EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OFFICE OF FEDERAL
PROCUREMENT POLICY

April 5, 2000

MEMORANDUM FOR AGENCY SENIOR PROCUREMENT EXECUTIVES
AND THE DEPUTY UNDER SECRETARY OF DEFENSE
(ACQUISITION REFORM)

FROM: Deidre A. Lee
Administrator

SUBJECT: Draft OFPP Best Practices for Using Current and Past Performance Information

Attached is a DRAFT of the Final Edition of the OFPP *Best Practices for Using Current and Past Performance Information.* Please review this document and submit comments and suggestions by April 17, 2000. This edition emphasizes the need for periodic recording of current contractor performance information on in-process contracts as a "Best Practice" for good contract administration. This step is one of the most important tools available for ensuring good contractor performance. The timely inclusion of these evaluations in a data base easily available, government-wide, to source selection teams, greatly improves the Government's ability to make "best value" contract awards.

If your agency has success stories in applying any of the "Best Practices" contained in the document which you would like highlighted in the document, please provide them with your comments. We will include the most appropriate examples in a highlighted box below the "Best Practice."

Please submit your comments to David Muzio, phone 202-395-6805, fax 202-395-5105 or email dmuzio@omb.eop.gov.

Attachment

DRAFT

BEST PRACTICES

for

USING CURRENT AND PAST PERFORMANCE INFORMATION

Office of Federal Procurement Policy
Office of Management and Budget
Executive Office of the President

MARCH 2000

TABLE OF CONTENTS

FORWARD ii

CHAPTER 1. INTRODUCTION 1
- Statutory and Regulatory Basis 1
- Working with Contractors 2
- Recording Past Performance Information 3
- Using Past Performance as a Source Selection Factor 4
- Concerns Expressed by Contracting Officers 4
- Considering and Evaluating Contractor Performance for Orders under Multiple Award Contracts and Multiple Award Schedule Contracts 5
- Simplified Acquisitions 6

CHAPTER 2. EVALUATING AND RECORDING CURRENT PERFORMANCE 8
- Who Evaluates Contractor Performance 9
- Frequency of Evaluations 9
- Assessment Areas 10
- End User Feedback 11
- Performance Ratings 11
- Subcontractors/Team and Joint Venture Partners 12
- Contractor Response and Agency Review 12
- Release of Contractor Information 13
- Planning for Good Contractor Performance 14

CHAPTER 3. USING CURRENT AND PAST PERFORMANCE AS A SOURCE SELECTION FACTOR 16
- Planning for Using Past Performance Information 16
- Drafting Sections L and M of the Solicitation 18
- Section L, Instructions to Offerors 18
- Section M, Evaluation Criteria 20
- Evaluating Past Performance 22
- Conducting Discussions 24

APPENDIX I-- SAMPLE CONTRACTOR PERFORMANCE REPORT 26
SAMPLE CONTRACTOR PERFORMANCE REPORT INSTRUCTIONS 28
APPENDIX II--PERFORMANCE ASSESSMENT ELEMENTS 29
APPENDIX III--PERFORMANCE RATING GUIDELINES 31
APPENDIX IV--SAMPLE QUESTIONS AND IDEAS FOR TELEPHONE INTERVIEWS AND QUESTIONNAIRES 34
APPENDIX V--AUTOMATED PAST PERFORMANCE INFORMATION SYSTEMS 36

FORWARD

Since the passage of the Federal Acquisition Streamlining Act of 1994, all Federal Departments and Agencies have initiated procedures to record contractor performance on in-process contracts and to use past contractor performance information in source selection. We have learned from the experience of agencies and contractors that recording contractor performance information periodically during contract performance and discussing the results with contractors is a powerful motivator for contractors to maintain high quality performance or improve inadequate performance before the next reporting cycle. It is a basic "best practice" for good contract administration, and is one of the most important tools available for ensuring good contractor performance.

Because current performance evaluations become past performance information for use in future source selections, completion of these evaluations improves the amount and quality of performance information available to source selection teams. The use of past performance as a major evaluation factor in the contract award process is instrumental in making "best value" selections. It enables agencies to better predict the quality of, and customer satisfaction with, future work.

The techniques and practices used to implement the current and past performance initiatives that are discussed in this document are not mandatory regulatory guidance. They should be viewed as useful examples of techniques for recording and using contractor performance to better evaluate contracts and to enhance the source selection process.

I wish to thank the agency procurement and program officials and representatives from the private sector who shared their experiences. I am particularly thankful for the participation of those working level acquisition officials who prove every day that these "best practices" actually work to improve contractor performance. In addition, special thanks go to the interagency team that developed the initial recommendations for this edition: Joseph Beausoleil - U.S. Agency for International Development; John Corso - Department of Veteran's Affairs; Linda Davis - Defense Logistics Agency; Marilyn Goldstein - Department of Education; Helen Hurcombe - Social Security Administration; and Richard Leotta - Department of Energy. Melissa Rider - Defense Acquisition Regulation Directorate, was instrumental in preparing this edition.

Copies of this guidebook are available on line at www.arnet.gov. For hard copies or if you have questions, comments or suggestions contact David Muzio, phone 202-395-6805, fax 202-395-5105, email David_L._Muzio@omb.eop.gov.

Deidre Lee
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CHAPTER 1

INTRODUCTION

The Federal Government is in a continuous process to reinvent itself, with a goal of becoming a government that works better and costs less. The Government is the largest acquisition organization in the world with expenditures of about $200 Billion a year for commercial goods and services. This is one third of the Federal discretionary budget of about $600 Billion. How well the Government's acquisition teams administer on-going contracts and discuss with contractors their performance determines to a great extent how well agencies can achieve their missions and provide value to the taxpayers. By increasing attention to contractor performance on in-process contracts and insuring past performance data is readily available, for source selection teams, agencies are reaping two benefits: (1) better current performance because of the active dialog between the contractor and the government; and (2) better ability to select high quality contractors for new contracts, because contractors know the evaluations will be used in future award decisions.

Statutory and Regulatory Basis

The 1994 Federal Acquisition Streamlining Act (FASA), signaled a "sea change" in Federal acquisition. FASA was signed into law by the President on October 13, 1994 (P.L. 103-355). In FASA, Congress acknowledged that it is appropriate and relevant for the Government to consider a contractor's past performance in evaluating whether that contractor should receive future work. Section 1091 of FASA states:

> Past contract performance of an offeror is one of the relevant factors that a contracting official of an executive agency should consider in awarding a contract.
>
> It is appropriate for a contracting official to consider past contract performance of an offeror as an indicator of the likelihood that the offeror will successfully perform a contract to be awarded by that official.

FASA requires the Administrator of the Office of Federal Procurement Policy (OFPP) to "establish policies and procedures that encourage the consideration of the offerors' past performance in the selection of contractors." Specifically, it requires that the Administrator establish:

> Standards for evaluating past performance with respect to cost (when appropriate), schedule, compliance with technical or functional specifications, and other relevant performance factors that facilitate consistent and fair evaluation by all executive agencies.

Policies for the collection and maintenance of information on past contract performance that, to the maximum extent practicable, facilitate automated collection, maintenance, and dissemination of information and provide for ease of collection, maintenance, and dissemination of information by other methods, as necessary.

Policies for ensuring that offerors are afforded an opportunity to submit relevant information on past contract performance, including performance under contracts entered into by the executive agency concerned, by other agencies, State and local governments, and by commercial customers, and that such information is considered.

The period for which past performance information may be maintained.

FASA also states that an offeror to which there is no information on past contract performance or with respect to which information on past contract performance is not available may not be evaluated favorably or unfavorably on the factor of past contract performance.

These policies and procedures are contained in the Federal Acquisition Regulation (FAR) Parts 9, 12, 13, 15, 36 and 42. This "Best Practices" adds further background and assistance in implementing the FAR provisions.

Working With Contractors

In meetings with OFPP, contractors of all sizes and many industry associations have emphasized the power of past performance as a tool for motivating contractors to make their best efforts. However, they have raised concerns that many evaluations are not being done, or are being done inconsistently. Contractors seek an above-board evaluation process. They want frank discussions early in the process so they have an opportunity to improve before final evaluations are given. They want to be advised of any negative comments being entered into official reports and given ample opportunity for a rebuttal. They fear inflated evaluations as much as poor evaluations because inflated evaluations help poor contractors and hurt good contractors. This document addresses inflated evaluations in Chapter 2, "Performance Ratings," where the rating scale for full contract compliance has been adjusted from 4 to 3.

Communication is critical. Commercial companies have come to recognize that two-way communication is vital to a productive relationship with their suppliers. On-going open discussion with the contractor about the Government's needs and how the contractor can best meet them can greatly improve the quality of deliverables under Government contracts. The better the contractor performance evaluation, the more competitive the contractor will be for future work. We go into further detail on this process in Chapter 2.

Recording Past Performance Information

The key to the long term success of this important initiative is the adoption by each agency of a past performance information system that will systematically record on every contract exceeding $100,000 contractor performance in the following areas:

Quality of performance - as defined in contract standards;

Cost performance - how close to cost estimates;

Schedule performance - timeliness of completion of interim and final milestones.

Business relations - history of professional behavior and overall business-like concern for the interests of the customer, including timely completion of all administrative requirements.

FAR Subpart 42.15, *Contractor Performance Information,* aim to have a clear and concise record of a contractor's performance on every contract, task order or other contractual document, based on a discussion with the contractor about recent performance. These evaluation records are to be readily available for use on source selections anywhere in the Government. The record can be maintained in the contract file, or in a manual or automated database. Agencies should make the performance evaluation process a seamless part of the normal contract administration process. Systems in place that meet or exceed FAR Part 42 requirement do not need to be changed. Reports prepared by award fee boards, from earned valued management system reports or other similar contract administration records, may be used as the past performance record. Separate reports are not required. The additional work needed to make these reports formal performance reports is to include contractor discussion and comment on the evaluation, and file it for source selection use.

A few tips: Keep the record simple. Focus on information that answers the following question: "Would I do business with this contractor again?" Augment any numerical or adjectival scores with supporting rationale. This allows other contracting officers to understand the rationale for the overall rating. Remember that other contracting officers may need to consider a contractor's rebuttal and they need to know the story behind your scores. We go into further detail on contractor performance evaluations in Chapter 2.

We expect that the Government-wide past performance evaluation process will evolve to where evaluations are consistently performed on time on all appropriate contractual instruments electronically. When this happens, solicitations will need only to ask offerors to provide a list of past Government contracts that they have performed that were similar to the potential contract. The source selection teams will be able to electronically access the various contractor information systems and download the required evaluations. This streamlined process of obtaining Government references will

provide much, if not all, of the information necessary to evaluate the offeror's past performance. Source selection boards will not need to conduct extensive interviews with the contract administration team, or conduct other investigations to verify an offeror's past performance. Because contractors will have been offered the opportunity to comment on the ratings as they were prepared, further comment in the proposal or during discussions, if held, will be streamlined. However, until all agencies adopt an automated system connected to other Federal Government systems, the contracting officer and evaluation team will still need to occasionally use questionnaires and conduct interviews to obtain necessary information. Because contractors may submit references from state and local governments and private sector contracts, the use of questionnaires and telephone calls to gather information will always be necessary, but on a limited scale compared to today.

Using Past Performance as a Source Selection Factor

Commercial firms rely on information about a contractor's current and past performance as a major criterion for selecting a high quality supplier. It is not surprising that use of performance information as an evaluation factor was identified by Congress as a method for Federal acquisition streamlining. Too often in the past the Government relied heavily upon detailed technical and management proposals and contractor experience to compare the relative strengths and weaknesses of offers. This practice often allowed offerors that could write outstanding proposals, but had less than stellar performance, to "win" contracts—even when other competing offerors had significantly better performance records and, therefore, offered a higher probability of meeting the requirements of the contract. Emphasizing past performance in source selection, helps ensure that the Government will contract with firms likely to meet performance expectations.

Therefore, OFPP encourages agencies to make contractors' performance record an essential consideration in the award of all negotiated acquisitions. When the Government demands high quality service as a requirement for future business opportunities similar to the private sector, competition will produce higher quality service by contractors. We go into further detail on the source selection process in Chapter 3.

Concerns Expressed by Contracting Officers

1) *Past performance and quality certifications are not perfect predictors.*

Nothing is a perfect predictor. However, many Contracting Officers successfully use past performance information and quality certifications as source selection factors and have found that the resulting contractor performance is of a higher quality than in the past. Also, most large private sector purchasers consider past performance. Whenever relevant, Contracting Officers should use these sources of information to buy best expected value.

2) *Past performance and quality certifications do not always apply.*

No predictors are universally useful, but they should be used in the majority of cases where they do apply. For example, on purchases made once a generation, past performance history does not provide the same probability of predictability on future performance as it would on repetitive purchases. When it does not make sense to include past performance information, contracting officers may waive it.

3) *Past performance is not always a discriminater in source selections.*

That is the ultimate goal in evaluating and recording performance during the contract and then using that information in future source selections. Our objective is to have only high performing contractors in all source selections, but that does not always happen. If we did not include past performance in source selection, we would lose a significant motivator for contractors to perform all contracts at a high level. Past performance information improves your chances that all the technical and cost information provided is a reliable predictor of future performance.

4) Giving a contractor a poor evaluation can lead to legal action against the Government raters.

Problems with poor performance can lead to frustrations on both sides. Early identification of concerns and open lines of communication (e.g., including the preparation of interim reports) can lead to constructive dialogue that can help both to improve performance on the instant contract and avoid adversarial feelings that might otherwise develop if potential misunderstandings are ignored until late into contract performance.

While straightforward dialogue should lessen the likelihood of legal action against a government rater, suits may occasionally arise. If agency officials are acting within the scope of their employment (e.g., preparing an unbiased assessment in accordance with FAR Part 42.15), the Federal Torts Claims Act will protect such officials from personal liability. In those instances, if an agency official were sued, upon certification by the Attorney General, the official would be dismissed from the lawsuit and the United States would be substituted as the defendant.

Considering and Evaluating Contractor Performance for Orders under Multiple Award Contracts and Multiple Award Schedule Contracts

Multiple award task and delivery order contracts (MACs) and the multiple award schedules (MAS) have become increasingly popular procurement vehicles for satisfying agency needs. Both vehicles enable agencies to apply competitive pressures efficiently in placing orders after considering a small number of capable contractors, thus allowing customers to take advantage of advances in technology and changes in agency priorities in an opportune manner. Ensuring meaningful consideration of contractor performance

prior to placement of an order under either of these vehicles is just as important -- and can be just as effective in making a best value decision -- as consideration of past performance in the award of the underlying vehicle itself. FAR 8.404(b) (addressing order placement under MAS) and FAR 16.505 (covering order placement under MACs) both address the consideration of past performance at the order level.

The basic practices discussed in this document, relating both to the evaluation of contractor performance and its consideration in source selection, are applicable to the administration and placement of orders under MACs and MAS contracts. However, it is reasonable to assume with respect to orders – as would be assumed for any contractual actions – that these techniques will be tailored to the nature and complexity of the work being performed. The key is to ensure that the ultimate approach taken results in effective consideration of the four fundamental elements of past performance: (1) quality of performance, (2) cost performance, (3) schedule performance, and (4) business relations.

Agencies have successfully applied general concepts and best practices described in this document to the placement and administration of orders. With respect to MACs, for instance, agencies are, among other things:

- Using past performance as an initial screen to determine which awardees will receive further consideration for a task or delivery order.
- Conducting interim evaluations and conducting customer satisfaction surveys.
- Holding meetings with contractors experiencing performance and quality problems.
- Collecting past performance information in a database for use in the issuance of future orders.

The division of responsibilities between customers and servicers of these vehicles may vary between vehicles. However, it is important that each party have a clear understanding of what that party will be expected to do – especially where the customer and servicer are from different agencies. As a general matter, the customer agency maintains current and past performance records, and provides feedback to the servicing agency for purposes of future source selections.

Simplified Acquisitions

This guide focuses on purchases above the simplified acquisition threshold (SAT). However, Contracting Officers may consider past performance in purchases under the SAT, including purchases conducted electronically (see FAR 13.106-1(a)(2)). Contracting Officers may use whatever information is available to the buying office about an offeror's past performance or is available in the agency or other available database

when making an award decision. The Contracting Officer need not prepare a formal evaluation plan, conduct discussions, or score offers. However, the Contracting Officer should give the contractor an opportunity to discuss any negative performance. Simplified documentation procedures can be used to support the final action taken. For example, a note can be inserted in the file stating instances of late deliveries or poor quality on prior awards. Upon request, the Contracting Officer should explain the award rationale. The procuring activity should ideally establish a simple, but consistent, system for applying past performance in simplified acquisitions that rewards contractors that provide timely, high quality products and services.

CHAPTER 2

EVALUATING AND RECORDING CURRENT PERFORMANCE

The key to an efficient and effective Government-wide contractor performance system is the establishment, by each agency, of a system to record and disseminate this information. Agency systems need to be easy to use and part of normal contract administration duties of the program office and the Contracting Officer. The past performance evaluations should flow directly from agency contract administration procedures. Where Performance-Based Service Contracts are used the Quality Assurance Surveillance Plan should include the formal performance evaluation as an element of the plan. Agencies using Earned Value Management Systems to monitor contract performance may use the information directly from the system reports as the basis for the performance evaluation. Agencies may also use award fee determinations as the basis for the evaluations. In all cases, performance evaluations must be consistent with the results of these determinations. Ideally, agency systems should be compatible to the Government-wide system to the maximum extent to ease the sharing of information. The initial recording of the information may be done by the program manager or Contracting Officer according to agency procedures, but should reflect the acquisition team's assessment of contract performance. The final report that will be used for dissemination to source selection boards and provided to the contractor should be signed by the Contracting Officer.

FASA espouses a preference for automated systems. Currently, the National Institutes of Health (NIH) has a comprehensive automated system that is available to all agencies for a minimal fee. At the time this document was published there were 12 subscribers to the NIH system. The Department of Defense also has a number of automated systems. Points of contact for the DOD and NIH systems can be found in Appendix VII. Where agencies have systems in use that meet the requirements of FAR 42.15, they may be continued at the discretion of the agencies. Over time, we expect all agency systems to be able to interface with each other to provide contracting officers an easy, quick way to access contractor performance information. Agency systems will need to migrate toward a uniform Government-wide format for recording contractor performance information to make this possible. Agencies should investigate other systems periodically to determine the feasibility and cost effectiveness of joining together to create a uniform system.

A sample Contractor Performance Report form is provided at Appendix I. This form is not the only way to comply with FAR Subpart 42.15, Contractor Performance Information. Agencies that believe another format would permit more cost-effective evaluation of contractor performance are encouraged to pursue them. The Department of Defense has developed a more comprehensive format for recording information on major system acquisitions. (See Appendix II.) The content and format of performance evaluations may be established in accordance with agency procedures and should be tailored to the size, and complexity of the contractual requirements. However, all rating

systems should track to four basic assessment elements -- **cost, schedule, technical performance** and **business relations**, and five basic ratings— **exceptional (5), very good (4), satisfactory (3), marginal (2), and unsatisfactory (1)** — as discussed below. This enhances interagency sharing of past performance information.

Construction and architect-engineer (A&E) contract assessment elements and ratings are established under FAR Part 36. However, some agencies, (DOD and NIH) have developed formats other than the forms 1420 and 1421 prescribed in Part 36. Agency forms may be used if they record the same or more information as the FAR forms. The U.S. Army Corps of Engineers operates two automated centralized databases to collect performance information on construction and A&E contracts. These databases are open to all agencies. The NIH automated system also contains an A&E/construction module.

Who Evaluates Contractor Performance

The Contracting Officer and program office (e.g., Contracting Officer's Technical Representative (COTR), Contracting Officer's Representative (COR), Quality Assurance Evaluator (QAE)) are jointly responsible for evaluating contract performance and contractor performance. The person responsible for preparing the initial evaluation must consider inputs from the program manager, end user, the Contracting Officer, and other parties affected by the item or service.

Frequency of Evaluations

If the contract is over $100,000, an evaluation must be prepared when the work under the contract is completed. In addition, interim evaluations should be prepared as specified by the agencies to provide current information for discussion purposes and for source selection purposes. We strongly emphasize interim evaluations as part of good contract management. If contract performance exceeds 18 months, then the Contracting Officer should conduct interim evaluations at least every 12 months.

Interim evaluations provide essential feedback to contractors on their performance. They provide Contracting Officers an opportunity to give contractors performing well a "pat on the back" and encouragement to keep up the good work. Interim evaluations give contractors experiencing problems the opportunity to correct problems before they jeopardize contract completion. They also provide current performance information on comparable contracts to source selection boards. Most Agency's contract administration practices dictate that these evaluations are prepared at least every twelve months. However, it is recommended they be prepared and discussed with contractors at least every six months, sometimes more often depending on contractor performance problems. An honest discussion of the contractor's performance is important because we want each contractor to be an excellent performer. We want the best service possible for our customers. Contractors know past performance evaluations directly affect the ability of the contractor to compete for future contracts and will

normally take actions necessary to improve their rating. The contractor should always know how the agency rates its performance-- No surprises! Likewise, during your discussions, you should ask the contractor if there are areas that the Government could improve its performance, such as in partnerships, contributions to achieving mission success, etc. The key to the process is communication, communication, communication!

Assessment Areas

The sample Contractor Performance Report form sets out four assessment areas to rate the contractor's performance - **Quality, Timeliness, Cost Control**, and **Business Relations.**

Three of the areas - **Quality, Timeliness and Cost Control** - can be measured by the program office and Contracting Officer. The ratings should reflect how well (how close) the contractor complied with the specific contract performance standards for each area. The ratings should be concise, but provide supporting rationale that address questions about the performance that would be asked by a source selection team. Here are a few examples of appropriate rationale:

> The software met all contract performance requirements for ease of use and output. The speed and accuracy of the financial system package exceeded expectations.
>
> The contractor met all contract milestones for system development and field installation. Some internal contractor management milestones were missed, but timely identification of problems and corrective actions kept the program on schedule.
>
> The contractor's cost management was excellent and resulted in a 2 percent under-run from target cost. The contractor submitted a value engineering change proposal that resulted in a price decrease of 10 percent.

The forth assessment area, **Business Relations,** recognizes that when dealing with the Government, a contractor has more than one customer. Accordingly, **Business Relations** evaluates the working relations between the contractor and the contract administration team, and some of the other requirements of the contract not directly related to cost, schedule and performance such as:

- user satisfaction
- subcontract management including achievement of small/small disadvantaged and women-owned business participation goals
- integration and coordination of all activity needed to execute the contract, change proposal submissions, and the contractor's history of professional behavior with all parties.

End User Feedback

Remember when assessing feedback from end-users that they may be unfamiliar with the contract requirements and may hold contractors to an unrealistic standard. The Contracting officer should evaluate the end user comments to determine if the contractor reasonably tried to meet their demands within the contract requirements. Only rate the contractor on work that is within the contract requirements. If end-users are dissatisfied with the work as specified in the contract requirements, an assessment of the work requirements may need to be undertaken to determine if end-user desires can be accommodated within funding limits. The contract requirements may be changed, if reasonable.

Performance Ratings

Each rating area may be assigned one of five ratings: **exceptional (1), very good (2), satisfactory (3), marginal (4), or unsatisfactory (5)** as listed below. The ratings given by the government should reflect how well the contractor met the cost, schedule and performance requirements of the contract and the business relationship. (See Appendix III for rating summaries.) Contractors are not expected to be perfect in their execution to reach contract requirements. A critical aspect of the assessment rating system described below is the second sentence of each rating that recognizes the contractor's resourcefulness in overcoming challenges that arise in the context of contract performance. The government is looking for overall results, not problem free management of the contract.

Exceptional. Performance meets contract requirements and exceeds many to the Government's benefit. The contractual performance of the element or sub-element being assessed was accomplished with few minor problems for which corrective actions taken by the contractor were highly effective.

Very Good. Performance meets contractual requirements and exceeds some to the Government's benefit. The contractual performance of the element or sub-element being assessed was accomplished with some minor problems for which corrective actions taken by the contractor were effective.

Satisfactory. Performance meets contractual requirements. The contractual performance of the element or sub-element contains some minor problems for which proposed corrective actions taken by the contractor appear satisfactory, or completed corrective actions were satisfactory.

Marginal. Performance does not meet some contractual requirements. The contractual performance of the element or sub-element being assessed reflects a serious problem from which the contractor has not yet identified corrective actions. The contractor's proposed actions appear only marginally effective or were not fully implemented.

Unsatisfactory. Performance does not meet contractual requirements and recovery is not likely in a timely or cost effective manner. The contractual performance of the element or sub-element contains serious problem(s) for which the contractor's corrective actions appear or were ineffective.

Subcontractors/Team and Joint/Venture Partners

It is important to maintain a record, on the evaluation form, of the major subcontractors and any team or joint venture partners on the contract. This is a listing of the firms participating, the work they are responsible for and the key personnel. As the Government does not have privity of contract with these firms, they should not be given a separate rating. Comments on the performance of these firms will be reflected in the ratings for the prime. Recording this information allows these firms to cite the contracts for past performance purposes in proposals for future work either as prime contractors or as subcontractors or other partners. Source selection teams may review the evaluation to determine the ratings given for the work for which these firms were responsible. Because the past performance rating given by the source selection team would not have been discussed with these firms, contracting officers must ensure the contractor has an opportunity to comment on the rating before including it in the source selection process. This will reduce the number of firms that do not have a relevant past performance history in the source selection.

Contractor Response and Agency Review

While the ultimate conclusion on the performance evaluation is a decision of the contracting agency, the FAR provides for contractor comment. Upon completion of the initial evaluation by the program and contracting office, the evaluation should be signed by the program office person most familiar with the contractor's performance and coordinated with the contract officer. As soon as practicable after the form is signed it should be sent to the contractor for comments. The required turnaround time for contractor response may not be less than thirty days (see FAR 42.1503(b)), but in most cases 30 days should be a sufficient response time. Contracting officers may extend the response period as warranted. If the contractor fails to provide a response by the established deadline, the Contracting Officer should call the contractor and initiate discussions on the performance and request a written reply. If all attempts fail, then the Government's comments can stand alone.

If the contractor submits a rebuttal for any or all of the ratings and an agreement on the ratings cannot be reached by the contractor, the contracting officer and lead assessor, the contractor may seek review at least one level above the contracting officer (see FAR 42.1503(b)). Where contract administration has been delegated by a Procuring Contracting Officer (PCO) to an Administrative Contracting Officer (ACO), the PCO may be considered one level above for the review. The contractor's statement and agency review must be attached to the performance evaluation report and must be provided to source selection officials requesting a reference check.

When the Government has completed its review of the contractor's comments, but in no case later than the insertion of the assessment into an automated PPI System or other agency system, the contractor officer will send a copy of the completed assessment to the contractor.

The completed evaluations may be filed in the contract file, in a separate file, or automated database where they can be readily accessed by contracting office personnel. Automated databases should be assessable by source selection teams in other agencies through use of a secure system. Interim evaluations should be retained for the duration of the contract and included with the final evaluation in the file. The interim evaluations allow source selection teams to analyze performance trends during the contract. Evaluations may not be retained longer than three years after completion of contract performance[1]. The evaluation storage system used should provide individual contractor access to only that contractor's evaluations.

Release of Contractor Evaluation

Since contractor evaluations may be used to support future award decisions, FAR 42.1503(b) requires that they be marked "Source Selection Information." (The Department of Defense marks its evaluations "For Official Use Only.") FAR 42.1503(b) further states that the completed evaluation "shall not be released to other than Government personnel needing the information for source selection purposes and the contractor whose performance is being evaluated during the period the information may be used to provide source selection information." The rationale for handling information in this manner is stated in the FAR itself: disclosure could (i) cause harm to the commercial interest of the Government, (ii) cause harm to the competitive position of the contractor being evaluated, and (iii) impede the efficiency of government operations.

1 "After contract completion" means the date (month) when work is complete (all contract line items have been delivered), not at contract closeout. For contracts with warranties, the performance period is not complete until the end of the warranty period.

Planning For Good Contractor Performance

The Government team (program office, contracting, final user) must work closely with the contractor to obtain our goal of satisfying the customer in terms of cost, quality and timeliness of the delivered product or service.

The Contracting Officer should communicate often with the contractor, starting with a good post award conference. This part of the process ensures that everyone has the same vision of successful performance. Members of the acquisition team (Procuring Contracting Officer (PCO), Administrative Contracting Officer (ACO), program manager, Contracting Officer Technical Representative (COTR), Contracting Officer's Representative (COR), Quality Assurance Evaluator (QAE), legal, and contractor counterparts) should get together in one room. All should read the contract and clearly establish the Government's expectations. Everyone should understand how past performance information will be recorded. The team should agree on how often the Lead Evaluator/Contracting Officer and the contractor will discuss contract performance.

Status meetings should be planned at least quarterly on large contracts. The focus should be "how can we together make this contract more successful?" The team should meet with the contractor to discuss performance deficiencies, corrective actions, and any Government deficiencies. Necessary contract modifications are appropriate. This process applies to smaller contracts as well, adjusting the meeting frequency to match the relative complexity of the contract requirement. Contracting Officers are also encouraged to have an open door policy that allows contractors to voluntarily discuss performance problems as they arise.

Remember--the goal is excellent contract performance that provides products or services at the best value for the taxpayer's dollar! This goal can't be achieved unless the acquisition team does some homework:

- Track contract performance closely
- Read and understand the data deliverable that track cost, schedule and Performance
- Know how well the contractor is meeting its other contract requirements such as socio-economic goals
- Know if the Government contributed to performance problems
- Actively work to eliminate Government roadblocks to excellent performance

- Document the discussions (They need not go in the "formal" past performance information system, but the contracting officer must be able to track the steps the contractor and the Government take to improve contract performance).
- Recognize successful efforts to improve performance

CHAPTER 3

USING CURRENT AND PAST PERFORMANCE AS A SOURCE SELECTION FACTOR

The Government has always considered a contractor's performance record during the acquisition process. However, agencies traditionally have considered it as an aspect of contractor responsibility. A prospective contractor must have a satisfactory performance record in order to do business with the Government (see FAR 9.104-1(c)). This helps ensure that taxpayer dollars are not wasted on contracts with nonresponsible contractors. Past performance can and should be used to do more than just help the Government decide whether a contractor is capable of performing. The Government must also compare the past track records of competing offerors to help identify which one offers the best relative value in order to get the best deal for the taxpayer. Using past performance as an evaluation factor to rank an otherwise responsible contractor for award of a contract is not, therefore, part of the responsibility determination. Evaluation factor rankings are not subject to the Small Business Administration's Certificate of Competency (COC) ratings.

Emphasis in this chapter is placed on using current and past performance information primarily available from Government-wide and Agency-wide databases, to help expedite and streamline the evaluation process. If such information is not readily available from these databases, then seek to gather it from other government entities and private sector sources. In using past performance as a source selection factor, there are primarily three key points which should be conveyed in the solicitation (Sections L and M), and are discussed in more detail later in this chapter:

(1) Contractors should list in the proposal 5 to 10 specific contracts and a list of contact names and addresses for each of the references requested in the solicitation;

(2) Contractors should be encouraged to discuss any negative performance issues and corrective actions taken; and

(3) Government must include the method of evaluating the information and its relevancy, and the relative rank or applicable weight assigned to current and past performance.

Planning For Using Past Performance Information

The Government must evaluate past performance in all competitively negotiated acquisitions expected to exceed $100,000 [see FAR 15.304(c)(3) (ii)], unless otherwise documented by the Contracting Officer why past performance is not an appropriate evaluation factor pursuant to FAR 15.304(c) (iii).

Past performance should be used as an evaluation factor on most negotiated acquisitions that require tradeoffs among cost or price, and non-cost factors and subfactors. Such tradeoffs permit the Government to accept other than the lowest-priced, technically-acceptable offer. In accordance with FAR 15.304(c)(1) & (2), there are two mandatory evaluation factors that shall be addressed in every source selection. They are price or cost, and quality. Quality may be evaluated through past performance. The Contracting Officer has the full flexibility to award on these two factors alone when determined appropriate.

When past performance is evaluated in a cost and technical tradeoff, the source selection team first evaluates how well a prospective offeror performed, and then rates the relevancy of that performance. Generally, the final evaluated rating is used along with other rated evaluation factors in a comparative assessment to determine which offeror is the most highly rated and most likely to be awarded the contract. An effective evaluation of past performance allows the Contracting Officer to focus on contractors with sound performance records that are among the most highly rated.

The acquisition team should determine the relative rank or weight to place on past performance during the acquisition planning phase, and the type or kind of past performance that could be considered similar or relevant to the pending procurement. It could use market research or the source selection team's previous experience on similar acquisitions to determine whether the evaluation of past performance should be a critical factor in the procurement (i.e., a high ranking or heavily weighted factor). For instance, the source selection team may know that all contractors under the most recent (5 to 10) contracts for similar requirements had excellent performance or market research may reveal that prospective offerors have very similar records of successful past performance. There may be procurements where past performance is not a meaningful discriminator among prospective offerors, and therefore, should be a relatively less important source selection factor in those cases.

Agency officials may assign any weight or relative importance to past performance compared to any other evaluation factor, and have broad discretion regarding the source and type of past performance information to be included in the evaluation. However, it is recommended that the weight assigned to past performance be at least 25 percent of the total evaluation; or, equal to the other non-cost evaluation factors to ensure significant consideration is given to past performance. A very low weighting (5-10%) may reduce the overall perception of how important good contract performance is as an element of the source selection process.

It is good to involve industry early to help identify and resolve concerns regarding the approach to assessing past performance information (see FAR 15.201) before releasing the final solicitation. Early communications could consist of meetings with prospective offerors via presolicitation conferences or sending out requests for information, draft solicitations, or advertising in trade publications. These are all useful market research tools for obtaining preliminary information from industry, or

familiarizing the source selection team with the nuances of a particular business or industry, that will ultimately help the team develop an evaluation plan and Sections L and M of the solicitation.

Drafting Sections L and M of the Solicitation

The key to successful use of past performance – and with any other evaluation factor – in the source selection process is the establishment of a clear relationship between the statement of work (SOW), Section L (instructions to offerors) and Section M (evaluation criteria). The factors chosen for evaluation must track back to the requirements in the SOW. They should be reasonable, logical, and coherent.

Accordingly, Section L and Section M should be clear with respect to what past performance information in the Government will evaluate and how it will be ranked or weighed. Past performance information that is not important to the current acquisition should not be included.

Section L, Instructions to Offerors

Consider the following when developing proposal submission requirements. See FAR 15.305(a)(2):

1. Tailor the requirements to reflect the complexity of the procurement, and the relative importance of past performance and any of its subfactors to that procurement.
2. Ask offerors for a list of references for on-going or contracts completed not more than 3 years. FAR 42.1503(e) states that past performance information shall not be retained to provide source selection information for longer than 3 years after completion of the contract. For contracts where there are lots of actions and many contractors provide the products or services, a shorter period may be appropriate. It is best to request the most recent references, many times this would mean limiting references to 1 or 2 years back.
3. Keep the number of reference requested to as few as possible to give an accurate reflection of past performance. We recommend 5 to 10 references as the norm, with more than 15 to be a seldom occurrence.
4. Limit the time frame from which references can be selected in order to reduce the contractor's ability to "cherry pick" only the best references. All contracts performed during the identified period, or the last "X" contracts performed by the entity within the identified period should be sought. The Government can determine which contracts are relevant to the solicitation. The goal is to get a true picture of the contractor's overall, recent performance record.
5. Provide potential offerors the opportunity to provide information on problems encountered on the identified contracts. Limit this section to the discussion of problems and corrective actions taken. It is not necessary or efficient to burden the process by asking that the contractor prepare a description of its past performance

history. The references will inform the source selection team of the contractor experience and performance.

6. Inform potential offerors that past performance information on work for State and local governments, private sector clients, and subcontracts that is similar to the Government requirement will be evaluated equally with similar Federal contracts. This will help ensure that firms new to the Federal process are given a fair opportunity to compete.
7. Remind potential offerors that they may submit information on key personnel, major subcontractors, work performed as part of a team or joint venture, and other previous performance in their current organization. This will allow most firms without prime contract history to provide past performance information. This will reduce the cases of neutral past performance ratings.
8. Rely on existing documentation from Federal systems to the maximum possible extent. This will expedite and streamline the source evaluation process significantly. If adequate documentation is not readily available (Government evaluations not completed, State and Local governments and private sector references), then a brief survey with follow up calls, or phone interviews should be used to verify past performance. It is strongly recommended that the survey be no longer than 1-2 pages and prior contact be made with the cognizant officials before sending out the survey. Experience shows that long surveys are not returned timely (if returned at all), which slows down the evaluation process. If a survey is to be used include a copy in the solicitation.
9. It is important to ask for at least two references on each reference not in a Federal database. In addition to ensuring that all aspects of the contractor's performance will be discussed, it also ensures that anonymity of the references can be maintained. There is considerable concern that there will be a tendency for inflated rating from references if the name of the person providing the rating is revealed to the offeror.
10. Section L should include a statement that the Government may use past performance information obtained from other than the sources identified by the offeror and that the information obtained will be used for both the responsibility determination and the best value decision.
11. Past performance information is proprietary source selection information. Therefore, Section L should explain that the Government will only discuss past performance information directly with the offeror (prime or sub) that is being reviewed. Other companies that have formed business arrangements with the offeror under review, such as prime-subcontract relationships, joint ventures, and teaming partners, can only be informed that there is a problem with the offeror under review. Details may only be released with the respective offeror's permission.
12. Discuss information that should be submitted if the contractor has no relevant past performance information. This means no relevant history of key personnel or other activity listed in 7 above.
13. Where large, multi-function firms are likely to submit a proposal, ask for references only on work done by the segment of the firm (division, group, unit), not the firm in general.

14. Do not ask the offeror to obtain replies from listed references and submit them to the Contracting Officer by a certain date. Obtaining the past performance information from the listed references is a Government source Selection Team's responsibility, not an offeror's responsibility.

Section M, Evaluation Criteria

Section M of the solicitation contains the evaluation factors and subfactors, and their relative importance (with weights if appropriate). This section is very important to offerors, and should be clear and consistent with the instructions provided in Section L. The Government should describe the approach for evaluating past performance in this section, including offerors with no relevant performance history. Consider the following when drafting the past performance evaluation factor:

1. Use Past Performance As A Stand-Alone Factor

Do not integrate past performance with other non-cost/price factors such as technical capability, management capability, data management, or subcontractor control. Past performance factor should be distinct and identifiable in order to reduce the chances of its impact being lost within other factors and to ease the evaluation process.

2. Take Advantage Of Synergy

Include past performance as a significant evaluation factor when it is a meaningful discriminator among potential offerors. The source selection team must determine if successful past contract performance is a good predictor of performance on the pending acquisition.

If past performance is a significant evaluation factor, then existing proposal information can be used to evaluate past performance or can be eliminated in favor of a risk analysis. For example, the management plan could be replaced by a past performance evaluation that focuses on management effectiveness. The Government's source selections can best be streamlined by selecting only a few critical evaluation factors; focusing offerors' ability to carry through as promised; emphasizing experience and past performance; and eliminating the need for a proliferation of management and quality plans where the past performance evaluations will suffice.

3. Choose Past Performance Subfactors Wisely

Tailor the subfactors to match the requirement and to capture the key performance criteria in the statement of work. Carefully consider whether subfactors add value to the overall assessment, warrant the additional time to evaluate and enhance the discrimination among the competing proposals.

a. Quality of Product or Service – The offeror will be evaluated on compliance with previous contract requirements, accuracy of reports, and technical excellence to include Quality awards/certificates.
b. Timeliness of Performance – The offeror will be evaluated on meeting milestones, reliability, responsiveness to technical direction, deliverables completed on-time, adherence to contract schedules including contract administration.
c. Cost Control – The offeror will be evaluated on the ability to perform within or below budget, use of cost efficiencies, relationship of negotiated costs to actuals, submission of reasonably priced change proposals, and providing current, accurate, and complete billing timely.
d. Business Relations – The offeror will be evaluated on the ability to provide effective management, meet subcontractor and SDB goals, cooperative and proactive behavior with the technical representative(s) and Contracting Officer, flexibility, and responsiveness to inquires.
e. Customer Satisfaction – The offeror will be evaluated on satisfaction of the technical monitors with the overall performance, and final product and services. Evaluation of past performance will be based on consideration of all relevant facts and circumstances. It will include a determination of the offeror's commitment to customer satisfaction and will include conclusions of informed judgment. However, the basis for the conclusions of judgment should be substantially documented.

4. Subcontractor/Team/Joint Venture Partner's Past Performance

For the purpose of evaluation of past performance information, offerors shall be defined as business arrangements and relationships such as joint ventures, teaming partners, and major subcontractors. Each offeror will be evaluated on their performance under existing and prior contracts for similar products or services.

It is risky to rely on the past performance of a subcontractor/team/joint venture partner to downgrade the predicted performance of a prime contractor. Before downgrading based on the poor past performance of these entities, consider their contribution to the overall proposed effort and the likely impact of the predicted risky or poor performance. On the other hand, experience of a subcontractor/team/joint venture partner that contributes to the overall expertise of a prime contractor should be considered.

5. Assign Appropriate Weight –

Past performance should receive at least 25 percent of the non-cost/price factors rating, or, be of equal importance to the non-cost/price ratings. This must be stated in the solicitation.

Evaluating Past Performance

The source selection team should validate the prospective offeror's past contract information as part of the overall evaluation process and then assign a performance risk rating. The final past performance rating may be reflected in a color, a number, adjective rating, or some other means, depending on the agency policy for indicating the relative ranking of the offerors. Performance risk assessments should consider the number and severity of problems, the demonstrated effectiveness of corrective actions taken (not just planned or promised), and the overall work record. Instances of good or poor performance should be noted and related to the solicitation requirement. If problems were identified on a prior contract, the role the Government may have played in that result should be taken into account. The evaluation team should look for indications of excellent or exceptional performance in the areas most critical to the requirement.

A significant achievement, problem, or lack of relevant data in any aspect of the requirement can become an important consideration in the source selection process. A negative finding may result in an overall high performance risk rating, depending upon the significance placed on that aspect of the requirement by the source selection team. Relate the ratings to the solicitation requirements and provide rationale that identifies the strength or weakness. Determine if the Government may have contributed to a weakness, and, if so, to what extent.

A past performance rating is not a precise mechanical process and will usually include some subjective judgment. While an offeror's past performance in meeting contract technical performance, schedule and cost control can be measured more or less precisely against the contract requirements, business relations and end user satisfaction with the offeror's performance will be somewhat subjective. Include supporting rationale for the final rating in the contract file. The documentation need not be voluminous. The assessment should include rationale for the conclusions reached. As long as that rationale is reasonable, i.e., based on analysis, verification, or corroboration of the past performance information, and is evaluated against the evaluation factors stated in the solicitation, it will withstand scrutiny by the courts.

For large complex contracts, it may be best for an agency to establish a separate past performance evaluation team, especially if the agency anticipates receiving a large number of proposals. Include contracting and program office representatives on the team. Maximum effectiveness occurs when the evaluator's background matches that of the reference. This allows the Government to obtain a more complete picture of the offeror's performance.

Consider the following while evaluating proposals:

1. Rely on existing evaluations to the maximum extent possible

Utilize the Government wide, National Institutes of Health (NIH), DOD, or other agency wide databases to abstract pertinent information in conducting the past performance review. Information on agency wide databases and points of contacts may be found in Appendix V. If, information is not available via the databases, use brief surveys or phone interviews with the cognizant Contracting Officers to gather the required information. Sample questions and ideas for telephone interviews and questionnaires can be found in Appendix IV.

2. Recency and Relevancy

Past performance information must be relevant and recent regarding an offeror's actions under previously awarded contracts. Similar or relevant past performance efforts could be defined by the size, scope, complexity, and contract type.

Each prospective offeror has the responsibility to provide references that are relevant to then new work and must explain the relevance of its past performance information submitted, particularly when it may not be easily apparent. For instance, in the case of a newly formed business entity or in contractor teaming arrangements where the company is relying mostly on the past performance and experience of its key personnel, partners on the team, or on a major subcontractor(s), the proposal must clearly explain "whose" past performance, and "how" that past performance is relevant to the procurement.

Giving prospective offerors opportunities to submit non-similar past contract performance information, although it may not be given much weight or may be rated a higher risk will, in the long run, enhance the integrity and fairness of Government acquisitions, and increase the competitive base.

3. Lack of Past Performance

Given the number of mergers and acquisitions in today's American business environment, potential offerors may not have existed under their current name for very long. This creates an interesting wrinkle in the source selection process. Agencies must recognize this dynamic world marketplace and accommodate new prospective offerors by being more flexible in their procurement rules and practices.

The past performance of the offeror's resources is a good indicator of future performance for new companies entering the marketplace that lack relevant experience, or mergers of previously established companies. If the key management personnel, subcontractors, or other resources, have experience on contracts similar to the pending requirement for another contractor; state and local government contracts; private

contracts; or was a major subcontractor; then the source selection team can perform the appropriate evaluation and risk assessment. This reduces the chance of needing to "neither reward nor penalize" an offeror with no other relevant past performance information.

If the contractor is truly a new entity and none of the company principals ever performed relevant work for others, the company is considered to have no past performance. Special rules apply in this situation. Section 1091(b)(2) of FASA states that "in the case of an offeror with respect to which there is no information on past contract performance or with respect to which information on past contract performance is not available, the offeror may not be evaluated favorably or unfavorably on the factor of past contract performance." This requirement is implemented at FAR Part 15.305(a)(2)(iv): "In the case of an offeror without a record of relevant past performance or for whom information on past performance is not available, the offeror may not be evaluated favorably or unfavorably on past performance." We expect this will happen very rarely. In this case, the best practice is to give the offeror the middle rating in the rating system specified (e.g., 50 on a 100 point scale, 3 on a f point scale, satisfactory on an adjective scale, or the middle color on a color rating system)

4. Evaluating Subcontractors/Team/Joint Venture Partners

Treat subcontractor/teaming and joint venture partners' past performance information the same as any prime past performance information. It cannot be disclosed to anyone other than Government personnel with a "need-to-know" without the subcontractor's consent. The Government must obtain the subcontractor's consent before disclosing its past performance information to the prime during discussions. The subcontractor's consent may be provided as part of the prime's proposal. This approach lets the Government discuss any negative or unfavorable past performance information of a proposed subcontractor with the offeror and greatly facilitates the conduct of meaningful discussions. It also gives the prime contractors an opportunity to mitigate the impact to their evaluated standing by enabling them to find out more about the subcontractor's past performance problems, or to even replace the proposed subcontractor with one having a better past performance.

REMINDER: You can only evaluate what you told the contractor you would evaluate. Therefore, be very clear in the solicitation!!

Conducting Discussions

The offeror must be provided an opportunity to discuss past performance information obtained from references on which the offeror has not had a previous opportunity to comment, if that information makes a difference in the Government's decision to establish a competitive range or when evaluating past performance in the competitive range include the offeror in the competitive range. The key is that when past performance is used in the ranking process, the offeror must know the rating on all

evaluations used to make the Governments final rating. Any past performance deficiency or significant weakness must be discussed with offerors within the competitive range during discussions. This allows the offeror a fair opportunity to dispel any negative information that may not be due solely to the poor performance of the contractor, or that may not have been adequately resolved since the date of the information provided. For example, budget and funding reductions may not always equate to a corresponding reduction in scope of work, and the contractor's performance may be negatively impacted. Section M must describe where in its evaluation process past performance will be used to rank offerors. Some agencies evaluate past performance on all offerors and rank them to determine the competitive range. Others consider past performance only on the firms in the competitive range when the mission suitability is paramount. There may be times when excessive Government–driven requirement changes and last minute changes may also negatively impact the contractor's performance.

In the interest of fairness, also consider allowing offerors to rebut all negative past performance information even when discussions are not anticipated. This type of exchange is a clarification (see FAR 15.306(a)). The Government may still award without discussion following clarifications.

APPENDIX I
SAMPLE CONTRACTOR PERFORMANCE REPORT

CONTRACTOR PERFORMANCE REPORT [ ] Final or [ ] Interim – Period Report: From ___/___/___ To ___/___/	
1. Contractor Name and Address:	2. Contract Number: Task Order Number:
	3. Value: $
	4. Award Date: Completion Date:
5. Type of Contract:(Check all that apply)-[ ]FP [ ]FP-EPA [ ]CPFF - Completion [ ]CPFF-Term [ ]CPIF [ ]CPAF [ ]ID/IQ [ ]BOA [ ]Requirements [ ]Labor Hour [ ]T&M [ ]CR [ ]Other	
6. Description of Requirement:	
7. Ratings. After commenting, score, in column on the right, using 1 for unsatisfactory, 2 for marginal, 3 for satisfactory, 4 for very good, and 5 for exceptional.	
Quality – Comments	
Cost Control – Comments	
Timeliness – Comments	
Business Relations – Comments	
Total Score (sum of scores from each area)	
Mean Score (sum of scores divided by number of areas evaluated):	
8. Subcontractors/Team/Joint Venture Partners List major subcontractors, team, joints venture partners, by name with brief description of work and names of key personnel. A. B. C.	

9. Key Personnel/Prime Contractor	
Name/Title	Employment Dates
Comments:	
Name/Title	Employment Dates
Comments:	
Name/Title	Employment Dates
Comments:	
Name/Title	Employment Dates
Comments:	
Name/Title	Employment Dates
Comments:	

10. Would you select the firm again? Yes ____ No ____
Is/Was the contractor committed to customer satisfaction? Yes ____ No ____

11. COTR's Name/Org. ID	Phone/Fax Number:
Date Sent to Contractor:	CO's Initials:

12. Contractor's Review. Were comments, rebuttals, or additional information provided?
[ ]No [ ]Yes. Please attach comments.

13. Returned by (type name):	Signature
Phone/Fax/Internet Address	Date

14. Agency Review. Were contractor comments reviewed at a level above the Contracting Officer?
[ ]No [ ]Yes. Please attach comments. Number of pages

15. Final Ratings. Re-assess the Block 7 ratings based on contractor comments and agency review. Validate or revise as appropriate.

Quality	Cost Control	Timeliness	Business Relation	
			Program	User
Mean Score (Add the ratings above and divide by the number of areas rated)				0.00

16. CO's Name	Signature
Phone/Fax/Internet Address	Date

Release of Information: This Contractor Performance Report may be used to support future award decisions, and will be treated as source selection information in accordance with FAR 3.104-4(k)(1)(x) and 42.1503(b). The completed report shall not be released to other than Government personnel and the contractor whose performance is being evaluated during the period the information is being used to provide source selection information.

APPENDIX I (Continued)
SAMPLE CONTRACTOR PERFORMANCE REPORT INSTRUCTIONS

Block 1: Contractor Name and Address. Identify the specific division being evaluated if there is more than one.

Block 2: Contract number/task order number being evaluated.

Block 3: Contract value, including options.

Block 4: Contract award date and (anticipated) contract completion date.

Block 5: Type of Contract: Check all that apply.

Block 6: Provide a brief description of the work being done under the contract and identify the key performance indicators.

Block 7: Circle rating in far right column and provide rationale for each of the categories rated. Indicate the contract requirements that were exceeded or were not met by the contractor and by how much.

Block 8: Explain why you would or would not select the contractor for this contract again.

Block 9: The program office person most familiar with the contractor's performance should sign this block. The rating is a joint program office and contracting officer decision. The contracting officer's signature in block 14, signifies concurrence with this rating and the final rating, if a revised rating is necessary.

Blocks 10-11: The contractor may provide comments but must sign block 11 to indicate it has reviewed the rating.

Block 12: If the contractor and contracting officer are unable to agree on a final rating, the contractor may seek review at a level above the contracting officer is required.

Block 13: Adjust the ratings assigned in block 7, if appropriate, based on any comments, rebuttals, or additional information provided by the contractor and, if necessary, by agency review. Calculate a mean score.

Block 14: The contracting officer's signature indicates concurrence with the initial and final ratings.

APPENDIX II

PERFORMANCE ASSESSMENT ELEMENTS

DOD collects PPI on systems for large system acquisitions using the following Performance Assessment Review elements:

Technical (Quality of Product). This element is comprised of an overall rating and six sub-elements. Activity critical to successfully complying with contract requirements must be assessed within one or more of these sub-elements. The overall rating at the element level is the Program Manager's integrated assessment as to what most accurately depicts the contractor's technical performance or progress toward meeting requirements. It is not a predetermined roll-up of the sub-elements assessments.

Product Performance – Assess the achieved product performance relative to performance parameters required by the contract.

Systems Engineering – Assess the contractor's effort to transform operational needs and requirements into an integrated system design solution.

Software Engineering – Assess the contractor's success in meeting contract requirements for software development, modification, or maintenance. Results from Software Capability Evaluations (SCEs) (using the Software Engineering Institute (SEI's) Capability Maturity Model (CMM) as a means of measurement), Software Development Capability Evaluations (SDCEs), or similar software assessments may be used a source of information to support this evaluation.

Logistic Support/Sustainment – Assess the success of the contractor's performance in accomplishing logistics planning.

Product Assurance – Assess how successfully the contractor meets program quality objectives, e.g., producibility, reliability, maintainability, inspectability, testability, and system safety, and controls the overall manufacturing process.

Other Technical Performance – Assess all the other technical activity critical to successful contract performance. Identify any additional assessment aspects that are unique to the contract or that cannot be captured in another sub-element.

SCHEDULE – Assess the timeliness of the contractor against the completion of the contract, task orders, milestones, delivery schedules, administrative requirements, etc.

COST CONTROL – Assess the contractor's effectiveness in forecasting, managing, and controlling contract cost. For fixed price contracts this assesses whether contractor met original cost estimated or needed to negotiate cost changes to meet program requirements.

MANAGEMENT – This element is comprised of an overall rating and three sub-elements. Activity critical to successfully executing the contract must be assessed within one or more of these sub-elements. This overall rating at the element level is the Program Manager's integrated assessment as to what most accurately depicts the contractor's performance in managing the contracted effort. It is not a predetermined roll-up of the sub-element assessments.

Management Responsiveness – Assess the timeliness, completeness and quality of problem identification, corrective action plans, proposal submittals (especially responses to change orders, engineering change proposals, or other undefinitized contract actions), the contractor's history of reasonable and cooperative behavior, effective business relations, and customer satisfaction.

Subcontract Management – Assess the contractor's success with timely award and management of subcontracts, including whether the contractor met small/small disadvantaged and women-owned business participation goals.

Program Management and Other Management – Assess the extent to which the contractor discharges its responsibility for integration and coordination of all activity needed to execute the contract; identifies and applies resources required to meet schedule requirements; assigns responsibility for tasks/actions required by contract; communicates appropriate information to affected program elements in a timely manner. Assess the contractor's risk management practices, especially the ability to identify risks and formulate and implement risk mitigation plans. If applicable, identify and assess any other areas that are unique to the contract, or that cannot be captured elsewhere under the Management element.

APPENDIX III

PERFORMANCE RATING GUIDELINES

These are suggested guidelines for assigning ratings on a contractor's compliance with the contract performance, cost, and schedule goals as specified in the Statement of Work. The guidelines for Business Relations are meant to be separate ratings for the areas mentioned. All the areas do not need to fit the rating to give the rating for the category. Ensure that this assessment is consistent with any other Agency assessments (i.e., award fee assessments).

Quality of Product/Service
Exceptional • Met all performance standards / Exceeded 20 % or more • Minor problems / Highly effective corrective actions / Improved performance/quality results **Very Good** • Met all performance standards / Exceeded 5% or more • Minor problems / Effective corrective actions **Satisfactory** • Met all performance standards • Minor problems / Satisfactory corrective actions **Marginal** • Some performance standards not met • Performance reflects serious problem / No corrective actions **Unsatisfactory** • Most performance standards are not met • Recovery not likely

Cost Control
Exceptional • Significant reductions while meeting all contract requirements • Use of value engineering or other innovative management techniques • Quickly resolved cost issues / Effective corrective actions facilitated cost reductions **Very Good** • Reduction in overall cost/price while meeting all contract requirements • Use of value engineering or other innovative management techniques

- Quickly resolved cost/price issues / Effective corrective actions to facilitate overall cost/price reductions

Satisfactory
- Met overall cost/price estimates while meeting all contract requirements

Marginal
- Do not meet cost/price estimates
- Inadequate corrective action plans / No innovative techniques to bring overall expenditures within limits

Unsatisfactory
- Significant cost overruns
- Not likely to recovery cost control

Timeliness

Exceptional
- Significantly exceeded delivery requirements (All on-time with many early deliveries to the Government's benefit)
- Quickly resolved delivery issues / Highly effective corrective actions

Very Good
- On-Time deliveries / Some early deliveries to the Government's benefit
- Quickly resolved delivery issues / Effective corrective actions

Satisfactory
- On-time deliveries
- Minor problems / Did not effect delivery schedule

Marginal
- Some late deliveries
- No corrective actions

Unsatisfactory
- Many late deliveries
- Negative cost impact / Loss of capability for Government
- Ineffective corrective actions / Not likely to recover

Business Relations
Exceptional • Highly professional / Responsive / Proactive • Significantly exceeded expectations • High user satisfaction • Significantly exceeded subcontractor goals • Minor changes implemented without cost impact / Limited change proposals / Timely definitization of change proposals **Very Good** • Professional / Responsive • Exceeded expectations • User satisfaction • Exceeded subcontractor goals • Limited change proposals / Timely definitization of change proposals **Satisfactory** • Professional / Reasonably responsive • Met expectations • Adequate user satisfaction • Met subcontractor goals • Reasonable change proposals / Reasonable definitization cycle **Marginal** • Less Professionalism and Responsiveness • Low user satisfaction / No attempts to improve relations • Unsuccessful in meeting subcontractor goals • Excessive change proposals / Somewhat untimely definitization of change proposals **Unsatisfactory** • Delinquent responses / Lack of cooperative spirit • Unsatisfied user / Unable to improve relations • Significantly under subcontractor goals • Excessive change proposals (many unnecessary to correct poor management) • Significantly untimely definitization of change proposals

APPENDIX IV

SAMPLE QUIESTIONS AND IDEAS FOR TELEPHONE INTERVIEWS AND QUESTIONNAIRES

- Confirm the following date from the offeror's proposal:
  - Contractor number
  - Contractor's name and address
  - Type of contract
  - Complexity of work
  - Description and location of work (e.g., types of tasks, products, services)
  - Contract dollar value
  - Date of award
  - Contract completion date (including extensions)
  - Type and Extent of Subcontracting
- Verify any past performance data to which you may have access
- If the award amount or delivery schedule changed, find out why.
- Ask what role the reference played (e.g., COR, contract specialist, ACO, etc.) and for how long.
- If a problem surfaced ask what the Government and contractor did to fix it.
- Ask for a description of the types of personnel (skill and expertise) the contractor used and the overall quality of the contractor's team. Did the company appear to use personnel with the appropriate skills and expertise?
- Ask how the contractor performed considering technical performance or quality of the product or service; schedule: cost control (if applicable); business relations; and management.
- Ask whether the contractor was cooperative in resolving issues.
- Inquire whether there were any particularly significant risks involved in performance of the effort.
- Ask if the company appeared to apply sufficient resources (personnel and facilities) to the effort.
- If the company used subcontractors, ask: What was the relationship between the prime and subcontractors? How well did the prime manage the subcontractors? Did the subcontractors perform the bulk of the effort or just add depth on particular technical areas? Why were the subcontractors chose to work on specific technical areas, what were those areas and why were they accomplished by the subcontractors rather than the prime?
- If a problem is uncovered that the reference is unfamiliar with, ask for another individual who might have the information.
- Ask if this firm has performed other past efforts with the reference's agency.
- Ask about the company's strong points or what the reference liked best.
- Inquire whether the reference has any reservations about recommending a future contract award to this company.

- Inquire whether the reference knows of anyone else who might have past performance information on the offeror.

APPENDIX V

AUTOMATED PAST PERFORMANCE INFORMATION SYSTEMS

Agency	System Nomenclature	Point of Contact	Phone Number
NIH	Contractor Performance System	Ms. Jo Ann Wingard	301-496-1783
Army	Past Performance Information Management System (PPIMS)	Susan Erwin/functional Terry Thacker/technical	703-681-9292 540-731-3459
	Architect-Engineer Contract Administration Support System (ACASS)	D.S. Gim	202-761-0440
	Construction Contractor Appraisal Support System (CCASS)	Kim Morrow	503-808-4590
Navy	Product Data Reporting and Evaluation Program (PDREP)	John Deforge Paul Couture	603-431-9460 x450 603-431-9460 x480
	Department of the Navy Contractor Performance Assessment Reporting System (CPARS)	Wendell Smith Paul Couture	603-431-9460 x451 603-431-9460 x480
Air Force	CPARS	Ms. Lois Todd Roger Hanson	937-257-4657 or DSN 787-4657 937-257-6057 or DSN 787-6057
Defense Logistics Agency	Automated Best Value System (ABVS)	Melody Readrdon	703-767-1362
Defense Information Systems Agency (DISA)	Contractor Past Performance Evaluation Toolkit	Mary Jenkins Nathan Maenie	703-681-/ DSN 761 703-681-1673 / DSN 761