
**DEPARTMENT OF ADMINISTRATION
REAL ESTATE AND CONSTRUCTION SERVICES**

VENDOR PERFORMANCE REPORTING POLICY and PROCEDURE

RECS – CT - 02

8/23/2008

A. PURPOSE

1. To recognize and document Vendor Performance (To identify excellent, as well as poor performance). It is incumbent upon staff to provide the satisfactory or unsatisfactory reporting of vendor products, services and performance.
2. To comply with Minnesota Statutes Section 16C.08, subdivision 4 (c), for reporting on Professional/Technical (P/T) Service Contracts with a value over \$50,000.

B. REFERENCES

1. Vendor Performance Form (Attachment A) Link: <http://www.mmd.admin.state.mn.us/pdf/perform.pdf>
2. MMD web-link to vendor performance reporting: <http://www.mmd.admin.state.mn.us/mn02005.htm>
3. Minnesota Rules Chapter 1230.1150 Authority to Debar or Suspend Vendors (reference)
4. Example Cover Letters (Attachments, B & C)
5. RECS's Consultant Performance Reporting Policy (reference)
6. Procedure for "*Exercising Owners Rights under the General Conditions of the Contract for Construction- A-201*" (reference)

C. PROCEDURE

1. The Project Manager (in collaboration with customer if needed) identifies the performance issue. All communications to the vendor should come from the Project Manager (person managing the contract) or MMD's Customer & Vendor Services.
2. The Project Manager reviews Materials Management Division's website on vendor performance and reporting (see web-link above).
3. The Project Manager fills out the Vendor Performance Report Form.
 - a. Reporting should be done at the time the incident or when the performance issue occurs.
 1. If you are reporting negative performance, use Attachment B Cover Letter Example.
 2. If you are reporting exceptional/positive performance, that can be done at the end of the project using Attachment C Cover Letter Example.
 - b. A "detailed explanation" should be provided where indicated on the form. This explanation is to include the specific article/specification of the design or construction contract that has been violated or not complied with.

- c. Indicate action taken up to this point. i.e. the contractor was informed by phone call on 5/25, in meeting notes on 5/28 and by 7 day notice on 6/1. Include dates of when prior action was taken.
 - d. Attach all supporting information that applies (meeting notes, 7 and 3 day notices, letters, spec. sections, photos).
 - e. After indicating the action taken up to now, also indicate what action you wish to be taken with this report. i.e. “at this time we wish to monitor the vendor for continued progress, and if not satisfactory, another report will be filed to consider suspension or debarment from future work with the State.” Or, “at this time we wish to have the vendor considered for suspension [or debarment]”.
4. Meet with your supervisor (Manager of Project Operations) when you have filled out the form and gathered the supporting documentation. Your supervisor will review the report with you.
 5. After your supervisor approves the report, make four (4) copies of the report and supporting documentation. Forward the copies as follows:
 - a. Using a cover letter (see attached examples), send the original to the contractor, consultant or vendor. In the cover letter, provide them with the following **Vendor Instructions**:
 1. Complete the lower section of this report and return it within one week to Customer & Vendor Services, MMD, and copy this office.
 2. Provide an action plan and schedule to resolve the issue. (Note: Provide a date you want the issue(s) resolved by.)
 3. Indicate what the consequences are if no response is made (suspension or debarment).
 - b. Forward a copy (including cover letter) to Customer & Vendor Services, Materials Management Division (MMD).
 - c. Forward a copy to your supervisor/Manager of Project Operations who will keep a master file of these reports.
 - d. Place a copy in the Project File.

D. FOLLOW-UP ON THE VENDOR PERFORMANCE REPORT

1. After allowing one week for the vendor to respond to MMD, if you have not received a copy to the response, contact Customer & Vendor Services (MMD) to see if they have received a response.
 - a. If no response is received, , MMD will send a second letter giving them 10 days to respond; if no response is received MMD will automatically suspend the vendor (suspension is up to a 6 month period). Debarment may come later if unsatisfactory performance continues. (Debarment is a 1-3 year time period).
 - b. If response has been received, review it for compliance with the action or outcome you requested in your cover letter.
 - c. Follow-up to verify that work or action was taken by vendor.
 - d. If work or action was not taken by the due date given, another vendor performance form is to be filled out and forwarded to MMD. This report is to request MMD to suspend or debar the vendor unless the vendor performs. Again, provide a date that the work or action must be completed by.
 - e. If the vendor denies the unsatisfactory performance, review their reasons and send a response to MMD (with a copy to the vendor) affirming your original report. In doing so, indicate the action you wish MMD to take (suspend, debar or keep on file for future consideration of suspension and/or debarment. (Note: Reiterate the date you

want the matter/work/issue to be completed or resolved.). Verify the action to be taken by MMD.

- f. The intent is to follow-up after each report and response in order to achieve satisfactory action by the vendor.

E. PROFESSIONAL/TECHNICAL SERVICE CONTRACTS and CONSULTANT PERFORMANCE REPORTING

1. In addition to any Vendor Performance Reports that are initiated during the duration of a contract with a consultant, the RECS Project Managers is required to evaluate Consultant Performance as follows:
 - a. Conduct an evaluation in accordance with RECS's Policy on CONSULTANT PERFORMANCE REPORTING.
 - b. Conduct an evaluation of P/T Service Contracts with a value of \$50,000 or more in accordance with Minnesota Statutes Section 16C.08, subdivision 4 (c). The CONSULTANT PERFORMANCE REPORT is to be used as an attachment to the P/T Service Contract Evaluation.
2. These evaluations are to be used as supporting documentation for the Vendor Performance Reports.
3. For projects where the consultant selection was made by the State Designer Selection Board (SDSB), the consultant evaluation is to be forwarded to the SDSB.

F. GENERAL INFORMATION

1. Vendor Performance Reporting follow-up should be coordinated with MMD.
2. Should negative performance continue, file an additional report for each infraction (using this procedure).
3. If there is a major breach of contract or legal violation, coordinate with MMD for immediate debarment. Vendor Performance Reporting should be done in addition to the Procedure for "*Exercising Owners Rights under the General Conditions of the Contract for Construction- A-201*". When issuing a 7-Day Notice letter to a construction contractor, use the notice letter as supporting documentation for the Vendor Performance Report.

G. COORDINATION OF REPORTS/EVALUATIONS

1. Procedure for "*Exercising Owners Rights under the General Conditions of the Contract for Construction- A-201*". This procedure is project specific for exercising rights to obtain performance from a contractor. The notices given to a contractor under this procedure should be used as supporting documentation for a Vendor Performance Report.
2. Vendor Performance Report: This is project specific but multiple negative reports can lead to suspending or debarring a vendor from contracting with the state.
3. P/T Service Contract Evaluation: This report is required by statute and is filed by MMD. The Consultant Evaluation Report should be used as an attachment to this Evaluation.

END

ATTACHMENT A



DEPARTMENT OF ADMINISTRATION
 MATERIALS MANAGEMENT DIVISION
 CUSTOMER & VENDOR SERVICES
 112 ADMINISTRATION BUILDING
 50 SHERBURNE AVENUE
 ST. PAUL, MN 55155
 VOICE: 651.296.2600
 FAX: 651.297.3996

Vendor Performance Report

State Agency Instructions: Complete this form to report exceptional or unsatisfactory vendor performance. Send a copy to Customer & Vendor Services, Materials Management Division, and a copy to the vendor. Be sure to save a copy for your records. Type or use ball point pen.

Vendor Instructions: Complete the lower section of this report and return it within one week to Customer & Vendor Services, MMD. Type or use ball point pen.

Purchase Order No.	Date Issued	State Contract No.		For MMD Records - Vendor Information Only															
				Request MMD Take Necessary Action															
Agency Name and Address			Vendor Name and Address																
Agency Report Initiated By: _____ Title: _____ Date: _____ (Name) E-Mail: _____ Phone: _____ Fax: _____																			
Nature of Report: <i>(Please check all boxes that apply.)</i>																			
<table style="width:100%; border:none;"> <tr> <td><input type="checkbox"/> Exceptional performance <i>(explain below)</i></td> <td><input type="checkbox"/> Unauthorized substitution</td> <td><input type="checkbox"/> Services not performed according to specifications</td> </tr> <tr> <td><input type="checkbox"/> Late delivery</td> <td><input type="checkbox"/> Unsatisfactory installation work</td> <td><input type="checkbox"/> Merchandise not properly labeled</td> </tr> <tr> <td><input type="checkbox"/> Unauthorized delivery</td> <td><input type="checkbox"/> Received in damaged condition</td> <td><input type="checkbox"/> Invoice incorrect</td> </tr> <tr> <td><input type="checkbox"/> Inferior defective merchandise</td> <td><input type="checkbox"/> Overshipment</td> <td><input type="checkbox"/> Grade or inspection evidence missing</td> </tr> <tr> <td><input type="checkbox"/> Does not meet specifications</td> <td><input type="checkbox"/> Undershipment</td> <td><input type="checkbox"/> Other <i>(explain below)</i></td> </tr> </table>					<input type="checkbox"/> Exceptional performance <i>(explain below)</i>	<input type="checkbox"/> Unauthorized substitution	<input type="checkbox"/> Services not performed according to specifications	<input type="checkbox"/> Late delivery	<input type="checkbox"/> Unsatisfactory installation work	<input type="checkbox"/> Merchandise not properly labeled	<input type="checkbox"/> Unauthorized delivery	<input type="checkbox"/> Received in damaged condition	<input type="checkbox"/> Invoice incorrect	<input type="checkbox"/> Inferior defective merchandise	<input type="checkbox"/> Overshipment	<input type="checkbox"/> Grade or inspection evidence missing	<input type="checkbox"/> Does not meet specifications	<input type="checkbox"/> Undershipment	<input type="checkbox"/> Other <i>(explain below)</i>
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<input type="checkbox"/> Does not meet specifications	<input type="checkbox"/> Undershipment	<input type="checkbox"/> Other <i>(explain below)</i>																	
Detailed Explanation: <i>(Please be specific; attach additional sheets if more space is needed.)</i> 																			
Describe any action taken regarding this report: <i>(Attach additional sheets if more space is needed.)</i> 																			
Vendor Response: Upon receiving a copy of this report, respond in writing within one week to the Materials Management Division at the above address. <i>(Attach additional sheets if more space is needed.)</i> 																			
Vendor Response Completed By:																			
Name	Title	Phone No.	Date																



REAL ESTATE AND CONSTRUCTION SERVICES
309 Administration Building
50 Sherburne Avenue
St. Paul, Minnesota 55155
Voice: (651) 201.2550
TTY: (800) 627.3529
FAX: (651) 215-6245
www.admin.state.mn.us/recs

ATTACHMENT B - COVER LETTER FOR NEGATIVE PERFORMANCE REPORT

DATE

Vendor / Contractor / Consultant Name
Address
City, State, Zip Code

RE: Vendor Performance Report
Project Name (from Contract), Contract Number
Project Number

Dear

Enclosed is a Vendor Performance Report regarding the above referenced project. The concern(s) contained in the report need to be addressed and resolved.

Prompt resolution of the problem(s) and prevention of future occurrences are necessary in order to ensure that your status as a contractor/vendor to the State of Minnesota is not jeopardized.

Please respond in writing, within one week, as to what corrective actions will be taken to resolve these issues. Send your response to the office indicated on the report (Customer & Vendor Services, Materials Management Division) and copy this office.

Failure to respond to this Vendor Performance Report may result in suspension of your firm from state purchasing and contracting.

Sincerely,

Project Manager Name
Project Manager
Real Estate and Construction Services

c: Customer and Vendor Services
Vendor Performance File
Project File



REAL ESTATE AND CONSTRUCTION SERVICES
309 Administration Building
50 Sherburne Avenue
St. Paul, Minnesota 55155
Voice: (651) 201.2550
TTY: (800) 627.3529
FAX: (651) 215-6245
www.admin.state.mn.us/recs

ATTACHMENT C - COVER LETTER FOR POSITIVE PERFORMANCE REPORT

DATE

Vendor / Contractor / Consultant Name
Address
City, State, Zip Code

RE: Vendor Performance Report
Project Name (from Contract), Contract Number
Project Number

Dear [enter name]

Enclosed is a Vendor Performance Report regarding the above referenced project.

The Report is in recognition of the excellent performance provided by your company to the State of Minnesota and this office.

[insert any additional details regarding the positive performance]

Sincerely,

Project Manager Name
Project Manager
Real Estate and Construction Services

c: Customer and Vendor Services
Vendor Performance File
Project File