

Title:		Contents:	PP-2900
CLAIM LETTER		Submitted By:	Purchasing Division
		Approved By:	Purchasing Agent
Effective Date:	12-10-01	Supersedes No.:	
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Claim Letter

A claim letter is used to recover additional costs incurred by the County when it is necessary to purchase at higher prices, for goods or services from other sources due to vendor default.

Vendor Default

From a purchasing prospective, vendor default is the failure of the vendor to perform in accordance with the requirements of the purchase order. Generally, it involves the failure of the vendor to deliver goods or to complete a project in accordance with the requirements stated in the purchase order.

Options/Remedies

The County may purchase the commodities or services from other sources. The vendor shall be liable to the County for any and all additional costs incurred.

The County may, at its sole discretion, cancel or terminate the purchase order. Such cancellation or termination shall be at no cost to County, however, there must be a valid and legal reasons for relieving the vendor of their obligation.

Procedures

In the event of non-performance by a vendor, the following procedures should be initiated:

1. The department shall request the vendor to complete the order and thereby maintain their good standing with the County. The department must document their efforts to get the vendor to comply. If delivery is not received after such follow up, the department shall submit the entire file to the Purchasing Agent for review and appropriate action.
2. The Purchasing Agent will contact the vendor by telephone and demand delivery of the product. The Purchasing Agent will set a reasonable delivery deadline based on the circumstances.
3. If the vendor fails to respond to step 2 above, the Purchasing Agent will prepare a "Final Notice To Default Vendor" whereby the vendor is given one last opportunity to complete their obligation/delivery. See Attachment #1 for sample letter.
4. If delivery is not made in response to the Final Notice within the time specified, the Purchasing Agent will purchase the items in the open market and shall file a claim with the original vendor for any increase in cost over the original quotation. This claim shall include a flat dollar rate of \$100 to cover administrative costs. See Attachment #2 for sample.
5. After the claim has been filed, the Purchasing Agent will cancel the original purchase order, and notify the original vendor, and providing the following reason:

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A/C: Purchase order cancelled due to non-delivery within the time specified on the IFB and purchase order and Final Notice letter dated _____. These items have been purchased on the open market, and we have charged your account for any increase in price over that indicated by your quotation.

6. If the vendor protests the amount of the claim, the Purchasing Agent may negotiate with the vendor.
7. If payment of the claim has not been received within ten (10) days from date of the final determination of the claim amount, the Auditor Controller will be notified by the Purchasing Agent to deduct the claim amount from current payments due to the vendor
8. If payment has not been received within 60 days from date of the final determination of the claim amount, the Purchasing Agent will refer the matter to the Treasurer & Tax Collector, Collections Division.
9. The Purchasing Agent shall remove vendor from the bidders' list for future bids.