



Supplier Management Policy

1. Contract Management

1.1. Purpose and Interpretation

The purpose of this Section is to provide guidelines and set out the roles and responsibilities for the management of all contracts with suppliers for the provision of deliverables procured by the County. This Section should be read in conjunction with the County's Purchasing Policy and the Procurement Manual. Defined terms used in this section have the meaning assigned in the Glossary of Terms in Schedule A of the Procurement Procedures Manual. For ease of reference, the following defined term is repeated here:

“Contract Administrator” means a County employee assigned to the management of a contract.

1.2. General Principles

Contract Management begins with the awarding of a contract and should continue throughout the life of a contract until all the obligations under the contract have been satisfactorily completed, final payment has been made, and warranties have expired.

The County has a legal obligation to deal with contractors in good-faith throughout the contract relationship. This includes when the County is exercising discretion in the course of the contractual relationship such as decisions on renewal or termination. The County shall treat contractors fairly in communication and interactions taking into account the commercial interests of the County as a public authority.

(a) Scope Management

The scope of each contract must be appropriately managed to ensure that all deliverables are properly received, payments are appropriately made, all timelines are met, and any extension options are appropriately exercised.

(b) Contract Amendments and Scope Changes

Contract extensions and amendments must not be used to expand a contract beyond what was agreed upon under the terms of the contract and the original procurement process, or to circumvent the need to procure additional deliverables through a competitive process.

During the course of a contract, additional work may arise that could not be anticipated during the project planning process. Contract amendments for adjustments to the scope of the contract may be approved if the adjustment is for work that is directly connected or incidental to the original contract scope.

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If a contract amendment results in a net increase to the contract value previously approved, the amendment must be approved in accordance with the County's Schedule of Approval Authority.

All amendments to an existing contract must be appropriately documented. Legal Services could be consulted regarding all matters pertaining to contract interpretation and application, and for any changes, extensions, renewals, or amendments required to be made to any executed contract.

(c) Contract Disputes

All potential contract disputes with suppliers must be managed in accordance with the dispute resolution mechanisms outlined in the contract. Where a contract is silent on dispute resolution, Departments must ensure that potential disputes are proactively managed and appropriately escalated.

Written copies of all communications and correspondence with suppliers concerning a contract dispute must be maintained by the Department.

(d) Early Termination

A contract can only be terminated prior to its expiry date with the involvement of Legal Services and/or the CAO and in accordance with the terms and conditions outlined in the contract.

(e) Risk of Legal Action

Legal Services and/or the CAO must be promptly advised if a supplier initiates or threatens legal action against the County at any time throughout the life of the contract or if there are signs that a supplier is experiencing financial difficulty (e.g. the supplier fails to pay its employees, suppliers or subcontractors).

1.3. Roles and Responsibilities

(a) Role of Department Heads and their Designates

It is the role and responsibility of the Department Head or designate to:

- assign a Contract Administrator to each contract for deliverables procured by the Department;
- provide support and advice to the Contract Administrator as required;
- ensure that all Contract Administrators in the Department are appropriately trained, have knowledge and understanding of applicable policies and procedures, and are able to fulfill the role of Contract Administrators as set out in this policy;
- monitor and ensure compliance with this Contract Management section, and the Supplier Performance Evaluation section of this Policy;
- ensure all invoices are complete and accurate prior to approving payment; and

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- review invoices in a timely manner and ensure approved payments are made in accordance with the payment terms in the contract.

(b) Role of Contract Administrator

It is the role and responsibility of the Contract Administrator to:

- be familiar with and understand all of the terms and conditions of the contract;
- create a file for the retention of all documentation related to the contract, as further described in Section 1.4 of this policy;
- facilitate and maintain a professional working relationship with the supplier;
- ensure all contracts are complete and accurate and executed prior to the commencement of any work or deliveries;
- track renewal or extension dates and appropriately exercise discretion with respect to options to renew or extend contracts;
- anticipate and respond to changes in circumstances that may impact contract performance, such as unseasonable weather, labour disruptions, unforeseen site conditions, indications of changes in the supplier's financial stability, etc.;
- meet with the supplier at appropriate intervals to discuss any performance issues or concerns;
- if applicable, formally evaluate the supplier's performance in accordance with the Supplier Performance Evaluation section of this Policy;
- document all communications related to the supplier's performance of the contract;
- consult with the Purchasing Division, as necessary, with respect to interpretation of the terms and conditions of the contract; and
- seek advice from the Purchasing Division, as necessary, with respect to compliance issues and contract disputes.

(c) Role of the Purchasing Supervisor

It is the role and responsibility of the Purchasing Supervisor to:

- respond to requests for assistance from the Contract Administrator with respect to:
 - inadequate supplier performance, non-compliance with contract terms and conditions, or contract disputes that may have a negative impact and/or potentially lead to legal action;
 - requests from the supplier for the assignment of a contract;
 - interpretation of terms and conditions under the contract and the remedies for breach of contract provided for in the contract and/or at law;
- provide advice in a timely manner once advised that a supplier has initiated or threatened legal action against the County at any time throughout the life of the contract; and
- provide advice in a timely manner once advised that the supplier may be, or is about to be, declared bankrupt or insolvent.

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(d) Role of the Purchasing Division

Contract management is the responsibility of the Department that is receiving the deliverables under the contract. With the exception of contracts managed by the Purchasing Division on its own behalf, the Purchasing Division is not responsible for and should not be involved in the day-to-day management of a Department's contracts. The Purchasing Division should be advised of serious performance issues or contract disputes that may result in early termination of a contract and must be provided with copies of all Interim and Final Performance Evaluation Reports in accordance with the Supplier Performance Evaluation section of this Policy.

It is the role and responsibility of the Purchasing Division to:

- provide assistance to Departments in connection with the possibility of early termination of a contract;
- advise on options and strategies for maintaining stability and supply of the deliverables in the event of early termination of a contract;
- maintain detailed documentation of all communications related to supplier performance; and retain copies of all Interim and Final Performance Evaluation Reports, in accordance with the Supplier Performance Evaluation section of this Policy.

1.4. Document Retention and Contract File

Documentation should be current and organized in a way that clearly allows for tracking of the receipt of the expected quantity and quality of the deliverables under the contract, timelines for delivery dates, performance milestones, and performance evaluation dates, and in accordance with the County's Record Retention By-law.

a) Contract Administrators must retain electronic or hardcopy versions of the following documents and records, if applicable, and in accordance with the County's Record Retention By-law:

- I. warranties and/or documented certifications, such as ISO ratings, fitness certificates, compliance with electrical safety standards, etc.;
- II. relevant dates, such as delivery dates (this notation may be as simple as a checkmark beside an expected receipt of goods date, and should be initialed and dated by the person doing the review);
- III. details of any extenuating circumstances that had an impact on contract compliance (e.g. extreme weather, labour disputes, power outages, accidents, etc.);
- IV. the date, nature, and outcome (positive or otherwise) of informal performance reviews;
- V. work orders and service records;
- VI. notes of all written and verbal communication regarding contract compliance;

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- VII. written communications, Interim and Final Performance Evaluation Reports completed in accordance with the Supplier Performance Evaluation section in this Policy, and notices to and from the supplier;
- VIII. notes or minutes of any face-to-face and/or site meetings; and
- IX. records of any dispute resolution performance issues and actions taken; and any other relevant communications or documents related to the contract and/or the supplier's performance under the contract.

b) The Purchasing Coordinator must retain electronic or hardcopies of the following documents and records:

- I. authorization of the award of the contract to the supplier;
- II. contracts and all related documentation, including, but not limited to, bid solicitation documents, the supplier's bid, customized agreements, related drawings, plans, purchase orders, schedules, specifications, etc.;
- III. insurance certificates, as required by the contract;
- IV. surety bonds or other forms of performance guarantees, if required by the contract; and
- V. change orders detailing new terms that have been negotiated into the contract, if applicable.

c) The Accounting Clerk must retain originals or copies of the following documents and records:

- I. bills of lading;
- II. Purchase Order, cheque requisitions; and
- III. invoices.



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2. Supplier Performance Evaluation

2.1. Purpose and Interpretation

The purpose of this Section is to establish a Performance Evaluation Process to evaluate supplier performance in a transparent and consistent manner. This Section should be read in conjunction with the County's Purchasing Policy, the Procurement Procedures, and the Contract Management (Section 1). Defined terms used in this Section have the meaning assigned in the Glossary of Terms in Schedule A of the Procurement Procedures Manual.

2.2. Performance Evaluation

Supplier performance is critical to the success of County projects. Poor quality, unnecessary contract delays, and unsafe work practices will not be tolerated by the County.

For applicable contracts, at the outset of the contract, the Contract Administrator will provide the supplier with copies of the Interim and Final Performance Evaluation Reports that will be used to rate the supplier's performance in accordance with the Performance Evaluation Process. In the event that the performance evaluation documents are updated or modified during the term of the contract, the Contract Administrator shall provide the supplier with copies of the updated or modified documents.

Interim Evaluation

The Contract Administrator may formally evaluate the supplier's performance and complete an Interim Performance Evaluation Report prior to the renewal or extension of the contract, if applicable.

The Contract Administrator may formally evaluate the supplier's performance and complete an Interim Performance Evaluation Report at any time during the term of the contract, as determined by the Contract Administrator taking into account the nature, complexity, value, and length of the contract.

Final Evaluation

The Contract Administrator may, for applicable contracts, formally evaluate the supplier's performance and complete a Final Performance Evaluation Report within 30 calendar days upon completion, expiration, or termination of the contract.

2.3. Interim Performance Evaluation Report

a) Notification of Supplier

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If evaluations of performance are completed, the Contract Administrator will notify the supplier of its overall performance rating and provided the supplier with a copy of the completed and signed Interim Performance Evaluation Report.

b) Performance Issues

If the supplier receives a “Inadequate”, or “Poor” rating on any of the rated criteria in the Interim Performance Evaluation Report, the Contract Administrator will offer to meet with the supplier to clearly identify and discuss the performance issues, determine the corrective action that can be taken to rectify and avoid recurrence of the performance issues and obtain supplier’s agreement to take the corrective action within a specified time period.

Following the meeting, the Contract Administrator will confirm the details and outcome of the discussion in writing to the supplier and will attach a copy of the written record of the meeting to the Interim Performance Evaluation Report. The Contract Administrator will inform their Department Head of the performance issues. If the performance issues are not rectified or there is a recurrence of the performance issues, the Contract Administrator will consult with their Department Head, the Purchasing Division, Legal Services, and the CAO to determine next steps.

2.4. Final Performance Evaluation Report

a) Performance Issues

If the supplier receives a “Inadequate”, or “Poor” rating on any of the rated criteria in the Final Performance Evaluation Report, the Contract Administrator will offer to meet with the supplier to discuss the performance issues and will consider any comments or explanations provided by the supplier in the finalization of the Final Performance Evaluation Report.

b) Recommendation Based on Performance

Based on the final rating of the criteria in the Final Performance Evaluation Report, the Contract Administrator may make a recommendation to either:

- allow the supplier to continue participating in future procurement opportunities; or
- disqualify the supplier from participating in future procurement opportunities for a period of up to three (3) years in accordance with the Supplier Suspension, Section 3.

c) Recommendation for Continued Participation

If the evaluation results in a recommendation to allow the supplier to continue participating in procurement opportunities, the Contract Administrator will notify the

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supplier of its final rating and the resulting recommendation and provide the supplier with a copy of the completed and signed Final Performance Evaluation Report.

d) Recommendation to Disqualify

If the evaluation results in a recommendation to disqualify the supplier from participating in future procurement opportunities in accordance with the Supplier Suspension, Section 3, the following steps must be taken:

I. Review by Department Head

The Contract Administrator will submit the Final Performance Evaluation Report to their Department Head for review. The Department Head will ensure the Final Performance Evaluation Report is complete, will discuss the ratings with the Contract Administrator, and will ask the Contract Administrator to confirm that the Final Performance Evaluation Report accurately reflects the supplier's performance.

II. Notification of the Purchasing Division

The Contract Administrator will inform the Purchasing Division of the recommendation and provide the Purchasing Supervisor with a copy of the Final Performance Evaluation Report.

III. Notification of Supplier and Supplier's Right to Dispute

The Contract Administrator and the Purchasing Supervisor will jointly notify the Supplier of its final rating and the resulting recommendation, provide the Supplier with a copy of the completed and signed Final Performance Evaluation Report and advise the Supplier that any dispute in respect of the recommendation must be set out in a written statement of dispute and submitted to the Purchasing Supervisor within 10 business days.

e) Decision to Disqualify and Consideration of Statement of Dispute

The decision with respect to suspension of the supplier will be made in accordance with the Supplier Suspension, Section 3. The completed Performance Evaluation Report will fulfill the requirement for a written business case under the Supplier Suspension, Section 3. The Purchasing Supervisor with the Contract Administrator will consider the supplier's statement of dispute, if any, in deciding under the Supplier Suspension Section 3. Any decision under the Supplier Suspension Section is final.

2.5. Retention of Evaluation Reports

The Contract Administrator will retain all original Performance Evaluation Reports and will provide the Purchasing Division with a copy of each Performance Evaluation Report. The Purchasing Division will retain copies of all Performance Evaluation Reports in accordance with the County's Records Retention By-law.

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2.6. Disclosure of Results to Others

The results of any Performance Evaluation Process are intended to be disclosed internally across Departments and may be disclosed to other government bodies upon request, where it can be demonstrated that the supplier has listed the County as a reference.

The records may be governed by and disclosed in accordance with the Municipal Freedom of Information and Protection of Privacy Act, R.S.O. 1990, c. M.56.

2.7. Consideration of Performance in Evaluation of Bids

The County may consider past performance evaluation results in the evaluation of future bids from the supplier, whether or not the past performance resulted in suspension in accordance with Section 3, Supplier Suspension.



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3. Supplier Suspension

3.1. Purpose and Interpretation

The purpose of this Section is to set out the process for suspending suppliers from participation in the County's procurement processes. This Section should be read in conjunction with the County's Purchasing Policy, the Procurement Procedures, the Contract Management (Section 1), and the Supplier Performance Evaluation (Section 2). Defined terms used in this Section have the meaning assigned in the Glossary of Terms in Schedule A of the Procurement Procedures Manual.

3.2. Overview

To ensure that the County is receiving quality deliverables and value for public money, and is dealing with suppliers that conduct business in a professional and ethical manner, the County may suspend suppliers from participating in its procurement processes for the time periods prescribed in this policy for any of the following reasons:

- a) The supplier was convicted of serious crimes or other serious offences, including bid-rigging, price-fixing or collusion, fraud, or other statutory offenses in any jurisdiction.
- b) The supplier gave false declarations, including making misrepresentations in bids or failing to disclose conflicts of interest in connection with a procurement process or contract with the County.
- c) The supplier had significant or persistent deficiencies in performance of any substantive requirement or obligation under a prior contract or contracts with the County.
- d) The supplier engaged in professional misconduct or acts or omissions that adversely reflect on the commercial integrity of the supplier in commercial relationships with the County.

The above may include conduct by any of the principals, employees, affiliates, operating minds, controlling shareholders, related corporations or non-arm's length entities of the supplier.

A decision to suspend a supplier must be made in accordance with this Section, must be supported by evidence and must be based on the reasons and factors set out below. A decision to suspend a supplier is discretionary; however, such discretion must be exercised consistently and fairly.

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3.3. Reasons for Suspension

a) Crimes or Offences

If a supplier is convicted of serious crimes or other serious offences, including bid-rigging, price-fixing or collusion, fraud or other statutory offenses, the supplier should be suspended for the maximum suspension period.

b) False Declarations

If a supplier includes false or misleading information in its bids the County may suspend that supplier from participating in future procurement processes.

If a supplier fails to disclose a conflict of interest in connection with a procurement process or during the performance of a contract with the County, and the County subsequently discovers that such a conflict of interest exists, the County may suspend that supplier from participating in future procurement processes.

The following non-exclusive factors should weigh in favour of suspension:

- The supplier knowingly made misrepresentations or knowingly failed to disclose a conflict of interest; and
- The misrepresentation or undisclosed conflict of interest resulted in the supplier having an unfair advantage or otherwise compromised the integrity of the County's procurement process.

c) Poor Performance

If a supplier performs inadequately under a contract with the County, the County may consider suspending that supplier in any of the following circumstances:

- The deficiencies in performance were significant or persistent.
- The contract was terminated or not renewed for performance issues prior to expiry provided that such reasons were provided to the supplier.
- There were unrectified performance issues on a contract that resulted in extra costs to the County.
- The deliverables provided were defective or deficient, and either were not replaced or repaired, or required multiple repairs.
- The County brought a litigation proceeding against the supplier in connection with performance or non-performance of the supplier's contractual obligations.
- The suspension of the supplier has been recommended in accordance with the County's Supplier Performance Evaluation, Section 2.

d) Professional Misconduct or Lack of Commercial Integrity

The County may suspend a supplier for professional misconduct or acts or omissions that adversely reflect on the commercial integrity of the supplier. Such conduct includes, but is not limited to:

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- unethical bidding practices, such as: inappropriate gifts or offers of gifts to the County's officials, officers, employees or agents and inappropriate in-process lobbying or prohibited communications during a procurement process;
- failing to perform County contracts in a professional and competent manner in accordance with the duty of honest performance and all applicable laws, including safety and labour codes; and
- a history of litigious conduct or bringing frivolous or vexatious claims in connection with the County's procurement processes or contracts.

3.4. Process for Suspension

- a) Any decision to suspend a supplier must be supported by a written Suspension Recommendation Report that contains all details connected with the analysis of factors set out above.
- b) The Suspension Recommendation Report must also include the recommended length of the suspension. The maximum suspension period is three (3) years.
- c) The length of the suspension period should be proportional to the reasons for the suspension and the full three-year suspension should only be applied in the most serious of cases. A suspension can be either a blanket suspension for all procurement processes or a suspension limited to procurement processes for specific deliverables. The Suspension Recommendation Report must clearly set out the scope of the suspension.
- d) All decisions to suspend a supplier must be approved by the Procurement Review Committee ("PRC"). The PRC may consist of the following members;
 - Director of Finance
 - Purchasing Supervisor
 - Applicable Department Head
 - CAO
- e) If the Suspension Recommendation Report is approved, a notification must be provided to the supplier in question informing that supplier that it is suspended from participation in the County's procurement processes for the prescribed time period. The notification letter must be copied to the Purchasing Division and contain:
 - full details as to the reasons for the suspension, including copies of any documents or correspondence to support such a suspension;
 - the length of the suspension period and the scope, if applicable; and
 - the supplier's right to apply for reinstatement within the prescribed time period and the process for requesting such a reinstatement.

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- a statement that bids received from the suspended supplier, during the suspension period, will not be accepted by the County.

3.5. Review of Suspension

- a) A suspended supplier may apply for reinstatement upon the completion of half of the original suspension period. For example, if the original suspension period was two years, the supplier may apply for reinstatement after one year. In order to be re-eligible for participation in the County's procurement processes, the supplier must submit a written case for reinstatement, including supporting documentation if necessary, that provides reasons why the original reason for the suspension would no longer prove a risk for the County.
- b) Applications for reinstatement are to be reviewed by the PRC. If the PRC determines that allowing the supplier the opportunity to participate in the County's procurement processes would no longer expose the County to risk, then the application for reinstatement may be approved.
- c) The supplier must be notified, in writing, of the final decision for reinstatement made by the PRC.

3.6. Suspended Suppliers List

The PRC must provide the Purchasing Division with the legal name of the suspended supplier and the Purchasing Division must maintain a current list of all suspended suppliers. Any supplier that is owned or controlled by the same individual(s) that owned or controlled a suspended supplier at the time it was suspended is also considered suspended.

The list should contain, at a minimum:

- a) the full name of the supplier;
- b) the names of the directors and officers of the supplier;
- c) the reasons for the suspension;
- d) the file number where the Suspension Recommendation Report is filed;
- e) the scope of the suspension (i.e. blanket suspension or specific deliverables);
and
- f) the length of the suspension period and the date of the expiry of the suspension period.

For any competitive procurement process, the Purchasing Division must check the suspended suppliers list to ensure that bids are not accepted from suspended suppliers.