><i>Directive on Security Management</i></u> <b>Effective</b> July 1, 2019	<p>The directive aims to achieve efficient, effective and accountable management of security within departments and agencies.</p>
<u><i>Directive on Mandatory Training</i></u> <b>Effective</b> April 1, 2020	<p>The directive details key stakeholders' roles and responsibilities in ensuring that training deemed mandatory by the Treasury Board is conducted.</p>
<u><i>Guide to Establishing a Procurement Management Framework</i></u> <b>Draft</b> February 2022	<p>This draft guide supports the implementation of the <i>Directive on the Management of Procurement</i>, by providing guidance to senior designated officials for the management of procurement to establish, implement and maintain their departmental procurement management framework.</p>
<u><i>Supply Manual</i></u> <b>Effective</b> May 12, 2022	<p>The <i>Supply Manual</i> is intended to help contracting officers at PSPC with their procurement activities. It follows the general sequence of the procurement process, from planning to contract close-out.</p>
<u><i>Manager's Guide: Key Considerations When Procuring Professional Services</i></u> <b>Effective</b> October 5, 2023	<p>This guide is for managers who need additional resources to achieve organizational goals and are considering procuring those resources as professional services through a contract.</p>



Legislation, policy, directive, standard or guideline	Description
<u><i>Values and Ethics Code for the Public Sector</i></u> <b>Effective</b> April 2, 2012	This code describes the values and expected behaviours that guide public servants in all activities related to their professional duties.
<u><i>Code of Conduct for Procurement</i></u> <b>Effective</b> May 26, 2023	This code outlines expectations and obligations for suppliers and their subcontracted suppliers who respond to bid solicitations or provide goods and services to Canada.
<u><i>Foundation Framework for Treasury Board Policies</i></u>	This foundation framework explains the structure of Treasury Board policy instruments and outlines general requirements common to all Treasury Board policy instruments.
<u><i>Framework for the Management of Compliance</i></u> <b>Effective</b> April 1, 2009	This framework clarifies the roles of the Treasury Board, its portfolio, and those of institutions in monitoring and managing compliance with legal and Treasury Board policy requirements.

## Appendix B: Key stakeholder departments

TBS leads and sets policies for government administration, including personnel, finance and organizational practices. It oversees financial management, human resources and digital transformation initiatives. Within TBS, the Office of the Comptroller General (OCG) sets the overall framework for how procurement is to be managed within the GC. This framework involves:

- developing the suite of instruments and providing advice, guidance and recommendations on how to implement the procurement policy suite
- setting expectations for achieving the GC's socio-economic policy objectives through procurement

The OCG also provides functional leadership to the procurement functional community by:

- supporting professional development and training of department employees
- facilitating the exchange of best practices between and among departments

CSPS is a common service provider within the TBS portfolio that leads government-wide learning by providing a standard curriculum to ensure that public service employees have the knowledge, skills and competencies to fulfill their responsibilities in serving Canadians. For procurement training, CSPS provides courses to public servants based on content developed by TBS.

As established by the *Department of Public Works and Government Services Act*, PSPC is a common service provider and the government's central purchasing agent. PSPC has exclusive authority for procuring goods and delegates this authority to ministers, while ministers have their own authorities for purchasing services, including for construction services.

PSPC has a unique role, managing its own purchases and managing contracting for other departments. As a common service provider for procurement, PSPC is responsible for:

- contracting on behalf of federal departments and agencies above their departmental contracting limits

- providing procurement expertise for the acquisition of goods, services and construction, and for enhancing the integrity and efficiency in the contracting process

PSPC also:

- supports GC-wide leadership on procurement policies
- develops tools to support fair, open and transparent procurement (such as mandatory standing offers and supply arrangements), including the *Supply Manual*, and the GC CanadaBuys open procurement portal
- maintains and improves procurement processes and practices

PSPC also ensures integrity by monitoring fairness in procurements and overseeing supplier integrity. Additionally, it manages the professional development and training of its own employees who are contracting authorities.

Departments are accountable for their own procurement decisions, activities and spending. When a department initiates a procurement, it assumes the role of business owner. Depending on the procurement's nature and value, it may also assume the responsibilities of the contracting authority or rely on PSPC to function as the contracting authority. Deputy heads are ultimately accountable for managing procurement, and senior designated officials are responsible for supporting this accountability.

## Appendix C: Roles of key stakeholders

Deputy heads are accountable for requirements under the *Policy on the Planning and Management of Investments* and the directive. To support this role, deputy heads are responsible for designating a senior designated official to manage procurement.

The senior designated official is responsible for establishing, implementing and maintaining the departmental procurement management framework, which includes processes, systems and controls that support procurement activities in their department.

The contracting authority has delegated authority to enter a contract (for example, call-ups against a standing offer) or contractual arrangement and to amend contracts on behalf of a department or agency. The contracting authority role is key to ensuring that contracts and contractual arrangements:

- are based on sound procurement principles, including fairness, openness and transparency
- obtain best value
- follow applicable laws, regulations, trade agreements and the suite of procurement instruments

The business owner works within departments and acts as the project or technical authority for the contract. They:

- define the intended outcome for the procurement and monitor supplier performance and the delivery of the procurement
- ensure integrity
- ensure that the intended outcomes of the procurement are aligned with the departmental mandate and priorities, available funds, and key socio-economic and environmental benefits

While business owners are not experts in procurement (they are not expected to know the intricacies and rules of government procurement), they are expected to understand their responsibilities when engaging in a procurement.

# Appendix D: About the audit

► In this section

## Objectives

To determine whether:

1. procurement management frameworks in selected departments:
  - are established, aligned with applicable Treasury Board policies, directives and guides, and are implemented
  - support the understanding and fulfillment of departmental and shared procurement-related roles, responsibilities and accountabilities between departments
  - are established to enable information and data collection, with tools to inform decision-making
2. TBS, in collaboration with Canada School of Public Service (CSPS) provide direction, guidance, tools and training to help ensure that procurements are managed in accordance with the *Directive on the Management of Procurement*.
3. Public Services and Procurement Canada (PSPC), as a common service provider, develops and communicates guidance, templates and contracting vehicles to support and ensure that procurements undertaken on behalf of other government departments are managed in accordance with the *Directive on the Management of Procurement*.

## Scope

The audit examined:

1. The procurement management frameworks in selected departments, specifically:

- how roles, responsibilities and accountabilities of key stakeholders are defined, communicated and implemented
  - alignment of procurement management frameworks with policy instruments
  - the mechanisms and/or activities in departments that ensure that internal controls are maintained, monitored and reviewed, and that procurements are done in accordance with the framework and applicable laws, regulations and policies
2. Professional services contracts awarded for the purpose of procurement management framework walk-throughs.
3. The practices and activities of the central agency and policy centre and selected common service providers to support compliance with the suite of instruments by examining: <sup>14</sup>
- the activities related to direction, guidance, tools, training and awareness to support key stakeholders' compliance with the suite of instruments.
  - PSPC's governance structures for:
    - procurement on behalf of other departments when their procurements exceed their delegated authorities or authority levels set out in the directive for professional services
    - the life cycle management oversight of standing offers and supply arrangements for professional services

The audit conclusions apply to the following periods:

- departmental procurement management frameworks in place as of May 1, 2024
- professional services contracts awarded from April 1, 2023, to May 1, 2024
- activities undertaken to support the implementation of the directive as of May 1, 2024

Some findings and observations extend beyond these timeframes to provide a comprehensive understanding of the subject matter of the audit and thus allow for forward-looking recommendations.

## Scope exclusions

The following elements were excluded from the audit:

- given recent and significant assurance work, the audit did not focus on specific suppliers, procurements, projects or initiatives
- governance structures for project management, given that the OCG completed a previous review and that the focus of the audit was on how procurement functions are designed and implemented
- Shared Services Canada as a common service provider, given the Office of the Procurement Ombud procurement practice review in 2023 that assessed, among other things, governance related to procurement
- PSPC's procurement activities for its own department, contracting activities undertaken by PSPC as an on-demand service for other departments (for example, when departments have authority to procure but not the capacity to do so), and PSPC Departmental Oversight Branch activities beyond managing procurement wrongdoing
- CSPS's procurement activities for its own department (that is, as a line department)
- sampling of procurement practices and transactions of contracts reviewed or to be reviewed by the Office of the Procurement Ombud
- other common service provider-related activities provided by line departments, for example:
  - the Procurement Strategy for Indigenous Business at Indigenous Services Canada

- the arrangement between Health Canada and the Public Health Agency of Canada for provision of procurement services
- the Federal Contractors Program at Employment and Social Development Canada
- requirements regarding conflict of interest, given recent initiatives by TBS to provide further direction in this area
- proactive disclosure, given recent direction by OCG to seek improvements in this area
- procurement processes and governance related to the specific nature of IT procurements

## Approach and methodology

The internal audit was conducted using public servant internal auditors and internal resources. No contracted resources were used.

The audit included document reviews, interviews, reviews of contract files, governance-related controls, stakeholder consultations and surveys.

Selecting contracts for walk-throughs was based on a targeted risk-based approach of criteria, including selections based on professional services, professional IT services, and value of the contract, among others.

The OCG considered work done by other assurance providers, including the Office of the Auditor General of Canada and the Office of the Procurement Ombud. Most of this work was conducted at the contract or supplier level, evaluating compliance with applicable policies, procedures, laws and regulations in such areas as competitive and non-competitive procurements, security requirements and delegation of authorities. For more information, see [Appendix E: Other procurement audits](#).



The OCG provided audit program steps, directions and guidance to departments that have internal audit functions. It also executed the audit program in departments that do not have internal audit functions, as well as in TBS.

PSPC and departments that have internal audit functions executed the audit program provided by the OCG in accordance with their internal processes (including quality assurance review) and reporting structures. They:

- provided the results of their assessments to the OCG
- reviewed and commented on the draft final report
- developed, as applicable, management action plans to address recommendations

TBS and departments that do not have internal audit functions:

- reviewed the results of the OCG's assessments and the draft final report
- developed, as applicable, management action plans to address recommendations

## Appendix E: Other procurement audits

The table below identifies the various other procurement audits undertaken by the Government of Canada.

Report title	What was examined
Office of the Procurement Ombud <u>Procurement Practice Reviews</u> (conducted in 17 departments since 2020)	Determine whether procurement practices pertaining to evaluation criteria and selection plans, solicitation documents, and evaluation of bids and contract award supported the principles of fairness, openness and transparency. The Office of the Procurement Ombud examined procurement practices to determine whether they were consistent with Canada's obligations under applicable national and international trade agreements, the <i>Financial Administration Act</i> and regulations made under it, the Treasury Board <i>Contracting Policy</i> , the <i>Directive on the Management of Procurement</i> and, when present, departmental guidelines.
Office of the Procurement Ombud <u>Procurement Practice Review of ArriveCAN</u>	<p>To determine whether procurement practices pertaining to contracts associated with the creation, implementation or maintenance of ArriveCAN were conducted in a fair, open and transparent manner. The Office of the Procurement Ombud examined whether these practices were consistent with the <i>Financial Administration Act</i> and the regulations made under it, Treasury Board policy and, where applicable, organizational policies and guidelines. It included the following areas:</p> <ul style="list-style-type: none"> <li>• competitive procurement practices leading to the award of contracts under which work was performed for ArriveCAN</li> <li>• non-competitive procurement practices leading to the award of contracts under which work was performed for ArriveCAN</li> <li>• practices for issuing contract amendments and task authorizations under which work was performed for ArriveCAN</li> <li>• proactive publication of contract information associated with ArriveCAN</li> </ul>

Report title	What was examined
Office of the Procurement Ombud <u>Procurement Practice Review of Contracts Awarded to McKinsey &amp; Company</u>	This review was undertaken to determine whether procurement practices pertaining to contracts awarded to McKinsey were conducted in a fair, open and transparent manner. To make this determination, the Office of the Procurement Ombud examined whether these practices were consistent with Canada's obligations under national and international trade agreements, the <i>Financial Administration Act</i> and the regulations made under it, Treasury Board policy and, where applicable, organizational policies and guidelines.
Office of the Auditor General <u>COVID-19 PANDEMIC – Report 1 – ArriveCAN</u>	<ul style="list-style-type: none"> <li>• Overall management: Examined whether a comprehensive management framework was developed and whether general principles for sound management were applied.</li> <li>• Procurement and contracts: Examined whether procurement and contracting activities were performed according to applicable procedures, guidelines and policies.</li> <li>• Management of the deliverables (contract administration): Examined whether the expected deliverables related to the ArriveCAN application were completed according to applicable procedures, guidelines, and policies.</li> </ul>
Office of the Comptroller General <u>Review of Federal Government Contracts with McKinsey &amp; Company</u>	<ul style="list-style-type: none"> <li>• Integrity of the procurement process (looked at adherence to <i>Values and Ethics Code for the Public Sector</i> and <i>Directive on the Conflict of Interest</i>) and contracting with former public servants.</li> <li>• Procurements being conducted in a fair, open and transparent manner: competitive and non-competitive contracts solicitation, contract management, certification authority (section 34), and proactive disclosure.</li> <li>• Procurements being conducted in a manner consistent with the organization's internal processes and frameworks (contract level).</li> </ul>

# Appendix F: Departments included in the engagement

Departments were selected through an assessment conducted during the planning of this engagement. The following departments were included:

Department	Abbreviation
1. Canada School of Public Service (as a common service provider for learning)	CSPS
2. Canadian Heritage	PCH
3. Canadian Nuclear Safety Commission	CNSC
4. Crown-Indigenous Relations and Northern Affairs Canada	CIRNAC
5. Employment and Social Development Canada	ESDC
6. Fisheries and Oceans Canada	DFO
7. Health Canada	HC
8. Immigration, Refugees and Citizenship Canada	IRCC
9. Impact Assessment Agency of Canada	IAAC
10. Indigenous Services Canada	ISC
11. Public Services and Procurement Canada (as a department, a common service provider for procurement, and an internal services role that has government-wide implications on oversight, procurement integrity and learning)	PSPC
12. Treasury Board of Canada Secretariat (as a central agency and policy centre)	TBS

# Appendix G: Lines of enquiry and criteria

The criteria applied during this engagement are presented in the table below by line of enquiry.

Line of Enquiry	Criteria	Related Source(s)
<p><b>1. Line departments' and PSPC's procurement management frameworks:</b></p> <p>Line departments and PSPC have established, communicated, and implemented procurement management frameworks that are aligned with the <b><i>Directive on the Management of Procurement</i></b>.</p> <p><b>Departments executed audit work: Line departments with internal audit functions, PSPC, and OCG audit team.</b></p>	<p>1.1 A departmental PMF is established, aligns with the <i>Directive on the Management of Procurement</i>, and includes:</p> <p>1.1.1 Accountabilities, roles, and responsibilities of key stakeholders.</p> <p>1.1.2 Procurement-related decision-making authorities and integration with broader departmental governance bodies.</p> <p>1.1.3 Clearly defined shared accountability, roles, and responsibilities between the department and PSPC as common service provider (for procurements which exceed departmental authorities), including how the accountability, roles and responsibilities could change over the procurement life cycle (e.g., contract award vs contract management).</p> <p>1.1.4 Oversight, monitoring, and reporting mechanisms by departmental 2<sup>nd</sup> lines of defence and quality control functions.</p> <p>1.1.5 Direction on:</p> <ol style="list-style-type: none"> <li>Contracting with Indigenous businesses.</li> <li>Identifying, assessing, reporting/disclosing, and managing wrongdoing.</li> </ol>	<p>1.1.1</p> <ul style="list-style-type: none"> <li><u><i>Directive on the Management of Procurement</i></u> (The Directive) – 4.1.2.2</li> <li><u><i>Guide to Establishing a Procurement MF</i></u> <sup>16</sup> - components 2.1 and 2.2 (Governance)</li> </ul> <p>1.1.2</p> <ul style="list-style-type: none"> <li>The Directive – 4.1.2.2</li> <li>Guide to Establishing a PMF - component 2.2 (Governance)</li> <li><u><i>Directive on Delegation of Spending and Financial Authorities</i></u> – 4.1</li> </ul> <p>1.1.3</p> <ul style="list-style-type: none"> <li>The Directive – 4.1.2.2, 4.10.3</li> <li>Guide to Establishing a PMF - component 2.2 (Governance)</li> </ul> <p>1.1.4</p> <ul style="list-style-type: none"> <li>The Directive – 4.1.2.1, 4.1.2.15,</li> </ul>

Line of Enquiry	Criteria	Related Source(s)
	<p>iii. Security considerations and related supplier security clearances.</p> <p>iv. Consideration of using internal or external resources to meet the objective to be achieved by the procurement.</p> <p>v. Information management.</p> <p>vi. Managing subcontractor situations.</p> <p>vii. Segregation of duties.</p> <p>viii. Requirements for using integrity-based procurement services (i.e., PSPC's government-wide support activities for Integrity Regime <sup>15</sup> and Fairness Monitoring Program).</p> <p>1.1.6 Suitable training plans and support for stakeholders involved in the procurement process to support the development of human resources are established, maintained and communicated.</p>	<p>4.10.1</p> <ul style="list-style-type: none"> <li>• Guide to Establishing a PMF - component 4 (Risk)</li> <li>• <u>The IIA's Three Lines Model</u></li> </ul> <p>1.1.5.i</p> <ul style="list-style-type: none"> <li>• The Directive – Appendix E</li> </ul> <p>1.1.5.ii</p> <ul style="list-style-type: none"> <li>• The Directive – 4.1.2.4, 4.17.2</li> </ul> <p>1.1.5.iii</p> <ul style="list-style-type: none"> <li>• The Directive – 4.1.2.8</li> <li>• <u>Directive on Security Management</u> – Appendix F</li> </ul> <p>1.1.5.iv</p> <ul style="list-style-type: none"> <li>• The Directive – 4.1.2.8, 4.7, 4.8</li> <li>• <u>Policy on the Planning and Management of Investment</u> – 4.1.2.3</li> <li>• <u>Manager's Guide: Key Considerations When Procuring Professional</u></li> </ul>

Line of Enquiry	Criteria	Related Source(s)
		<p><u>Services</u> (section 4)</p> <p>1.1.5.v</p> <ul style="list-style-type: none"> <li>• The Directive – 4.10.1</li> <li>• <u>Policy on Service and Digital</u> – 4.3.2.3</li> </ul> <p>1.1.5.vi</p> <ul style="list-style-type: none"> <li>• <u>Manager’s Guide: Key Considerations When Procuring Professional Services</u> (sections 5, 6)</li> </ul> <p>1.1.5.vii</p> <ul style="list-style-type: none"> <li>• The Directive – 4.17.3</li> <li>• <i>Directive on Delegation of Spending and Financial Authorities</i> – 4.1.11</li> </ul> <p>1.1.5.viii</p> <ul style="list-style-type: none"> <li>• <u>Overview of supplier integrity and compliance</u> – “Role of the Office of the Supplier Integrity and Compliance”</li> <li>• <u>Fairness monitoring</u></li> </ul>

Line of Enquiry	Criteria	Related Source(s)
		<div>1.1.6</div> <ul style="list-style-type: none"><li>• Guide to Establishing a PMF – component 3.3 (Workforce Capacity), and component 5 (Service Delivery)</li></ul>



Line of Enquiry	Criteria	Related Source(s)
	<p>1.2 Procurement governance bodies are established, documented, and address the following elements:</p> <p>1.2.1 Oversight governance bodies' accountabilities, roles and responsibilities, and decision-making authorities, including how they could change over the procurement life-cycle (i.e., accountability during contract award vs. during contract management).</p> <p>1.2.2 Expectations and mechanisms for monitoring and escalating items for governance bodies' scrutiny.</p> <p>1.2.3 Integration into broader departmental governance structures.</p> <p>1.2.4 Oversight, planning and reporting mechanisms, including in relation to:</p> <ul style="list-style-type: none"> <li>i. contracting with Indigenous businesses</li> <li>ii. consideration of risk and mitigation strategies to support decision-making</li> <li>iii. disclosure of potential wrongdoing in procurement activities</li> <li>iv. workforce supplementation through contracting</li> </ul>	<p>1.2.1</p> <ul style="list-style-type: none"> <li>• The Directive – 4.1.2.2</li> <li>• The guide, component 2.3 (Governance)</li> </ul> <p>1.2.2</p> <ul style="list-style-type: none"> <li>• The Directive – 4.1.2.1, 4.1.2.2</li> <li>• The guide, component 2 (Governance)</li> </ul> <p>1.2.3</p> <ul style="list-style-type: none"> <li>• <i>Policy on Service and Digital</i> – 4.1.3.1, 4.1.3.6</li> </ul> <p>1.2.4.i</p> <ul style="list-style-type: none"> <li>• The Directive – 4.1.2.1</li> </ul> <p>1.2.4.ii</p> <ul style="list-style-type: none"> <li>• The Directive – 3.2.2, 4.10.5, B.1.3.1</li> <li>• The guide, component 4 (Risk management)</li> <li>• <u>Framework for the Management of Risk</u> (section 4)</li> </ul> <p>1.2.4.iii</p> <ul style="list-style-type: none"> <li>• The Directive – 4.17.2</li> </ul>

Line of Enquiry	Criteria	Related Source(s)
	v. monitoring the adequacy and effectiveness of their processes and tools to support procurement decisions.	<p>1.2.4.iv</p> <ul style="list-style-type: none"> <li>• The Directive – 4.1.2.8, 4.7, 4.8</li> <li>• <u>Policy on the Planning and Management of Investments</u> – 4.1.2.3</li> <li>• Manager's Guide: Key Considerations When Procuring Professional Services (section 4)</li> </ul> <p>1.2.4.v</p> <ul style="list-style-type: none"> <li>• The Directive – 3.2.3</li> <li>• The guide, component 7 (Results monitoring and reporting)</li> </ul>

Line of Enquiry	Criteria	Related Source(s)
	<p>1.3 Oversight, monitoring and reporting mechanisms/activities by departmental second lines of defence and quality control functions occur to help ensure that procurements are conducted in accordance with departmental frameworks, as well as applicable laws, regulations and policies.</p> <p>1.3.1 Selected elements (identified in audit criteria 1.1 and 1.2) of the PMF are implemented for the professional services contracts selected for walk-through.</p>	<p>1.3</p> <ul style="list-style-type: none"> <li>• The Directive – 4.1.2.15</li> </ul> <p>1.3.1</p> <ul style="list-style-type: none"> <li>• See criteria sources for audit criteria 1.1 and 1.2</li> </ul>

Line of Enquiry	Criteria	Related Source(s)
<p><b>2. Integrity and values-focused procurements:</b></p> <p>Organizational culture enables procurement activities to be conducted with integrity and in the spirit of the directive.</p> <p><b>Departments executed audit work: Line departments with internal audit functions, PSPC, and OCG audit team.</b></p>	<p>2.1 Direction to and within departments support delivering procurements with integrity.</p> <p>2.1.1 Generic performance objectives for key stakeholders include elements related to procurement and roles being fulfilled with integrity.</p> <p>2.1.2 Procurement and related risks are considered in corporate plans, corporate risk profiles and project risk registers, and escalated according to risk protocols.</p> <p>2.1.3 A departmental ethics program and code of conduct are in place.</p>	<p>2.1</p> <ul style="list-style-type: none"> <li>• The Directive – 4.1.1, 4.1.2.4</li> <li>• Manager’s Guide: Key Considerations When Procuring Professional Services (section 5)</li> </ul> <p>2.1.1</p> <ul style="list-style-type: none"> <li>• <u>Institute of Internal Auditors Practice Guide on Auditing Culture</u> (p. 10, bullet 3, p. 11, “Cultural Risk Factors,” bullet 2)</li> </ul> <p>2.1.2</p> <ul style="list-style-type: none"> <li>• <u>Framework for the Management of Risk</u> (sections 4 and 6)</li> <li>• Institute of Internal Auditors Guide on Auditing Culture (p. 9, bullet 9)</li> <li>• <u>Guide to Integrated Risk Management</u> (section 2 integrated risk management,</li> </ul>

Line of Enquiry	Criteria	Related Source(s)
		<p>risk-informed approach, risk culture)</p> <p>2.1.3</p> <ul style="list-style-type: none"> <li>• <u>Values and Ethics Code for the Public Sector</u> – Appendix: Duties and Obligations “Chief Executives”</li> <li>• Institute of Internal Auditors Guide on Auditing Culture (p. 9, pp. 18–19, “Ethics Program and Code of Conduct”)</li> </ul>
	<p>2.2 The <i>Code of Conduct for Procurement</i> is communicated to suppliers, and there is a process for capturing, tracking, as well as identifying and resolving non-compliance cases.</p>	<p>2.2</p> <ul style="list-style-type: none"> <li>• The Directive – 4.3.9, 4.17.4, D.6</li> <li>• <u>Code of Conduct for Procurement</u> 3, 4 and 5</li> <li>• Manager’s Guide: Key Considerations When Procuring Professional Services (section 6)</li> </ul>

Line of Enquiry	Criteria	Related Source(s)
	2.3 Values and Ethics and their impact on the achievement of departmental objectives are discussed at the applicable management table or procurement-specific governance bodies and by departmental leadership.	2.3 <ul style="list-style-type: none"><li>• <u>Framework for the Management of Compliance</u> – 8.1.1</li><li>• Institute of Internal Auditors Practice Guide on Auditing Culture (pg. 5-6)</li></ul>

Line of Enquiry	Criteria	Related Source(s)
<p><b>3. Direction, guidance, training, and tools to support procurement:</b></p> <p>Policy direction and guidance help ensure procurements are managed in a manner that enables operational outcomes and demonstrate sound stewardship. Tools, training, and other awareness-related activities enable public servants to fulfill their roles and responsibilities in line with the <b><i>Directive on Management of Procurement</i></b>.</p>	<p>3.1 TBS, in collaboration with relevant stakeholders (e.g., PSPC, CSPS, and communities of practice) provides direction and guidance to departments to help ensure procurements are managed in a manner that enables operational outcomes and demonstrates sound stewardship, and best value.</p>	<p>3.1</p> <ul style="list-style-type: none"> <li>• The Directive – 3.2.1, E.3.2.1</li> <li>• <u><i>Financial Administration Act</i></u> – 7(1)(a).</li> <li>• <u><i>Department of Public Works and Government Services Act</i></u> – 6(b).</li> <li>• <u>Foundation Framework for Treasury Board Policies</u> – 5.4.1 (Oversight)</li> <li>• <u>Framework for the Management of Compliance</u> – 8.2 and 10.1</li> </ul>

**Departments  
executed audit work:  
PSPC and OCG audit  
team.**

Line of Enquiry	Criteria	Related Source(s)
	<p>3.2 <sup>17</sup> CSPS, in collaboration with TBS (who engages with PSPC), designs and delivers procurement learning that is:</p> <p>3.2.1 In alignment with the <i>Directive on the Management of Procurement</i>.</p> <p>3.2.2 Responsive to the needs of the procurement community and of business owners.</p> <p>3.2.3 Includes elements related to criteria 1.1.5.</p> <p>3.2.4 Updated to reflect the evergreen nature of procurement related direction.</p>	<p>3.2</p> <ul style="list-style-type: none"> <li>• <u><i>Policy on People Management</i></u> – 5.2</li> <li>• <u><i>Directive on Mandatory Training</i></u> – 5.2</li> </ul> <p>3.2.1</p> <ul style="list-style-type: none"> <li>• The Directive – E.3.2.1</li> <li>• Guide to Establishing a PMF - component 6 (Continuous Learning and Innovation)</li> <li>• <u><i>Framework for the Management of Compliance</i></u> – 8.2.3</li> </ul> <p>3.2.2-3.2.4</p> <ul style="list-style-type: none"> <li>• The Directive – E.3.2.1</li> <li>• <u><i>Canada School of Public Service Departmental Plan 2023-2024</i></u> (Core responsibilities: Planned Results and Resources, Common public service learning, 1., pg. 4-5)</li> <li>• <u><i>Framework for the Management of Compliance</i></u> 8.2.3</li> </ul>



Line of Enquiry	Criteria	Related Source(s)
		<ul style="list-style-type: none"><li>• Guide to Establishing a PMF - component 3.3 (Workforce Capacity)</li></ul>

Line of Enquiry	Criteria	Related Source(s)
<p><b>4. PSPC's common service provider and government-wide support roles:</b> PSPC has established and implemented:</p> <ul style="list-style-type: none"> <li>Governance structures for the creation and maintenance of mandatory standing offers and supply arrangements; and</li> <li>Oversight, monitoring, and the maintenance of integrity-based procurement.</li> </ul> <p><b>Departments executed audit work: PSPC and OCG audit team.</b></p>	<p>4.1 Governance bodies oversee, monitor, and receive reports on key elements related to the management of the mandatory standing offers and supply arrangements' lifecycle; namely in relation to:</p> <p>4.1.1 Monitoring and reporting on the extent to which standing offers and supply arrangements are used across government and enable departments to deliver on programs and services.</p> <p>4.1.2 Risks and issues that arise with the usage of the standing offers and supply arrangements.</p> <p>4.1.3 Needs assessments for new or modified standing offers and supply arrangements.</p> <p>4.1.4 Communication to departments of key considerations and instructions for using the supply arrangements and standing offers (e.g., a contracting vehicle established through a non-competitive process).</p>	<p>4.1</p> <ul style="list-style-type: none"> <li>The Directive – 4.1.2.1, 4.1.2.2</li> <li>Guide to Establishing a PMF – component 2 (Governance)</li> </ul> <p>4.1.1</p> <ul style="list-style-type: none"> <li>The Directive – 5.6.1, 5.6.2</li> <li>Guide to Establishing a PMF – 2.3.4 (Governance) and 7.1 (Results Monitoring and Reporting)</li> <li><u>Supply Manual</u> – 3.205</li> </ul> <p>4.1.2</p> <ul style="list-style-type: none"> <li>The Directive – 5.6.1, 5.6.2</li> <li>Guide to Establishing a PMF – 2.3.4 (Governance) and 4.1.4 (Risk Management)</li> </ul> <p>4.1.3</p> <ul style="list-style-type: none"> <li>The Directive – 5.6.1, 5.6.2</li> <li>Guide to Establishing a PMF – 2.3.4</li> </ul>

Line of Enquiry	Criteria	Related Source(s)
		<p>(Governance) and 7.3.3 (Results Monitoring and Reporting)</p> <ul style="list-style-type: none"> <li>• <i>Supply Manual</i> – 3.205</li> </ul> <p>4.1.4</p> <ul style="list-style-type: none"> <li>• The Directive – 5.6.5, 5.6.6</li> <li>• <u>Office of the Procurement Ombud – Procurement Practice Review of Contracts Awarded to McKinsey &amp; Company</u></li> <li>• <i>Supply Manual</i> – 3.205</li> </ul>

Line of Enquiry	Criteria	Related Source(s)
<p><b>5. Procurement-related information and data collection and use:</b> Data on procurement is collected and used to support monitoring, oversight, and decision-making.</p> <p><b>Departments executed audit work: Line departments with internal audit functions, PSPC, and OCG audit team.</b></p>	<p>5.1 PSPC and line departments collect and use accurate and complete procurement information and data, per TBS requirements, for informing decision-making and taking actions for their contracts related to:</p> <p>5.1.1 Wrongdoing detection.</p> <p>5.1.2 Monitoring departmental compliance with the <i>Directive on Management of Procurement</i>.</p> <p>5.1.3 Supplier Performance.</p>	<p>5.1</p> <ul style="list-style-type: none"> <li>The Directive – 3.2.2, 4.1.2.3, 4.15.2.1</li> </ul> <p>5.1.1</p> <ul style="list-style-type: none"> <li>The Directive – 4.17.2</li> <li><i>Code of Conduct for Procurement</i></li> <li><i>Public Servants Disclosure Protection Act</i> – 8, 10</li> </ul> <p>5.1.2</p> <ul style="list-style-type: none"> <li>The Directive – 6.4</li> </ul> <p>5.1.3</p> <ul style="list-style-type: none"> <li>The Directive – 4.3.7, 4.9.1</li> </ul>
	<p>5.2 TBS in collaboration with relevant stakeholders, assesses the suite of instruments for enabling the achievement of desired procurement-related objectives.</p>	<p>5.2</p> <ul style="list-style-type: none"> <li>The Directive – 3.2.1, E.3.2.</li> <li><i>Foundation Framework for Treasury Board Policies</i> – 5.4.1 (Oversight)</li> <li><i>Framework for the Management of Compliance</i> – 8.2 and 10.1</li> <li><i>Policy on Results</i> – 5.2</li> </ul>

# Appendix H: Recommendations by department

The following table indicates the departments that the recommendations apply to. The full names of departments are provided in [Appendix F: Departments included in the engagement](#).

Recommendation	Departments that the recommendation applies to
<p><b>1. The Government of Canada, led by TBS and PSPC,</b> should examine the feasibility of integrating procurement authorities across the Government of Canada to address the horizontal and government-wide gaps identified. The integration should be designed to:</p> <ul style="list-style-type: none"> <li>a. ensure greater consistency and decrease fragmentation of procurement authorities</li> <li>b. provide horizontal direction, guidance, training and support to public servants to fulfill their procurement responsibilities</li> <li>c. facilitate horizontal monitoring and oversight of procurement practices and transactions</li> </ul>	<p><b>TBS and PSPC,</b> supported by relevant stakeholder departments</p>

Recommendation	Departments that the recommendation applies to
<p><b>2. In the interim, the Government of Canada, led by TBS and PSPC,</b> in collaboration with relevant departments should:</p> <ul style="list-style-type: none"> <li>a. review, clarify and communicate current procurement authorities, delegations and accountabilities</li> <li>b. leverage respective expertise and capabilities to provide government-wide support for procurement</li> <li>c. enhance and align government-wide direction, guidance and support for senior designated officials and contracting authorities</li> <li>d. <b>support the CSPS</b> in developing training for business owners that will be supplemented by department-specific training and support</li> </ul>	<p><b>TBS and PSPC,</b> supported by relevant stakeholder departments</p>
<p><b>3. To improve the horizontal collection and analysis of procurement related information and data, the Government of Canada, led by TBS and PSPC,</b> in collaboration with relevant departments should:</p> <ul style="list-style-type: none"> <li>a. improve information sharing in support of government-wide analysis and monitoring</li> <li>b. explore options to strengthen the ability to capture government-wide procurement information (for example, centralized contract management system)</li> <li>c. <b>TBS</b> should identify the horizontal and departmental information (common information and indicators) needed to identify trends and challenges, assess the adequacy of the suite of instruments, and monitor risks and compliance with the directive across the GC</li> <li>d. <b>PSPC</b> should establish and implement processes to monitor use of standing offers and supply arrangements issued under its mandate as a common service provider</li> </ul>	<p><b>TBS and PSPC,</b> supported by relevant stakeholder departments</p>

Recommendation	Departments that the recommendation applies to
<p><b>4. Included departments</b> should update their respective procurement management frameworks to address the individual gaps identified in their departments. These updates should be designed to achieve the following:</p> <ul style="list-style-type: none"> <li>• ensure compliance with the directive</li> <li>• support and guidance for their respective employees</li> <li>• support the collection and use of procurement information to monitor trends, risks and compliance; support continual improvements; and ensure integrity in the procurement process</li> </ul>	<ul style="list-style-type: none"> <li>• <b>CNSC</b></li> <li>• <b>CIRNAC</b></li> <li>• <b>ISC</b></li> <li>• <b>ESDC</b></li> <li>• <b>DFO</b></li> <li>• <b>HC</b></li> <li>• <b>IRCC</b></li> <li>• <b>IAAC</b></li> <li>• <b>PCH</b></li> </ul>

## Appendix I: Departmental management responses

### ► In this section

Audited departments were given the opportunity to review and accept the findings and recommendations in this report. The management responses below highlight their commitment to address the recommendations.

The management responses below vary by department as they reflect the findings and opportunities specific to each department, as well as their unique needs, context and operations.

Responses appear as they were received by the Office of the Comptroller General.

# Joint response by PSPC & TBS, in consultation with CSPS

TBS and PSPC management accept the findings and resulting recommendations. The audit found that both TBS and PSPC undertook government-wide actions to support public servants involved in procurement to fulfill their obligations, responsibilities, and accountabilities. As the audit highlights, federal procurement is complex, involving many stakeholders within and across numerous departments; the Government of Canada agrees that there is a need to address this complexity to ensure responsible stewardship of public funds.

To address recommendation #1 of the audit, under the leadership of TBS and PSPC, the Government will examine structural changes to the procurement system aimed at greater integration of procurement authorities and responsibilities. Meaningful improvements will require a whole-of-government approach, and should be complemented by investments in people, and technology to enable processes, oversight, and compliance. To mitigate potential disruption to the delivery of procurements, undertaking these actions will need to be done in a phased and prudent approach, reflecting the magnitude of the work and the need for a sustained change management approach focused on mitigating risks.

- To start, TBS and PSPC, in consultation with departments, will examine a range of options for a more integrated federal procurement system, including the feasibility, impacts on roles and responsibilities, scope and requirements. The Government will then determine which model would be better suited for potential implementation. TBS and PSPC will complete this analysis by Q4 of 2025-26.
- Once a viable model has been identified through piloting, TBS and PSPC will determine the resources and timeframe required for



implementation and proceed to seek appropriate approvals for any needed authorities and/or resources by Q1 of 2026-27.

In the interim, consistent with recommendation #2, the Government, led by TBS and PSPC, will undertake steps to review, clarify, and communicate roles, responsibilities, authorities and accountabilities in providing government-wide direction, guidance, support, and training related to procurement. This will include:

- As part of the broader review of roles and responsibilities of the various stakeholders involved in the procurement function, TBS will identify if clarifying amendments to TB policy instruments are required by Q3 of 2025-26. If clarifications are required, TBS will seek approval for any necessary amendments.
- PSPC is considering seeking approval of an Order in Council to bring into force legislative amendments to the *Department of Public Works and Government Services Act* to provide the Minister of PSPC with exclusive authority for all procurements by Q1 of 2026-27. Subject to ministerial approval, PSPC will then leverage these provisions to review and revise current delegations of procurement authority to include a requirement that other contracting departments adopt PSPC's procurement tools, templates, and guidance where feasible.
- PSPC will ensure by Q4 of 2025-26 that its tools, templates, and guidance are available and easily accessible by other government departments to facilitate their adoption and government-wide use, if appropriate.
- TBS, working with PSPC, will build on current activities to provide continued and enhanced government-wide direction, guidance, support, and training to the functional community and business owners. Since the examination phase of the audit was completed, TBS has:

- Launched a new digital platform (GCXchange) to facilitate increased collaboration and information sharing across the procurement community in December 2024.
- Continued the work with the CSPS to develop a new procurement learning curriculum to better support **contracting authorities** and business owners in the discharge of their responsibilities (expected to be completed by Q1 of 2026-27).
- To support **business owners**: (1) Piloted learning events (throughout fall 2024 and planned in 2025) targeted towards business owners with a focus on improving their knowledge of procurement processes and responsibilities (2) provided support to Senior Designated Officials for the Management of Procurement in assisting business owners within their organizations in understanding and fulfilling their responsibilities under the directive.

To address recommendation #3, TBS will continue to monitor and address risks and potential areas of non-compliance through existing governance structures and engagements with departmental officials consistent with the Foundation Framework for Treasury Board Policies. Additionally, PSPC and TBS commit to the following:

- As announced on March 20, 2024, TBS will enhance mechanisms to identify horizontal procurement-related risks and non-compliance by introducing a new Risk and Compliance Process. This process will support horizontal oversight of government-wide management practices, and information pertaining to trends, risks, and departmental performance, and is expected to launch in Q1 of 2025-26.
- PSPC will work with TBS to establish a pilot process to share government-wide vendor wrongdoing and performance data between contracting departments by Q1 of 2025-26.

- PSPC will reinforce its processes for monitoring Standing Offers and Supply Arrangements (SOSAs), make any adjustments to the Supply Manual and contract clauses required to ensure adequate data collection and reporting related to the use of these instruments by Q1 of 2025-26, and establish an annual reporting process to share this data with relevant departments by Q4 of 2025-26.

## Canadian Heritage

The findings and recommendations of this audit were presented to PCH management. Management accepts the audit findings in this report.

The Department's multifaceted mandate to support arts and culture, heritage and celebration, sport, official languages as well as diversity and inclusion is largely delivered using grants and contributions to the communities it serves and partners. Of its \$2.2 billion in annual budget, PCH typically spends \$2 billion in grants and contributions. Most of the remaining operating funds represent salary expenditures. In 2023-24, PCH awarded just over 1,000 contracts for a total procurement value of \$22.7 million to support some of its activities.

PCH management is committed to implement further measures and actions that will improve procurement practices within the department. As described below, efforts will focus on formalizing and communicating its Procurement Management Framework, and on assessing and prioritizing needs for improvement when it comes to procurement-related data management.

**Included departments should update their respective procurement management frameworks to address the individual gaps identified in their departments. These updates should be designed to achieve the following:**

- ensure compliance with the Directive
- support and guidance for their respective employees
- support the collection and use of procurement information to monitor trends, risks and compliance, to support continuous improvements, and ensure integrity in the procurement process.

PCH's Procurement Management Framework is in development; accountabilities, and roles and responsibilities of key stakeholders are established and documented through existing departmental documentation. Notably, PCH will:

1. **Ensure compliance with the Directive:** PCH will ensure to review its procurement practices with consideration of requirements, risks and operational context by Q3 2025-2026. Regular updates will be provided to governance committees to keep them apprised of progress achieved against compliance with the Directive.
2. **Provide support and guidance to departmental procurement stakeholders:** PCH will provide training to departmental procurement specialists, hold awareness sessions with business owners to inform them of requirements, and update governance committees accordingly by Q3 2025-2026.
3. **Support the collection and use of procurement information and data:** PCH will collect and use information and procurement data to monitor trends, risks, and ongoing compliance, as well as to support continuous improvement and ensure integrity in the departmental procurement process by Q3 2025-2026. This data and information will be presented regularly to governance committees.

## Canadian Nuclear Safety Commission

Management agrees with the recommendation.

Management accepts the audit recommendations that are applicable to the Canadian Nuclear Safety Commission (CNSC) and will work to address them. The audit confirmed that the CNSC's procurement management framework aligns with the Treasury Board's *Directive on the Management of Procurement*. It also highlighted strong procurement practices, such well-established oversight mechanisms, procurement guidance and policies, and a control framework promoting procurement integrity. Subsequent to the audit, the CNSC further strengthened its procurement management framework to ensure expectations and roles and responsibilities for procurement oversight bodies were understood and clear, and to make it easier for suppliers to access information on the *Code of Conduct for Procurement*. In its efforts to improve procurement practices and address the audit findings, the CNSC will update its procurement risk register and conduct a risk-informed assessment of its monitoring and training activities. These actions are expected to be completed by the second quarter of 2025-26.

## **Indigenous Services Canada & Crown-Indigenous Relations and Northern Affairs Canada**

Indigenous Services Canada (ISC) and Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) operate on a shared platform, with distinct Chief Financial Officers for each department. The procurement team, however, is centralized within ISC and is overseen by the Senior Designated Official at the Assistant Deputy Minister level for both departments. Procurement for CIRNAC is provided via a Service Level Agreement with ISC as this is a service provided by ISC to CIRNAC.

Acknowledgement and acceptance of the recommendations and related findings.

The findings and recommendations of this audit were presented to the management of Indigenous Services Canada (ISC) and Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC). Management has accepted the audit findings in this report and has developed an action plan to address the recommendations. This plan includes commitments to align our Procurement Management Framework (PMF) with the *Directive on the Management of Procurement* to outline:

- the accountabilities, roles, and responsibilities of key stakeholders;
- the shared roles and responsibilities between ISC/CIRNAC and PSPC as a common service provider;
- providing oversight, monitoring, reporting mechanisms, and quality control;
- procurement governance bodies are established and documented;
- providing suitable training plans and support for stakeholders;
- delivering procurements with integrity upholding values and ethics, and;
- collecting and using accurate and complete procurement information and data for informing decision-making.

ISC has already implemented some of the deliverables identified in the action plan including; quarterly updates to the Financial Management Committee on procurement activities and changes to the procurement process, the introduction of a new attestation form for Business Owners acknowledging their responsibilities towards the values and ethics when contracting for professional services, and information sessions to communicate recent changes outlined in the *Directive on the Management of Procurement*. Management is committed to implementing further measures and actions that will improve practices and address issues of non-compliance. It is expected that the management action plan will be fully implemented by the 1st quarter of fiscal year 2025-2026.

Notably, ISC will:

- 1. Provide support and guidance to departmental procurement stakeholders:** ISC will develop information sessions to be presented on a quarterly basis to all procurement stakeholders by April 30, 2025. ISC will also introduce a new procurement guide for procurement officers by April 30, 2025.
- 2. Support the collection and use of procurement information and data:** Using updated data collecting measures, ISC will introduce a risk-based corrective measures framework that utilizes an escalation process for non-compliance aimed at protecting the integrity of the procurement process. This will be implemented within internal policies on contracting irregularities to be completed by April 30, 2025.
- 3. Ensure compliance with the Directive:** ISC will commit to an annual review and update to internal policies and procedures such as the PMF, the Policy on Contracting Irregularities, as well as training material to ensure compliance with the Directive by April 30, 2025.

## Employment and Social Development Canada

We agree with the recommendation. ESDC will update its PMF to address the identified gaps and strengthen alignment with the requirements of the *Directive on the Management of Procurement*. ESDC remains committed to improving our procurement processes and we continue to engage all departmental branches to ensure clear understanding of roles and responsibilities for Business Owners and Contracting Authorities. A key initiative now underway since the conclusion of the audit includes the enhancement of our contract monitoring and compliance framework to ensure stronger oversight. We also updated our procurement roadmap and will continue to make regular refinements providing Business Owners

clear guidance, tools, and templates. This includes recent changes to our Procurement Checklist, incorporating the latest recommendations from the Auditor General and the Procurement Ombud.

Accountability at Employment and Social Development Canada is reinforced through designated roles for the Chief Procurement Officer, as outlined in the Delegation of Contracting Authority Instrument. The Procurement Review Committee provides further oversight, supported by adaptable Terms of Reference to address evolving priorities. As a result of the audit finding, we will broaden and strengthen accountability by developing a procurement-specific Delegation of Authority Instrument. This enhanced instrument will explicitly incorporate Treasury Board requirements, including distinctions between competitive and non-competitive contracts, alignment with contract approval thresholds for all levels, emergency contracting limits, departmental limits for specialized goods and services, and provisions for special delegation.

To enhance our data quality and develop more reliable foundation for business intelligence, enabling regular and insightful monitoring of procurement activities and helping drive continuous improvement, ESDC will also bolster its data management processes by working closely with data management experts within the department to improve the availability, accuracy, and accessibility of procurement data. This will involve establishing standardized practices to ensure alignment with proactive disclosure requirements, as well as developing improved data capture and reporting mechanisms and tools, reinforcing transparency and accountability in all contracting processes.

A management action plan to address the recommendation was developed and will be fully implemented by June 30, 2025. We are confident that implementing these actions, alongside our existing measures, will further strengthen our procurement framework, processes, and accountability.



# Fisheries and Oceans Canada

Management accepts the audit findings in this report and is committed to ensuring strong procurement practices within the Department.

Over the past few years, the Department has undertaken significant efforts to enhance its procurement processes and ensure compliance with the established Treasury Board *Directive on the Management of Procurement* (Directive). DFO established a Procurement Management Framework (PMF) in May 2023 and published it on its intranet site along with policy documents and tools for those involved in the procurement process. The Department has conducted regular procurement training sessions to instruct employees on contracting out, maintaining accurate and complete file documentation, including interactions with suppliers. DFO has successfully implemented the recommendations from previous audits, including those from the Office of the Auditor General (OAG) and the Office of the Procurement Ombud (OPO). These implementations have strengthened our procurement processes and addressed common weaknesses such as tendering processes, governance, oversight, and contract management.

## 1. **Provide support and guidance to departmental procurement stakeholders:**

We have fostered collaboration among various stakeholders, including business owners, cost centre managers, and security personnel, to ensure strong procurement practices. Regular communication and training strategies have been employed to communicate procurement-related accountabilities, roles, and responsibilities to key stakeholders.

## 2. **Support the collection and use of procurement information and data:**

The Department has recognized the need to support the collection and use of procurement information and data for proactive continuous monitoring, continuous improvements, and integrity in the

procurement process. To support this, the Department is in the process of completing a Procurement Contract Monitoring Framework which is expected to be completed by Q4 2024-25.

3. **Ensure compliance with the Directive:** To ensure continued compliance with the Directive, the Department will be updating the PMF to reflect the recent changes to the Directive such as:
- Embed principles of human rights, the environment, social and corporate governance, supply chain transparency principles, and Public Services and Procurement Canada's Code of Conduct for Procurement into all procurements;
  - Incorporate mandatory procedures for business owners when procuring professional services;
  - Identify and address barriers to ensure at least 5% of total contract value is awarded to Indigenous vendors;
  - Add requirements for risk-based systems of internal control, information management and proactive publication of contracts, and to reflect that the Guidelines on the Proactive Disclosure of Contracts is updated, as required; and
  - Enhance departmental supply chain transparency by incorporating measures in the PMF to identify and mitigate risk related to forced/child labor and human trafficking in departmental supply chains.

The updated PMF will be circulated via an executive level procurement committee for input and review and ultimately will be approved by the Chief Financial Officer by Q4 2024-25.

An action plan to address the recommendation was developed with a completion target of Q4 2024-25.

The Department would like to thank the Office of the Comptroller General and the DFO Internal Audit Directorate for their time and effort in completing this review and for providing us with this valuable feedback. The Department is committed to implementing the recommendations and continuing to strengthen and evolve its frameworks and processes as appropriate in response to evolving policy direction and as best practices come to light.

## Health Canada

Health Canada management agrees with the recommendations.

Health Canada is the federal department responsible for helping Canadians maintain and improve their health, while respecting individual choices and circumstances. Its operating environment is shaped by various regulatory frameworks, and evidence and research based policies and programs. It is responsive and adaptable to emerging health issues, technology, and public health needs. Procurement plays a crucial role within the Department's operating environment, supporting its ability to achieve its health-related mandate and objectives through a strong, effective procurement management framework (PMF).

Health Canada is pleased the audit confirmed that the Department has a robust PMF that aligns with the TB *Directive on the Management of Procurement*, and which includes a strong procurement risk management framework, oversight mechanisms, and effective internal policies and procedures that ensure the integrity of the procurement function.

The Department's internal audit team identified two minor opportunities. The first, to articulate the role of the procurement team as part of investment planning or project management, has already been addressed as part of the annual departmental integrated process since the completion

of the audit. The PMF has also been updated to articulate the role in more detail and is awaiting publication. The second observation, to update the quality assurance protocols to reflect objectives and expectations, is well underway. The action plan will be fully implemented by the first quarter of fiscal year 2025-26.

Health Canada thanks the Office of the Comptroller General and Health Canada and the Public Health Agency of Canada's Office of Audit and Evaluation for their time and effort in completing this review and for providing us with this valuable feedback. The Department is committed to implementing the recommendations and continuing to strengthen and evolve our framework and processes as appropriate in response to evolving policy direction and as best practices come to light.

## **Immigration, Refugees and Citizenship Canada**

The findings and recommendations of this audit were presented to the management of Immigration, Refugees and Citizenship Canada (IRCC). Management has accepted the audit findings in this report and has developed an action plan to address the recommendations. Management understands the importance of an open, fair and transparent procurement processes while ensuring sound stewardship.

Since 2017, IRCC has experienced growth in procurement volumes from \$270M to over \$600M in 2023-2024 due to increases in migration levels, digital transformation, and supporting migrant movements such as refugees and asylum seekers. Throughout this increase in activity, IRCC has maintained sound procurement processes and governance demonstrated through various Public Services and Procurement Canada (PSPC), Office of the Procurement Ombud (OPO) and Treasury Board Secretariat (TBS) audit reviews. The requirements of a Procurement Management Framework have long been in existence at IRCC through various processes, policies, risk

management and governance. A formalized Procurement Management Framework was developed in 2023 and came into effect in 2024; however, as this is the initial version, management recognizes that there are opportunities for improvement.

Management is committed to implementing further measures and actions that will improve practices and address issues of non-compliance. IRCC will implement the action plan based on the areas of improvement identified in the audit which are designed to strengthen our Procurement Management Framework. These actions will include updating procurement processes, ensuring rigorous governance and adding focus to support and training for the Business Owner community. It is expected that the management action plan will be fully implemented by the fourth quarter of fiscal year 2025-2026. IRCC also welcomes opportunities to support central service providers and TBS in implementing recommendations from this report.

Notably, IRCC will:

1. Provide support and guidance to departmental procurement stakeholders:
  - a. IRCC will support Contracting Officers, Business owners and other stakeholders by creating and delivering Procurement training curriculums and information by June 30, 2025.
  - b. IRCC will standardize performance objectives for contracting officers and stakeholders by March 31, 2025.
2. Support the collection and use of procurement information and data:
  - a. IRCC will enhance monitoring and reporting through reviews of procurement files with a non-compliance detection, trend analysis and feedback/escalation component by June 30, 2025.
3. Ensure compliance with the Directive:

- a. IRCC will review and update its Procurement Management Framework by December 31, 2025.
- b. IRCC will develop an evergreen plan for internal Procurement policies and procedures by March 31, 2025.

## Impact Assessment Agency of Canada

Management accepts the audit findings and is committed to continuous improvement of its procurement practices. Based on its annual reference levels, the Impact Assessment Agency of Canada (IAAC) is a small organization, with a small and dedicated procurement team. Within this context, IAAC is committed to continuing to update and finalize its Procurement Management Framework (PMF) through interim steps as outlined in the Management Action Plan (MAP). The updated PMF will: align and comply with the *Directive on the Management of Procurement*; provide support and guidance to IAAC's procurement stakeholders; and support the collection and use of procurement information to monitor trends, risks and compliance, to support continuous improvements, and ensure integrity in the procurement process. It is expected that the MAP will be fully implemented by the end of fiscal year 2026-2027. The timelines for implementing the MAP were made in thoughtful consideration of IAAC's operating context and setting them for success.

Notably, IAAC will:

### **1. Provide support and guidance to IAAC's procurement stakeholders:**

- IAAC will support procurement officers, business owners, and other key stakeholders by implementing role-based procurement training plans and information by October 2, 2026.

## 2. Support the collection and use of procurement information and data:

- IAAC will enhance monitoring and reporting through reviews of procurement files with a non-compliance detection, supplier performance, and feedback/escalation component by October 2, 2026.

## 3. Ensure compliance with the Directive:

- IAAC will develop an evergreen plan for internal procurement policies and documentation procedures by August 29, 2025.
- IAAC will review and update its PMF by January 29, 2027.

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# Footnotes

- 1 For a more detailed explanation of these departments' roles, see [Appendix B: Key stakeholder departments](#). For TBS, the scope of the audit assessed the role of the Acquired Services and Assets Sector of the Office of the Comptroller General, as the policy centre for procurement.
- 2 CSPS provides learning opportunities for all public servants on a variety of topics. Some of this training, including procurement, is delivered on behalf of TBS and other partner organizations.
- 3 For more detailed explanation of these roles, see [Appendix C: Roles of key stakeholders](#). Of note, while suppliers also play a critical role in the process, they were excluded from this audit as the scope was on internal governance, risk management, and control processes.
- 4 In the scope of this audit, departments assessed some IT-related professional service contracts.

- 5 The scope of the audit assessed the role of the Acquired Services and Assets Sector of the Office of the Comptroller General as the policy centre for procurement.
- 6 For the list of departments included in the engagement, see Appendix F: Departments included in the engagement.
- 7 For further information on other internal and external assurance engagements, refer to Appendix E: Other procurement audits.
- 8 Standing offers and supply arrangements are methods of procuring goods and services:
  - Standing offer is an offer from a supplier to provide goods and/or services to clients at prearranged prices or pricing basis and under set terms and conditions for a specified period on an as-and-when requested basis.
  - Supply arrangement is a non-binding arrangement between PSPC and a supplier who is pre-qualified to provide goods or services to the Government of Canada.
- 9 For this audit, the relevant elements of the directive assessed was section 4.1.2.
- 10 PSPC was included in this testing for its procurement management framework as a common service provider, not as a department that provides procurements for itself.
- 11 In this instance, “internal” means internal to the department and the broader federal government.
- 12 The Code of Conduct for Procurement outlines expectations and obligations for suppliers and their subcontracted suppliers.



- 13 Departments and PSPC, as a common service provider, reviewed a selection of professional services contracts to determine whether established procurement processes were applied as intended. This review was not a compliance test of contracts on which inferences across the entire population can be made.
- 14 Assessments of CSPA's training development-related activities will cover the time periods applicable for implementation and updates of the directive.
- 15 On May 31, 2024, the Office of Supplier Integrity and Compliance replaced the Integrity Regime.
- 16 This is a February 2022 draft version of the guide, which incorporates elements of the directive, and is posted on the Acquired Services and Assets Sector (ASAS) community GCpedia page. The original version, published by TBS on April 25, 2019, in GCpedia, referenced a draft version of the directive. It can be found [here](#) (accessible only on the Government of Canada network).
- 17 Note that at the outset of the audit, CSPA was identified as accountable for all areas to be tested under line of enquiry 3.2. However, during the audit, it was determined that many of these areas were the responsibility of TBS. To reflect this, testing procedures were adjusted accordingly to ensure that the actual department responsible was assessed.

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