



Vendor Performance Tracking System



Training Objective

To provide Texas public procurement professionals with an understanding of vendor performance reports and the Vendor Performance Tracking System (VPTS).





Learning Outcomes

- ▶ Description and Foundation of VPTS
- ▶ Role of SPD & Role of State Agencies
- ▶ Reporting and Other Considerations in VPTS
- ▶ Impact of VPTS on Procurement Cycle
- ▶ VPTS Access and Logistics
- ▶ Resources and References



Description & Foundation of VPTS



Vendor Performance Tracking System (VPTS)

- ▶ The Vendor Performance Tracking System (VPTS) is a comprehensive tool to reduce risk in the contract awarding process.
- ▶ The Comptroller is required to provide VPTS under Texas Government Code [§2262.055](#) and 34 Texas Administrative Code (TAC) [§20.509](#) and [§20.115](#).
- ▶ Texas Government Code [§2155.089](#) requires each state agency to review a vendor's performance upon completion or termination of a contract.



Creation and Evolution of VPTS

- ▶ **2013** – VPTS created
- ▶ **2015** – New agency requirements as a result of SB 20
- ▶ **2017** – A-F Grading System Implemented
- ▶ **2019** – New threshold reporting requirements

86th (R) Legislative Changes



New requirements for contracts that exceed \$5 million:

- VPRs required at least once each year during the contract term
- VPRs required at each key milestone identified for the contract
- Contract may not be extended until after VPRs are submitted

Recent Administrative Changes

On or before 02/04/2021:

System score = Sum of all numerical values after 02/04/2017

After 02/05/2021:

System score = Sum of all numerical values for the most recent 48 months





Role of SPD & State Agencies



VPTS: Role of SPD

The Statewide Procurement Division (SPD) is tasked with maintaining the Vendor Performance Tracking System. This includes:

- Providing a copy of vendor performance reports to each vendor identified in the report;
- Allowing vendors to respond to the report and grade (in some cases);
- Revising a report or grade based on review, when necessary;
- Publishing grades, performance reports, and their revisions (in some cases)



VPTS: Role of State Agencies

Agencies play a crucial role by:

- ▶ Reviewing vendor performance reports as a part of the evaluation process before contract award
- ▶ Submitting vendor performance reports upon contract close-out*

Accurate and thorough vendor performance reporting throughout the life of a contract benefits the state in future contracts: It provides the best possible information for agencies to use in consideration for award.



Reporting & Other Considerations in VPTS

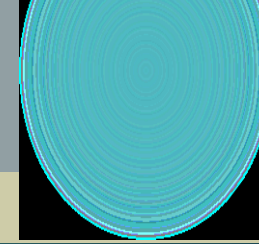
Vendor Performance Reports

- ▶ Accurately reporting vendor performance allows for better oversight of state contracts.
- ▶ Vendor Performance Reports (VPRs) help identify the following questions:
 - ▶ Is the vendor performing in accordance with contract requirements?
 - ▶ Is the vendor following its approved budget plan?
 - ▶ Are there any unexplained trends?
 - ▶ Is there a significant change in vendor performance since the last reporting period?



VPR: Key Considerations

- ▶ Consider if best value standards were met
- ▶ Review contract documents
 - ▶ **What was required by the contract?**
 - ▶ **How was this measured?**
 - ▶ **Did the vendor meet requirements?**
 - ▶ **What other criteria was evaluated?**
- ▶ Consult all actors involved in the contract to determine the fulfillment of best value standards
- ▶ Are there any serious infractions?
 - ▶ **Breach of contract,**
 - ▶ **Material misrepresentation, or**
 - ▶ **Fraud**



Evaluating A Vendor





A

MUST BE GIVEN TO VENDORS WHO:

- SIGNIFICANTLY EXCEEDED CONTRACT REQUIREMENTS
- ANY PROBLEMS WERE MINOR
- CORRECTIVE ACTIONS TAKEN WERE HIGHLY EFFECTIVE
- VENDOR SATISFIED THE BEST VALUE STANDARDS



B

MUST BE GIVEN TO VENDORS WHO:

- EXCEEDED SOME CONTRACT REQUIREMENTS
- ANY PROBLEMS WERE **MINOR**
- CORRECTIVE ACTIONS TAKEN WERE **EFFECTIVE**
- VENDOR **SATISFIED** THE BEST VALUE STANDARDS



C

MUST BE GIVEN TO VENDORS WHO:

- MET THE CONTRACT REQUIREMENTS
- SATISFACTORILY TOOK CORRECTIVE ACTIONS TO ADDRESS MINOR PROBLEMS
- VENDOR SATISFIED THE BEST VALUE STANDARD, BUT PERFORMANCE DID NOT MERIT AN "A" OR "B"



D

MUST BE GIVEN TO VENDORS WHO:

- DID NOT MEET SOME CONTRACT REQUIREMENTS
- ANY PROBLEMS WERE SERIOUS
- CORRECTIVE ACTIONS TAKEN WERE MARGINALLY EFFECTIVE OR NOT FULLY IMPLEMENTED
- VENDOR DID NOT SATISFY THE BEST VALUE STANDARD



F

MUST BE GIVEN TO VENDORS WHO:

- DID NOT MEET THE CONTRACT REQUIREMENTS
- ANY PROBLEMS WERE SERIOUS
- CORRECTIVE ACTIONS TAKEN WERE INEFFECTIVE
- VENDOR DID NOT SATISFY THE BEST VALUE CRITERIA



Example: Assigning Grades

An agency purchases 25 chairs for a classroom setting. The contract specifications state that the chairs must be:

- **Red,**
- **At least 25 inches in height,**
- **Have wheels, and**
- **Adjustable arms**

The delivery date is June 1, 2020. The agency has chosen to purchase these chairs because they meet the best value criteria and the vendor can supply the chairs by the requested delivery date.



Example: Assigning Grades

Letter Grade	Example
A	24 red chairs and 1 blue chair were delivered on time. The vendor replaced the wrong chair within 6 hours after notification.
B	20 red chairs and 5 blue chairs were delivered on time. The vendor replaced the wrong chairs within 12 hours after notification.
C	20 red chairs and 5 blue chairs were delivered 1 day late. The vendor replaced the wrong chairs within 24 hours after notification.
D	20 blue chairs and 5 red chairs were delivered several days after the delivery date. The vendor notified agency that red chairs would not be available for 2 weeks due to manufacturing delay.
F	25 blue chairs were delivered after the delivery date. Upon delivery, the vendor informed the agency that the red chairs were discontinued prior to contract execution.



Example: Assigning Grades

Letter Grade	Agency Detailed Explanation
<p style="font-size: 48pt; text-align: center;">F</p>	<ul style="list-style-type: none"> • 09/28/19: Order sent to vendor. • 10/29/19: Agency asked about shipment status. (Original product delivery: 10-20 business days from date order received by vendor). • 10/29/19: Vendor said new ETA is on or before 11/22/19. • 11/27/19: Order still on backorder, new ETA is 12/11/19. • 12/26/19: Per vendor, order still on backorder, may not be fulfilled before end of year. • 01/06/20: <u>Contract cancelled because delivery is over 100 days late.</u>
<p style="font-size: 48pt; text-align: center;">D</p>	<ul style="list-style-type: none"> • 11/15/19: Contract manager observed vendor not performing duties on video on two different occasions (10/19/19 & 11/02/19). • 11/20/19: Contract manager notified vendor of service discrepancies in writing. • 12/15/19: Vendor observed not performing duties as required by contract schedule (11/19/19 & 12/03/19) • 12/20/19: Contract manager notified contractor of service discrepancy in writing and assessed liquidated damages. • 12/22/19: Vendor responded to agency's notification. • 12/30/19: <u>Agency assessed and collected liquidated damages from vendor.</u>



Example: Assigning Grades

Letter Grade	Agency Detailed Explanation
<p style="font-size: 48pt; text-align: center;">C</p>	<ul style="list-style-type: none"> • 01/31/20: PO was submitted. Product delivery date: 2-3 weeks. • 03/04/20: Agency called the vendor and left a message regarding the delay, no response. Left message and emailed to follow-up. • 03/06/20: Vendor informed the agency that vendor is communicating with the manufacturer on the product status. • 03/07/20: <u>Agency required a delivery deadline of 03/10/20.</u> • 03/10/20: Vendor delivered the product. • 03/11/20: Contract closed.
<p style="font-size: 48pt; text-align: center;">D</p>	<ul style="list-style-type: none"> • 11/18/19: Scheduled delivery due date for vehicle • 02/19/20: Vehicle delivered. Documentation of late delivery. • 02/20/20: Upon inspection, the vehicle did not meet specifications. PO specification - 4:30 axle ratio. Vehicle delivered - 4:10 axle ratio. • 02/20/20: Agency provided the vendor with a written notification. • 02/21/20: Agency scheduled a conference call on 2/25/20 to resolve the issue. • 02/25/20: Conference call was held, and written conference call notes were provided to the vendor. • 04/13/20: No resolution from vendor to date • 04/15/20: <u>Contract terminated</u>

Report Grade vs. Vendor Score

Report Grade: The grade an agency assigns for one particular report.



Vendor Score: The score that averages all of a vendor's report grades to provide the system with an overall vendor score.



Report Grade vs. Vendor Score

Report Grade

PO Number	PO Date	Agency Name	Agency Number	Address	City	Report Grade	Details
24158	10/15/19	CPA	#04	PO Box 21	Waco	A	Report
24568	08/02/20	CPA	#04	PO Box 21	Waco	C	Report
24877	05/31/20	TTC	#01	PO Box 75	Waco	C	Report

Vendor Score

Vendor ID	Contractor	Grade	Details
3564585899	ARC LLC	B	View Contractor



Assigning Report Grades

- ▶ Agencies are tasked with assigning vendor report grades
- ▶ The grades have the following numerical values, which affect the overall vendor score:

A = 4	B = 3	C = 2	D = 1	F = 0
-------	-------	-------	-------	-------



Vendor Score Calculation

- ▶ The system will use the report grades given by state agencies to determine a vendor's overall score.

A = Excellent (3.5 - 4)

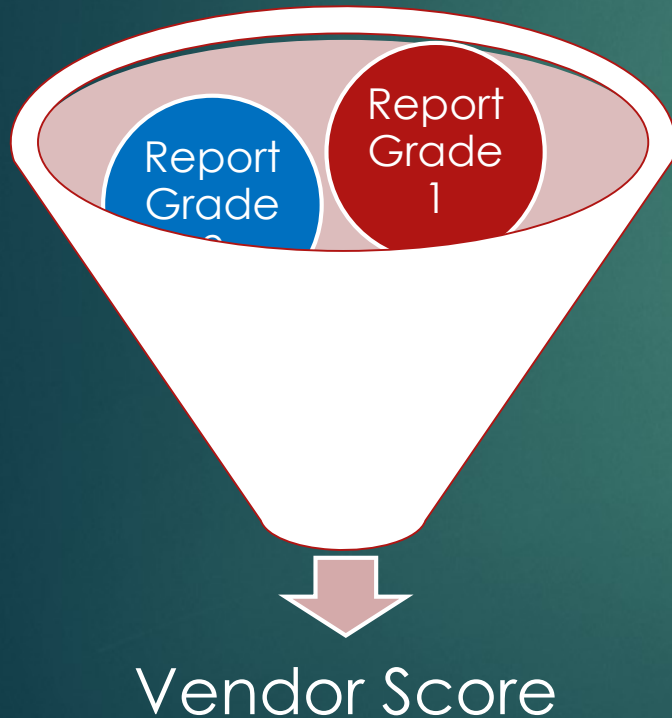
B = Good (2.5 - 3.4)

C = Satisfactory (1.5 - 2.4)

D = Unsatisfactory (0.5 - 1.4)

F = Extremely unsatisfactory (0.4 or below)

Vendor Score Calculation



Vendor Scoring Formula

$$R1+R2+R3.../N = S$$

- ▶ R = System numerical scores (based on VPR grade)
- ▶ N = Total number of reports
- ▶ S = Overall Vendor Score (Average of all scores)



Vendor Responses & Protests

Vendor Response to Initial Reports

Report Grades: A, B, C

- Published automatically
- No response from vendor accepted

Report Grades: D or F

- Vendors have 30 days to respond
- If no response is received:
 - The report will be published as is.



Responding to A Report Grade

- ▶ Vendors have **30 days** to respond to a report with a score of “D” or “F” .
- ▶ SPD will work with agencies and vendors to **mediate** disputes.
 - ▶ This may result in:
 - ▶ Adding vendor comments
 - ▶ Adding other agency remarks
 - ▶ Potential revision of report grade



Protesting A Report Grade

- ▶ Vendors may submit a protest within **ten (10) days** of the report publish date.
- ▶ Protests for report grades of “A”, “B”, and “C” will **not** be accepted.
- ▶ To file a protest, vendors need to **complete** the [Vendor Protest Form](#) and email it to vendor.performance@cpa.texas.gov



Protesting A Report Grade

Documentation:

- ▶ **Prior to Investigation**
 - ▶ Electronic copy of contract
- ▶ **During Investigation**
 - ▶ Invoices
 - ▶ Email trails
 - ▶ Notification letters
 - ▶ Documented pictures
- ▶ **After Investigation**
 - ▶ SPD determination letter

Outcomes of a Protest

In Agency's Favor



No additional actions necessary

In Vendor's Favor



Report grade change may occur



Impact of VPTS on the Procurement Cycle

VPTS: Relationship Management

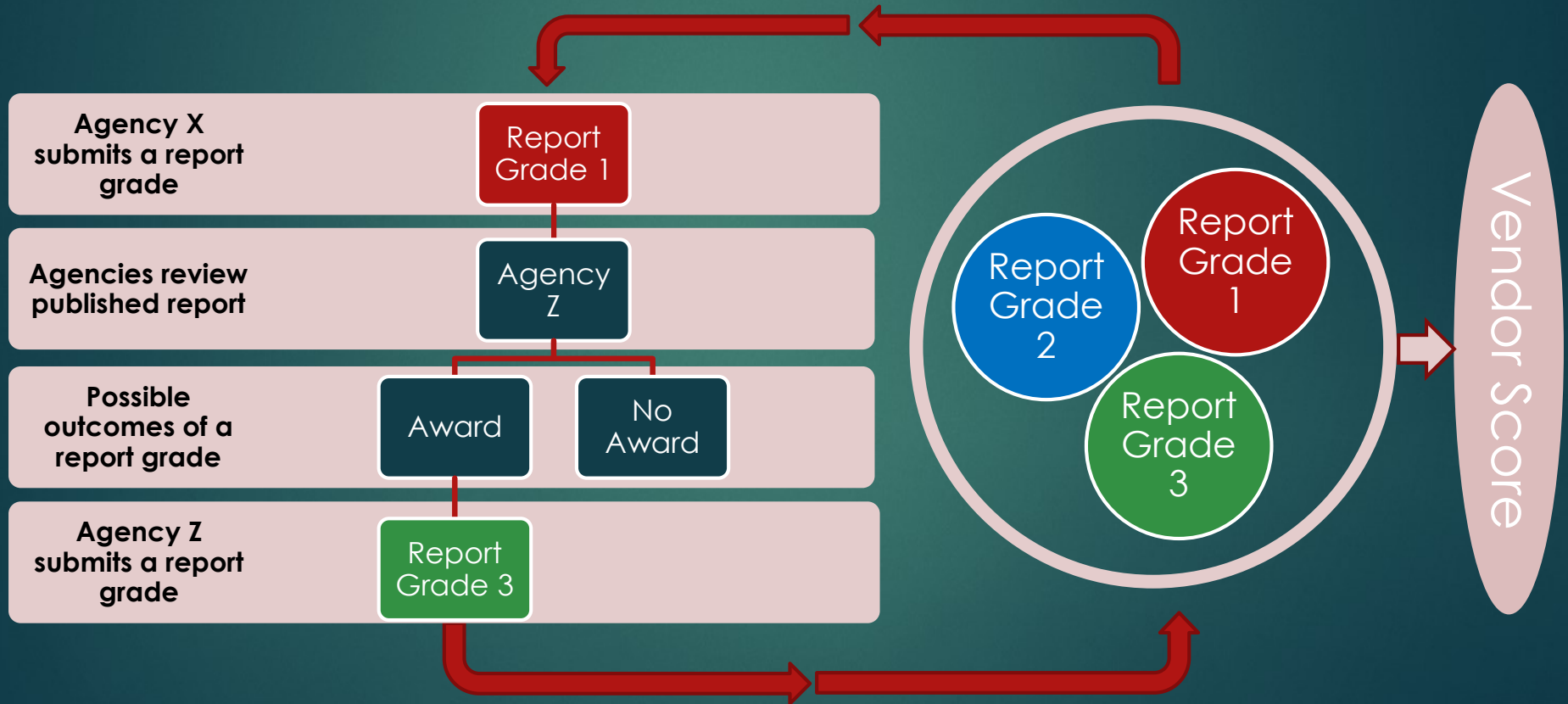
▶ For State Agencies

- ▶ Is the vendor an **incumbent** contractor?
- ▶ What was the **agency's rationale** for the report grade?
- ▶ Could the agency produce documents to **justify the rationale** for vendor's report grade?

▶ For Vendors

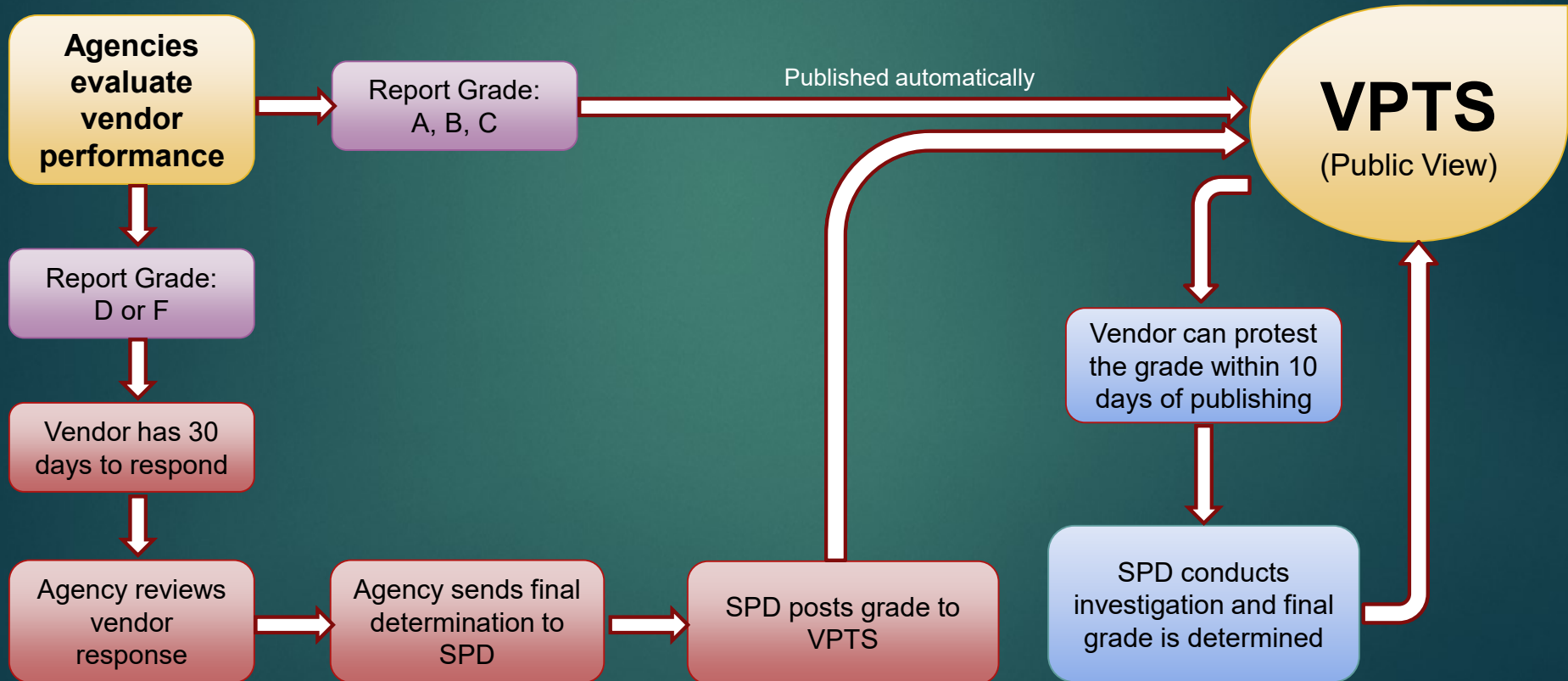
- ▶ What is the **strategic importance** of the state agency for vendor's business?
- ▶ Was the report grade **objective**?
 - ▶ Did it rationally judge the vendor's performance?
- ▶ Will the protest **harm** the vendor's future relationship with the agency?

VPTS: Impact on Procurement Cycle





Vendor Performance Report System Lifecycle





Statewide Procurement Division (SPD)
may debar a vendor from
participating in state contracts for:

- ▶ Substandard performance
- ▶ Material misrepresentation
- ▶ Fraud or breach of contract
- ▶ Repeated unfavorable performance reviews
- ▶ Repeated unfavorable classifications
- ▶ More than 2 contracts with the same vendor has been terminated due to unsatisfactory performance within 3 years.

Debarring Vendors From State Contracts

Reporting Exemptions

Enumerated exemptions in 34 TAC § 20.509

Inter-agency contracts & Inter-local agreements

Memorandums of understanding

Sub-contracts within a state contract

Certain Grant-funded procurements



VPTS: Access & Logistics

Accessing VPTS

- ▶ **Initial Access**
 - ▶ Agency superuser or
 - ▶ Email to txsmartbuy@cpa.texas.gov
- ▶ **Vendor Performance Report submission**
 - ▶ Google Chrome
 - ▶ Clear internet cache
- ▶ **Change or Update to a published report grade**
 - ▶ Within 48 months by the executive head of a state agency
 - ▶ Email an explanation/justification for the change via email to vendor.performance@cpa.texas.gov



Navigating VPTS

- ▶ **How to register a vendor in VPTS**
 - ▶ Via email to SPD
 - ▶ Vendor ID and name
 - ▶ Contact name
 - ▶ Business address, telephone and email address
- ▶ **How to view a published report**
 - ▶ No login is required
 - ▶ www.txsmartbuy.com/vpts
 - ▶ Available to the general public.



System Updates: Contract Categories

Current Contract Categories	Designations	Additional Information
SPD Delegated	PCC E (goods or services) PCC F (goods) PCC K (goods) PCC L (goods) PCC M (goods) PCC P (goods) PCC Q (services) PCC S (goods or services) PCC T (goods or services)	TXPCMG (Version 1.3) Appendix 29 34 Texas Administrative Code § 20.82; 34 Texas Administrative Code § 20.210
SPD Term/Managed	PCC A (goods or services) PCC B (services) PCC C (goods or services) PCC G (goods or services) PCC H (services)	TXPCMG (Version 1.3) Appendix 29 34 Texas Administrative Code § 20.220; 34 Texas Administrative Code § 20.184
TXMAS	PCC X* (goods or services)	TXPCMG (Version 1.3) Appendix 29 34 Texas Administrative Code § 20.231-233

System Updates: Contract Categories

Current Contract Categories	Designations	Additional Information
State Use Program – TCI and WorkQuest (Document 9)	TCI and WorkQuest (Document 9)	TXPCMG (Version 1.3) Appendix 31 Texas Government Code § 2155.441
All Other Exempt (Doc. 9 other than State Use)	Doc. 9 (other than State Use)	TXPCMG (Version 1.3) Appendix 31 Texas Government Code Ch 2155, 2166, 2167, 2171
IT/ Telecommunications	PCC D (commodities)	TXPCMG (Version 1.3) Appendix 29 34 Texas Administrative Code § 20.391
DIR Contract	PCC I (commodities or services) PCC N (commodities or services)	TXPCMG (Version 1.3) Appendix 29 Texas Government Code § 2157.068; Texas Government Code § 2157.068(e-3)

System Updates: Reason Codes

- ▶ • Emergency Purchase – Declared Disaster
- Annual Review
- Contract/PO Completion
- Emergency Purchase - Agency
- Milestone

VPTS: Additional Interests

Higher Education and VPTS

Emergency Procurements
and VPTS

Performance Reports for
Certain Vendors

VPTS: Additional Interests

How often can an agency submit a VPR?

VPR submission deadline

Corrective Action Plans and VPTS



Resources & References



Contacts

VPTS Access

(512)463-3034 Option 1
txsmartbuy@cpa.texas.gov

VPTS Assistance

(512)463-3913
vendor.performance@cpa.texas.gov



References

Texas Government Code
TGC § 2155.089

Texas Government Code
TGC § 2262.055

Texas Administrative Code
34 TAC §20.509 34 TAC §20.115

Texas Procurement &
Contract Management Guide



Thank You

- [CPA's VPTS Website](#)
- [Policy Questions](#)
- [Vendor Performance FAQ](#)

