

# Foundations of Procurement Governance

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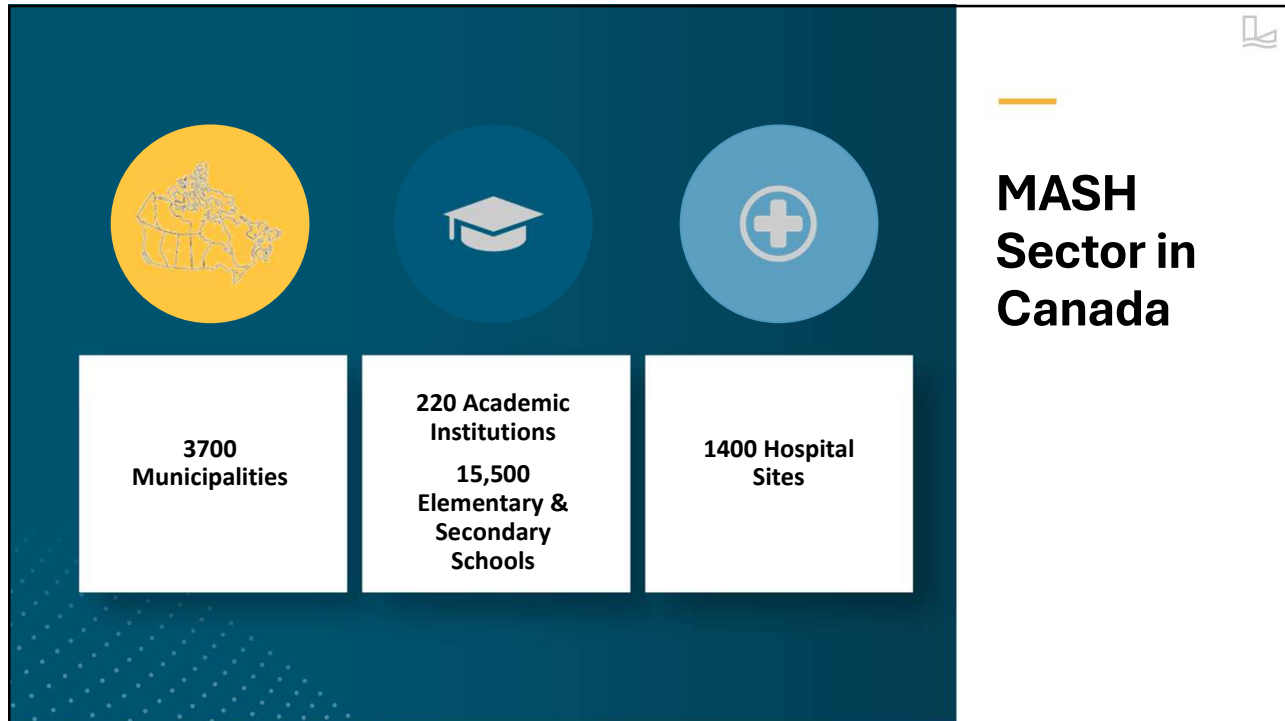
## Public Sector Procurement in Canada

Estimated that public procurement expenditures amount to at least \$200B annually

Category	Percentage
MASH	70-80%
Federal	10-15%
Provinces /Territories	10-15%

- Mash Sector Includes:
  - Municipalities
  - Academic Institutions
  - Schools
  - Hospitals

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The infographic features a dark blue background with three circular icons at the top: a yellow circle with a white outline of a map of Canada, a dark blue circle with a white graduation cap, and a light blue circle with a white plus sign. Below each icon is a white rectangular box containing text. To the right of these boxes is a white vertical panel with the title 'MASH Sector in Canada' and a small icon in the top right corner.

Category	Count
Municipalities	3700
Academic Institutions	220
Elementary & Secondary Schools	15,500
Hospital Sites	1400

## MASH Sector in Canada

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The infographic has a dark blue background on the left and a light grey background on the right. On the left, there is a list of four bullet points. On the right, there is a white rectangular box with a title and a circular image of a credit card on a keyboard.

- Municipal procurement must be open, fair, transparent, and compliant with laws and trade agreements.
- Procurement serves as a critical engine of economic growth, representing approximately 12% of GDP in advanced economies
- Municipal spend is highly visible as it's one of the most scrutinized areas of government ("fishbowl" environment). [oecm.ca]
- Effective procurement is essential for public trust, fiscal stewardship, and risk mitigation.

## Why Procurement matters in municipal government

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**Strategic Role of City Council**  
Council focuses on policy-setting, budget approval, and strategic direction not operational decisions. "In Alberta, Councils establish bylaws that become the foundation of municipal procurement". oecm

**Separation of Roles**  
Clear division between Council's strategic role and Administration's operational tasks maintains transparency and legal defensibility.

**Risks of Council Overreach**  
Council involvement in transactional details risks bias allegations, litigation, and reputational harm to the city.

**Benefits of Governance Framework**  
A disciplined framework ensures fair, competitive procurement aligned with strategic goals and public interest protection.

## Procurement 101 for City Council



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# Legal Framework and Compliance

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**Trade Agreements Framework**  
Canadian municipal procurement is governed by domestic and international trade agreements promoting fairness and transparency. They restrict local preference, even when communities wish to buy local. (abmuis)

**Key Trade Agreements**  
CFTA, CETA, and NWPTA establish non-discrimination, transparency, and harmonization in procurement practices.

**Compliance and Risks**  
Non-compliance risks include bid protests, reputational damage, financial risk, and retaliatory measures from jurisdictions.

**Role of City Council**  
Council must enforce compliance and resist political pressure to ensure legal procurement and policy alignment.

**The Legal Pillars – Trade Agreements**



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**Risk Management in Procurement**

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**Contract Valuation Importance**  
Accurate contract valuation ensures compliance with trade agreements and internal governance standards.

**Threshold Rules and Bidding**  
Thresholds like \$75,000 for services trigger mandatory competitive bidding under treaties such as CFTA and NWPTA.

**Risks of Contract-Splitting**  
Splitting contracts to avoid thresholds weakens controls and signals fraud risk, often flagged by auditors.

**Mitigating Avoidance Risks**  
Standardized valuation protocols and robust documentation help prevent avoidance and ensure transparent procurement.

## Valuation and Anti-Avoidance



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# Governance Roles and Responsibilities


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**Strategic Policy Approval**  
City Council approves policies that set internal controls and define procurement frameworks.

**Budget Endorsement**  
Council endorses budgets that pre-authorize spending, ensuring financial governance and accountability.

**Maintaining Public Trust**  
Focusing on governance over execution reinforces accountability and public confidence in city operations.

## Role of City Council – Strategic Oversight




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## Role of Administration – Tactical Execution

**Procurement Cycle Execution**  
Administration manages the procurement cycle from mapping needs to contract management, ensuring professional execution.

**Drafting Process**  
Staff follow a disciplined drafting process integrating legal, technical, and procurement expertise.

**Objectivity and Transparency**  
Maintaining neutrality and transparency builds trust with Council and public, aligning outcomes with strategic goals.



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**Our Advantage – Flexible Negotiated RFPs**

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**Limitations of Traditional Contract A**  
Traditional Contract A tendering is binding and limits flexibility, raising litigation risks from minor bid issues.

**Advantages of NRFP Model**  
NRFPs are non-binding, enabling negotiation, bid corrections, and cancellation without liability for better municipal outcomes.

**Strategic Benefits for Municipalities**  
NRFPs encourage innovation, reduce legal exposure, and build vendor collaboration, aligning with council priorities.

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 A presentation slide with a dark teal background and a white content area. The title "The Firewall – Protecting the Process" is in white text on the teal background. Below the title are four sections of text, each with a sub-header. To the right of the text is a diagram of a network with red nodes and lines, some containing document icons. A small icon of a document with a checkmark is in the top right corner.
 

## The Firewall – Protecting the Process

- Separation of Oversight and Execution**  
 Strict firewall between political oversight and administrative execution protects procurement integrity and prevents undue influence.
- Consequences of Blurred Boundaries**  
 Historical inquiries highlight risks like systemic non-compliance and scandals from weakened process separation.
- Practical Safeguards**  
 Measures include no-contact protocols, restricted draft reviews, and evaluator attestations to ensure transparency.
- Legal and Public Confidence**  
 Defensible procedures withstand legal challenges and enhance public trust in municipal governance.

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 Slide 18 is titled "Bidding Hazard Zones" in bold white text on a dark teal background. Below the title are four sections, each with a bold heading and a descriptive paragraph. To the right of the text is a large graphic with a yellow background and green icons, including a person, a speech bubble, and a document with a checklist. The slide also features a background image of a building and a pattern of small white dots. A small icon is visible in the top right corner.
 

## Bidding Hazard Zones

**High-Risk Procurement Practices**  
Biased specifications and hidden evaluation criteria compromise procurement fairness and breach trade agreements.

**Transparency and Risk Disclosure**  
Failing to disclose material risks breaches transparency and often leads to costly change orders.

**Conflict of Interest Management**  
Conflicts of interest undermine trust and invite scrutiny requiring strict declarations and oversight.

**Mitigation Measures**  
Enforcing drafting standards and using "or equivalent" language ensures fairness and compliance.

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## Emergency Procurement

The emergency exception applies to unforeseeable situations of extreme urgency.

“cases of emergency where a contract is necessary to the immediate preservation of the public health, welfare or safety, or protection of state property.”

This slide has a dark teal background with a white dot pattern at the bottom. The title "Emergency Procurement" is in white, with a small orange line below it. The text is in white. A photograph of a red emergency vehicle with its lights on at night is on the right side. A small icon of a document with a checkmark is in the top right corner.

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## Failure to Plan is Not an Emergency

In its June 2018 determination in *ALS Canada Ltd v. Statistics Canada*, the Canadian International Trade Tribunal ruled that the Canadian federal government's attempt to rely on the urgency exception to award a contract for municipal wastewater testing to monitor the pre-and-post cannabis legalization consumption rates in the population breached the procurement rules since the government should have known well in advance of the testing requirements given its long-planned cannabis legalization initiative. The Tribunal was also not convinced that the selected contractor was the only supplier who could provide the specialized services and awarded lost profits to the complainant for being denied an opportunity to compete for the work.



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## Building Institutional Trust

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## Reporting & Systems

We report in accordance with Article 516 CFTA which sets transparency obligations and standards.

We are mandated to report to Alberta Purchasing Connection [Find Posting - Purchasing Connection](#)

We use [bids and tenders](#)



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## How We Build Trust and Respect

Council governs; administration procures.

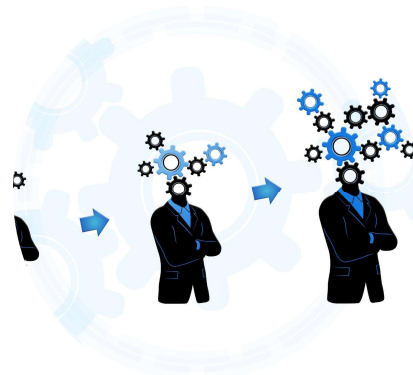
Compliance with trade agreements is mandatory and shapes procurement strategy.

Public procurement risk is significant, strong governance reduces legal, financial, and reputational exposure.

Lethbridge continues to be a leader in modernizing procurement governance through flexible tendering and risk management.

### Focus on Governance and Oversight

Administration's standards enable Council to focus on policy oversight and reinforce public confidence.



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A presentation slide with a dark teal background and a white content area. The title "What are Group purchasing organizations" is in white text on the teal background. Below the title are three paragraphs of white text. To the right is a circular image of a teal ocean with birds flying. A small icon of a document with a checkmark is in the top right corner.

### What are Group purchasing organizations

GPOs combine purchasing volume of multiple public-sector or nonprofit entities to secure better pricing and contract terms.

Reduce procurement costs, streamline sourcing, mitigate tendering risks, and improve efficiency.

Key Sectors: Widely used in municipalities, education, healthcare, and other public-sector organizations across Canada.

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# Doing business with the City of Lethbridge

## Bid Opportunities, Unsolicited Proposals & Vendor Registration

[Doing Business with the City](#) has never been easier. We encourage all vendors to reach out through our portals so we can assess and triage all requests regarding how to conduct business with the City.

This robust landing page has Policy, Code of conduct, GPO information and more. Lastly inquires can always be directed to [tenders@lethbridge.ca](mailto:tenders@lethbridge.ca)