Vendor Rating System - Evaluating The Supplier - Part II
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Compliance and Reducing Risk

As a prime contractor, when the procurement action is in excess of $500,000 and prior to an award, we need to establish some form of pre-award survey. According to FAR, a pre-award survey is required only when the information on hand, or readily available, is not sufficient to make a determination regarding responsibility. Some activities that may need attention:

- Has your procurement staff completed a Supplier Qualification and Pre-Award Questionnaire? If not.
arrange to have it done.
- When necessary, arrange for vendor and supplier site visits.
- Perform a review of the prospective seller's financial stability, if required. Keep in mind, that a financial review should not be conducted on subcontractors that are not expected to be awarded subcontracts for more than $1,000,000 on an annual basis.
- When a prospective supplier is manufacturing a critical product or providing a critical service, as defined jointly by key personnel (i.e. Engineering, Quality Assurance, the Contracts/Purchasing Department, the requisitioner, etc.), regardless of dollar value, your procurement staff must assure that a Supplier Qualification and Pre-award Questionnaire is completed.

When possible the Vendor Performance Rating should be entered into an Approved Supplier Database and made available to all Buyers and Subcontract Administrators.

**Vendor Performance Rating - Documentation and Usage**

Competitive awards made to subcontractors with a Vendor Performance Rating of marginal or unsatisfactory must include written justification, documented in the price analysis or other appropriate documents, as to why the award is in the best interest of your Company and the Government.

The Vendor Performance Rating in this process should be used as an evaluation factor. Also, Requisitioners are required to consider a vendor's rating prior to including them as a bidder or recommending them as a potential source of supplies or services. Vendor Performance Ratings should be documented on a File Documentation Checklist (if one exists) prior to the award of each applicable procurement action that exceeds a certain prescribed dollar amount.

**Summary**

Contractors want to be successful and they need great vendors and suppliers to be on their team to make this happen. These vendors and suppliers play a key role in such success. However, a Vendor Rating System can be just that vehicle that can aid in identifying and establishing the kind of vendors essential to long term relationship and profitability.

\(^2\text{FAR 9.106-1}\)
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