PROCUREMENT AUDIT

Terms of Reference

Independent Office of the City Auditor

June 10, 2026

TERMS OF REFERENCE

Background

The City of Saskatoon (City) is committed to "open, fair, and transparent procurement processes that afford equal access to all qualified suppliers, and to the maintenance of public trust through adherence to our procurement principles."[1] These procurement principles are defined in the City's Purchasing Policy (C02-045) and include "Achieving Best Value". A best value approach considers a combination of factors beyond lowest cost, such as quality, performance, sustainability, supplier experience, risk and compliance mitigation and total cost of ownership.

The 2024 Supply Chain Management (SCM) Annual Report, as presented to the Standing Policy Committee on Finance on September 3, 2025, indicated that in 2024 the total procured value exceeded $350 million and that SCM managed over 550 procurements.

In accordance with the approved 2025-26 Audit Plan, the Independent Office of the City Auditor (Office) has initiated a Procurement audit.

Objective

The objectives of the audit are to:

1. Assess the potential value for the City to participate in group purchasing organization (GPO) programs.
2. Assess whether the City has efficient and effective processes and controls to ensure that procurement activities are conducted in an open, fair and transparent manner to enable the City to achieve best value.

Scope

The scope for the assessment of the potential value of the use of GPOs will focus on the programs offered by Kinetic GPO[2] and Canoe Procurement[3] at the time of the audit. These GPOs were selected for assessment based on request by the Standing Policy Committee on Finance or suggestion by the Administration.

This assessment is contingent on the Office's ability to obtain access to GPO procurement documentation, including pricing, noting that the Office will not, and does not have authority to, share any City data with a GPO nor enter into any GPO Agreements. Based on discussion with representatives from Kinetic GPO, procurement records may be requested, for audit purposes, without signing the GPO Membership Agreement. However, release of GPO procurement

[1] https://www.saskatoon.ca/business-development/doing-business-city/procurement-policy (last accessed April 29, 2026)
[2] https://www.kineticgpo.ca/ (last accessed April 29, 2026)
[3] https://canoeprocurement.ca/ (last accessed April 29, 2026)

documents is subject to supplier approval. At the time of this writing, the Office has not discussed the assessment with Canoe Procurement.

The scope of the process and controls audit will include Standard (>$25,000) and Non-Standard procurements and will focus on the following activities:

- Needs identification
- Decisions on procurement approach
- Solicitation and competition
- Bid evaluation
- Contract award

The audit will focus on 2025 procurements but may include activities from Q1 2026.

The audit scope does not include the following:

- Low-Value Procurements (less than $25,000)
- Receiving, invoicing or payment processes
- Contract management and closeout
- Inventory management
- Activities related to the City's independent boards and corporations.

Criteria

Criteria were developed to assess whether the audit objective, related to procurement processes and controls, is met. These are based on the review of the City's Purchasing Policy and general research including other municipal, provincial and/or federal government audits. The following audit criteria has been reviewed with and agreed to by the Administration.

- Needs identification is appropriately documented and approved
- Procurement methods are appropriate and in accordance with policy thresholds
- Non-Standard Procurement decisions are appropriately justified, documented and approved
- Solicitation documents are posted for the required time and contain required information
- Communications with proponents are consistent and transparent
- Adequate controls are in place to receive and protect the confidentiality of proponent responses
- Bid evaluations and contract award processes are clear, consistent, and free from bias
- Appropriate procurement records are prepared and retained

Approach

The Office will perform the audit using a combination of procedures including:

- Review of relevant policy and procedure documents and trade treaty obligations
- Interviews and discussions with SCM personnel and other City employees involved in the in-scope procurement activities
- Data analysis
- Sample review of City procurement documentation
- Discussion with GPO representatives and review of program materials

- Sample review of GPO procurement documentation, if available

Reporting

At the conclusion of the audit, a draft report will be shared with the Administration which will include the results of the audit, highlighting strengths of the Program along with recommendations related to potential areas of improvement. Findings will be rated based on the Office's established Risk Rating Guide. The Administration will have the opportunity to review and comment on the draft report prior to finalization. The final audit report, including administrative responses and action plans, will be presented to the Standing Policy Committee on Finance.