



THE CORPORATION OF THE CITY OF VAUGHAN

CORPORATE POLICY

POLICY TITLE: **SUPPLIER PERFORMANCE MANAGEMENT**

POLICY NO.: **15.C.10**

Section:	Procurement		
Effective Date:	October 28, 2025	Date of Last Review:	Click or tap to enter a date.
Approval Authority: Council	Policy Owner: DCM, Corporate Services, Chief Financial Officer & City Treasurer		

POLICY STATEMENT

This Policy establishes the framework for managing the performance of Suppliers and, where appropriate, the termination of Contracts and/or Suspension of Suppliers from doing business with the City.

PURPOSE

The purpose of this Policy is to provide transparency and guidance on how the City manages the performance of Suppliers to:

- a. support strategic supplier relationships
- b. ensure reliable service to achieve value for public funds and fostering accountability
- c. minimize current and future financial and operational risks
- d. incentivize good performance
- e. proactively address performance issues
- f. address past performance
- g. establish the appropriate documentation requirements

SCOPE

This Policy applies to all Suppliers engaged in providing Goods and Services to the City, where the Goods and Services were procured through the City's Corporate Procurement Policy 15.C.03.

LEGISLATIVE REQUIREMENTS

POLICY TITLE: SUPPLIER PERFORMANCE MANAGEMENT**POLICY NO.: 15.C.10**

The *Municipal Act, 2001*, S.O. 2001, c. 25, Part VI, Section 270(1) requires a municipality to adopt and maintain policies with respect to its procurement of goods and services.

This policy is written in compliance with the City's Corporate Procurement Policy 15.C.03 as amended from time to time.

DEFINITIONS

- (a) **“Corrective Action Plans”** or **“CAP”** means a formal, written document developed when a Supplier is placed on Probation, outlining actions to address performance issues, prevent recurrence, and setting out timelines, milestones, responsible parties and mutually agreed to.
- (b) **“Critical Project”** means a project that meets one or more of the following criteria:
 - i) **Risk Complexity**: Initiatives with high technical complexity, environmental risks, requiring stakeholder coordination or have a high community impact.
 - ii) **High Financial Impact**: Projects with significant financial risks, including potential cost overruns or substantial external funding.
 - iii) **Strategic Importance**: Essential projects for long-term goals, such as infrastructure developments.
 - iv) **Public Safety or Compliance**: Addressing safety concerns, legal mandates, or regulatory requirements (e.g., fire safety, accessibility).
 - v) **Community Impact**: Projects affecting a large population segment or critical services (e.g., hospitals, water treatment).
 - vi) **Time Sensitivity**: Projects with strict deadlines due to funding, seasonality, or critical dependencies.
 - vii) **Public Visibility and Accountability**: Under public or political scrutiny, with potential controversy or historical performance issues.
- (c) **“Joint Venture”** means two or more Suppliers legally operating as one entity under a formal agreement, jointly responsible for contract performance and obligations.
- (d) **“Non-Compliance”** means any failure by a Supplier to meet contractual obligations, standards, or requirements. Criteria can include but are not limited to:
 - i) Delivering goods/services below quality or specification standards.
 - ii) Missing delivery timelines or deadlines.
 - iii) Inadequate communication about project status, delays, or issues.
 - iv) Failing to adhere to health, safety, or regulatory standards.
 - v) Not responding to Corrective Action Plans or feedback.
 - vi) Violating ethical or legal standards outlined in the Contract or City policy.

POLICY TITLE: SUPPLIER PERFORMANCE MANAGEMENT**POLICY NO.: 15.C.10**

- (e) **“Probation”** means a formal status imposed on a Supplier that subjects them to increased restrictions for a specified period of time.
- (f) **“Procurement Review Committee”** or **“PRC”** means a committee comprised of senior City Staff which hears and decides on Supplier Termination and Suspension.
- (g) **“Substantial Performance”** means when the Work is substantially performed as defined in the Construction Act R.S.O. 1990.c. C.30, as may be amended or replaced from time to time, and as more particularly set out in the Contract.
- (h) **“Suspend”** or **“Suspension”** means a formal status imposed on a Supplier that prohibits them from bidding on City procurements or providing goods or services to the City for a specified period of time.
- (i) **“Terminate”** or **“Termination”** means the early termination of a Contract with a Supplier.
- (j) **“Warranty”** means the Supplier’s guarantee of the work as set out in the Contract.

Any other terms capitalized in this policy have the same meaning as in the City’s Corporate Procurement Policy, 15.C.03, as amended, (the “City’s Corporate Procurement Policy”).

POLICY**1. APPLICATION**

This Policy applies to Suppliers of all Goods and Services undertaken by the City through a procurement process, with the following exceptions:

- (a) Emergency Procurements.
- (b) The Supplier is the only entity capable of performing the Services or supplying the Goods.
- (c) Not entering into the Contract or extending the Contract with the Supplier would have a significant adverse impact on the health, security, safety, or economic or financial well-being of the City.
- (d) Procurements not covered by the Procurement Policy 15.C.03 – Section 2 (Application).

POLICY TITLE: SUPPLIER PERFORMANCE MANAGEMENT

POLICY NO.: 15.C.10

The City may, at its sole discretion, impose Performance Evaluations in any of above-mentioned exemptions in these cases. Where applicable, this requirement will be disclosed as part of the procurement process or communicated to the Supplier prior to entering into a Contract.

1.1. JOINT VENTURES, MERGERS & SUBCONTRACTORS

- (a) Suppliers providing services to the City under a Joint Venture shall be subject to Performance Evaluations as a single entity.
- (b) A Supplier cannot subcontract with a Supplier that has been Suspended by the City, unless approved in writing. Any Supplier utilizing a suspended Supplier shall be given the opportunity to substitute that subcontractor with a different Supplier subject to the City's approval, however Suppliers will not be permitted to modify any prices submitted to the City as part of a procurement.
- (c) Suspensions may also extend from an identified Supplier to other Suppliers owned or controlled by the same individuals or entities, including through acquisition or corporate restructuring.

2. SUPPLIER PERFORMANCE RATINGS

- (a) Performance Evaluations should be completed objectively and professionally and should be supported by all relevant supporting documentation.
- (b) Department Contract Managers shall complete Performance Evaluations for Contracts covered under Section 1 (Application) of this Policy and assign a Performance Rating.
- (c) Suppliers shall be assigned a Performance Rating of Exceptional, Good, Satisfactory, Marginal or Unacceptable for all completed Performance Evaluations. Results of Performance Evaluations will be communicated to Suppliers.
- (d) It is important to evaluate and document both good and poor Supplier performance.
- (e) Any single completed Interim Performance Evaluation resulting in a Performance Rating of Unacceptable will require the Supplier to be placed on Probation and may trigger Termination of the applicable Contract.

POLICY TITLE: SUPPLIER PERFORMANCE MANAGEMENT

POLICY NO.: 15.C.10

- (f) Based on the nature and severity of the Non-Compliance, the City may also review the Supplier's broader performance history to determine if Suspension from doing business with the City is warranted. Suspension is not automatic and will be decided in accordance with Section 4 (Length of Suspension).
- (g) A single completed Performance Evaluation that results in a Performance Rating of Marginal may lead to Termination of the applicable Contract or placement of the Supplier on Probation.

3. REMEDIES AVAILABLE TO THE CITY

When a Supplier fails to meet performance standards set forth by the City, the City may pursue one or more of the following remedies based on the nature and severity of the issue.

3.1. PROBATION

Probation applies to the specific Contract for which the Performance Rating was completed. Existing active Contracts may also be subject to review, and decisions to place those Contracts under Probation will be made on an individual basis.

- (a) A Supplier's Contract may be placed on Probation, if the Supplier receives:
 - i) Interim Performance Evaluation with a Performance Rating of Unacceptable;
 - ii) Two (2) Interim Performance Evaluations with Performance Ratings of Marginal; or
 - iii) There are significant performance related issues affecting the project.
- (b) During Probation, Suppliers will be subject to:
 - i) Increased frequency of Performance Evaluations;
 - ii) Corrective Action Plan as mutually agreed to in writing;
 - iii) Any additional Performance Rating of Marginal or Unacceptable will automatically trigger a recommendation to the Director of Procurement Services for Suspension.

POLICY TITLE: SUPPLIER PERFORMANCE MANAGEMENT**POLICY NO.: 15.C.10**

(c) The Supplier will be formally notified in writing, outlining:

- i) Reason(s) for Probation;
- ii) Specific performance issues;
- iii) Duration of the Probation period; and
- iv) Corrective Action Plan identifying the expectations and performance targets.

(d) At the conclusion of the Probation period, performance is evaluated against the CAP to determine whether the Supplier has satisfactorily met the conditions to be removed from Probation. The following outcomes may apply based on the Performance Rating:

- i) Successful Improvement: Supplier is removed from Probation and returned to regular status;
- ii) Partial Improvement: Probation may be extended with revised targets; and
- iii) No Improvement: Supplier may be Terminated or Suspended.

3.2. CONTRACT TERMINATION

Termination applies to a specific Contract and does not automatically result in Suspension from future opportunities.

The City may Terminate a Contract, in accordance with Termination provisions in the Contract, if the Supplier demonstrates poor performance or fails to meet its contractual obligations. Reasons for Termination include, but are not limited to:

(a) Poor Performance:

- i) Inability to deliver Goods or Services in accordance with agreed timelines, quality standards, or specifications resulting in a breach of Contract;
- ii) Persistent or unrectified performance deficiencies that compromise Contract objectives; or
- iii) Two (2) Interim Performance Evaluations resulting in an Unacceptable or Marginal Performance Rating.

POLICY TITLE: SUPPLIER PERFORMANCE MANAGEMENT

POLICY NO.: 15.C.10

(b) Inability to Correct:

- i) Failure to agree to or complete the Corrective Action Plan outlined during Probation.

(c) The Supplier will be formally notified in writing, outlining:

- i) Reason(s) for Termination;
- ii) Effective date of Termination;
- iii) Reference to relevant Contract clauses;
- iv) Instructions for final deliverables, asset return, or transition; and
- v) Enforcement of penalties or other contractual remedies (e.g., liquidated damages, performance bonds, or indemnities).

Existing active Contracts may also be subject to review, and Termination decisions will be made based on individual agreements and the nature of the poor performance and/or inability to correct.

3.3. SUPPLIER SUSPENSION

The City may Suspend a Supplier from participating in future procurement opportunities and/or Terminate existing Contracts if broader performance issues occur, or other more serious issues are identified. Reasons for Suspension include, but are not limited to:

(a) Poor Performance:

- i) Failure to rectify the issues that resulted in being placed on Probation;
- ii) Repeated patterns of performance issues that were severe in nature that compromised the safety of individuals, the integrity of the project, or the successful completion of the Contract that were not resolved satisfactorily, even if related to a single Contract;
- iii) Two (2) consecutive Final Performance Evaluations from different Contracts resulting in an Unacceptable or Marginal Performance Rating; or
- iv) Failure to agree to or complete two (2) consecutive Corrective Action Plans outlined during Probation.

POLICY TITLE: SUPPLIER PERFORMANCE MANAGEMENT

POLICY NO.: 15.C.10

(b) Significant Breaches:

- i) Delivering defective or deficient goods/services without adequate remediation;
- ii) Fraudulent practices, such as billing for undelivered goods/services, submitting falsified documents, overbilling, double billing, or retention of known overpayments without notifying the City; or
- iii) Violations of safety, regulatory, or legal standards that pose risks to City operations or public safety.

(c) Litigation or indebtedness to the City:

- i) The City commenced or became subject to litigation in connection with performance or non-performance of the Supplier's contractual obligations or unresolved claims;
- ii) The Supplier has engaged in litigious conduct, or has made exaggerated, frivolous, or vexatious requests, claims or liens, in connection with the City's Contracts or procurement processes, that has resulted or may result in additional administrative or other costs to the City or any related entity;
- iii) The Supplier is indebted to the City or fails to pay any outstanding amounts owed in a reasonable timeframe specified by the City; or
- iv) Supplier is convicted of a serious crime or offence, including bid-rigging, price-fixing, collusion, fraud, or other offenses.

(d) The Supplier will be formally notified in writing, outlining:

- i) Reason(s) for Suspension;
- ii) Effective date and duration of Suspension;
- iii) Conditions for reinstatement;
- iv) Ability to work as a subcontractor on City projects; and

(e) Expectations during the Suspension period with respect to Contract obligations (e.g., Cease all deliveries or services immediately unless otherwise authorized.)

POLICY TITLE: SUPPLIER PERFORMANCE MANAGEMENT

POLICY NO.: 15.C.10

Existing active Contracts may also be subject to review, and Termination decisions will be made based on individual agreements and the nature of the poor performance, significant breaches, and/or litigation or indebtedness to the City.

3.4. ADDITIONAL REMEDIES

In addition to Probation, Termination and Suspension, the City may also pursue additional remedies at its sole discretion to rectify any outstanding obligations under the Contract. Any additional remedies outlined in this section may be used in conjunction with Probation, Termination or Suspension.

- (a) Engaging Alternative Suppliers: The City may contract with other organizations at the Supplier's expense for the same or similar deliverables by undertaking a subsequent procurement process;
- (b) Withholding Payments: The City may withhold partial or full payments until performance issues are resolved or contractual deliverables are met;
- (c) Security:
 - i) If applicable, the City may make claims against any applicable bonds or redeem other contract securities required under the Contract, upon the advice of Office of the City Solicitor;
 - ii) The City may also require additional guarantees such as increased performance bonds, letters of credit or other financial guarantees to mitigate risks;
- (d) Renegotiating Terms: Modify the scope, timelines, or other contractual terms to address challenges and ensure project completion;
- (e) Restricting the Supplier from bidding on Critical Projects while on Probation; or
- (f) Any other remedy available to the City.

4. LENGTH OF SUSPENSION

- (a) Suppliers may be Suspended for a maximum period of up to ten (10) years depending on the nature and severity of the issue. Suppliers may be Suspended for:

POLICY TITLE: SUPPLIER PERFORMANCE MANAGEMENT

POLICY NO.: 15.C.10

- i) Up to five (5) years for poor performance or significant breaches; or
- ii) Up to ten (10) years for issues involving litigation or indebtedness to the City.

(b) The length of the Suspension period will be proportional to the reasons for Suspension, as determined by the PRC. The Suspension will be approved in accordance with the Approval Authority outlined in Schedule "A" (Suspension and Termination Approval Authority) of the Supplier Performance Management Procedure.

5. PERFORMANCE REVIEW COMMITTEE DECISION

- (a) The PRC is facilitated by the Director of Procurement Services and is comprised of:
 - i) Deputy City Manager of the Procuring Department or where there is no Deputy City Manager, the head of the Department;
 - ii) City Solicitor; and
 - iii) City Manager.
- (b) All decisions to Suspend or Terminate one or more Supplier Contracts must be made by the City's PRC. In making its decision, the PRC will consider the Suspension recommendation from the Department Contract Manager and any response submitted by the Supplier.
- (c) The PRC may seek any additional information it requires and may consult with other staff, legal counsel, and other advisors, as necessary.

6. NOTICES

- (a) The City shall issue a notice of Probation, Termination or Suspension in writing to the Supplier within five (5) business days of receiving the necessary approvals from the PRC. The Supplier may submit a response within ten (10) business days of receiving notice to request an appeal. If no response is received within ten (10) business days, the Suspension notice shall be deemed final.

POLICY TITLE: SUPPLIER PERFORMANCE MANAGEMENT

POLICY NO.: 15.C.10

7. APPEALS PROCESS

- (a) The City will only permit appeals for Suspensions. Terminations or Probations will not be eligible for an appeal. Responses received by the eligible notice period as per Section 6 (Notices) will be considered.
- (b) The appeal must contain the following information:
 - i) Contract (Bid) number;
 - ii) Project number (if applicable);
 - iii) Contract name;
 - iv) The specific issues and items the Supplier disagrees with along with reasons in support of the appeal;
 - v) Any documentary evidence the Supplier relies on or believes is relevant to the evaluation and its subsequent Performance Rating; and
 - vi) The Supplier's contact information, including Supplier's full legal organization name, contact name, phone number and email address.
- (c) Within ten (10) business days of receiving an appeal response from the Supplier, the Director of Procurement Services will acknowledge receipt of the appeal and may arrange a meeting with the Supplier to review the appeal documentation provided.
- (d) Appeals will be reviewed by the PRC.
- (e) The PRC may request additional information of the Supplier, or render a final decision based on the information provided. Any actions or decisions made by the PRC as a result of the appeal will be determined according to the merits of each individual case. The decision of the outcome made by the PRC will be final.

8. SUSPENDED SUPPLIERS

- (a) The City will maintain a list of all Suppliers that have been Suspended and are ineligible to do business or bid on projects with the City. Suspended Suppliers will remain on the list for the duration of their

POLICY TITLE: SUPPLIER PERFORMANCE MANAGEMENT

POLICY NO.: 15.C.10

Suspension term. Upon the expiration of the term, the City will remove the Supplier from the list within five (5) business days.

(b) A Suspended Supplier may not act as a subcontractor for another Supplier. As part of its procurement process, the City will review the Suspended Supplier list to identify any proposed subcontractors that have been Suspended. If a subcontractor is found to be on the list, the City will provide written notice to the Supplier and may, at its sole discretion, require the subcontractor to be replaced or impose other conditions as deemed appropriate.

9. REFERENCES

(a) The City recognizes that Suppliers may wish to list the City as a reference in response to other procurement opportunities. To ensure consistency and fairness in such requests, the City will only provide the following information:

- i) The scope of work completed;
- ii) Relevant project dates;
- iii) The associated bid number; and
- iv) Confirmation that the work was completed to the City's satisfaction.
- v) The City will not provide detailed Performance Evaluations or commentary on the Supplier's performance beyond what is outlined above.

10. EXCEPTIONAL SUPPLIER PERFORMANCE

(a) The City will maintain and publish a list of all Suppliers that achieve an Exceptional Performance Rating on a Final Performance Evaluation to recognize exceptional performance on City Contracts. Suppliers listed for Exceptional Performance will remain on the list for a period of six (6) months, subject to section 10(c).

(b) If a Supplier receives an additional Exceptional Performance Rating during this period, their listing will be automatically extended to six (6) months from the date of the most recent rating, resetting the term regardless of the time already elapsed.

- (c) Any Supplier that has a Contract under Probation, Terminated or is Suspended shall be immediately removed from the City's list of Exceptional Suppliers.

11. MULTIPLE CONTRACTS

11.1. IMPACT OF PROBATION OF RELATED CONTRACTS:

- (a) When performance issues are severe enough to warrant placing a Supplier on Probation, other active Contracts with the same Supplier may also be subject to review. Probation applies to the specific Contract for which the Performance Rating(s) were completed.
- (b) In cases where multiple Contracts are held by the Supplier these will be assessed individually to determine whether they are also impacted by performance or compliance failures. Placing any additional Contract with the Supplier on Probation will require formal approval through applicable City staff.

11.2. TERMINATION OF RELATED CONTRACTS:

- (a) If performance issues are severe enough to warrant Contract Termination, other active Contracts with the same Supplier may also be subject to review. These Contracts will be assessed individually to determine whether they are impacted by the performance or compliance failures. Any additional Terminations will require formal approval through the PRC.
- (b) Suppliers who are prequalified on a Request for Pre-Qualification (RFPQ), Vendor of Record (VOR) or other roster that receive two (2) consecutive Final Performance Ratings of Unacceptable or Marginal will be Suspended and ineligible to bid on future opportunities.
- (c) In cases where multiple Contracts are held by the Supplier, Interim, and Final Performance Ratings for each Contract will be considered collectively when determining the necessity for Termination of additional Contracts.

11.3. IMPACT OF SUSPENSION ON EXISTING CONTRACTS:

- (a) Suspension from working with the City applies primarily to future procurement opportunities except for RFPQ's and VOR's. Suppliers who are prequalified on a RFPQ, VOR or other roster that receive two (2)

POLICY TITLE: SUPPLIER PERFORMANCE MANAGEMENT

POLICY NO.: 15.C.10

consecutive Final Performance Ratings of Unacceptable or Marginal will be Suspended and ineligible to bid on future opportunities for the duration of the Suspension.

(b) Existing Contracts with the Suspended Supplier will be reviewed individually to determine whether their continuation poses a risk to the City's operations, public safety, or financial interests. Decisions to Terminate active Contracts due to Suspension will be made on a case-by-case basis by the PRC and will consider the following:

- i) Severity and nature of the performance or compliance issues leading to the Suspension;
- ii) Impact of the Supplier's continued involvement on the successful delivery of the Contract; and
- iii) Availability of alternative solutions or Suppliers to mitigate risks.

POLICY TITLE: SUPPLIER PERFORMANCE MANAGEMENT

POLICY NO.: 15.C.10

SCHEDULE "A"
PERFORMANCE RATING AND COMPLIANCE CRITERIA

Table 1. Performance Evaluation Definitions

Term	Definition
Final Performance Evaluation	The last performance evaluation completed by the Department Contract Manager for a specific Supplier under the Contract.
Interim Performance Evaluation	Any Performance Evaluation completed by the Department Contract Manager after the work commences but before the Final Performance Evaluation.
Performance Evaluation	A Supplier evaluation completed in the Electronic Bidding System by a Department Contract Manager that rates a Suppliers Performance against its Contractual obligations using specific criteria or Key Performance Indicators (KPIs).

Table 2. Performance Rating Definitions

Term	Definition
Performance Rating	Score assigned through a Performance Evaluation.
Exceptional Performance Rating	Performance consistently exceeds all contractual obligations and demonstrates superior results in every aspect of the Contract. The Supplier has proactively identified and implemented improvements that have enhanced the overall success of the project.
Good Performance Rating	Performance consistently meets contractual obligations and exceeds in some areas. No performance issues have occurred.
Satisfactory Performance Rating	Performance is acceptable and mostly meets Contractual obligations. Supplier has met Contractual requirements most of the time. Minor performance issues have occurred for which proposed corrective actions taken by the Supplier appear satisfactory, or completed corrective actions were satisfactory.
Marginal Performance Rating	Performance is adequate but marginally meets contractual obligations. The Supplier has met contractual requirements some of the time. Performance issues have occurred, for which the Supplier has submitted minimal corrective actions, if any. The Contractor's proposed actions appear only marginally effective or were not fully implemented.
Unacceptable Performance Rating	Performance is consistently unsatisfactory. For instance, the Supplier has failed to meet Contractual requirements or was unable to achieve the Corrective Action Plans to the City's satisfaction.

POLICY TITLE: SUPPLIER PERFORMANCE MANAGEMENT

POLICY NO.: 15.C.10

ADMINISTRATION			
<i>Administered by the Office of the City Clerk.</i>			
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