

# TIME FOR SOLUTIONS

ANNUAL REPORT 2024-2025



Government  
of Canada

Office of the  
Procurement Ombud

Gouvernement  
du Canada

Bureau de l'ombud  
de l'approvisionnement

Canada



## Letter to the Minister of Public Services and Procurement

Dear Minister,

Pursuant to paragraph 22.3(1) of the *Department of Public Works and Government Services Act*, it is an honour to submit the Procurement Ombud's Annual Report for the period of April 1, 2024 to March 31, 2025.

Yours sincerely,

**Alexander Jeglic**  
Procurement Ombud  
Ottawa, July 2025

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# 1 Office of the Procurement Ombud Overview

## Our mission

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We promote fairness, openness and transparency in federal procurement.

## The Procurement Ombud's mandate

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The *Department of Public Works and Government Services Act* provides the authority for the Procurement Ombud to exercise their mandate as follows:

- Review supplier complaints about the award of certain federal contracts below \$33,400 for goods and \$133,800 for services
- Review supplier complaints about the administration of certain federal contracts, regardless of dollar value
- Review the procurement practices of federal departments to assess fairness, openness, and transparency, and make recommendations for improvement
- Provide dispute resolution (e.g., mediation) services for the parties to a federal contract



### Priorities of the Office

- Simplification
- Transparency
- Increasing the use of Alternative Dispute Resolution Services
- Knowledge Deepening and Sharing
- Diversifying the Federal Supply Chain

## Who we are

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Headquartered in Ottawa, The Office of the Procurement Ombud (OPO) is an independent, neutral federal organization with a government-wide mandate covering the procurement practices of over 90 federal departments and agencies. We try to resolve the issues that are brought to our attention as quickly and efficiently as possible to improve federal procurement practices in all the work we do.

## 2 Message from the Procurement Ombud



It is a pleasure to submit my eighth annual report. This report represents a summary of the activities undertaken by my Office in the 2024-25 fiscal year.

The theme for this year's annual report is "Time for Solutions" building on last year's theme of "Time for Action."

It is imperative that my Office focuses on the solutions necessary to address many long-standing issues known to exist in federal procurement. I remain steadfast in my commitment to driving significant change in federal procurement practices.

The changes we are seeking must create results that make the system more user friendly and produce better outcomes for



The foundational changes research project was an opportunity to look forward toward potential solutions to known procurement issues.

taxpayers. Through my commitment to making improvements and driving meaningful change in federal procurement, my Office consulted with industry experts and government buyers to hear their views on the most critical changes needed.

### These foundational changes are:

1. Establishment of a Chief Procurement Officer (CPO) position accountable for the federal procurement function
2. Creation of a government-wide Vendor Performance Management (VPM) system
3. Development of 1 universally applicable set of federal procurement rules
4. Usage of Artificial Intelligence (AI) advancements to modernize federal procurement tools, systems, and processes
5. Establishment of a horizontal government-wide framework for procurement data collection to increase transparency of federal procurements and facilitate informed decisions

For an in-depth discussion of these topics please see the report on OPO's [website](#).

## Outreach and data

This year my Office made a significant effort to reach more Canadians and to understand their needs and concerns. We met stakeholders across Canada in-person and virtually, taking time to listen to their perspectives on federal procurement.

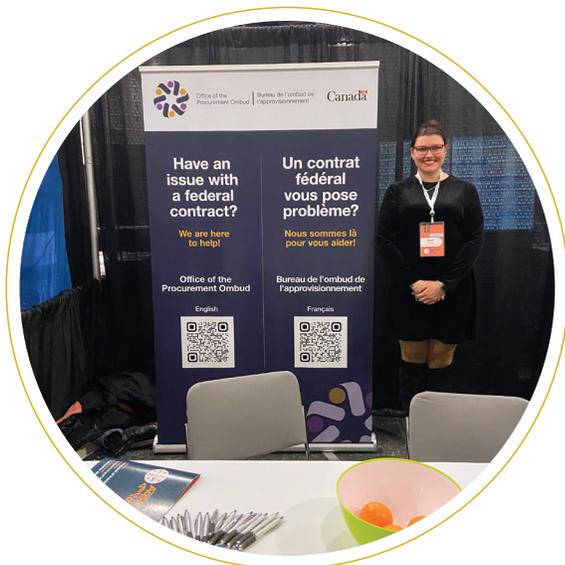
Outreach matters. When we conduct outreach we are making connections with both Canadian suppliers and federal procurement officers. Suppliers often speak with OPO after an outreach event and follow up with our Intake team. The cases and issues raised through these discussions are confidentially tracked for future data analysis including determining topics for systemic procurement reviews.

Over the past 5 years, one of the top concerns raised by stakeholders across Canada has been the presence of “unfair, overly restrictive or biased” evaluation criteria in solicitations. This issue regularly comes up in town hall presentations and

had been a crucial point of analysis in my previous 5-year Procurement Practice Review Plan.

I have made sustained efforts to address this issue through advocacy and numerous recommendations, and this year I’m pleased to report that “unfair, overly restrictive or biased” evaluation criteria was no longer the top issue. This data helps demonstrate the value of my Office and our ability to positively impact change. In a time where there is some pessimism surrounding the state of procurement, this demonstrates an area of progress. Through Follow-up Reviews, my Office has tracked many instances of departments making changes to successfully address this issue be it through training, guides, tools, and templates with success in improving the practice.

This improvement also highlights the impact of my Office when given the opportunity and resources to conduct a sustained review program of the most critical issues plaguing the largest procuring departments. I’m pleased to say we now have data that supports the benefits of sustained focus on key issues, and I look forward to discussing this in more detail throughout this annual report.



## Sustained focus— Follow-up Reviews

Follow-up Reviews are conducted roughly 2 years after an initial procurement practice review is completed. They are a crucial component of the oversight function that ensures recommendations are taken seriously, and that improvements are being made.

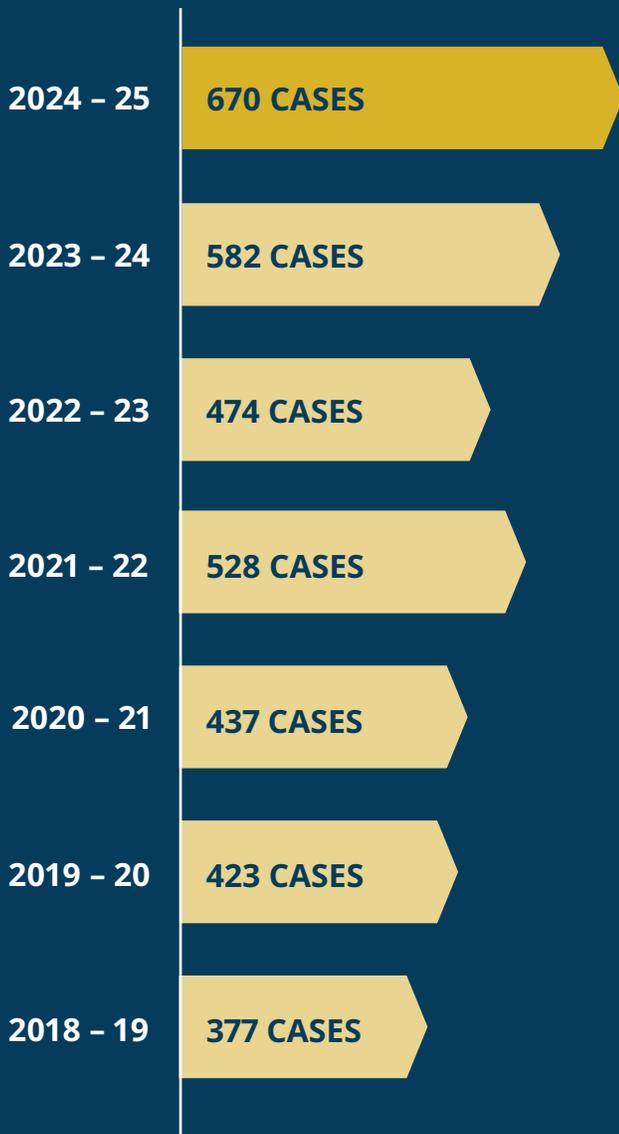
OPO worked on 11 Follow-up Reviews this fiscal year and is set to launch 5 more in the coming year. For the most part, departments have introduced real improvements in response to our initial findings and recommendations. Please see the section on Follow-up Reviews for a more in-depth discussion.

Although progress has been made on many of the issues identified in these reviews, I implore the federal government to commit to a sustained focus on resolving the underlying structural challenges in procurement to ensure successful outcomes for Canada and Canadian taxpayers as we seek to deliver transformational projects.



### 3 2024-25 By the numbers

**Year over year comparison since 2018-19**



The total number of cases reflects the number of times stakeholders contacted OPO regarding a procurement matter. Stakeholders bring issues to OPO’s attention at town hall meetings with Canadian suppliers, departmental meetings with federal procurement officials, through OPO’s website, by contacting our Office directly via phone or email, and at procurement conferences or gatherings including OPO’s efforts to help diversify the federal supply chain. A new “case” is created each time a stakeholder brings a procurement-related issue to our attention and may include multiple issues. This year, OPO reached a record high of 670 cases, which included 1200 issues. This is almost double the caseload from 2018-19, and yet the Office’s budget has not been increased since its inception in 2008.

There were 2 notable new trends in the data this year. Firstly, many stakeholders contacted OPO with issues regarding contract administration. Specifically that departments are deviating from the terms and conditions of the contract. Secondly, OPO received many complaints from stakeholders regarding the behaviour of both suppliers and federal government officials. For government officials, this concerns behaviour inconsistent with the Values and Ethics Code for the Public Sector<sup>1</sup>, and for suppliers this concerns behaviour in violation of the Code of Conduct for Procurement.

1

See the section on Review of Complaints on contract administration for a discussion of why this issue was so prevalent this year.

## Nature of cases

- 437** Cases related to general procurement inquiries
- 106** Cases related to the administration of a contract
- 127** Cases related to the award of a contract

## Who contacted us

- 410** Suppliers/supplier associations/ procurement associations
- 196** Federal department representatives
- 3** Subcontractors
- 3** Members of Parliament or other levels of government
- 23** Citizens
- 35** Anonymous



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OPO has a continuously growing case load, accompanied by an increase in issues documented and investigated. This year represents OPO's highest number of cases and issues to date.

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## Survey of federal procurement practitioners

As a part of OPO's *Time for Solutions: Top 5 Foundational Changes Needed in Federal Procurement* research project, OPO made an effort to speak with procurement practitioners about the issues they face. OPO contacted procurement officers across multiple departments and received a total of 115 responses. The report is available on OPO's [website](#).



OPO's significant and growing case load represents the Office's critical role in helping to modernize and improve federal procurement. The Office is still required to address these cases and issues on a budget established 16 years ago. So much important and transformational work remains to be done, and the Office requires the appropriate resources to do it.

## The top 10 issues identified by procurement practitioners are:

1. Lack of procurement training
2. Procurement process is too complex
3. Lack of procurement policy support from central agencies
4. Inconsistent procurement practices across sectors or regions
5. Lack of procurement knowledge
6. Lack of procurement resources
7. Questions/comments about socio-economic and innovation programs and federal procurement rules
8. Involvement and/or interference from management or Parliament
9. Solicitation process is burdensome
10. Vendor performance management

## 4 Outreach

In 2024-25, OPO increased awareness of its services among Canadian suppliers and federal departments nationwide through 92 virtual and in-person events.

### Expanding connections and building relationships

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**3** Town halls



**12** Online town halls



**12** Kiosks



**33** Presentations at procurement events



**19** Departmental meetings



**3** Parliamentary meetings



**5** University presentations



**5** Meetings with procurement stakeholders

### Social media

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**21,631** impressions



**8,237** impressions



**42,336** impressions



## 5 Top 10 issues reported in 2024-2025

OPO tracks the issues raised by procurement stakeholders, and at the close of the fiscal year this information is analyzed and tabulated to form our Top 10 issues.

|          |   |            |
|----------|---|------------|
| <b>1</b> | The stakeholder believed the evaluation was incorrectly conducted or the contract was awarded to the incorrect bidder | <b>66</b>  |
|          | Evaluation incorrectly conducted  | <b>47</b>  |
|          | Contract awarded to non-responsive bidder   | <b>12</b>  |
|          | Contract awarded to the wrong bidder  | <b>7</b>   |
| <b>2</b> | The stakeholder believed the department was deviating from the terms and conditions of the contract                   | <b>61</b>  |
|          | Department deviating from terms and conditions of the contract  | <b>61</b>  |
| <b>3</b> | The stakeholder believed there was an issue with the behaviour by federal officials / public servants                 | <b>58</b>  |
|          | Behaviour was inconsistent with Values and Ethics Code for the Public Sector  | <b>58*</b> |

\*41 of these issues are a part of the 41 complaints received concerning the administration of a federal contract. Please see Review of Complaints section for a summary of the issue.

|          |   |           |
|----------|---|-----------|
| <b>4</b> | <b>The stakeholder noted that there was complexity in federal procurement</b>   | <b>55</b> |
|          | Barriers to participating in federal procurement  | <b>34</b> |
|          | Systems difficult to use, including: Government Electronic Tendering Service (CanadaBuys), ProServices, Temporary Help Services, etc. | <b>12</b> |
|          | Overall security process is too long and burdensome   | <b>6</b>  |
|          | Confusing/ contradictory/ vague information   | <b>3</b>  |
| <b>5</b> | <b>The stakeholder felt the evaluation criteria were unfair, overly restrictive, or biased</b>  | <b>54</b> |
|          | Bias for or against an individual supplier or class of suppliers  | <b>20</b> |
|          | Criteria are unfair/ biased   | <b>15</b> |
|          | Criteria are restrictive (content)  | <b>19</b> |
| <b>6</b> | <b>The stakeholder believed that there were modifications to the scope of work after contract award</b>                               | <b>43</b> |
|          | Significant modification to original scope of work  | <b>43</b> |

|           |  |           |
|-----------|--|-----------|
| <b>7</b>  | The stakeholder reported payment issues  | <b>24</b> |
|           | Payment is late  | <b>13</b> |
|           | Refusal to pay   | <b>11</b> |
| <b>8</b>  | The stakeholder reported that the department did not respond, or responded late, to their questions                    | <b>20</b> |
|           | Inadequate response provided   | <b>4</b>  |
|           | No response provided   | <b>16</b> |
| <b>9</b>  | The stakeholder reported that debriefings were not provided or, if they were held, insufficient information was shared | <b>14</b> |
|           | Department provided insufficient information or refused to provide explanations  | <b>8</b>  |
|           | Department did not provide a debriefing  | <b>6</b>  |
| <b>10</b> | The stakeholder reported that there were issues with the behaviour of suppliers  | <b>12</b> |
|           | Behaviour inconsistent with the Code of Conduct for Procurement  | <b>12</b> |

Note 1—We have not validated the accuracy of the information in the above Top 10 list that was shared with us, except where an issue prompted a formal investigation of the complaint. We report this information so procurement stakeholders are aware of the issues being raised to our Office's attention.

## 6 Alternative Dispute Resolution (ADR)

OPO offers facilitation and mediation ADR services to suppliers and federal officials when disputes arise during the performance of a contract. Led by trained OPO mediators, these services offer a quick, inexpensive, and effective way for suppliers and departments to resolve their contract disputes, avoid litigation, and get back to business.

ADR is a very effective tool in resolving contractual disputes. Even when the entirety of the dispute cannot be resolved there remains a significant benefit to clarifying the issues and understanding the other party's perspective.

There are cases where a supplier requests ADR and a federal department refuses to participate. Departments should not decline ADR invitations from OPO, unless the Ombud feels the request for ADR is frivolous.

In 2024-25, OPO received **16** requests for ADR services:



Note: 2 ADR cases from 2023-2024 that were carried forward to this fiscal year and were resolved in spring 2024

**Business Dispute Management (BDM) office at Public Services and Procurement Canada (PSPC) closes**

In Fall 2024 the BDM office was closed. It was an office that provided services including alternative dispute resolution services for PSPC

contracts. PSPC advised OPO that the business volume would be directed toward OPO.

This year OPO’s ADR case load increased substantially and we received the highest number of ADR requests since the Office’s inception.

**ADR requests over the last 5 years**

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|                |       |           |
|----------------|-------|-----------|
| <b>2024-25</b> | ————— | <b>16</b> |
| <b>2023-24</b> | ————— | <b>11</b> |
| <b>2022-23</b> | ————— | <b>8</b>  |
| <b>2021-22</b> | ————— | <b>3</b>  |
| <b>2020-21</b> | ————— | <b>9</b>  |
| <b>2019-20</b> | ————— | <b>9</b>  |

## 7 Review of Complaints

During 2024-25, OPO launched 3 reviews into formal complaints from suppliers about the award of federal contracts, and 39 reviews into formal complaints about the administration of federal contracts.

### 136 written complaints



OPO had a **113%** increase in written complaints

### 44 Reviews of Complaint



### Reviews of Complaints completed in 2024-25

#### 1. Acquisition of Services of an Anti-Racism Consultant by Immigration, Refugees and Citizenship Canada

On January 16, 2024, OPO received a written complaint from a Canadian supplier about a contract awarded by Immigration, Refugees, and Citizenship Canada (IRCC). It was awarded on December 6, 2023, and was valued at \$102,500.00 (taxes excluded). There were 3 issues raised:

- 2 covered the reasonableness of a mandatory criterion and a rated criterion.
- 1 questioned whether the Department’s response to questions was timely.

OPO reviewed the complaint in the context of the policy instruments in effect during the time of the procurement process in question, as well as the overarching government-wide responsibility to reduce barriers for equity deserving groups in doing business with the Federal Government.

For the first 2 issues, the Procurement Ombud concluded that a mandatory criterion was unreasonable. Concerning the rated criterion, it was concluded that it was not aligned with the Department’s own stated preference for lived experience.

Regarding the last issue, the Procurement Ombud concluded that the Department responded to the Complainant's email in a timely manner, consistent with the information in the RFP.

This complaint highlighted the value of diversity and inclusion considerations within federal procurement practices. It also showed the importance for departments to identify opportunities to strategically plan and manage procurements in a manner that enables operational outcomes and demonstrates sound stewardship and best value consistent with the Government of Canada's socio-economic and environmental objectives.

The complaint also highlighted potential barriers for equity deserving groups when participating in federal procurement processes. Additional consideration should be given to identify opportunities to reduce such barriers, and to advance fair treatment and promote business with equity deserving groups. This will help to foster greater diversity, equity, and inclusion within the federal procurement landscape.

The complete report is available on OPO's [website](#).

## 2. Acquisition of Diversity and Inclusion Network Anti-Racism Training for Executives by the Canada Revenue Agency

On January 26, 2024, OPO received a written complaint from a supplier about a contract awarded by the Canada Revenue Agency (CRA). The contract was awarded on January 16, 2024, and was valued at \$76,000 (taxes excluded). The complaint raised 4 issues:

- 1 covered if the process followed prior to the launch of the competitive process was wrongful.
- 1 related to an unreasonable evaluation criterion.
- 2 questioned if there was an obligation to incorporate a requirement for at least one instructor with lived experience and the validation method to ensure diverse ownership of the successful bidder.

OPO reviewed the complaint in the context of the policy instruments in effect during the time of the procurement process in question, as well as the overarching government-wide responsibility to reduce barriers for equity deserving groups in doing business with the federal government.

The Procurement Ombud found merit in the first issue and concluded that the initial procurement process followed by the CRA before launching the competitive RFP was wrongful and resulted in misleading communications with the Complainant.

However, for the following 3 issues, the Procurement Ombud did not find merit in the issues raised in the complaint.

In accordance with its governing *Regulations*, the Procurement Ombud recommended CRA pay compensation to the Complainant in the amount of \$7,600.00, for costs incurred in preparing its bid.

This complaint brought to light the value of diversity and inclusion considerations within federal procurement practices and highlighted the need for a government-wide policy on the issue. In 3 of the 4 issues considered, the CRA followed the rules in place at the time of contract award, but the outcome of the complaint remains problematic in the eyes of the Ombud. The Government should create a government-wide framework on how to incorporate diversity initiatives into the federal supply chain for departments to follow.

The complete report is available on OPO's [website](#).

## Reviews of Complaints on the administration of a contract completed in 2024-25

### 1. Administration of Contracts for Interpretation Services

In Summer 2024, OPO received written complaints from 41 Canadian suppliers regarding the administration of 41 separate contracts awarded by Public Services and Procurement Canada (PSPC). The contracts were for the provision of "Parliamentary and Conference Interpretation Services."

The complaints were raised about a contract amendment proposed by PSPC. The amendment had 2 changes. Firstly, to exercise the contract's option year. Secondly, to introduce changes to the contract regarding recognition of certain hours as non-interpreting time. Suppliers were asked to sign the amendment which included both changes.

The following issues were raised:

- **Issue 1:** Did PSPC exercise the option to extend the contract in accordance with Article 4.2 "Option to Extend the Contract" of the contract?
- **Issue 2:** Would the amendment proposed by PSPC have resulted in a substantive change to the terms and conditions of the contract?
- **Issue 3:** Were PSPC's actions during the negotiation of the amendment reasonable in the circumstances? Did their actions constitute bad faith?

On Issue 1, the Procurement Ombud found that PSPC exercised the option to extend the contract in accordance with Article 4.2 "Option to Extend the Contract" by sending written notice 30 calendar days before contract expiry, as per the contract terms.

On Issue 2, the Procurement Ombud found that the amendment proposed by PSPC would have resulted in a substantive change to the terms and conditions of the contract.

On Issue 3, the Procurement Ombud found that PSPC's actions during the negotiation of the amendment were unreasonable in the circumstances, as they included contradictory messages, excessively short turnaround times, unanswered requests for clarifications, and repeated extensions of what were said to be urgent deadlines. PSPC's actions did not align with the spirit of the Directive on the Management of Procurement (DMP) to foster fairness, openness, transparency, and collaboration with suppliers. However, the Procurement Ombud had insufficient documentation and evidence to determine whether there was an "intent to deceive" or that PSPC's actions were "knowingly or intentionally wrong," which would have been required to find "bad faith."

The complete report is available on OPO's [website](#).

## Reviews of Complaints to be completed in 2025-26

The Procurement Ombud also launched 4 reviews of complaints in early 2025, which will be completed in 2025-26 in accordance with the legislative timelines set forth in the *Procurement Ombudsman Regulations*.

## 8 Procurement Practice Reviews (PPR)

The Procurement Ombud conducts reviews of departmental procurement practices to assess their fairness, openness, and transparency, and make recommendations for improvement.

OPO launched 2 new Procurement Practice Reviews that are currently on-going and will be released in 2025-26 in accordance with legislative requirements:

1. **“Bait and Switch”: Procurement Practice Review of the Replacement Resources in Professional Services Contracts**
2. **Procurement Practice Review of Contracts Awarded to Indigenous Suppliers**

### ‘Bait and Switch’

This review will examine practices related to the replacement of resources in professional services contracts to ensure the processes were conducted fairly and transparently, and supported Canada’s selection of the best value supplier.

This review stems from issues identified in previous reviews conducted by OPO, as well as a request from the House of Commons Standing Committee on Government Operations and Estimates (OGGO).

The review will incorporate the following lines of enquiry (LOE):

- **LOE 1:** Evaluation criteria and selection plans were established in accordance with applicable laws, regulations, and policies.
- **LOE 2:** Evaluations of original resources proposed in the bid were conducted in accordance with the solicitation.
- **LOE 3:** Evaluations of replacement/task authorization (TA) resources were conducted in accordance with the contract.
- **LOE 4:** Practices related to resourcing were conducted in accordance with the arrangement between PSPC and client departments.



The practice of inappropriately replacing resources occurs when suppliers bid for contracts by proposing highly qualified individuals to secure the contract, but later substitute them with less qualified personnel once the contract is awarded. This undermines the fairness and transparency of the procurement process and compromises the best value for Canadians.”

— Alexander Jeglic, Procurement Ombud

The review will be published in 2025-2026 in accordance with the *Procurement Ombudsman Regulations*.

## Indigenous Procurement

Indigenous Peoples in Canada continue to face barriers that limit their full participation in federal procurement. As part of its commitment to economic reconciliation, the Government of Canada announced in 2021 “a mandatory requirement for federal departments and agencies to ensure a minimum of 5 % of the total value of contracts are held by Indigenous businesses.”

However, data from media reports, and testimonies presented to the OGGO highlight ongoing issues such as inaccuracies and poor oversight that ultimately undermine the integrity of the Indigenous procurement process.

As a result, OPO has committed to reviewing whether procurement practices under the Procurement Strategy for Indigenous Business (PSIB) are consistent with applicable legislation, regulation, policies, and the principles of fairness, openness, and transparency. The review examines 5 departments to assess the adequacy of their planning, implementation, monitoring, and reporting of contracts awarded to Indigenous businesses, in accordance with their respective responsibilities.

- **LOE 1:** Indigenous Services Canada guided and supported federal departments for procurements conducted under the PSIB, in accordance with its responsibilities under the Directive on the Management of Procurement.

- **LOE 2:** Departments have established departmental Procurement Management Frameworks which include oversight, planning and reporting mechanisms pertaining to contracts awarded to Indigenous businesses that align with and support applicable policies, procedures, and guidance.
- **LOE 3:** Contracts awarded under the PSIB program were issued in a manner consistent with applicable legislation, regulation, policies, procedures, and guidance.
- **LOE 4:** Contracts awarded under the PSIB program were monitored and adequately reported in a manner consistent with the applicable legislation, regulation, policies, procedures, and guidance.

The final report will be released in spring 2026 in accordance with the legislative timelines set forth in the *Procurement Ombudsman Regulations*.

Ultimately, Procurement Practice Reviews like Bait & Switch and Indigenous Procurement, as well as past reviews like ArriveCAN and Contracts Awarded to McKinsey & Co., are key for transforming federal procurement. OPO currently does not have an adequate budget and the required resources to continue to deliver on these critical procurement reviews.

## Follow-up Reviews

OPO follows-up on Procurement Practice Reviews approximately 2 years after the initial review. Follow-up Reviews assess the actions taken in response to the Ombud's recommendations in the initial report and are based on departments' self-assessments in conjunction with supporting documentation.

This year OPO worked on 11 Follow-up Reviews.

### 4 reviews completed:

- Parks Canada (PC)
- Transport Canada (TC)
- Immigration, Refugees and Citizenship Canada (IRCC)
- Natural Resources Canada (NRCan)

### 3 reviews substantially completed, to be updated in next year's annual report:

- Royal Canadian Mounted Police (RCMP)
- Canadian Border Services Agency (CBSA)
- Non-competitive contracts involving WE charity

### 4 reviews on-going:

- Department of National Defence (DND)
- National Research Council Canada (NRC)
- Correctional Service of Canada (CSC)
- Innovation, Science and Economic Development Canada (ISED)

**Progress scale**

| Implementation level | Assessment   |
|----------------------|--|
| Level 5              | Full implementation  |
| Level 4              | Substantial implementation   |
| Level 3              | Preparations for implementation  |
| Level 2              | Planning stage   |
| Level 1              | No progress or insignificant progress  |
| Obsolete             | Recommendation is no longer applicable due to new policies, procedures, etc. |

**OPO report card**

| Overall performance    | Assessment criteria  |
|------------------------|--|
| Satisfactory plus      | Initial review resulted in no recommendations and rating is based on initial review results  |
| Satisfactory           | Initial review resulted in 1 or more recommendations and action plan(s) have achieved level 5 or a combination of level 4 and level 5 implementation |
| Partially satisfactory | Initial review resulted in 1 or more recommendations and some progress has been made in implementing action plan(s)                                  |
| Unsatisfactory         | Initial review resulted in 1 or more recommendations and insignificant progress has been made to implement action plan(s)                            |

## Themes from this years' Follow-up Reports

OPO's review program for Follow-up Reviews follow the 3 LOEs that were established in the initial Procurement Practice Review. These are:

1. **evaluation criteria and selection plans**
2. **solicitation documents and organizational practices**
3. **evaluation of bids and contract award.**

OPO uses these 3 LOEs in coordination with sub-criteria each linked to a specific rule or regulation in order to measure a department's compliance. Recommendations targeting each of these LOEs speak to both compliance with the rule or regulation in question, and to a department's own specific operating context. As a result, departmental actions to address recommendations follow similar patterns.

This year, OPO noted departmental actions that targeted oversight solutions, guides, tools, templates, and training. Please see OPO's [website](#) for the full report and a more in-depth discussion of these themes.

### Oversight solutions

Oversight, as it pertains to procurement, focuses on regular review and active monitoring. Together, they promote due diligence, compliance with government policy, mitigate risk, enforce accountability, and ultimately promote fairness, openness, and transparency. Ideally oversight is built on a risk-based system where there is regular review and monitoring activities that ensure organizations

are operating in accordance with established policies and legal requirements.

Actions to address oversight issues could include things like timely risk-based audit and evaluation activity and monitoring would involve oversight committees and timely reporting requirements. Both points would benefit from processes that have built-in segregation of duty points of approval and the use of automated systems. All of these help promote fairness, openness, and transparency, and reduces risk and enforces accountability to Canadian taxpayers.

- OPO noted oversight solutions at Parks Canada (PC) involving the quality assurance (QA) process. This included a requirement for a QA review of all solicitations that included point rated criteria, as well as sample forms that showed how the QA process worked in practice.
- OPO noted oversight solutions at IRCC, including planned quarterly procurement file reviews to be conducted by the Procurement Compliance and Monitoring team. These reviews are meant to identify any non-compliance or deviation from procurement policies, directives, and frameworks.
- OPO also noted a good practice at IRCC which required a quality control process for both before and after the solicitation process.

### Guides, tools, and templates

Guides, tools, and templates assist in translating both the government-wide procurement policy created by the Treasury Board Secretar-

iat, and internal departmental policy into clear, implementable actions. For example, the Directive on the Management of Procurement is principles based, which means that it includes the macro concepts that departments must operationalize, like fairness, openness, and transparency. Departments create their own internal procurement policy and procurement management frameworks that align the department with the Directive. Ensuring consistency ultimately supports standardization and simplification of government procurement.

Departments often update or create new guides, tools and templates in response to recommendations associated with Procurement Practice Reviews. For example:

- NRCan developed and implemented a detailed evaluation guide to support contracting and technical authorities in developing and executing effective evaluations of solicitations.
- Further, NRCan revised its RFP template to clarify the purpose of Indigenous designation certification.
- IRCC updated regret letter templates to include recourse mechanisms, and the letters themselves are subject to a peer review process to ensure accurate and consistent communication.

## Training

Training speaks directly about the practitioners, the competencies that are required as a part of oversight requirements and the proper use of the guides, tools, and templates that ensure a department's compliance with legislation, regulation, and policy.

In many cases, we hear that departments do have the proper structures in place to ensure procurements are aligned with the rules, but it is more a question of training. In federal procurement, there is no government-wide procurement training program. There are a series of courses that practitioners have access to through the Canada School of Public Service, and there are in-depth tailored internal programs offered by departments such as Public Services and Procurement Canada, National Defence, and the Canadian Revenue Agency. But it is true to say that there are very few practitioners who have the same training background.

- At IRCC we noted that contracting officers are being required to complete 2 mandatory training courses on topics such as soliciting competitive bids and reviewing evaluation and contractor selection methods.
- IRCC also uses a training tracking system, and contracting officers have additional procurement training added to their training list.
- NRCan developed and delivers a "Procurement 101" course for federal employees which covers "Practices to Avoid", like contract splitting. There have been a total of 11 sessions delivered to over 900 participants since its inception in fall of 2023. NRCan plans on a minimum of 2 sessions to be delivered annually.
- TC developed a Procurement Overview training session of Canada's legislative framework and procurement procedures during each phase of the procurement process.

## Report cards

OPO develops report cards to summarize a department’s progress on addressing the recommendations from a Procurement Practice Review. Overall, the follow-ups from this year were well done. Departments addressed the recommendations with clear actions that were supported by evidence.

| Line of Enquiry (LOE)                                  | Parks Canada  | Transport Canada  | Immigration, Refugees and Citizenship Canada  | Natural Resources Canada  |
|--|---|---|---|---|
| 1. Evaluation criteria and selection plans             | Satisfactory<br>   | Satisfactory<br>             | Satisfactory<br>   | Satisfactory<br>   |
| 2. Solicitation documents and organizational practices | Satisfactory<br> | Partially Satisfactory<br> | Satisfactory<br> | Satisfactory<br> |
| 3. Evaluation of bids and contract award               | Satisfactory<br> | Satisfactory<br>           | Satisfactory<br> | Satisfactory<br> |
| 4. Other Observations                                  | N/A   | N/A   | N/A   | Satisfactory<br> |

## 9 Knowledge Deepening and Sharing (KDS)

One of the ways OPO contributes to strengthening the federal procurement community is by conducting and sharing research to better understand key issues in federal procurement. Each year, OPO scans the federal procurement environment to identify emerging trends, recurring issues, and knowledge gaps. This year OPO noted issues concerning construction contract administration, the feasibility of using a Negotiated Request for Proposals at the federal level, and how the definition of best value has had its current impact on federal procurement practices.

### Construction Procurement

This study looked at some of the common issues affecting construction contract administration. The issues discussed were:

#### 1. Planning and execution of the procurement

- a. Scope of Work: Change Orders, Costing, and Payment

#### 2. Contract terms

- a. Dispute Resolution Process Challenges
- b. Clarity and Effectiveness of Substantial Performance Clauses
- c. Undefined *Force Majeure*

#### 3. Inconsistent standard construction contract documents

Issues with the scope of work are often raised to OPO and are also a focus of much academic research and discussion by non-governmental contracting organizations. More due diligence at the start of a procurement process to properly define the scope of work goes a long way to reducing confusion, reducing risk, and ensuring effective contract administration and contract delivery.

OPO investigated dispute resolution process challenges and concluded that there are many issues that are not being resolved by standard dispute resolution clauses in contracts and that parties still seek third party recourse. OPO concluded that preventative measures, like Alternative Dispute Resolution (ADR), particularly early intervention, are a means of more efficiently addressing contract administration issues.

OPO has previously published research on *force majeure*. However, for this study OPO looked at its implication in contract administration. There is reason to believe that the present usage of the clause is either inadequate (not properly defining the triggering events and required mitigation actions) or that it is not being included at all. *Force majeure* clauses are a best practice and should be used in federal contracts.

Overall, OPO found that construction contract administration is a high-risk area and that systemic issues exist that need to be addressed in this area. OPO hopes to launch an in-depth, systemic Procurement Practice

Review in the future in an effort to fully understand these critical issues in high dollar value projects.

Please see the full report [here](#).

### Negotiated Requests For Proposals (NRFP)

The purpose of this KDS study was to examine whether the federal government should adopt the Negotiated Requests for Proposal (NRFP) tendering format in certain circumstances as a more flexible option to traditional tendering formats.

An NRFP is a non-binding tendering format that permits a procuring entity to enter into negotiations on specific aspects of a proposed contract, such as the proposed solution or approach to the work and the associated bid price. These negotiations are held with one or more compliant bidders after an initial evaluation has been completed and bidders are ranked. This differs from a traditional RFP format that requires bidders to submit an irrevocable bid and does not permit negotiations, refinements to the requirement or changes in the bid price after bids have been evaluated.

We concluded, that for certain procurements, NRFPs would provide significant benefits to both the federal government and suppliers.

The adoption of NRFPs could:

- reduce the number of lost profit claims by suppliers

- encourage innovation by leveraging technology and industry expertise
- reduce costs by better balancing the assumption of risk between departments and suppliers
- provide an opportunity to address many of the long-standing problems in federal procurement.

Please see the full report [here](#).

### Best Value in Procurement

Over the past 60 plus years, the concept of best value in federal procurement has evolved from a best price and technically compliant approach to one that supports the achievement of broader policy outcomes including socio-economic and environmental returns. Ultimately, best value is about obtaining necessary goods and services at an appropriate price including the life-cycle costs and supporting governmental policy objectives through the procurement process.

The purpose of the study was to examine how the concept of best value has evolved in federal procurement, how it is addressed across Canada and internationally, explore tensions created by the expanded definition and highlight best practices and recommendations that may offer guidance to the procurement community and policy makers.

The report concluded with the idea that improvement is needed in collecting and sharing accurate data, reporting and accountability, training and development, and greater consistency in the application of pol-

icy. Contracting authorities need guidance and support and there needs to be policy alignment between departments to ensure fair, open, and transparent procurement processes. What would be most beneficial is for policy makers to ensure that new policy is accompanied with all the necessary guidance and tools before it is implemented in order to avoid confusion, costly mistakes, and risk aversion in the procurement community.

Please see the full report [here](#).

## 10 Present procurement environment

Last fiscal year the procurement environment experienced a number of changes. Presently the procurement environment has been under intense scrutiny, calling into question the rules that govern it. In these difficult times, OPO remains focused on the core values of fairness, openness, and transparency, and how it can help ensure that Canada's procurement system is delivering results for Canadians.

### National Security Exception (NSE)

On January 2, 2025, the federal government approved changes to the NSE, explicitly excluding NSE procurements from the *Government Contracts Regulations*. In practice what this will mean is that solicitations for NSE applicable goods and services are no longer subject to competition, as this is an explicit requirement of the *Regulations*.

OPO completed in-depth research and published a study on the use of the NSE back in 2022. This year OPO has refreshed and updated the report to remain consistent with the present *Regulations*. Please see the report [here](#).

### Defence procurement

Defence procurement has been top of mind this last year, not only with challenging world events, but also with some key policy updates and reviews:

- Our North, Strong and Free: A Renewed Vision for Canada's Defence was a policy update that came out in spring 2024, and presented how Canada is going to support its defence obligations.

- A Time for Change: Reforming Defence Procurement in Canada from the Standing Committee on National Defence. The report made 36 recommendations to government to improve defence procurement. Two out of the 36 are directly related to OPO.
  - Recommendation 22: That the Government of Canada adopt all 6 recommendations made by the Office of the Procurement Ombudsman in their report entitled "Procurement Practice Review of the Department of National Defence (DND)."
  - Recommendation 23: That the Government of Canada empower the Procurement Ombudsman with the authority to compel documentation from federal departments.
- There was also an increase to emergency contracting limits to restore the government's purchasing power when responding to pressing emergencies.
  - departmental emergency contracting limits from \$1 million to \$3 million
  - PSPC and SSC's emergency contracting limits from \$15 million to \$25 million

For OPO, we have not yet looked at procurement of defence goods and services through a targeted Procurement Practice Review. Our review of DND in 2022—despite being a department that procures defence related goods and services—was a review with a scope that also included goods and services not related to defence. However, the findings from the review cannot be used to make generalized conclusions about the entire state of defence procurement.

# 11 Time for Solutions: Top 5 Foundational Changes Needed in Federal Procurement

This study was launched in October 2024 to explore the *Top 5 Foundational Changes Needed in Federal Procurement*. To inform this study, OPO undertook consultations, interviews and surveys with industry, federal procurement experts and stakeholders. OPO identified the following changes needed:

- 1**  
Establishment of a Chief Procurement Officer (CPO) position accountable for the federal procurement function
- 2**  
Creation of a government-wide Vendor Performance Management (VPM) system
- 3**  
Development of 1 universally applicable set of federal procurement rules
- 4**  
Usage of Artificial Intelligence (AI) advancements to modernize federal procurement tools, systems, and processes
- 5**  
Establishment of a horizontal government wide framework for procurement data collection to increase transparency of federal procurements and facilitate informed decisions

## Establishment of a Chief Procurement Officer (CPO) position accountable for the federal procurement function

Establishing a Chief Procurement Officer (CPO) is vital for enhancing accountability and simplifying federal procurement. The federal procurement process is decentralized and marked by silos of responsibility. This results in a lack of coordination and accountability.

OPO ranked the establishment of a CPO position as the most critical change required in federal procurement due to its overall impact, but also for its possible understated effects such as professionalizing the procurement function and creating the appropriate focus and attention on federal procurement at the highest level.

## Creation of a government-wide Vendor Performance Management (VPM) system

A government-wide Vendor Performance Management (VPM) system would improve supplier accountability and performance. Without a VPM framework, the federal government is unable to avoid the risk of awarding new contracts to known poor performers.

OPO has already conducted 3 separate studies regarding vendor performance management, in 2010, 2014 and 2019 and remains steadfast in its commitment to support implementing a robust system beyond departmental pilots.

## Development of 1 universally applicable set of federal procurement rules

Developing 1 set of procurement rules is essential for simplification, consistency, and guidance in federal processes. The current procurement environment is fragmented and overly complex (i.e., the federal community must follow multiple trade agreements, legislation, regulations, policies, directives, guidance documents and procedures). The federal government should take necessary steps to create a singular statutory rule set so that Canadian procurement law can be simplified.

## Usage of Artificial Intelligence (AI) advancements to modernize federal procurement tools, systems and processes

Leveraging artificial intelligence (AI) has the potential to lead to significant efficiencies in the way federal procurement is conducted, ranging from the development of statements of work to the evaluation of bids and contract award. The federal government has made strides in laying the foundation for greater inclusion of AI in government activities with the adoption of policies, guidelines, and directives. However, its use in federal procurement has been limited to date.

OPO recognizes that this is an area where more research is required to understand how AI could impact procurement.

## Establishment of a horizontal government wide framework for procurement data collection to increase transparency of federal procurements and facilitate informed decisions

A comprehensive government-wide data collection framework for procurement is badly needed and will enhance transparency and support informed decision-making for both suppliers and government officials. Currently, there is no federal government-wide, standardized, and automated system to capture and share procurement data.

OPO has commented publicly on this issue, noting that the accurate public disclosure of information related to government contracts is a critical element of the federal government's commitment to transparency in procurement.

In order for citizens to trust and feel empowered about their government and confident in its actions, and for government leaders to make information based decisions, they must have access to information that is complete, timely, and accurate.

Please see the full study on OPO's [website](#).



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Band-aid solutions are no longer acceptable; larger foundational changes are needed.

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## 12 Diversity and inclusion (D&I)

OPO has remained steadfast in its commitment to diversity over the last 7 years.

This year D&I has been incorporated into mandated activities, such as Reviews of Complaint (ROC) and Procurement Practice Reviews (PPR). In the section on ROCs, there were 2 published reviews that looked at issues directly related to the government’s work on D&I. This involved an in-depth analysis of not just the policy supporting the procurement, but the general government initiative. This year OPO launched its PPR on Indigenous Procurement, focused on the government’s Procurement Strategy for Indigenous Business (PSIB). Each of these interactions between mandated activities and D&I remind us how crucial these issues are in procurement, and how much work remains to be done.



This year OPO attended and participated in 18 outreach events focused on historically marginalized suppliers. At an outreach event in Saskatchewan with Indigenous suppliers, we heard numerous times the issue about the practice of non-Indigenous companies pairing with Indigenous companies in order to qualify for PSIB contracts. In these relationships there is no intention for the Indigenous company to complete work on the contract, and they are only involved to win the contract. In these circumstances, this practice is completely undermining the intentions and outcomes of the program. It is performative in nature and breaks down the trust within the supplier community.

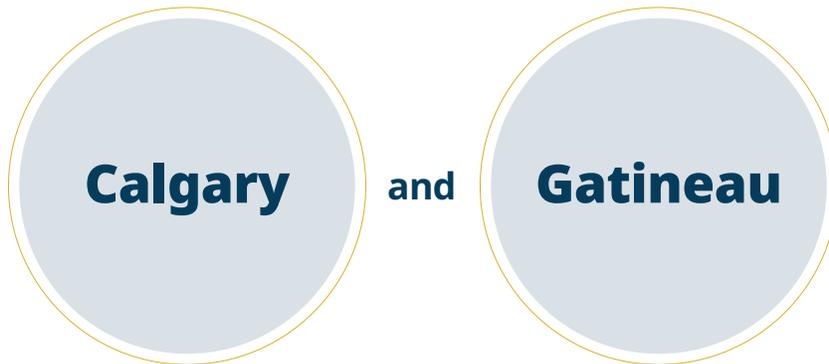


## Diversifying the Federal Supply Chain Mentoring Sessions

OPO also continued its Diversifying the Federal Supply Chain Mentoring Sessions to raise awareness of the public and private sector programs that support Indigenous

Peoples, Black and racialized Canadians, women, 2SLGBTQI+ individuals, persons with disabilities, and other underrepresented groups in navigating and accessing federal government opportunities.

**OPO hosted 2 mentoring sessions in:**



## 13 Statement of operations

### Statement of operating costs

| Expenses  | 2024-25 (\$)          |
|---|-----------------------|
| Salaries and employee benefits  | 4,205,775.87          |
| Professional services   | 126,702.06            |
| Operating expenses  | 88,283.87             |
| Information and communication   | 108,936.53            |
| Materials and supplies  | 13,773.38             |
| Corporate services provided by Public Services and Procurement Canada (finance, human resources, information technology, other) | 192,599.66            |
| <b>Total</b>  | <b>\$4,736,071.37</b> |

### Necessary changes to OPO’s regulatory mandate

In a year that has seen an increase in cases and workload, my Office is busier than ever responding to the procurement needs of Canadians and helping to build a better procurement system. I draw your attention to three important matters:

**1. Enabling the Procurement Ombud to recommend compensation greater than 10% of the value of a contract, in instances where warranted,** to provide fair and reasonable relief to suppliers impacted by the erroneous and/or improper award of contracts.

**2. Enabling the Procurement Ombud to compel federal departments to provide documentation to support accurate and transparent reviews of complaints and procurement practices.** There have been instances where it became necessary to write to departments during the course of a review to remind them to provide documents known to be in their possession. In a 2024 report, the House of Commons Standing Committee on National Defence recommended the Procurement Ombud be empowered to compel documentation from federal departments.

### 3. Enabling the Procurement Ombud to review complaints related to the Procurement Strategy for Indigenous Business (PSIB) set-asides program,

to ensure all suppliers have access to OPO's redress mechanisms. Presently, such complaints remain outside of OPO's jurisdiction and that of the Canadian International Trade Tribunal.

### Budget request

Finally, it is crucial to emphasize that after 16 years of operations, my Office is at a pivotal juncture. The role of the Office has never been more important in addressing procurement challenges, yet we are simultaneously facing a significant shortfall in much needed financial resources. To continue fulfilling our mandate, an increase in funding is urgently needed. Since OPO's establishment in 2008, we have consistently operated within a static budget. However, over the past 16 years, the cost of doing business has risen significantly, along with operational expenses and the demand for highly qualified, specialized staff. As the demand for OPO's services continues to grow, a permanent and sustainable funding solution is essential. OPO is more committed than ever to make the federal procurement system work better for everyone. We need the Government of Canada to invest in our Office so that we can promote a fair, open and transparent procurement system at this critical time.

### Authority and objective

The position of Procurement Ombud was established through amendments to the *Department of Public Works and Government*

*Services Act*. The Procurement Ombud's mandate is further defined in the *Procurement Ombudsman Regulations*. The Office of the Procurement Ombud's mission is to promote fairness, openness, and transparency in federal procurement.

### Parliamentary authority

The funding approved by the Treasury Board for the operation of the Office of the Procurement Ombud is part of Public Works and Government Services Canada's (PWGSC) appropriation, and consequently, the Office is subject to the legislative, regulatory and policy frameworks that govern PWGSC/ PSPC. Nonetheless, implicit in the nature and purpose of the organization is the need for the Office of the Procurement Ombud to fulfill its mandate in an independent fashion, and be seen to do so, by maintaining an arm's-length relationship with PSPC and all other federal departments.

### Proactive disclosure

Compliance with the Treasury Board of Canada Secretariat and PSPC financial management policies requires the mandatory publication of the Procurement Ombud's travel and hospitality expenses. It also requires disclosure of contracts entered into by the Office of the Procurement Ombud for amounts over \$10,000. Information on our proactive disclosures can be found by selecting the "Disclosure of Travel and Hospitality Expenses" link on PSPC's "Transparency" webpage or on the "Open Canada" website by searching for "Procurement Ombudsman." Disclosure of our contracts are published under PSPC as the organization.

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