

# Vendor Performance Management Program



Alberta Infrastructure

Superseded

**Vendor Performance Management Program**

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# Table of Contents

<b>Vendor Performance Management Program</b> .....	4
Introduction.....	4
<b>1. Effective Date</b> .....	4
<b>2. VPM Program Statement</b> .....	4
<b>3. Application and Threshold</b> .....	5
<b>4. Definitions</b> .....	5
<b>5. Program Requirements</b> .....	5
<b>6. Vendor Performance Evaluation Schedule</b> .....	6
<b>7. Performance Evaluation and Scoring</b> .....	7
<b>8. Procurement</b> .....	9
<b>9. Vendor Review Process</b> .....	9
<b>10. Corrective Measure and Suspension Process</b> .....	10
<b>11. General Responsibilities</b> .....	12
<b>12. Performance-based References</b> .....	15
<b>13. VPM Program Monitoring and Feedback</b> .....	15
<b>14. Enquiries</b> .....	16
<b>Appendix A: Definitions</b> .....	17
<b>Appendix B: Key Performance Indicators</b> .....	21
Consultant Performance Evaluation.....	21
Contractor Performance Evaluation .....	21
<b>Appendix C: Metrics and Scoring</b> .....	22

# Vendor Performance Management Program

## Introduction

The Vendor Performance Management (VPM) Program supports the Government of Alberta's strategic goal of protecting vital public services by ensuring the delivery of quality infrastructure projects on time, on budget and within scope. The VPM Program supports fiscal responsibility and stewardship of Alberta's public finances. VPM is a fundamental contract management best practice that tracks and assesses the performance of Vendors.

Alberta Infrastructure's VPM Program expands and supports the Government of Alberta's Procurement Accountability Framework, Section 3.4 which encourages contract set-up and administration "that provides for the right to audit Vendor obligations and performance." Additionally, the VPM Program provides another tool for Alberta Infrastructure to use, in addition to the *Public Works Act*, which includes sections regarding completion of work and payment for work.

The VPM Program aligns with the intent of the International Organization for Standardization's (ISO) quality management system, setting out standard requirements and defining how an organization can meet the requirements of its stakeholders affected by its work, based on the idea of continual improvement and relationship management. These key principles are defined to ensure a common understanding of the goals and values between the contracted parties.

## 1. Effective Date

- 1.1. Effective January 6, 2020, the VPM Program, as outlined in this document, will take effect on new procurements and resulting contracts.

## 2. VPM Program Statement

- 2.1. The objective of the VPM Program is to support good performance by vendors on Infrastructure contracts, while using Vendor past performance information to acquire goods, services or construction; improve transparency; promote innovation; and ensure best value. The VPM Program supports the delivery of quality infrastructure projects on time, on budget, within scope and utilizing resources more efficiently.
- 2.2. Expected outcomes of the VPM Program include:
  - 2.2.1. facilitating ongoing, regular communication with Vendors, ensuring clarity of expectations and quality performance;
  - 2.2.2. providing incentives to Vendors to improve their performance;

- 2.2.3. minimizing the need for corrective measures due to poor performance;
  - 2.2.4. enabling better decision making on bidder selection through a centralized repository containing Vendor past performance information;
  - 2.2.5. holding Vendors accountable for poor performance or unacceptable behaviour; and
  - 2.2.6. enabling Alberta Infrastructure to provide objective Vendor references.
- 2.3.** The Alberta Public Service upholds the following four values—respect, accountability, integrity and excellence. These values guide VPM Program work and decisions.
- 2.4.** When contracting for goods, services and construction, the Government of Alberta follows the principles of:
- 2.4.1. Integrity - governance structures provide appropriate VPM Program process oversight;
  - 2.4.2. Fairness - all Vendors participating in the VPM Program are treated equally; and
  - 2.4.3. Transparency and Openness - VPM Program information, processes and evaluation methodology are clearly communicated and publically available.

### 3. Application and Threshold

- 3.1.** The VPM Program applies to Vendor Contracts for which Her Majesty the Queen in right of Alberta, as represented by the Minister of Infrastructure (Alberta Infrastructure) is the contracting authority.
- 3.2.** Contracts subject to the VPM Program are identified during the procurement planning stage.
- 3.3.** Contracts at or above \$100,000 are subject to the VPM Program.
- 3.4.** Prior to the commencement of the procurement process, Contracts may be opted out of the VPM Program if the Contract is subject to the VPM Program but deemed low risk.
- 3.5.** Any other Contracts that would not otherwise be subject to VPM, but are deemed high risk can be opted into the VPM Program.

### 4. Definitions

- 4.1.** See Appendix A.

### 5. Program Requirements

- 5.1.** 5.1. Procurements and resulting Contracts subject to the VPM Program will contain appropriate clauses to inform Vendors that:
  - 5.1.1. their performance will be evaluated;
  - 5.1.2. an Overall Vendor Performance Rating will be used to inform future procurement; and

- 5.1.3. inadequate performance will result in corrective measures and may result in possible suspension of bidding privileges if performance does not improve.
- 5.2. Key Performance Indicators (KPIs) used to determine Consultant and Contractor Vendor Performance Evaluation Results are linked in Appendix B.
- 5.3. The Overall Vendor Performance Rating is calculated using a three-year rolling average of a Vendor's Performance Evaluation Results by Contract type for the purposes outlined in the VPM Program. The results may be retained indefinitely.
- 5.4. For the purposes of evaluation, a partnership or non-incorporated joint venture is to be treated as a vendor in its own right: the non-incorporated joint venture or partnership will be evaluated as if it were a single vendor with one set of Vendor Performance Scores assigned for the contract. The Vendor Performance Scores will then be assigned to each constituent vendor and will form part of its Overall Vendor Performance Rating.
  - 5.4.1. If a member of a joint venture is subject to a suspension, the joint venture's proposal/tender/bid will not be considered.
- 5.5. In the case of an acquisition of one company or entity by another company or entity, the Overall Vendor Performance Rating of the acquiring company or entity becomes the Overall Vendor Performance Rating of the resulting single company or entity.
- 5.6. In the case of an amalgamation of two (or more) companies or entities, the average of the amalgamating companies' or entities' Overall Vendor Performance Ratings are used as the Overall Vendor Performance Rating for the resulting amalgamated company or entity.

## 6. Vendor Performance Evaluation Schedule

- 6.1. For Projects and Contracts to which the VPM Program applies, Vendor performance is to be evaluated every six months (resulting in Interim Vendor Performance Evaluation Results) and at the end of the Contract term (resulting in Final Vendor Performance Evaluation Results), subject to the following:
  - 6.1.1. For Contracts where the first key milestone or deliverable is provided after a period longer than six months, the first evaluation may be completed within two months of receipt of the first deliverable or completion of the first key milestone.
  - 6.1.2. For Contracts that conclude at or before six months, one interim and a final evaluation must be completed.
- 6.2. At the start of every Contract, the Contract Evaluation Advisor may join the project kick-off meeting, or sets a specific meeting, with the Project Manager and Vendor to discuss milestone dates, set evaluation timelines and meeting dates, and clarify performance expectations associated with the KPIs located in the Performance Evaluation Form.
- 6.3. Project Managers, in collaboration with Contract Evaluation Advisors, will have ongoing communication with Vendors with respect to performance, proactively raising issues as they occur, to support a "no surprises" approach to Vendor performance management.

Project Managers inform Contract Evaluation Advisors of Vendor performance issues during the life of a Contract.

- 6.4. Project Managers, with support from Contract Evaluation Advisors, must collaboratively undertake Performance Evaluations and substantiate Vendor Performance Evaluation Results with metrics and documentation from performance discussions. Narratives must be objective, factual, accurate and fair and must not contain personal information as defined by the *Freedom of Information and Protection of Privacy Act*. Narratives must reflect discussions with the Vendor during the assessment period.
- 6.5. The Vendor may complete a self-assessment, rating their performance. Vendor Performance Evaluation Results are discussed during meetings with the Project Manager, Contract Evaluation Advisor, and the Vendor. Based on the discussion, the Project Manager finalizes the Vendor Performance Evaluation Result. Meetings will take place for interim and final evaluations, supporting ongoing, two-way dialogue and feedback.
- 6.6. Vendors have the right to request a review of a Vendor Performance Evaluation Result in accordance with Section 9 of the VPM Program.

Contract Initiation	<ul style="list-style-type: none"> <li>• Kick off meeting</li> <li>• Performance expectations linked to KPIs</li> </ul>
Interim Evaluation(s)	<ul style="list-style-type: none"> <li>• Performance evaluation discussion</li> <li>• Interim Performance Evaluation Result</li> <li>• Vendor review opportunity</li> </ul>
Final Evaluation	<ul style="list-style-type: none"> <li>• Contract Close-out</li> <li>• Performance evaluation discussion</li> <li>• Final Performance Evaluation Result</li> <li>• Vendor review opportunity</li> </ul>

## 7. Performance Evaluation and Scoring

7.1. For Consultant and Contractor Performance Evaluations, KPIs are aligned to five performance indices.

7.1.1. For Consultants, the indices are Quality of Deliverables, Quality of Design/Safety, Management, Schedule, and Cost.

7.1.2. For Contractors, the indices are Quality, Management, Schedule, Cost and Safety.

7.2. Vendor performance is evaluated using a combination of:

7.2.1. Minimum standard pass/fail KPIs; and

7.2.2. KPIs rated using a 1-5 Performance Evaluation Scale.

- 7.3. A score of 3 is the default score on any performance scale KPI. Scores will be substantiated with a factual narrative and supported by documented, objective evidence.
- 7.4. Vendor Performance Evaluation Results are calculated as follows:
  - 7.4.1. each KPI is scored and contributes to a total for the associated index by averaging each performance scale KPI score;
  - 7.4.2. failing any minimum standard pass/fail KPI results is an automatic '1' rating for the associated index; and
  - 7.4.3. the total scores from each index are combined per the weighting outlined in Appendix C to determine a Vendor Performance Evaluation Result.
- 7.5. All Vendor Performance Evaluation Results must be entered into the VPM database.
- 7.6. Overall Vendor Performance Ratings are calculated:
  - 7.6.1. using the following formula to calculate a three-year rolling average of Vendor Performance Evaluation Results, where results from the current year ("year 3") are given the most weight and the results from two years ago ("year 1") are given the least weight; and
  - 7.6.2. using all interim and final Vendor Performance Evaluation Results from all of a vendor's Contracts subject to the VPM Program.

$$\text{Overall Vendor Performance Rating} = \frac{3(\text{average of year 3 scores}) + 2(\text{average of year 2 scores}) + 1(\text{average of year 1 scores})}{6}$$

7.7. Using the same formula, when Vendor Performance Evaluation Results do not exist for the Vendor in one or more years, the denominator will be reduced accordingly. An example calculation follows, for a Vendor who has no Vendor Performance Evaluations Results for year two.

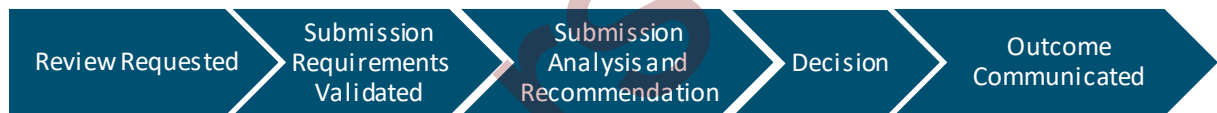
$$\begin{aligned} \text{Overall Vendor Performance Rating Example:} \\ & \frac{3(2) + 1(4)}{4} \\ & = \frac{6+4}{4} \\ & = \frac{10}{4} \\ & = 2.5 \end{aligned}$$



## 8. Procurement

- 8.1.** Overall Vendor Performance Ratings shall be applied in Construction and Consultant procurement evaluations.
  - 8.1.1. For a value-based procurement, the Overall Vendor Performance Rating will result in up to a plus or minus 10% adjustment to the procurement evaluation final score.
  - 8.1.2. For a procurement based on price, the Overall Vendor Performance Rating will result in up to a plus or minus 5% adjustment to the bid submission for evaluation and ranking purposes only.
- 8.2.** If a Proponent does not have an Overall Vendor Performance Rating recorded in the VPM Program system, a default score of three, for evaluation purposes, will be used as the Overall Vendor Performance Rating for that Proponent.
- 8.3.** The weightings as outlined in section 8.1.1 and 8.1.2 are subject to change as the VPM Program is evaluated for effectiveness.
  - 8.3.1. Any change will be communicated at least 30 days in advance of taking effect and will be clearly outlined in procurement solicitations.

## 9. Vendor Review Process



- 9.1.** Interim and Final Vendor Performance Evaluation Results must be discussed with the Vendor prior to submitting a Vendor Performance Evaluation Result for use in the Overall Vendor Performance Rating.
- 9.2.** Within 10 business days of receiving the Vendor Performance Evaluation Result, the Vendor may request a review in writing of the results. Requests must:
  - 9.2.1. include a copy of the Vendor Performance Evaluation Result;
  - 9.2.2. identify the issue(s) and score(s) that the Vendor disagrees with;
  - 9.2.3. the reason(s) for the disagreement;
  - 9.2.4. any and all documents in support of the Vendor's position; and
  - 9.2.5. must be submitted by a duly authorized representative of the Vendor, who will be the contact person for the purposes of the review.
- 9.3.** Requests not compliant to the requirements outlined in section 9.2 are not considered.
- 9.4.** The score under review will not be considered as part of the Vendor's Overall Vendor Performance Rating until a final decision is issued by the Vendor Performance Committee.
- 9.5.** A Vendor Performance Committee consisting of senior leadership at Infrastructure will evaluate the Vendor's request for a review.

- 9.6.** Alberta Infrastructure will take into consideration any factors outside the Vendor's contractual control.
- 9.7.** The Vendor Performance Committee shall issue a written decision to the Vendor. Best efforts shall be made to issue a decision within 30 days of Infrastructure receiving an accepted request for review. The decision will indicate that the Vendor Performance Evaluation Result and/or any comments or narratives be:
  - 9.7.1. upheld (no changes); or
  - 9.7.2. adjusted.
- 9.8.** The decisions made by the Vendor Performance Committee, under section 9.7 are final and shall become part of the Vendor's Overall Vendor Performance Rating with no further right to request additional review concerning the same Vendor Performance Evaluation Result.

## 10. Corrective Measure and Suspension Process

- 10.1.** The corrective measure and suspension process assists Infrastructure in mitigating procurement risk for future Contracts and improving client service by:
  - 10.1.1. allowing for open, fair and transparent communication between Alberta Infrastructure and Vendors to address performance issues; and
  - 10.1.2. outlining the specific circumstances that may result in the suspension of a Vendor from bidding on future projects for specified lengths of time.
- 10.2.** The corrective measure and suspension process is triggered by inadequate Performance Evaluation Results as measured according to the indices, KPIs and metrics outlined in Appendices B and C.
- 10.3.** Suspension of bidding privileges range from 18 months to three years, as outlined in Sections 10.5-10.8.
- 10.4.** Suspension of bidding privileges may be applied to:
  - 10.4.1. Any beneficial ownership that is affiliated with the Vendor; and/or
  - 10.4.2. Any related person of the Vendor.
- 10.5.** An initial warning letter will be issued if the Vendor receives an interim Vendor Performance Evaluation Result of 2.5 or below.
  - 10.5.1. Following this, the Vendor will be required to meet with Alberta Infrastructure to discuss and submit a Corrective Action Plan, as outlined in section 10.13.
- 10.6.** Bidding privileges may be suspended if, after completing the Corrective Action Plan, the Vendor receives a Vendor Performance Evaluation Result of less than 2.5 on a consecutive performance evaluation on the same contract.
- 10.7.** In addition to suspension from bidding on future contracts, the Project Manager may consider other tools or remedies available within the contract to mitigate risk of a vendor's poor performance negatively impacting the project.

- 10.8.** A first suspension, resulting from inadequate performance, will result in an 18 month suspension. A second or subsequent suspension of the same Vendor will result in a three-year suspension.
- 10.9.** Suspensions are endorsed through the Vendor Performance Committee.
- 10.10.** For bidding privileges to be reinstated, the timeframe of the suspension must have expired.
- 10.11.** Unsatisfactory performance must be supported by documentation evidencing communication with the Vendor of specific performance issues, actions taken to address the performance issues as indicated in the Corrective Action Plan and the appropriate escalation of such performance issues.
- 10.12.** Alberta Infrastructure will take into consideration any factors outside the Vendor's contractual control.
- 10.13.** The Vendor, with input from Alberta Infrastructure, to address inadequate performance, develops a Corrective Action Plan. The Corrective Action Plan will:
- 10.13.1. outline performance issue(s) of concern;
  - 10.13.2. detail necessary correction(s);
  - 10.13.3. devise monitoring criteria; and
  - 10.13.4. establish compliance timeframes.
- 10.14.** Corrective Action Plans must be accepted by the Executive Director level at Alberta Infrastructure.
- 10.15.** Suspension of bidding privileges are conveyed to the suspended Vendor, as a formal notice, in writing from Alberta Infrastructure. The notice must outline the specific reason(s) leading to the suspension and the duration of the suspension.
- 10.16.** Within 10 business days of a suspension authorized by Alberta Infrastructure, a Vendor may request in writing a review of the suspension. The Vendor Performance Committee shall take into consideration any arguments and relevant supporting documentation provided by the Vendor in determining whether to uphold, amend, or revoke the suspension, per the review process outlined in Section 9.
- 10.17.** While a review of a suspension is ongoing, the suspension of bidding privileges is upheld.
- 10.18.** A suspended Vendor is not eligible to bid on Alberta Infrastructure Contracts. If at the time of suspension, the Vendor is engaged in work under another Contract(s), the Vendor may continue work on that Contract(s) until the Contract is complete. Vendor evaluations on such other Contract(s) will continue to promote good communication that supports the Contract, however, the suspension score will supersede the interim and final scores of other Contract work.

## 11. General Responsibilities

### 11.1. The Operations and Administration Branch is responsible for:

- 11.1.1. maintaining, interpreting and administering the VPM Program and providing oversight and guidance to branches within Alberta Infrastructure;
- 11.1.2. providing support to the Project Manager in conducting Performance Evaluations with the Vendor;
- 11.1.3. working with Legal Services and Procurement and Cost Management Branch to incorporate standard Vendor performance management clauses in procurement documentation, Contracts and legal agreements;
- 11.1.4. liaising with Procurement and Cost Management Branch to ensure the successful use of performance information within procurement selection processes;
- 11.1.5. providing communications and training to support the implementation and consistent application of the VPM Program;
- 11.1.6. tracking, analyzing and reporting on trends and systemic issues;
- 11.1.7. coordinating Vendor requested reviews, including reviewing documentation submitted by all parties, providing support to decision-makers, sending written record of decision to the Vendor and the Project Manager once a decision has been made;
- 11.1.8. evaluating the VPM Program and exploring ways to continually improve the program;
- 11.1.9. managing the suspended Vendor list; and
- 11.1.10. monitoring the application of the VPM Program to audit and review that the VPM Program is appropriately implemented and ensure its relevancy and to assess its responsiveness to stakeholder needs.

### 11.2. Contract Evaluation Advisors are responsible for:

- 11.2.1. supporting Project Managers during project planning stages to provide clarity of expectations about the VPM Program and application to the project and associated Contracts;
- 11.2.2. working closely with Project Managers in evaluating the performance of Vendors over the course of Contracts;
- 11.2.3. providing neutral advice regarding Vendor performance management;
- 11.2.4. providing oversight and validation of the Vendor Performance Evaluation Results and ensuring they are entered into the VPM database;
- 11.2.5. upholding APS values in delivering honest, respectful and constructive Vendor Performance Evaluation Results and other communication to the Vendor;
- 11.2.6. working with Procurement and Cost Management Branch to incorporate VPM Program information in all applicable procurements;

- 11.2.7. providing Procurement and Cost Management Branch with an Overall Vendor Performance Rating to use in procurement evaluation strategies;
- 11.2.8. working with Project Managers and decision-makers when review of Vendor Performance Evaluation Results are requested;
- 11.2.9. maintaining a database of Vendor performance data; and
- 11.2.10. sending out the Vendor Feedback Survey.

**11.3.** Project Managers in Capital Projects Delivery Division and Properties Division are responsible for:

- 11.3.1. monitoring Vendor performance and compliance to the project contractual requirements;
- 11.3.2. maintaining regular, two-way communication with the Vendor, including discussing performance results, options to correct poor performance, as well as recognizing exceptional performance, in a timely manner;
- 11.3.3. recording all issues and discussions with the Vendor;
- 11.3.4. evaluating and reporting on the performance of Vendors on their Contracts and communicating these results to the Vendor in collaboration with the Contract Evaluation Advisor;
- 11.3.5. monitoring a Vendor's Corrective Action Plan, if applicable, for improvement to support course correction and improved Vendor performance;
- 11.3.6. escalating all performance issues, in connection with Alberta Infrastructure Contracts, that result in the issuance of a Warning Letter and completion of a Corrective Action Plan;
- 11.3.7. working with the Vendor to facilitate improved performance;
- 11.3.8. upholding APS values in delivering honest, respectful and constructive Vendor Performance Evaluation Results and other communication to the Vendor;
- 11.3.9. maintaining confidentiality with regards to Vendor performance and Vendor performance meetings and feedback;
- 11.3.10. being open to and taking action where appropriate on Vendor feedback to the best of Alberta Infrastructure's ability, to seek continual improvement of the Vendor relationship, Vendor performance and value for Alberta Infrastructure.
- 11.3.11. maintaining records of Vendor performance on all applicable Contracts, including proof that the Project Manager or delegate has communicated with the Vendor regarding the matter before undertaking a performance evaluation;
- 11.3.12. collecting and documenting performance information that is relevant to the period leading up to the next mandatory performance evaluation. Any performance feedback or relevant communication provided throughout the period shall be documented. Ultimately, the information will be consolidated for mandatory performance evaluations by reviewing documented observations and discussions; and

11.3.13. communicating with the Contract Evaluation Advisor any Contract changes affecting Contract amount, scope or deliverables as it pertains to Vendor performance evaluation.

**11.4.** Procurement and Cost Management Branch is responsible for:

- 11.4.1. ensuring that the solicitation document and Contract(s) contain appropriate clauses that link to the VPM Program;
- 11.4.2. liaising with Project Managers and Contract Evaluation Advisors regarding bid evaluation strategies using Vendor past performance;
- 11.4.3. utilizing Overall Vendor Performance Ratings as part of bid evaluations where applicable; and
- 11.4.4. ensuring that VPM Program information is included in procurement solicitation documents and Contracts.

**11.5.** Vendors are responsible for:

- 11.5.1. responding in an effective and timely manner to any communications regarding performance management over the course of the Contract, including communications pertaining to Vendor Performance Evaluation Results and review decisions when notified;
- 11.5.2. completing a self-assessment of performance prior to Performance Evaluations, if desired;
- 11.5.3. in the case of a review, duly completing and submitting the appropriate documentation, within the prescribed timelines;
- 11.5.4. developing Corrective Action Plans to course correct poor performance, if applicable; and
- 11.5.5. completing the Vendor Feedback Survey and communicating with Project Manager throughout the Contract.

**11.6.** Directors of project delivery areas are responsible for:

- 11.6.1. using discretion to determine if application of the VPM Program will be applied to projects or Contracts not meeting the program application threshold;
- 11.6.2. championing the VPM Program at Alberta Infrastructure;
- 11.6.3. providing organizational knowledge and insights to ensure that VPM Program is successful; and
- 11.6.4. managing performance issues with Vendors that require a higher level of monitoring for critical issues, Corrective Action Plans, or escalation.

**11.7.** Executive Directors are responsible for:

- 11.7.1. using discretion to determine if application of the VPM Program will be applied to Contracts not meeting the program application threshold;
- 11.7.2. considering requests for opting out on a case-by-case basis where the Contract is deemed low risk;
- 11.7.3. reviewing and accepting Corrective Action Plans;

- 11.7.4. determining and coordinating the alignment of the overall program to Government of Alberta strategic goals and objectives through open communication and feedback;
- 11.7.5. championing the VPM Program;
- 11.7.6. removing any organizational roadblocks, if they arise;
- 11.7.7. making key decisions, using information and reporting from the VPM Program; and
- 11.7.8. providing guidance on management/political matters.

## 12. Performance-based References

- 12.1.** If at any point Alberta Infrastructure is asked for a performance reference for a Vendor's completed contracted work, a reference can be provided if the Vendor Contract was subject to the VPM Program.
- 12.2.** If the Contract that the Vendor is asking for a reference on was not subject to the VPM Program, a reference cannot be provided.
- 12.3.** Reference reports:
  - 12.3.1. outline the Overall Vendor Performance Rating;
  - 12.3.2. provide a breakdown of interim and final Vendor Performance Evaluation Results; and
  - 12.3.3. include an overall assessment of a Vendor's performance on the project.

## 13. VPM Program Monitoring and Feedback

- 13.1.** Alberta Infrastructure will monitor the application of the VPM Program to assess adherence and interpretation. This may include program audits or continuous improvement reviews in order to verify that the VPM Program is appropriately implemented.
- 13.2.** Alberta Infrastructure is responsible for the periodic evaluation of the VPM Program to ensure its relevancy and to assess its responsiveness to stakeholder needs.
- 13.3.** Vendor feedback supports two-way communication and provides Alberta Infrastructure with insight on areas that can be improved with the goal of better project outcomes all around.
- 13.4.** Vendor's may provide feedback to Alberta Infrastructure on their experience in the VPM Program, through:
  - 13.4.1. input into a Vendor Feedback Survey, sent to the Vendor at milestone intervals throughout the Contract by the Contract Evaluation Advisor; or
  - 13.4.2. in-person, at the request of the Vendor.

## 14. Enquiries

- 14.1.** Please direct enquiries about this VPM Program to the Alberta Infrastructure Operations and Administration Branch at [Infras.Vendorperformance@gov.ab.ca](mailto:Infras.Vendorperformance@gov.ab.ca).

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# Appendix A: Definitions

“**Alberta Infrastructure**” means Her Majesty the Queen in right of Alberta as represented by the Minister of Infrastructure, a department of the Government of Alberta established under the Government Organization Act, and the office of Public Service Commission established by the Public Service Act.

“**Audit**” means a systematic evidence gathering process. Audits must be independent and evidence must be evaluated objectively to determine how well audit criteria are being met (ISO 9001).

“**Bid/Bidding**” includes the process of submitting a bid, proposal or tender for the purpose of undertaking or managing the undertaking of an Alberta Infrastructure contract.

“**Business Day**” means 8:15 a.m. to 4:30 p.m. MST, Monday to Friday, excluding statutory holidays observed by the Province of Alberta, also known as a working day.

“**Construction**” means a construction, reconstruction, modification, demolition, repair or renovation of a building, structure or other civil engineering or architectural work and includes site preparation, excavation, drilling, seismic investigation, the supply of products and materials, the supply of equipment and machinery if they are included in and incidental to the construction, and the installation and repair of fixtures of a building, structure or other civil engineering or architectural work, but does not include professional consulting services related to the construction Contract unless they are included in the procurement.

“**Consultant**” means a person, organization or company with whom Alberta Infrastructure enters into a Contract to perform required professional services.

“**Continual improvement**” means a set of recurring activities that are carried out in order to enhance performance. Continual improvements can be achieved by carrying out audits, self-assessments, and management reviews. Continual improvements can also be realized by collecting data, analyzing information, setting objectives and implementing corrective and preventive actions. (ISO 9001)

“**Contract Evaluation Advisor**” means an employee from the Operations and Administration Branch.

“**Contract**” means a binding agreement between two or more parties (ISO 9001).

“**Contractor**” means a person, organization or company with whom Alberta Infrastructure enters into a Contract to provide materials or labor to perform a service or do a job.

**“Corrective Action Plan”** means a performance improvement document, developed by the Vendor, as defined in this document, with input from the Project Manager to address inadequate performance and remediate performance issues.

**“Corrective Action”** means steps taken to eliminate the causes of contractual nonconformities in order to prevent recurrence. The corrective action process tries to make sure that existing nonconformities and potentially undesirable situations don’t happen again (ISO 9001).

**“Cost”** as a performance index means the vendor’s effectiveness in forecasting, managing, and controlling Contract cost in conformance with the Contract, during the life of the project.

**“Deliverables”** means information, project plans and designs, Contract documentation, Contract supervision, planning studies, and other materials as defined in the Contract that the Vendor has committed to provide to Alberta Infrastructure under the terms of the Contract.

**“Director”** means a person occupying the position of director within Alberta Infrastructure.

**“Executive Director”** means a person occupying the position of executive director within Alberta Infrastructure.

**“Final Vendor Performance Evaluation Result”** means the performance evaluation score based on the performance evaluation undertaken at the time of Contract / project close out.

**“Goods”** means the product (materials, equipment and other personal property, including furnishings) whether purchased, licensed, leased or rented, and / or any associated services (e.g. installation, training, warranty, maintenance, etc.) to be acquired by Alberta Infrastructure.

**“Innovation”** means a process that results in a new or substantially changed object. An object is any entity that is either conceivable or perceivable. Objects can be real or imaginary and could be material or immaterial. Examples include products, services, systems, organizations, people, practices, procedures, processes, plans, ideas, documents, records, methods, machines, tools, technologies, techniques, and resources (ISO 9001).

**“Interim Vendor Performance Evaluation Result”** means the performance evaluation score based on performance evaluations undertaken before a Contract has ended (normally every six months).

**“Key Performance Indicators (KPIs)”** means the set of measures pertaining to contractual requirements used to monitor and track a vendor’s performance throughout the Contract life-cycle, as per the performance evaluation indices.

**“Management”** means the integration and coordination of all activities needed, including management of sub-consultants (by a Prime Consultant) and sub-contractors (by a General

Contractor), including client-focused behaviour, collaboration, cooperation, and issue resolution related to the project.

**“Manager, Contract Monitoring and Evaluation”** means an individual, at a management level, who has responsibility and accountability for the Contract Monitoring and Evaluation team within the Operations and Administration Branch of Alberta Infrastructure.

**“Monitoring”** means to determine the status of an activity, process, or system at different stages or at different times (ISO 9001).

**“Nonconformity”** means a nonfulfillment or failure to meet a requirement. A requirement is a need, expectation, or obligation.

**“Objective evidence”** means data that shows or proves that something exists or is true. Objective evidence can be collected by performing observations, measurements, tests, or using other suitable methods (ISO 9001).

**“Overall Vendor Performance Rating”** means the result of a three-year weighted rolling average of Performance Evaluation Results from all Contracts issued to the vendor that are subject to the VPM Program. This figure will be used in future procurement evaluations.

**“Performance Evaluation”** means an evaluation undertaken by Alberta Infrastructure using Key Performance Indicators to determine a vendor’s level of performance in delivering upon their contractual obligations. Results of performance evaluations are called Vendor Performance Evaluation Results.

**“Procurement and Cost Management Branch”** means the Procurement and Cost Management Branch within Alberta Infrastructure.

**“Project Manager”** means the individual assigned by Alberta Infrastructure to a particular Contract, with authority and responsibility for the overall management and delivery of the project.

**“Quality”** means the vendor’s effectiveness in supplying deliverables under the Contract, such as goods, services or construction, of the required quality in conformance with the Contract (ISO 9001).

**“Safety”** throughout the project, the effectiveness and compliance of the vendor in its management of the safety of the site and workers, as well as ensuring the finished product meets all required safety standards.

**“Schedule”** means the effectiveness of the vendor in maintaining the schedule pursuant to the terms of the Contract, including achieving task orders, milestones, delivery and administrative requirements in conformance with the Contract, during the life of the project (ISO 9001).

**“Suspension”** means a condition or limitation placed on a vendor’s ability to contract with Alberta Infrastructure in the future, based on an assessment of the vendor’s past performance. It affects the vendor’s eligibility for consideration for award of Contracts.

**“Vendor Performance Committee”** means a committee of executive directors who will evaluate recommendations for review or suspension under the VPM Program on behalf of Alberta Infrastructure.

**“Vendor Performance Evaluation Result”** means the evaluated scores of KPIs within indices of Quality, Cost, Schedule, Management, and Safety forming a score on a five point scale. Vendor Performance Evaluation Results can be interim, if the evaluation is undertaken during the course of the Contract, or final, if undertaken at Contract close-out.

**“Vendor Performance Management”** means supporting the acquisition of goods, services or construction using vendor past performance information to improve transparency, promote innovation and ensure best value through monitoring and analyzing the reliability, quality and performance of Alberta Infrastructure’s Vendors.

**“Vendor”** means a person, business or entity that has contracted with Alberta Infrastructure to provide goods or services.

# Appendix B: Key Performance Indicators

## Consultant Performance Evaluation

[Consultant Performance Evaluation](#) (this link will open the document on the Alberta Infrastructure website)

## Contractor Performance Evaluation

[Contractor Performance Evaluation](#) (this link will open the document on the Alberta Infrastructure website)

## Appendix C: Metrics and Scoring

Vendor performance will be evaluated using a combination of minimum standard, pass/fail Key Performance Indicators (KPIs); and KPIs rated using a five-point performance evaluation scale as defined below. The average of all performance scale KPIs will form the score for each index. Failing any minimum standard, pass/fail KPI results in an automatic score of “1” for the associated index. The average of each index score will form the Vendor Performance Evaluation Result for that evaluation period. The five-point performance evaluation scale would rate each index using ratings from “1” to “5.” A “3” equates having achieved the KPI; having delivered the services or product according to the contract requirements.

Scale	Definition
<b>Exceptional (5)</b>	The Vendor’s performance greatly exceeds the expected performance.
<b>Surpassed (4)</b>	The Vendor’s performance exceeds the expected performance.
<b>Achieved (3)</b>	The Vendor’s performance meets the expected performance.
<b>Improvement Required (2)</b>	The Vendor’s performance is below the expected performance.
<b>Significant Improvement Required (1)</b>	The Vendor’s performance is significantly below the expected performance.
<b>N/A</b>	Not applicable to the Vendor’s Contract or to the point in time of evaluation.

A weighting for each indices toward the Vendor Performance Evaluation Result is assigned as follows:

Consultant	
Index	Weighting
<b>Quality of Deliverables</b>	20%
<b>Quality of Design/Safety</b>	20%
<b>Management</b>	20%
<b>Schedule</b>	20%
<b>Cost</b>	20%

Contractor	
Index	Weighting
<b>Quality</b>	20%
<b>Safety</b>	20%
<b>Management</b>	20%
<b>Schedule</b>	20%
<b>Cost</b>	20%