

<p><b>DATE FORMALIZED</b> March 8, 2019</p> <p><b>Revised:</b> May 2020</p>	<p><b>VENDOR PERFORMANCE EVALUATION POLICY</b></p>
---	--

# VENDOR PERFORMANCE EVALUATION POLICY

**Table of Contents**

- 1. DEFINITIONS .....2
- 2. PURPOSE.....3
- 3. PROJECT EVALUATION FORMS .....3
- 4. FREQUENCY OF PERFORMANCE EVALUATIONS.....3
- 5. RECOMMENDED STEPS TO RESOLVING VENDOR PERFORMANCE .....5
- 6. PERFORMANCE EVALUATION RATING SYSTEM.....5
- 7. STARTER EVALUATIONS..... 6
- 8. IMPACT OF FINAL PERFORMANCE EVALUATIONS.....7
- 9. VENDOR RESPONSE PROCESS .....8
- 10. VENDOR REVIEW PROCESS .....8

## 1. DEFINITIONS

“**Acceptable Vendor**” is a Vendor who meets the criteria to be considered for an award of a contract and/or receives a satisfactory Performance Evaluation. An Acceptable Vendor includes any associated or subsidiary companies of the Vendor.

“**Disqualification**” means the action that results when a Vendor receives a rating of “unacceptable” on a Performance Evaluation form, subject to the terms and conditions of this policy.

“**Disqualification Period**” means the period of time during which a Vendor is prohibited from submitting a response to a procurement for the supply of goods or services to Ontario Northland due to an unacceptable rating on a Performance Evaluation as described in section 8.2(a).

“**Performance Evaluation**” means the process described in this policy.

“**Performance Evaluation Form**” has the meaning set out in Section 3.1.

“**Project Evaluator(s)**” means the Ontario Northland employee or representative that completes the Performance Evaluation of the Vendor in accordance with this policy.

“**Related Vendor**” means a Vendor that is related to another Vendor in the following circumstances:

- (a) The Related Vendor is the spouse or child of the other Vendor;
- (b) The Related Vendor is a subsidiary or an affiliate of the other Vendor as defined in subsections 1(2) and 1(4) of the *Ontario Business Corporations Act*, R.S.O. 1990, c. B. 16 (the “OBCA”); or
- (c) Either of the Related Vendor and the other Vendor control the other party as described in subsection 1(5) of the OBCA.

“**Responding Vendor**” means a supplier that has submitted a quote or submission in response to a competitive procurement process initiated by Ontario Northland.

“**Starter Evaluation**” means an Evaluation that is provided to a Vendor with no recorded history with Ontario Northland. A Starter Evaluation allows a Vendor with no past contract Performance Evaluations to compete for procurements.

“**Substantial Performance**” has the meaning set out in the *Construction Act*, R.S.O. 1990, c. C.30.

“**Vendor(s)**” means all entities providing goods and services to Ontario Northland.

## 2. PURPOSE

This policy provides a framework for Ontario Northland to maximize the value for money of its Vendors by:

- (i) proactively managing the performance of Vendors in accordance with Ontario Northland's Purchasing Policy; and
- (ii) creating a record of past performance for use by Ontario Northland when selecting Vendors for the supply of goods and services.

Project Evaluator(s) shall use this policy for all procurements including but not limited to invitational, open competitive, single or sole source procurements, emergency procurements and wherever it is in the best interest of Ontario Northland.

## 3. PROJECT EVALUATION FORMS

- 3.1 When completing Performance Evaluations, the Project Evaluators shall use a Vendor Performance Evaluation Form similar to the form attached to this policy or the online Contract Management Vendor Rating software. Individual departments may adapt the form to reflect the needs of the department provided the department form remains consistent for all Vendors. Upon completion of the Performance Evaluation Form, Project Evaluators shall provide the completed form to the Procurement Department to be entered into Ontario Northland's Contract Management system.

## 4. FREQUENCY OF PERFORMANCE EVALUATIONS

- 4.1 The following Performance Evaluation appraisal types apply to Ontario Northland procurements that are greater than or equal to \$100,000.00 in total value. For procurements that have a value less than \$100,000, performance evaluations will be completed at the discretion of the manager responsible for the procurement. Performance Evaluations of Vendors for building and equipment capital projects are strongly recommended for projects with a value less than \$100,000.00.

**Interim Performance Evaluations** are to be performed for contracts for services that have an estimated contract time of greater than six months. The following timelines are minimum requirements. Managers may perform interim Performance Evaluations at any time during the contract period at their discretion. Interim Performance Evaluations shall be completed at a minimum every six (6) months for contracts that are greater than twelve (12) months in duration. For procurements that are less than twelve (12) months in duration, interim Performance Evaluations shall be completed at the midpoint of the contract period. Interim Performance Evaluations must be completed within fifteen (15) business days of the six months date, or the contract mid-way point, whichever may apply. An interim Performance Evaluation shall be completed immediately if a Notice of Default is delivered to the Vendor.

**Final Performance Evaluations** for procurements of goods and services shall be completed and provided to the Vendor within fifteen (15) business days of the contract completion. A Final Performance Evaluation is for a defined period (ex. 6 months from the date of the Interim Evaluation) and is not a cumulative evaluation for the entire contract.

### Performance Evaluation Types and Timelines

Contract Duration	Performance Evaluation Type	Performance Evaluation Timing
Up to twelve (12) months	Interim Appraisal for contracts with a duration of greater than six months	Within fifteen (15) business days of the mid-way point of the contract period
	Final Appraisal	Within fifteen (15) business days of contract completion
Greater than twelve (12) months	Interim Appraisal	Within fifteen (15) business days of the mid-way point of the contract period and at a minimum every six (6) months during the contract period
	Final Appraisal	Within fifteen (15) business days of contract completion

- 4.2 The Procurement Department should be informed of any performance concerns with a Vendor.
- 4.3 Project Evaluators shall complete a Performance Evaluation for all Vendors in a timely manner, preferably within fifteen (15) business days of the following events, depending on the type of good or service being supplied:
- (i) for construction projects, an Interim Performance Evaluation upon the issuance of a Certificate of Substantial Performance and a Final Performance Evaluation at the end of the warranty period;
  - (ii) for services contracts, upon completion of the work to be provided under the contract and receipt by Ontario Northland of the deliverables required by the contract;
  - (iii) for goods, an Interim Performance Evaluation upon delivery, inspection and acceptance of the goods and a Final Performance Evaluation at the end of the warranty period, if any; and,
  - (iv) upon termination of a contract for any reason prior to the completion of the work or acceptance of the goods or expiry of the term of the contract.
- 4.4 Vendors receiving an Interim Performance Evaluation with a rating of CAUTIONARY or below, in any category, shall be requested in writing, to provide a written response and an appropriate corrective action plan within fifteen (15) business days of delivery of the Interim Performance Evaluation. This written request shall be completed and submitted to the Vendor by the Project Evaluator completing the evaluation.

## 5. RECOMMENDED STEPS TO RESOLVING VENDOR PERFORMANCE

- 5.1 Open communication with the Vendor should be maintained throughout the contract period. The Vendor shall be informed in writing if the Vendor's performance is a concern and requested to undertake the appropriate corrective action within an acceptable timeframe. Written records of all correspondence with the Vendor and minutes of all meetings with the Vendor in which performance is discussed shall be maintained.
- 5.2 If the Vendor fails to remedy the defective performance after the initial communications from Ontario Northland, the Procurement Department shall be consulted and a determination made regarding the appropriate follow up, which may include any or all of the following:
- (a) an Interim Performance Evaluation;
  - (b) a written communication or a meeting between the Director of the relevant department and the equivalent person in the Vendor's organization; or,
  - (c) an escalation to the Legal Department for advice.
- 5.3 If the Vendor's response or corrective action continues to be a concern after the actions taken in section 5.2, the remedies for defective performance in the contract shall be reviewed with the Legal Department.

## 6. PERFORMANCE EVALUATION RATING SYSTEM

- 6.1 Project Evaluators shall assign Vendors one of the following ratings to each category set out on the Performance Evaluation Form. Evaluation criteria includes, but is not limited to the following categories:
- a) Administration;
  - b) Quality of Project / Project Management;
  - c) Timelines;
  - d) Cost Control; and
  - e) Health & Safety

A critical aspect of the assessment rating system described below is the **second sentence** of each rating that recognizes the Vendor's resourcefulness in overcoming challenges that arise in the context of Contract performance.

Rating		Description of Rating
5	Exceptional	Performance significantly exceeds requirements to Ontario Northland's benefit, for example, the Vendor implemented innovative or business process reengineering techniques, which resulted in added value to Ontario Northland. The performance of the element or sub-element being assessed was accomplished with few minor problems for which corrective actions taken by the Vendor were highly effective.
4	Good	Performance meets requirements and exceeds in some area(s) to Ontario Northland's benefit. The performance of the element or sub-element being assessed was accomplished with some minor problems for which corrective actions taken by the Vendor were effective.
3	Satisfactory	Performance meets contractual requirements. The performance of the element or sub-element contains some minor problems for which proposed corrective actions taken by the Vendor appear satisfactory, or completed corrective actions were satisfactory.
2	Cautionary	Performance did not quite meet contractual requirements. The performance of the element or sub-element contains some minor problems for which proposed corrective actions taken by the Vendor appear to be a continued minor concern, or completed corrective actions were slightly below satisfactory.
1	Not Satisfactory	Performance does not meet some contractual requirements. The performance of the element or sub-element being assessed reflects a serious problem for which the Vendor has submitted minimal corrective actions, if any. The Vendor's proposed actions appear only marginally effective or were not fully implemented.
0	Unacceptable	Performance does not meet contractual requirements and/or recovery is not likely in a timely or cost effective manner. The performance of the element or sub-element contains serious problem(s) for which the Vendor's corrective actions appear to be or were ineffective.

## 7. STARTER EVALUATIONS

- 7.1 If a Responding Vendor does not have any Performance Evaluations from previous supplies of goods or services to Ontario Northland, the Responding Vendor shall be assigned a Starter Evaluation for submission evaluation purposes. The Starter Evaluation will be either a score derived through reference checks or an assigned value of "3" or "Satisfactory" at the discretion of the submission evaluating team for the procurement. Once a Responding Vendor has one completed Performance Evaluation, either interim or final, a Responding Vendor's score for the purpose of evaluating its submission will be based on that completed Performance Evaluation.

## **8. IMPACT OF FINAL PERFORMANCE EVALUATIONS**

8.1 Final Performance Evaluations will be a factor in the selection by Ontario Northland of the Vendor to be awarded a contract. If a Final Evaluation has not been completed at the time that a contract award is under review, an Interim Evaluation, if available, may be used in the evaluation process.

8.2 Final Performance Evaluation of Vendors that have received a total rating of less than 50% will be subject to review by the Vice President of the relevant division. The Vice President shall make a decision whether the Vendor shall be determined to not be an Acceptable Vendor for the purposes of future procurements. If the Vendor is determined to not be an Acceptable Vendor, the Vice President shall determine the period during which the Vendor would be disqualified from submitting responses to a procurement or being awarded a contract (the "Disqualification Period") based on the following:

(a) If the procurement cycle for the relevant goods and/or services is greater than one year, the Disqualification Period may be a minimum of one (1) year to a maximum of five (5) years;

(b) If the procurement cycle for the relevant goods and/or services is less than one year, the Disqualification Period may be reduced to less than one year to reflect the procurement cycle.; and,

(c) If the contract had an option for extension for an addition period of time, the Vendor may be disqualified from eligibility for the extension.

The Vendor will receive written notice from Ontario Northland confirming the Disqualification Period and setting out the requirements for reinstatement. Upon reinstatement, the Vendor will be assigned a Starter Evaluation until a new Performance Evaluation of the Vendor's performance has been conducted.

8.3 A Vendor that refuses or fails to accept a contract awarded to that Vendor by Ontario Northland or fulfill the requirements following award of the contract may be subject to a Disqualification Period, at the sole discretion of Ontario Northland.

8.4 Where a Vendor has a Performance Evaluation for unrelated goods, services or construction, Ontario Northland may consider this Performance Evaluation, amongst other sources, in determining if a Vendor is an Acceptable Vendor.

8.5 Ontario Northland may consider Interim Performance Evaluation(s), in determining if a Vendor is Acceptable, where a Final Performance Evaluation has not yet been completed, or in addition to a completed Final Performance Evaluation.

8.6 For the purposes of the determination of whether a Responding Vendor is an Acceptable Vendor and in the evaluation of the submission of a Responding Vendor to a procurement, the Performance Evaluations completed on a Related Vendor may be considered by Ontario Northland.

## **9. VENDOR RESPONSE PROCESS**

9.1 The Vendor shall have fifteen (15) business days to:

- (i) submit a written response to an Interim or Final Performance Evaluation, utilizing
- (ii) Ontario Northland's response form and/or;
- (ii) submit a written request for a review of a Final Performance Evaluation rating, utilizing Ontario Northland's response form. A review meeting will be conducted between the Director of the relevant department and the equivalent person in the Vendor's organization.

If no response is received within the above noted timeframe the Performance Evaluation rating shall be considered final.

## **10. VENDOR REVIEW PROCESS**

10.1 Within fifteen (15) business days of receiving a review request in respect of a Final Performance Evaluation, an Ontario Northland employee other than the Project Evaluator will conduct a review of the Final Performance Evaluation to determine if the score of the Vendor in the evaluation was reasonable. Ontario Northland may request additional information from the Vendor during the conduct of the review. Any Disqualification Period shall remain in effect during the review process. Ontario Northland's decision following the review shall be final.