

DRAFT



Next steps

Vendor Performance Review Program



Introduction

The Vendor Performance Review (VPR) program is a new tool the Yukon government has been using in their procurement process to evaluate and score vendors on their performance throughout a government contract. It helps improve services to Yukoners by incentivizing the highest level of service from contractors during government contracts.

Implementation of this program has been gradual, with the last phase of implementation occurring in October 2023. As of December 12, 2023, there are 45 Yukon and 14 non-Yukon vendors who have an overall VPR score.

Not all contracts require a Vendor Performance Review. In fact, between October 2022 and December 2023, only 892 contracts met the requirement for a Vendor Performance Review (above the \$50,000 threshold). Of these 892 contracts, approximately 32 per cent have undergone or are undergoing the performance review process. The Procurement Support Centre (PS Centre) is doing additional work and training with government employees to increase the number of reviews on contracts that meet the requirements.

From October 2022 to December 2023, there were 71 tenders that resulted in completed Vendor Performance Reviews, including Standing Offer Arrangements. However, a total of 108 reviews had been completed for those 71 tenders, because tenders that cross multiple years require an annual review.





Document intent

Over the past year, the Yukon government has facilitated several information sessions with industry, through the Yukon Chamber of Commerce and Whitehorse Chamber of Commerce's Procurement Committee, to listen and receive feedback on how the program has been working and how we can improve. The feedback received through the information sessions has been very valuable and will help inform improvements to the program moving forward.

This document is intended to outline each of the concerns that were summarized in a recent email by the Yukon Contactor's Association (YCA) and how the Procurement Support Centre plans to address those concerns.

Summary of feedback

The following is a direct quote from the YCA:

1. *Originally, (in 2007-08) YCA endorsed the principle of the development of a program that would enable YG to disqualify entities that consistently did not complete contracts. In other words, a means of eliminating "bad actors". The proposed broad based rating system is a big departure from that original intent.*
 2. *We still have not been provided the complete data on the "unofficial" program that was trialed. We have been provided a snapshot overview and found it inadequate. We want the raw data.*
 3. *We are hearing from YG staff that they are not comfortable with the program. How can YG implement when their staff are not prepared, let alone stakeholders?*
 4. *We want to be heard, and have our concerns addressed, before the program is imposed on Industry.*
- a. *fixed cost contracts should never have expectations of contractors needing to find ways to add "extra value". (Needing to score above a 3). A completed scope has to be given full marks on price-driven contract. We find our collective disconnect on this point quite surprising.*
 - b. *the subjective nature of the rankings is unacceptable, our concerns have not been adequately addressed.*
 - c. *the proposed matrix that would "guide" rankings is convoluted and likely to be ignored.*
 - d. *The opportunity for, and likelihood of inappropriate actions (cronyism) is too high, particularly in our small community.*
 - e. *we are concerned that the approach is not a 2-way street and are not satisfied that the program allows for adequate redress for contractors who are assessed a poor rating.*



Response and proposed action plan

The following will discuss each point mentioned above, our response and our proposed action plan.

Concern	Response	Action
<p>1. Intent of the program</p>	<p>The Vendor Performance Review Program has the ability to address poor performance while also incentivizing good performance. This helps:</p> <ul style="list-style-type: none"> • support our government’s goal of being more fiscally responsible, more open and transparent and providing more value for money with respect to procurement; • strengthen our ability to manage and evaluate vendor performance; • evaluate and reward bids based on demonstrated performance thereby encouraging vendors to improve performance throughout the contract lifecycle; and • provide better recording, tracking, and management of vendor performance information through the Electronic Bidding System. 	<p>More collaboration will help ensure that the Vendor Performance Review program is working as intended. PS Centre has reached out to industry representatives from the Whitehorse Chamber and Yukon Chamber of Commerce’s Procurement Committee to attend a working group with PS Centre and contract managers. At this time, the working group will focus on the construction industry. The working group is invited to participate in conversations on the topics that were raised by the YCA, in addition to other items that are raised as the work progresses.</p>



<p>a. Key Performance Indicator (KPI) for fixed price contracts</p>	<p>The VPR program is designed to be used with any type of contract, including those resulting from requests for bids. It aims to add value without increasing costs for the vendor or government. Examples of adding value can include being proactive with communication, timely when identifying or resolving issues and consistently accurate, thorough and detailed with change order pricing.</p>	<p>Together with contract managers and industry, we can review the KPIs in detail to increase familiarity with them. We can also collect specific feedback about how each KPI is working in practice. Once we have gathered all the feedback, we can consider where additional clarity can be provided around scoring, or whether adjustments to the KPIs is required.</p>
<p>b. Subjectivity</p>	<p>The current VPR program has measures in place to reduce subjectivity. These measures include:</p> <ul style="list-style-type: none"> • the KPIs and an evaluation matrix; • a supervisor’s review and approval of a contract manager’s score; and • an opportunity for vendors to contest their score, which would prompt a review by the Procurement Support Centre and a final decision at the Deputy Minister level. 	<p>At the working group, we commit to conduct a detailed review and consider specific feedback on the evaluation matrix and KPIs to help mitigate against concerns of subjectivity in scoring.</p>
<p>c. Evaluation matrix</p>	<p>The existing evaluation matrix is similar to the programs used by Alberta Infrastructure, Alberta Transportation, the City of Ottawa, and the Government of Canada.</p>	<p>The working group can conduct a review of the evaluation matrix to provide specific feedback. We will also produce an evaluation matrix for all KPIs that provides clarity on how performance will be scored for both contract</p>



		<p>managers and the contractor. The working group will have an opportunity to review and provide comment on the matrix before it is finalized. Having an industry lens on this product will help our team understand how it can be presented more clearly.</p>
<p>d. Consider possible inappropriate behaviour.</p>	<p>Yukon government employees must adhere to internal policies, including those related to gifts and conflict of interest. Safeguards such as supervisor reviews and a contestation process also help detect and prevent inappropriate behavior.</p>	<p>Improving and clarifying the Key Performance Indicators (KPIs) and the evaluation matrix can help to address concerns surrounding preferential treatment. We also welcome industry feedback on additional measures to detect or prevent inappropriate behavior. We will add this as a topic for discussion at the working group.</p>
<p>e. Redress for contractors who are assessed a poor score.</p>	<p>The VPR program promotes engaged contract management and encourages communication between contract managers and vendors. The intent of using an evaluation matrix and KPIs is to establish clear performance expectations, helping vendors understand what is required to obtain each score. After receiving their score, vendors can discuss it with the project manager to ask questions and gain insights. If there are persistent disagreements, they can contest the score.</p>	<p>We are open to hearing detailed concerns or improvement suggestions from industry during working group discussions. We will add this as a topic for discussion at the working group.</p>



2. Data	Some information from the program is confidential business information and cannot be shared.	We are open to further discussion with industry at the working group to understand what questions they are hoping the data will answer. This will help us assess if datasets that answer the questions industry has can be provided. We will add this as a topic for discussion at the working group.
3. Comfort level of contract managers	During the implementation of the VPR program, several training courses were offered to contract managers and vendors. Resources are also available online for both contract managers and vendors.	PS Centre will create a working group for contract managers to increase familiarity with the program, consider feedback they have on the program design, and understand if additional support is required. We also plan to review and update training materials as required.
4. Industry being heard	The feedback and input from industry is important for this program's success. We believe the establishment of this new working group will help collect and action feedback from industry in a cohesive manner.	





Closing

We thank industry for taking the time to summarize their concerns and feedback on the program so far. We hope to continue these discussions so we can make adjustments where necessary. The feedback we receive will be researched

and the benefits and drawbacks of various approaches will be carefully considered.

If you are interested in participating in the construction working group, please contact Jordan.Henderson@yukon.ca.

