ADMINISTRATION POLICY:

Procurement Vendor Performance Evaluation and Management

Policy number:	**FA-046 (B)**
ALT report:	**N/A**
Approved by:	**City Manager and Chief Financial Officer**
Effective date:	**2010 / 04 / 01**
Next revision due:	**2017 / 09 / 16**
Department/BU:	**Chief Financial Officer's Department / Finance & Supply (Supply Management)**

BACKGROUND

A key part of the procurement process is monitoring and recording vendor performance. The past performance of a vendor may be considered during future procurements.

It is important that vendor performance evaluation and corrective actions are conducted in an appropriate and consistent manner.

This policy is part of a larger suite of policies developed by the Supply Management Division ("Supply") of the Corporation of The City of Calgary ("The City") and should be read in conjunction with the following policies before any procurement process is undertaken:

- Procurement Guiding Principles Policy (Administration Policy FA-033)
- Procurement Specifications Policy (Administration Policy FA-035
- Procurement of Goods and General Services Less Than or Equal to 25K Policy (Administration Policy FA-040)
- Procurement of Goods and General Services Greater Than 25K Policy (Administration Policy FA-041)
- Procurement of Professional Services Less Than or Equal to 25K Policy (Administration Policy FA-042)
- Procurement of Professional Services Greater Than 25K Policy (Administration Policy FA-043)

PURPOSE

The purpose of this policy is to identify the business rules for vendor performance evaluation, its documentation and how it is communicated to vendors and business units (BUs).

DEFINITIONS

1. Conditions – Specific actions or requirements a vendor must meet before they are eligible to bid on procurement opportunities (e.g. remedy an identified problem).
2. Debarment – The refusal by The City to do business with a vendor over a specified period.
3. Suspension – The refusal by The City to do business with a vendor pending the outcome of an investigation into serious or multiple instances of poor performance.
4. Vendor – The provider of goods, services or construction by purchase, rental or lease.

POLICY

1.0. Scope/Exceptions

1.1. Scope

This policy applies to:

a. City BUs that requisition goods, services or construction.

b. Civic partners that use Supply to procure goods, services or construction.

1.2. Exceptions

a. The purchase, lease or sale or land or buildings.

b. This policy does not apply to procurements less than or equal to $75,000.

2.0. Consequences of Non-Compliance

2.1. Failure to adhere to this policy may result in:

a. Prolonged or renewed use of a vendor that provides substandard goods, services or construction.

b. Failure to recognize vendors that provide exemplary goods, services or construction.

c. Loss of opportunity to have meaningful dialogue and develop a vendor to its full potential.

d. Increased operational costs, duplication of effort, and/or procurement delays.

e. Violation of environmental, safety or trade-related policies and agreements creating the potential for legal challenges and/or penalties to The City.

f. Loss of reputation for The City if procurement practices are perceived to be non-transparent.

g. Disciplinary action against any employee found to be in violation of this policy.

3.0. Vendor Performance Evaluation

3.1. Eligibility

a. All procurements for goods, services or construction shall be considered eligible for performance evaluation.

3.2. Evaluation

a. Business units (BUs) shall complete and submit a Vendor Performance Form to Supply within one calendar month at the completion of, or during an eligible procurement. The Vendor Performance Form must document:

   i. Above, acceptable, or substandard levels of performance.

      - All examples of above or substandard performance must be documented and attached to the Vendor Performance Form.

   ii. If there is a failure by the vendor to meet the terms of an agreement, including guarantees and warranties.

b. BUs may create and submit interim performance evaluations as appropriate.

c. Performance evaluations shall be conducted in an objective and professional manner.

d. Vendor performance evaluation will be based on the vendor's delivery of goods, services or construction compared to the procurement's:

   i. Specifications

   ii. Terms and Conditions

iii. Special Conditions

iv. Agreed-upon deliverables

e. Sub-standard performance shall be defined as any of the following:

i. A rating of two or below on any question, point, factor or criteria on the Vendor Performance Form;

ii. Not meeting safety or environmental standards as stated by The City;

iii. Anything less than acceptable performance of a contract by the vendor.

4.0. Evaluation Outcomes

4.1. Substandard Performance

a. Supply and the BU shall meet with the vendor in the case of substandard performance.

b. Supply and the BU may require that the vendor create an action plan and a timetable to correct the substandard performance.

i. Supply shall collect the action plan and timetable from the vendor and deliver it to the BU for monitoring and compliance.

c. In the event substandard performance continues, the vendor will be given:

i. Written notification of the consequences of the ongoing substandard performance.

ii. Access to all supporting documentation of the performance in question.

iii. Ten business days to respond before the results of the evaluation are recorded in Supply's Vendor Evaluation and Performance System and further actions are considered.

- Vendor responses shall be considered when entering results.

d. Further action by The City may include any or all of the following:

i. The placement of conditions on the vendor, including restrictions on:

- Maximum permitted size of procurement
- Eligible scope of procurement
- Eligible type of procurement

ii. Suspension

iii. Debarment

- The period of debarment shall be no longer than three years.

iv. Removal from a source list.

e. Vendor appeals shall be evaluated by the Manager of Supply.

5.0. Vendor Performance Documentation

5.1. All vendor performance reports will be retained by Supply according to Corporate Record Retention policies

5.2. The BU must keep accurate records to substantiate evaluations made in the Vendor Performance Form.

5.3. Vendors must be provided copies of the completed Vendor Performance Form.

5.4. Final conclusions on vendor performance must be recorded in the Supply's Vendor Evaluation and Performance System.

SUPPORTING REFERENCES AND RESOURCES

Please note that some of the items listed below may not be publicly available.

References to related corporate-wide procedures, forms and resources

- Buy and Sell intranet website
- Procurement Overview intranet website
- Vendor Performance Form (contact Supply for a copy)
- Corporate Records and Retention Schedule

References to related Council policies, bylaws, and administration policies

- Procurement Guiding Principles Policy (Administration Policy FA-033)
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REVISION HISTORY

Review Date	Description
2014 09 16	Renewal and Minor Revisions
2009 12 31	New Policy
1993 11 22	Chapter 27: Purchasing and Stores / Supply Management Services Department (in the hard-copy-based editions of the Administration Manual)