



A Guide to Collection and Use of Past Performance Information

(Version 3)



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FOREWORD

This guide is designed to articulate the key techniques and practices for the use and collection of past performance information. It provides guidance to encourage the use of innovative techniques in acquiring best-value goods and services. Its purpose is to serve as a practical reference tool regarding the Department of Defense (DoD) past performance policy.

This guide is designed for use by the entire acquisition workforce in both Government and industry. It explains **best practices** for the use of past performance information during the periods of source selection, ongoing performance, and collection of information. The guide is an ongoing joint effort of members from the DoD Past Performance Integrated Product Team. The IPT also led an effort that resulted in a distance learning course based on this guide. The distance learning course is hosted on the Defense Acquisition University (DAU) continuous learning web site (<http://clc.dau.mil>). Once on the web site, course access is available by selecting “Log In”, “Learning Center”, “Course Information and Access”, and “Past Performance Information.” Alternatively, select “Go” from the top of the screen, then “Search” from the pull-down menu, then type in “past performance.”

Readers are advised that since the last version of this guide was issued in May 2001, the Past Performance Automated Information System (PPAIS) has evolved into a federal-wide database called the Past Performance Information Retrieval System (PPIRS). PPIRS can be found at <http://www.PPIRS.gov>.

ACKNOWLEDGMENTS

The Department of Defense (DoD) Past Performance Integrated Product Team (IPT) was created by the Under Secretary of Defense (Acquisition and Technology) in February 1997 to develop a uniform methodology for the collection and use of DoD past performance information (PPI). In November 1997, the Under Secretary of Defense (Acquisition and Technology) established a new policy, by memorandum, for the collection of PPI. This guide was produced by the Past Performance IPT.

The Past Performance IPT is comprised of representatives from the Office of the Under Secretary of Defense (Acquisition Technology & Logistics) (OUSD(AT&L)); Departments of the Army, Navy, and Air Force; Defense Logistics Agency; Defense Information Systems Agency; Defense Contract Audit Agency; and DoD Inspector General. The team, in coordination with the Defense Acquisition University, the Federal Acquisition Institute, and industry, has developed online training on the topic of past performance. The training is available at <http://clc.dau.mil>.

This guide is designed to provide additional guidance for both the collection and use of past performance. This guide does not supercede nor take precedence over more restrictive Agency procedures. An electronic version of this guide is available on the OUSD(AT&L) web site at <http://www.acq.osd.mil>.

PAST PERFORMANCE TOP TEN TIPS

The following list contains the 10 most important tips on working with past performance. Following each tip is a page reference for more information.

1. Federal Acquisition Regulation (FAR) and Defense Federal Acquisition Regulation Supplement (DFARS) rules apply to all past performance information (PPI), however and whenever collected. This includes ensuring that contractors have the opportunity to comment on adverse PPI on report cards as well as on other PPI gathered under less formal collection methods. (Page 1)
2. PPI is “For Official Use Only” and “Source Selection Sensitive Information” and should be so marked. (Page 1)
3. The performance assessment process continues through contract performance assessments of award fee and past performance. Normally this assessment continuum should be consistent as to form and content throughout the contract performance period, to ensure successful performance. (Page 2)
4. The narrative is the most critical aspect of PPI assessments. (Page 3)
5. Performance assessments are the responsibility of the program/project/contracting team, considering the customer’s input. No single office or organization should independently determine a performance assessment. (Page 5)
6. Performance assessments should be developed throughout the period of contract performance and not held to the end of the performance period. (Page 5)
7. The use and evaluation of PPI for a specific acquisition should be tailored to fit the needs of that acquisition and clearly articulated in the solicitation. (Page 6)
8. Source selection officials should use the most relevant, recent PPI available in making the source selection decisions. They must consider updated information provided by the contractor regarding relevant PPI. (Page 8)
9. Personnel collecting PPI for use in a particular source selection should consider whether the data comes from reputable and reliable sources. (Page 11)
10. The Government must share adverse PPI on which contractors have not had the opportunity to comment. (Page 13)

THE KEYS TO EFFECTIVE PPI ARE FAIRNESS, OPENNESS, AND A COMMITMENT TO USING THE INFORMATION AS A TOOL TO IMPROVE CONTRACTOR PERFORMANCE.

INTRODUCTION

Confidence in a prospective contractor's ability to perform satisfactorily or better is an important factor in making a best-value source selection decision. One method of gaining this confidence is the evaluation of a prospective contractor's performance on recently completed or ongoing contracts for the same or similar goods or services. The collection and use of past performance information (PPI) motivates contractors to improve their performance because of the potential use of that information in future source selections. PPI is equally useful as a means of communication providing feedback and additional performance incentives for ongoing contracts. Exceptional past performance also indicates a heightened probability of the delivery of high-quality products and services that are on time and within cost. In addition, Section 804 of the Fiscal Year (FY) 2003 National Defense Authorization Act requires that source selection for software-intensive acquisitions address past performance. Definitions of terms and references used in this guide are set forth in Appendix A.

PPI Objectives

The objective when collecting PPI is to employ a consistent evaluation methodology to identify and describe the performance of the wide array of Department of Defense (DoD) contractors and suppliers—including foreign companies, educational and non-profit institutions, and other Federal agencies—in source selections.

PPI is critical for source selections and essential to ensure enhanced performance on existing contracts.

Business Sectors

To enable the effective sharing of PPI between Government buying activities, a reasonable degree of uniformity in assessments of contractor performance is essential. This consistency should be applied to report card (annual) assessments as well as to award fee evaluations or other PPI collection methods.

Federal Acquisition Regulation and Defense Federal Acquisition Regulation Supplement rules apply to all PPI, however and whenever collected. This includes ensuring that contractors have the opportunity to comment on adverse PPI on report cards as well as on other PPI gathered under less formal collection methods.

DoD policy is to collect PPI using a consistent management approach across the designated business sectors. This approach includes tailored dollar thresholds, consistent elements used to assess contractors or other Government agencies, and consistent ratings applied to those elements. DoD's four key business sectors (Systems, Services, Information Technology, and Operations Support) and three unique business sectors (Architect-Engineering Services, Construction, and Science and Technology) are defined in Appendix B.

Source selection authorities must be given maximum latitude to focus on those specific areas of contractor performance that will be the best predictors for successful performance for each specific acquisition.

Public versus Private Competitions

For public-private competitions performed in accordance with OMB Circular A-76, solicitations are not required to include a requirement for past performance information unless the agency tender (public offer) has been implemented as a most efficient organization resulting from a public-private competition with the private sector.

OBTAINING PPI

DoD has established common assessment elements within individual business sectors and ratings to standardize the methodology used to rate contractor performance under Defense contracts. Government buying activities should share PPI among themselves, while ensuring it is managed as source selection information. PPI collection should be efficient and effective.

PPI is “For Official Use Only” and “Source Selection Sensitive Information” and should be so marked.

PPI Collection Approaches

PPI can be obtained through a number of methods, including:

- ◆ Government assessments or report cards
- ◆ Published commercial evaluations
- ◆ References submitted by the contractor
- ◆ Surveys or questionnaires, verbal or written, conducted by Government personnel

PPI from a variety of sources should be considered, including:

- ◆ Government contracts
- ◆ State, local, or foreign governments
- ◆ Commercial companies
- ◆ Information regarding predecessor companies, key personnel, and subcontractors

Performance Assessment Reports

Annual performance assessment reports, or report cards, may be written more frequently during contract performance but must be written after the end of the annual performance period. Although not mandatory, interim reports written during contract performance are valuable in improving performance as well as providing contemporaneous documentation. Report cards are prepared by either the Program or Requirements Manager or the Contracting Officer according to agency procedures and should reflect a team assessment of contract performance. This guidance does not apply to procedures used by agencies in determining fees under award or incentive fee contracts. However, the fee amount paid to the contractor should be an indicator of the contractor's performance, and the past performance evaluation should complement the award fee determinations. In short, the goal is to ensure

that all performance assessments, award fee determinations, incentive allocations, or any other performance measures be evaluated consistently throughout the contract performance.

The performance assessment process continues through contract performance assessments of award fee and past performance. Normally this assessment continuum should be consistent as to form and content throughout the contract performance period, to ensure successful performance.

Contractor assessments should not be written by support service contractors. Integrity in this assessment process is essential. Contractors must be given the opportunity to comment on their own assessment reports at the time they are written, and those comments shall be maintained as part of the Government record.

Collection Thresholds

The mandatory DoD PPI collection thresholds by business-sector are set forth in Appendix C. The FAR requires that PPI be collected for negotiated competitive acquisitions valued over \$100,000. However, by class deviation from the FAR, DoD has established the thresholds shown in Appendix C. (Also see Appendix C for a copy of the deviation.) Buying activities may choose to collect and use performance assessments for contracts under these thresholds.

Performance Assessment Elements

The mandatory performance assessment elements for the DoD business sectors are set forth in Appendix D. Construction and Architect-Engineering (A-E) sector assessment elements and ratings are established under FAR Part 36 (see Appendix E).

For the Science and Technology sector, no dollar threshold has been established, nor is there a requirement to maintain an automated database. Collection of PPI for the Science and Technology sector must be limited to relevant information as determined by the source selection team and must be collected at the time of the particular acquisition. Requests for PPI must be tailored to each procurement during the source selection process. As always, contractors

must be given the opportunity to comment on any adverse reports.

Annual Performance Assessment Reports

Annual performance assessment reports must be completed for contracts with performance periods exceeding one year and in accordance with the thresholds articulated above. These assessments must be made as close as practicable to each anniversary of the effective date of the contract. However, the agencies shall determine the specific dates. A **best practice** is to include performance expectations in the Government's and contractor's initial post-award meeting.

Draft Performance Assessment Reports

The use of draft performance assessment reports provided to the contractor prior to the official Government assessment is encouraged. The reports can improve information flow and encourage dialog between the parties.

Final Assessment Reports

Final assessment reports must be prepared upon contract performance completion. For contracts with performance periods exceeding one year, final reports will address only the last period of performance. They must not be used to summarize or "roll up" the contractor's performance under the entire contract. In short, each annual report, together with the final assessment report, will comprise a total picture of the contract performance. The exception is that source selection evaluation teams will determine an overall performance assessment based on these performance snapshots. Contractor comments on each of these reports must be maintained as a permanent part of the record.

Addendum Assessment Reports

Addendum assessment reports may be made at the assessing official's discretion to record the contractor's performance relative to contract close-out and other administrative requirements (e.g., final indirect cost proposals, technical

data). No annual assessment for the period of time between contract performance completion and contract close-out is required, regardless of whether an addendum assessment is prepared. Again, any adverse reports must be provided to the contractor for comment, and those comments must be part of the official records.

Narrative Rationales

Supporting narrative rationales for all performance ratings assigned are mandatory in DoD. The narratives are critical to any PPI assessment and necessary to establish that the ratings are credible and justifiable. These rationales need not be lengthy. But if there were performance successes or problems, they should be documented. Include a description of the problems or successes experienced; an assessment of whether the problems were caused by the contractor, the Government, or other factors; and how well the contractor worked with the Government to resolve the problems (including problems with subcontractors or "partners" in joint venture or teaming arrangements). The narrative rationale is also useful in future acquisitions; it helps assessing officials to establish the relevancy of the work covered to the instant requirement.

The narrative is the most critical aspect of PPI assessments.

Retaining Performance Assessment Reports

Performance assessment reports must not be retained longer than three years after completion of the contract performance (except for Construction and A-E reports, which are to be retained for six years). The timeframes for retention do not start until contract completion. The completion of the contract—not the age of the annual contract reports—determines the retention period for those reports. Data older than three years may be available on long-term contracts. While such data may be meaningful in developing performance trends in certain source selections, its use should be limited to circumstances in which more current, equally relevant data is not available.

Independent Government Review

Agencies must provide for an independent review of performance evaluations at a level above the Contracting Officer or assessing official, as determined by the head of agency, to consider disagreements between the parties regarding the evaluation. The ultimate conclusion on the performance evaluation is a decision of the Government.

Administrative Information

Each PPI assessment must include, as appropriate:

Contractor Name and Address

Company Name:
Division Name:
Street Address:
City, State, Zip Code:
Commercial and Government Entity (CAGE) Code:
Data Universal Numbering System (DUNS) +4 Number:
Federal Supply Code (FSC):
North American Industry Classification System (NAICS) Code:

Report Type:

Period of Performance Being Assessed:

From _____ to: _____

Contract Number:

Order Number:

DoD Business Sector and Sub-Sector:

Location of Contract Performance:

Contracting Office:

Contracting Officer:

Name:

Phone:

Contract Award Date:

Contract Completion Date:

Contract Percent Complete:

Awarded Dollar Value:

Current Dollar Value:

Basis of Award:

Type of Contract:

Program Title and Phase of Acquisition:

Contract Effort Description:

Key Subcontractor(s):

Contractor Name:

CAGE Code:

DUNS+4 Number:

Effort Performed:

Assessing Official:

Name:

Title:

Organization and Code:

Phone: Fax:

E-mail:

Date:

Contractor Representative:

Name:

Title:

Organization and Code:

Phone: Fax:

E-mail:

Date:

Reviewing Official:

Name:

Title:

Organization and Code:

Phone: Fax:

E-mail:

Date:

Team Assessment Inputs

DoD buying activities should ensure that their PPI assessment procedures provide for input as appropriate from:

- ◆ Program management offices
- ◆ End users
- ◆ Contracting offices
- ◆ Item managers
- ◆ DoD Small Business Specialists
- ◆ Defense Contract Management Agency (DCMA) administration offices
- ◆ Defense Contract Audit Agency (DCAA) field audit offices

DCMA will notify buying activities whenever it identifies deficiencies or problems in contractors' technical and management systems (e.g., quality control, engineering and systems management, purchasing, small business subcontracting, accounting, billing, and estimating) that it believes will present risks to satisfactory contract performance.

Performance assessments are the responsibility of the program/project/contracting team, considering the customer's input. No single office or organization should independently determine a performance assessment.

Feedback to contractors regarding ongoing performance should be developed through discussions and reviews on a regular basis. A **best practice** is to provide feedback early and often after initial contract award.

Performance Ratings

The DoD Components have agreed that there are five mandatory performance rating levels for use in evaluating all performance elements in periodic assessments of contractor performance. These ratings, provided in Appendix F, are mandatory for use by the Science and Technology business sector as well. The only exceptions to these mandatory ratings are for the Construction and A-E contracts (see Appendix E). A fundamental principle of rating is that contractors must not be

assessed below a rating of "satisfactory" for not performing beyond the requirements of the contract. When rating contractors, performance "beyond the requirements of the contract" refers to the quality level of the performed work—not the scope. A performance assessment may not be used to elicit the performance of tasks or to reflect a failure to perform tasks that are not required by the contract.

Contractor Review and Comment on PPI

Contractors must be allowed to review and comment on any past performance assessments, and assessments must be available as soon as practicable after they have been prepared. This requirement may be satisfied by giving contractors limited access to the automated systems in which the assessments are stored so that the contractors can download their own information. Contractors then have 30 days to submit comments, rebutting information, or other information for the buying activity's consideration before the assessments are made final. Any disagreements between the DoD assessing official and the contractor must then be reviewed at a level above the assessor. The original assessment, the contractor's comments, and the reviewer's independent assessment of those comments must be retained together on file. Completed assessments are available to contractors through the PPIRS automated system.

Performance assessments should be developed throughout the period of contract performance and not held to the end of the performance period.

Handling PPI

All PPI evaluations and assessments may be used to support future award decisions and should therefore be marked with the legend "For Official Use Only" and "Source Selection Sensitive Information, see FAR 3.104." The completed evaluation must not be released to other than Government personnel and the contractor whose performance is being evaluated. Past performance evaluation information is privileged source selection information. It is also protected by the Privacy Act and is not releasable under the Freedom of Information Act. Past performance evaluations

may be withheld from public disclosure under Exemption 5 of the Freedom of Information Act.

Automated PPI Systems

The federal Government has a central retrieval system for all past performance assessments—the Past Performance Information Retrieval System (PPIRS) (see Appendices G and H and the PPIRS web site at <http://www.ppirs.gov>). Completed performance assessments should be incorporated into PPIRS in a timely manner.

Orders Issued under Contracts or Ordering Agreements

For orders placed against contracts or ordering agreements (e.g., provisioned items orders, task orders, and orders under indefinite-delivery/indefinite-quantity type contracts), DoD buying activities should decide whether to assess contractors' performance on an order-by-order or "total" contract/agreement basis. This will depend on which approach they believe will produce more useful PPI. In either case, the assessment procedures to be followed should be specified in the basic contract or agreement, particularly when other buying activities may also place orders against those instruments.

USING PPI IN SOURCE SELECTION EVALUATIONS

Source selection authorities should be given maximum latitude to focus on those specific areas of contractor performance that will provide the best predictors for successful performance of a specific acquisition.

The use and evaluation of PPI for a specific acquisition should be tailored to fit the needs of that acquisition and clearly articulated in the solicitation.

Deciding to Use PPI in Source Selection

Past performance must be included as an evaluation factor or subfactor in competitively negotiated acquisitions unless the Contracting

Officer determines that its use is inappropriate and documents the rationale. Appendix C sets forth the mandatory thresholds for the collection and use of PPI in source selections. The use of PPI is encouraged in source selections below those thresholds when the source selection team considers it to be appropriate for the acquisition. PPI should be used for acquisitions of software-intensive systems.

Past Performance versus Experience

There is an important distinction between a contractor's experience and its past performance. Experience reflects *whether* contractors have performed similar work before. Past performance, on the other hand, describes *how well* contractors performed the work—in other words, how well they executed what was promised in the proposal. Experience can be considered a source selection factor or subfactor. Both experience as a factor or subfactor and past performance should be evaluated under performance risk.

The terms "experience" and "past performance" must be clearly defined in the solicitation. This helps to avoid the potential for double counting by asking for the same information under both factors. It is proper, however, to distinguish company experience from personnel experience and evaluate both.

Proposal Risk versus Performance Risk

It is important to differentiate between risk types when choosing to evaluate different types of risk in each proposal. The two types of risk typically evaluated in a source selection are proposal risk and performance risk. These terms are defined in Appendix A.

Past Performance versus Responsibility Determinations

It is important to distinguish *comparative* past performance evaluations used in the tradeoff process from *pass/fail* performance evaluations.

Responsibility is a broad concept that addresses whether an offeror has the *capability* to perform

a particular contract based upon an analysis of many areas, including financial resources, operational controls, technical skills, quality assurance, and past performance. Pre-award surveys and pass/fail evaluations provide a “yes/no,” “pass/fail,” or “go/no-go” answer to the question, “Can the offeror do the work?” and thus help to determine whether the offeror is responsible.

Referral to the Small Business Administration (SBA) may be necessary if a small business is eliminated from the competitive range as not responsible solely on the basis of past performance. SBA referral is not required as long as the use of PPI requires a **comparative** evaluation with other evaluation factors and not a pass/fail decision. The comparative evaluation of PPI is **separate** from a responsibility determination required by the Federal Acquisition Regulation (FAR).

A comparative past performance evaluation conducted using the tradeoff process is a very specific endeavor that seeks to identify the **degree of risk** associated with each competing offeror. Rather than asking whether an offeror can do the work, the evaluation considers whether the offeror will do that work successfully. In short, the evaluation describes the degree of confidence the Government has in the offeror’s likelihood of success. If properly conducted, the comparative past performance evaluation and the responsibility determination will complement each other and provide a more complete picture of an offeror than either one could by itself.

Pass/Fail Strategies

Though such a strategy is not often utilized, source selection teams may want to consider choosing a strategy where technical proposals are evaluated on a pass/fail basis and the final source selection decision is based on the overall tradeoff between past performance and price, or a performance price tradeoff (PPT). A PPT permits tradeoffs between price and the past performance evaluation of technically acceptable proposals. This technique may be applied to acquisitions that include evaluations for technical acceptability, as well as negotiated acquisitions for which price and past performance are the only differentiators. The PPT technique is similar to the lowest price technically acceptable (LPTA) strategy. However, with LPTA, tradeoffs are not

permitted. Instead, the past performance evaluation is rolled into technical acceptability; it is a “go/no go” determination and not a rated evaluation. The source selection team is encouraged to seek guidance from legal counsel to ensure the evaluation of past performance on a “pass/fail” basis is applied appropriately.

De Facto Debarment

During source selection, PPI should not be used to automatically exclude a company (otherwise known as a de facto debarment). The General Accounting Office (GAO) has determined that as long as there is no indication that the procuring agency intends to automatically exclude the offeror from future procurements based on PPI, there is no de facto debarment.

Planning the Past Performance Evaluation

Forming an Evaluation Group

In complex acquisitions it may be necessary to establish a formal group to specifically evaluate past performance. In smaller dollar value acquisitions that do not involve complex requirements, the evaluation may be accomplished with only one or two people. The evaluator(s) may operate separately from the proposal evaluation team or as a separate subgroup of that team.

The following discussion focuses on the structure, composition, and evaluation process of a formal evaluation group; but bear in mind that while the functions of informal evaluations are basically the same, they should be less complicated.

Objectives of the Evaluation Group

The evaluation group is responsible for conducting the past performance evaluation to determine the degree of risk involved in accepting each offeror’s proposal. This analysis results in a performance risk evaluation. The evaluation group documents these performance risk evaluations and identifies strengths and weaknesses in each offeror’s past performance, focusing on those areas of performance most

relevant to the source selection. A plan for evaluating past performance should be developed early in the process and made a part of the source selection plan.

Evaluation Group Membership

The membership and structure of the evaluation group should be tailored to each acquisition. Ideally the membership should be reasonably diverse, representing different disciplines. It is highly recommended that group membership include individuals with previous past performance evaluation experience.

A **best practice** is to limit the size of the group to as small a number as is realistic for the specific circumstances of the acquisition. A group of at least two members of different functional disciplines enhances opportunities for dialogue, brainstorming, and in-depth fact-finding.

Factors versus Subfactors

The past performance factors and subfactors, if any, should be designed to evaluate the key performance requirements of the solicitation. At a minimum, the solicitation should request the offeror's record for on-time delivery, technical quality, cost control, and past performance on subcontracting plans/programs.

PPI Relevancy

Source selection officials have broad discretion to determine which PPI to consider relevant for an individual procurement. Relevancy is a **threshold** question when considering past performance, not a separate element of past performance. Relevancy, as defined in Appendix A, should not be described as a subfactor. Irrelevant past performance must not form the basis of a performance risk evaluation. PPI with applicable but limited relevance may be used for evaluation but should be given less weight.

The source selection team may consider data available from any source. One source is PPIRS, which provides access to a central data repository containing PPI from all of the DoD Services and other federal Agencies. The team should also attempt to obtain information from references cited by offerors in their proposals. Upon receipt of proposals, the team must

determine which of the offerors' past contract efforts relate closely to the solicitation requirements. The evaluation group should screen the information provided for each of the referenced contracts to make an initial determination of its relevancy to the current requirement. However, the source selection authority may make an independent relevancy determination.

Source selection officials should use the most relevant, recent PPI available in making the source selection decisions. They must consider updated information by the contractor regarding relevant PPI.

Some aspects of relevancy include the type of effort (e.g., development, production, repair) and the business sector. The objective of the screening is to remove from consideration those contract references that are clearly *unrelated* to the type of effort sought. Other members of the source selection team may be consulted as necessary for assistance in determining relevancy.

In some cases, previous contracts as a whole may be similar to the current contract, while in others only portions of previous contracts may be relevant. One example of focusing on only a portion of a previous contract is for the evaluation of the contractor's management, planning, and scheduling of subcontractors on an evaluation of a requirement calling for subcontract management skills.

The evaluation group should consider the most recent data available. A **best practice** is to select similar efforts that are either still in progress or just completed and that have at least one year of performance history. While the actual cut-off time should be determined by the Contracting Officer on a case-by-case basis, the currency of the information requested should be determined by the commodity or service and the specific circumstances of the acquisition.

The Comptroller General recommends the use of solicitation language that evokes the phrase "for the same or similar items," which may ensure that the Government does not overly restrict its ability to consider an array of information.

PPI relating to the recent or ongoing production of a transport aircraft, for example, would be relevant for the source selection for production of a new transport aircraft of similar range or

payload. When considering the relevance of PPI to be used in making a source selection decision, similarities in the following should be considered:

- ◆ Location of the work to be performed
- ◆ Nature of the business area(s) involved
- ◆ Required levels of technology
- ◆ Contract types
- ◆ Materials and production processes
- ◆ Type of work (product/service)
- ◆ Scope of work or complexity/diversity of tasks
- ◆ Skills required to provide the service

One specific relevancy issue that should always be clearly articulated in the solicitation is relevancy of the proposed performance **location**. When procuring commodities, the PPI for work performed at the proposed performance location will be considered relevant for assessing the performance risk for the work to be performed. Mergers and acquisitions should be considered when determining what information may be considered relevant. Past performance evaluations are typically conducted only for the specific site where work is proposed for future performance. Performance within companies may vary widely from site to site or specific address. When evaluating the performance of services or commercial items, however, corporate past performance may be a consideration. The PPI criteria should be tailored in the solicitation to clarify whether evaluating global corporate capability really evaluates company experience instead of past performance. If more than one site is proposed for performance, each site should be evaluated for the type of effort proposed for performance at that site. The DUNS+4 is a good way to distinguish between contractor segments when searching PPI.

Relevancy versus Experience

To a slight degree, experience is inherent in the relevancy determination of a past performance evaluation. Relevancy in general is a threshold determination, not a quantitative analysis. Experience is a comparative analysis when an

offeror may get additional credit for breadth or depth of the experience.

Giving Weight to Past Performance

Past performance should be given sufficient evaluation weight to ensure that it is meaningfully considered throughout the source selection process and will be a valid differentiator among the proposals received.

Rating Categories

The group may use the following definitions of performance risk to describe the results of its evaluation:

- ◆ **Unsatisfactory/Very High Performance Risk.** Based on the offeror's performance record, extreme doubt exists that the offeror will successfully perform the required effort.
- ◆ **Marginal/High Performance Risk.** Based on the offeror's performance record, substantial doubt exists that the offeror will successfully perform the required effort.
- ◆ **Satisfactory/Moderate Performance Risk.** Based on the offeror's performance record, some doubt exists that the offeror will successfully perform the required effort. Normal contractor emphasis should preclude any problems.
- ◆ **Very Good/Low Performance Risk.** Based on the offeror's performance record, little doubt exists that the offeror will successfully perform the required effort.
- ◆ **Exceptional/Very Low Performance Risk.** Based on the offeror's performance record, no doubt exists that the offeror will successfully perform the required effort.
- ◆ **Unknown Performance Risk.** No performance record is identifiable. See "Evaluating Contractors with No Relevant Past Performance" below.

Rather than "performance risk," some organizations use "confidence levels" in their rating categories.

Evaluating Contractors with No Relevant Past Performance

In most cases the evaluation group will find some related government or other public or private PPI for each contractor and subcontractor. Such information will usually surface if the evaluation approach allows a broad interpretation of relevancy or takes into account information regarding the past performance of predecessor companies, key personnel who have relevant experience, or subcontractors that will perform key aspects of the requirement. This flexibility will take on increasing importance as the Department modernizes through the use of commercial items.

Occasionally, however, an evaluation group may not find any relevant information. In this case, an offeror's lack of past performance must be treated as an unknown performance risk, having no positive or negative evaluation significance. This allows the Government to evaluate past performance in a fair manner. The method and criteria for evaluating offerors with no relevant PPI should be constructed for each specific acquisition to *ensure that such offerors are not evaluated favorably or unfavorably on past performance.*

The solicitation must clearly describe the approach that will be used for evaluating offerors with no relevant performance history. Solicitations should encourage offerors to identify PPI that may be judged related or relevant to the specific acquisition.

What to Include in the Solicitation

At a minimum, the solicitation must clearly describe the approach that will be used to evaluate past performance. This includes what PPI will be evaluated (including the anticipated method of PPI collection), how it will be evaluated, its weight or relative importance to the other evaluation factors and subfactors, the PPI that is anticipated to be relevant, and how offerors with no past performance history will be evaluated. The amount of information you request should be tailored to the circumstances of the acquisition and should be reasonable so

as not to impose excessive burdens on offerors or evaluators. At a minimum, the proposal evaluation information should clearly state that:

- ◆ The Government will conduct a performance risk evaluation based upon the past performance of the offerors and their proposed major subcontractors as it relates to the probability of successfully performing the solicitation requirements.
- ◆ In conducting the performance risk evaluation, the Government may use data provided by the offeror and data obtained from other sources including PPIRS.
- ◆ The Government may elect to consider data obtained from other sources that it considers current and accurate, but it should ensure the solicitation contains a request for the most recent information available.

At a minimum, the proposal submission instructions must instruct offerors to submit recent and relevant information concerning contracts and subcontracts (including Federal, State, and local government; and private) that demonstrate their ability to perform the proposed effort.

Source selection teams may want to limit the information requested to a summary of the offeror's performance for each contract or subcontract. The summary should include contract numbers, contract type, description and relevancy of the work, dollar value, and contract award and completion dates; and names, phone numbers, and e-mail addresses for references in contracting and technical areas.

In addition, offerors should be given the opportunity to explain why they consider the contracts they have referenced to be relevant to the proposed acquisition. The instructions should also permit offerors to provide information on problems encountered on such contracts and the actions taken to correct the problems. Also, it is important that the offerors specifically describe the work that major subcontractors will perform so that the evaluation group can conduct a meaningful performance risk evaluation on each major subcontractor.

One **best practice** is to use presolicitation exchanges of information with industry (e.g.,

draft solicitations or presolicitation/preproposal conferences) to explain the approach the Government will use to evaluate performance risk. Although the solicitation must contain all evaluation factors and subfactors and describe the approach to the evaluation, presolicitation exchanges can help to ensure that potential offerors have a clear understanding of how their past performance will be evaluated.

Another **best practice** involves collecting PPI in advance of the proposal receipt, in order for the Government to begin working with the information. The solicitation can request that offerors provide summary past performance early (e.g., weeks in advance of the proposal due date). This allows the Government to begin downloading PPIRS data.

To obtain timely completed questionnaires, a **best practice** is to have offerors send the Government's questionnaires to all references that do not have information in the automated database. By having the offerors send the questionnaires to references in advance of submitting their proposals, the completed questionnaires may arrive at the same time as the proposals. The Government—not the offeror—is responsible for follow up (e.g., ensuring the reference completes and returns the questionnaire).

The Past Performance Evaluation Process

If the solicitation states that past performance will be an evaluation factor, the Government has broad discretion regarding the type of data to be considered. The Government may consider a wide array of information but is not compelled to rely on all the information available.

Solicitations should also communicate what the Government's actions will be relative to the various sources of PPI. For example, if a solicitation requires submission of references as an evaluation criterion, it should also clearly set forth what the Government will do to contact those references, including addressing situations where a reference cannot be reached. The solicitation should also encourage offerors to be proactive in ensuring that the contact information on references is correct and that the individuals are available for the Government to contact.

The heart of the performance risk evaluation is the information gathering process. The first place to check is PPIRS. Through tapping existing data sources such as PPIRS, and by using questionnaires, telephone interviews, and site visits, the evaluation group can obtain a detailed and useful picture of an offeror's past performance. It is absolutely critical that group members have the ability to conduct meaningful telephone interviews, assimilate data, exercise sound judgment, arrive at conclusions that are reasonable and well documented, and communicate those conclusions effectively both orally and in writing.

The Government should reserve the option in the solicitation to consider other information that may be evaluated. While the evaluation group may want to consider information over a specified time period, the group may want to evaluate only the most recent information.

A **best practice** is to limit the past performance evaluation to a few most recent and relevant contracts.

Evaluating PPI

PPI is one indicator of an offeror's ability to perform the contract successfully. The currency and relevancy of the information, source of the information, context of the data, and general trends in contractor's performance must be considered.

Personnel collecting PPI for use in a particular source selection should consider whether the data comes from reputable and reliable sources.

Government evaluators are cautioned to ensure that the information submitted by an offeror is verified with some other source. Evaluators should also ensure that they consider information known to them that conflicts with the offeror's information and resolve apparent discrepancies prior to assigning a final evaluation rating.

The evaluation group must ensure an offeror has had the opportunity to comment on all adverse PPI before presenting the adverse information to source selection officials.

Past performance is one of the defined areas of clarification that a Contracting Officer may explore with offerors even when planning to award without discussions. Contracting Officers

may address any concern about an offeror's past performance, including relevancy and any adverse PPI on which the offeror has not previously had an opportunity to comment. This does not constitute discussions.

Currency of PPI

If the contractor submits information during the source selection process, either as part of the proposal or during exchanges, it should be considered by the Government, particularly if it is more current than the available Government information.

On the other hand, agencies are under no duty to seek out more current information that may exist outside the proposal, unless it is known by the evaluators at the specific buying command.

Additionally it is appropriate for the evaluation group to use recent and relevant information that was gathered under an earlier solicitation to evaluate a contractor's past performance.

Ordinarily PPI that relates to less current performance should be given less weight than current PPI. However, guidance should be tailored to the nature of the item or service being acquired. On the other hand, trends may be developed from PPI that are strong indicators of risk associated with the future performance of contracts. Buying activities and source selection officials should consider the need to appropriately weigh "older" PPI but also properly evaluate its value when used in trend analyses that extend to recent periods of performance. Generally, all PPI older than three years beyond the completion of contract performance should be purged from DoD records. (Per Appendix E, Construction and A-E use six years.) Any PPI that should have been purged from the files should not be used in source selection evaluations.

Teaming Arrangements

When two or more offerors decide to team together to perform a proposed effort they may enter into a joint venture business arrangement. To evaluate past performance in this situation, each offeror's proposed efforts should be evaluated for the portion or type of effort that firm will perform.

Mergers and Acquisitions

GAO has upheld decisions that an acquiring firm should share responsibility for an original firm's troubled reputation, if the acquiring firm wants to capitalize on the original firm's technical skills. Common sense should rule the relevancy determinations when mergers and acquisitions are involved. If few changes have occurred at the performance location (for example, the management and employees remain relatively the same), then the previous firm's past performance record should be used to assess performance risk.

Subcontractor Past Performance

Common sense should govern the source selection official's choice to consider subcontractor past performance. A special problem arises with respect to subcontractors. PPI pertaining to a subcontractor cannot be disclosed to a private party without the subcontractor's consent. Because a prime contractor is a private party, the Government needs to obtain the subcontractor's consent before disclosing its PPI to the prime during negotiations. There are a variety of ways to obtain subcontractor consent. For example, the solicitation could require the prime to submit the consent of its principal subcontractors along with the prime's proposal to the Government.

It is risky to rely solely on the past performance of a subcontractor to downgrade the predicted performance of a prime contractor. Before downgrading the predicted performance of a prime contractor based on the poor past performance of a subcontractor, the proposed subcontractor's contribution to the overall proposed effort and the likely impact of the predicted risky or poor performance should be taken into account. Past performance of a subcontractor that contributes positively or negatively to the overall expertise of a prime contractor should be considered.

Available Data Sources

The primary PPI data source is PPIRS. Other PPI data sources include references cited by offerors in their proposals, telephone interviews, and surveys, as well as information otherwise already in the possession of the Government.

Upon receipt of proposals and any information on past contracts from Government or commercial sources, the evaluation group will determine which of the offeror's past contract efforts relate to the solicitation requirements. These determinations of relevancy are judgment calls.

When a solicitation requires submission of references, the information may be considered in evaluating past performance.

Using Commercial References

It is permissible to use other public and private references, such as Dun and Bradstreet, commercial and foreign government sources, and awards of excellence or vendor quality certifications that reflect on companies performing the work, when appropriate. These references should be relevant to the effort set out in the solicitation.

The evaluation group should verify information received from all sources, whether contained in Government evaluation reports on completed work, a database, or other public or private sources, to ensure accuracy. The verification must seek to identify supporting rationale for any evaluation report so that performance evaluations always rely on supportable data.

Assigning Performance Risk Ratings

Once the data gathering efforts are completed, the entire evaluation group needs to evaluate all offerors and assign performance risk ratings. The evaluation group should note instances of recent and relevant performance and relate them to the solicitation requirements and evaluation factors. Again, it is essential for the evaluation group to review the statement of work, specifications, and the evaluation approach described in the solicitation. If the evaluation group identifies past performance problems, it should consider the context of the problems and any mitigating circumstances.

The evaluation group should not limit its inquiry solely to the proposing entity if other corporate divisions, contractors, or subcontractors will perform a critical element of the proposed effort. The performance record of those organizations should be evaluated in accordance with the

solicitation. Performance risk evaluations 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.

The evaluation group's determination is usually based upon subjective judgment of supportable data. It is not intended to be a mechanical process or a simple arithmetic function of an offeror's performance on a list of contracts. Rather, the information deemed most recent and relevant by the group should receive the greatest consideration. The determination should include a description of the underlying rationale for the conclusions reached. The rationale should be reasonable and adequately documented to support the conclusion.

A word of caution is appropriate concerning offeror promises to correct past performance failures, as opposed to actions already taken to correct such failures. A promise to improve does not change past performance and should be considered under proposal risk rather than performance risk. However, **demonstrated** corrective actions reflect a commitment to rectify past performance problems and therefore can reduce the risk of similar performance failures.

Exchanging PPI with Offerors

The Contracting Officer must provide offerors with the opportunity to comment on adverse PPI on which offerors have not had a previous opportunity to comment. This requirement has already been accomplished for report cards obtained via PPIRS. This practice ensures fairness for the competing offerors. The validation process is particularly important when the adverse information is provided by only one reference or when there is any doubt concerning the accuracy of the information. Usually adverse information reflects performance that was less than satisfactory, although this is a judgment call that will depend upon the circumstances of the acquisition. Note that while the Government must disclose past performance problems to offerors, including the identity of the contract on which the information is based, it shall not disclose the names of individuals who provided information about an offeror's past performance. The Government can avoid disclosing names of individuals by identifying an office or a generic job title instead.

The Government must share adverse PPI on which contractors have not had the opportunity to comment.

When discussing adverse PPI with an offeror during a source selection, agencies have often been concerned regarding the level of detail necessary for this exchange of information. Experience has indicated that summarizing PPI into problem categories is acceptable as long as the Government agency revealed sufficient information to give the offeror a fair and reasonable opportunity to respond to the problems identified. A verbal, informal PPI request should be followed by a written request.

What to Include in the Evaluation Report

While the evaluation report should not say too much or too little, the goal is to provide clear, reasonable, and rational analysis of the past performance of the offerors. The evaluation group must provide the source selection authority with sufficient information to make informed judgments. Again, the evaluation group should provide a recommendation and a well reasoned, well supported rationale for the recommendation.

Conclusive statements must be supported by the underlying factual basis. A *best practice* is to state the conclusion and provide specific strengths and weaknesses that support it. To ensure that the risk assessments provide the necessary background information and are structured consistently, the entire evaluation group should review and evaluate the report on each offeror. During this review, the evaluation group should correct statements that appear unsupported, inconsistent, or unnecessary. The conclusion may be a single overall rating/assessment supported by a specific description of the offeror's past performance as it relates to the specific acquisition.

Occasionally the evaluation group will be unable to arrive at a unanimous agreement on a particular risk assessment. If this occurs, the evaluation group may include the dissenting opinion as part of the assessment report. The report should also address offerors with no past performance history.

The evaluation group's submission of the past performance evaluation report to the source

selection official usually completes the major portion of its work.

Handling PPI

Information concerning the past performance of an offeror or of its proposed subcontractors should be treated as deliberative information, marked "For Official Use Only." The evaluation of a contractor's past performance for a specific source selection is actually source selection information. This information frequently includes information that is proprietary, such as trade secrets and confidential commercial or financial data that would not be released under the Freedom of Information Act. Current laws, regulations, and policies governing the storage, access, disclosure, and marking of source selection and proprietary information must be observed at all times. Questions concerning the procedures for the handling of PPI should be referred to the Contracting Officer or legal counsel for resolution.

The evaluation group must retain the records of its evaluation activity throughout the source selection process. Upon contract award or cancellation of the solicitation, all evaluation group records are provided to the Contracting Officer for retention along with the other source selection documents.

Using PPI When Not Required in the Request For Proposals

There are circumstances when an offeror will submit PPI even when it is not a stated criterion of the solicitation. PPI submitted by an offeror should not be considered when it is not a stated evaluation criterion.

Using Passive PPI

For the Operations Support sector, the collection threshold for report card information is \$5,000,000. Under the \$5,000,000 threshold, DoD intends to deploy a capability under PPIRS that will take advantage of existing collection systems that already capture data on the timeliness of delivery and quality of product or service. The PPIRS "passive" module will apply algorithms to this data to derive a delivery score and quality rating. Two such existing collection systems are currently in limited use; namely, the

Navy's "Red/Yellow/Green" system and DLA's Automated Best Value System (ABVS). The planned DoD-wide PPIRS passive system builds on lessons learned from each. While these passive systems may continue to be used, DoD-wide implementation of use of PPI on lower dollar-value procurements is not mandatory until the PPIRS passive module is fully automated across DoD.

APPENDIX A: DEFINITIONS, REFERENCES, AND GAO CASES

Definitions

Adverse PPI. PPI that supports a less than satisfactory rating on any evaluation element or any unfavorable comments received from sources without a formal rating system.

Assess. See “Contractor Past Performance Assessments.”

Assessing/Evaluating Official. The Government employee responsible for assessing/evaluating offerors’ past performance in the context of a source selection (evaluating official) or for completing past performance assessment reports (assessing official). See also “Reviewing Official.”

Best Value. The expected outcome of an acquisition that, in the Government’s estimation, provides the greatest overall benefit in response to the requirement.

Business Sectors. Groups of goods or services with similar characteristics or similar requirements for engineering development, manufacturing, or technology. The DoD PPI business sectors are: Systems, Operations Support, Services, Information Technology, Construction and Architect-Engineering Services, and Science and Technology.

Contractor Experience. The Contractor’s experience in a particular area of expertise, that does not use performance data as a qualifier of that experience (e.g., 20 years of experience as a software firm).

Contractor Past Performance Assessments. The written or oral result of taking performance data and considering it in the context of a particular contract’s scope and requirements.

Current (Currency). See “Recent (Recency).”

Evaluate. See “Past Performance Evaluations.”

Key Business Sectors. Four global business sectors that represent the areas that comprise the greatest workload for DoD: Systems, Operations Support, Services, and Information Technology.

Negative PPI. PPI that concludes a less than exceptional rating on any evaluation element.

Passive PPI. Using data collected for other purposes to derive a past performance rating through use of an algorithm. Examples of such data include deliveries and quality deficiency reports. The data is aggregated in a database and then the algorithm is applied to generate a rating that gives a snapshot of the contractor’s performance history on a wide variety of contracts.

Past Performance Evaluations. Occur when PPI is considered in the context of a source selection. Past performance evaluations may take into account PPI from a variety of sources, starting with PPIRS, and including passive systems, contractor report cards, questionnaires, interviews, and offerors’ own proposals.

Past Performance Information (PPI). Information submitted with the offeror’s proposal, contractors’ references, contractor report cards, survey data, or other data available to the source selection authority.

Performance Assessment Elements. Mandatory assessment elements for the DoD business sectors.

Performance Assessment Reports. One source of PPI. They are in essence report cards on how well a contractor is performing or has performed on an individual contract.

Performance Risk. Evaluation of the risk of performance as it relates to the probability of the offeror successfully completing the solicitation's requirements based on previous demonstrated recent and relevant performance.

Proposal Risk. Evaluation of the risk associated with the offeror's proposed approach to meeting the requirements of the solicitation for each of the non-cost evaluation factors other than past performance.

Recent (Recency). Information that has a logical connection with the matter under consideration by occurring within the applicable time span.

Relevant (Relevancy). Information that has a logical connection with the matter under consideration by relating to the scope of the history to be considered.

Reviewing Official. The Government employee responsible for reviewing assessments/evaluations of offerors' past performance. The reviewing official should have personal knowledge of the contractor's performance and be at a higher organizational level than the assessing/evaluating official. See also "Assessing/Evaluating Official."

Unique Business Sectors. The three unique business sectors (Architect-Engineering Services, Construction, and Science and Technology) that are separate from the four key business sectors.

References

References that are noted here prescribe policies/requirements for collecting and using PPI:

FAR Parts 9, 15, 19, 36, and 42.

Section 804 of the FY 2003 National Defense Authorization Act, Public Law 107-314.

DoD

Principal Deputy Under Secretary of Defense (Acquisition, Technology and Logistics) policy memo titled "Contractor Performance Assessments," dated 24 August 1999, Dave Oliver.

Under Secretary of Defense (Acquisition, Technology and Logistics) policy memo titled "Award Fees," dated 27 February 1999, J.S. Gansler.

Under Secretary of Defense (Acquisition and Technology) policy memo titled "Automation of Past Performance Information," dated 20 February 1998.

Under Secretary of Defense (Acquisition and Technology) policy memo titled "Competition between Public Sector (Organic) Maintenance Depots and Private Sector Commercial Firms," dated 2 May 1997, Paul Kaminski.

Defense Acquisition Council Class Deviation 99-00002.

Navy

Assistant Secretary of the Navy (Research, Development and Acquisition {RD&A}) memo titled "Revised Contractor Performance Assessment Reporting System (CPARS) Guide," dated 20 March 2000.

Assistant Secretary of the Navy (RD&A) memo titled "Use of Contractor Past Performance Information in Source Selection," dated 13 March 1998.

Assistant Secretary of the Navy (RD&A) memo titled "Implementation of Contractor Performance Assessment Reporting System (CPARS)," dated 2 February 1998.

Army

Army FAR Supplement.

Army Material Command Source Selection Guide (Pamphlet No. 715-3, "Contracting for Best Value"), 1 January 1998.

Air Force

Air Force Federal Acquisition Regulation Supplement Part 15 and 42.

"Past Performance Evaluation Guide," March 2003.

"Contractor Performance Assessment Reporting System (CPARS) Guide," May 2002.

Office of the Assistant Secretary of the Air Force (Acquisition) memo titled "Importance of Contractor Performance Evaluations in Source Selections," dated 23 August 2001.

Office of the Assistant Secretary of the Air Force (Acquisition) memo titled "Contractor Performance Assessment Reporting System (CPARS) and Past Performance Information Evaluation Requirements," dated 28 March 2001.

Defense Agencies

Defense Information Systems Agency, "Collecting and Using Past Performance Information (PPI) Deskbook," October 2002.

<https://apps.rdaisa.army.mil/ppims/prod/common/DISAPPIDeskbook21Oct02.pdf>.

GAO Cases

Performance Assessment Reports (page 2)

PEMCO World Air Services, B-284240, March 27, 2000.

Past Performance versus Experience (page 6)

Oceaneering Intl Inc., B-287325, June 5, 2001.

Proposal Risk versus Performance Risk (page 6)

Champion Service Corporation, B-284116, February 22, 2000.

Questech, Inc. B-236028, November 1, 1989, 89-2 CPD ¶ 407.

Past Performance versus Responsibility Determinations (page 6)

Goode Constr. Inc., B-288655, et al., October 19, 2001.

Pass/Fail Strategies (page 7)

Sterling Services, Inc., B-286326, December 11, 2000.

De Facto Debarment (page 7)

Phil Howrey Company, B-291402.3, B-291402.4, February 6, 2003.

Quality Trust, Inc., B-289445, February 14, 2002.

PPI Relevancy (page 8)

Symtech Corp., B-285358, August 21, 2000.

Evaluating Contractors with No Relevant Past Performance (page 9)

Menendez-Donnell & Associates, B-286599, January 16, 2001.
Hydraulics International, Inc., B-284684, B-284684.2, May 24, 2000.

The Past Performance Evaluation Process (page 11)

OSI Collection Services, Inc.; C.B. Accounts, Inc., B-286597.3, B-286597.4, B-286597.5, B-286597.6,
June 12, 2001.
North American Aerodynamics, Inc., B-285651, September 15, 2000.

Currency of PPI (page 11)

Kira, Inc.; All Star Maintenance, Inc., B-291507, B-291507.2, January 7, 2003.

Mergers and Acquisitions (page 12)

Universal Fabric Structures, B-284032, February 10, 2000.

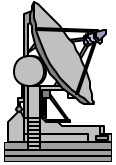
Exchanging PPI with Offerors (page 13)

NMS Management, Inc., B-286335, November 24, 2000.
TLT Construction Corporation, B-286226, November 7, 2000.

APPENDIX B: BUSINESS SECTORS

Key Business Sectors

Systems



Generally this sector includes products that require a significant amount of new engineering development work. It includes major modification/upgrade efforts for existing systems as well as acquisition of new systems, such as aircraft, ships, etc. It also includes program budget account code 6.4 funded projects. Systems whose mission depends directly on the correct operation of the software should address past performance as part of the source selection as required by Section 804 of the FY03 National Defense Authorization Act. The systems

business sector includes—

Aircraft: Includes fixed and rotary wing aircraft and their subsystems (e.g., propulsion, electronic, communications, ordnance).

Shipbuilding: Includes ship design and construction, ship conversion, small craft (e.g., rigid inflatable boats) and associated contractor-furnished equipment, as well as ship overhaul and repair.

Space: Includes all satellites (communications, early warning, etc.), all launch vehicles, strategic ballistic missiles, and all associated subsystems, including guidance and control.

Ordnance: Includes all artillery systems (except non-precision guided munitions {PGM} projectiles), tactical missiles (air-to-air, air-to-ground, surface-to-air, and surface-to-surface) and their associated launchers, and all PGM weapons and submunitions, such as the Joint Direct Attack Missile, the Sensor-Fused Weapon, and the “Brilliant Antitank” weapon.

Ground Vehicles: Includes all tracked combat vehicles (e.g., tanks, armored personnel carriers), wheeled vehicles (e.g., trucks, trailers, specialty vehicles), and construction and material handling equipment requiring significant new engineering development. Does not include commercial equipment typically acquired from existing multiple award schedule contracts (e.g., staff cars, base fire trucks)

Training Systems: Generally includes computer-based (or embedded) virtual and synthetic environments and systems of moderate to high complexity capable of providing training for air, sea, and land-based weapons, platforms, and support systems readiness. Does not include operation and maintenance support services beyond the scope of the initial training system acquisition or basic and applied research in these areas.

Other Systems: Includes technologies and products that, when incorporated into other systems such as aircraft and ships, are often categorized as subsystems. However, many of these products are often acquired as systems in their own right, either as stand-alone acquisitions or as the object of major modification/upgrade efforts for ships, aircraft, etc. Examples of other systems include Command, Control, Communication, Computer and Intelligence (C4I) systems, airborne and shipborne tactical computer systems, electrical power and hydraulic systems, radar and sonar systems, fire control systems, electronic warfare systems, and propulsion systems (turbine engines—aviation and maritime, diesel engine power installations—maritime and combat vehicle). Does not include tactical voice radios with commercial equivalents, personal Global Positioning System (GPS) receivers, and non-voice communication systems with commercial equivalents (See Operations Support and Information Technology sectors).

Services



Generally this sector includes all contracted services except those that are an integral part of a systems contract or related to Science and Technology, Construction and Architect-Engineering, Information Technology, and Health Care services. Services are further defined below:

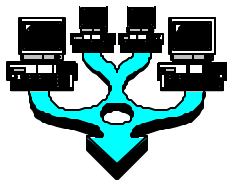
Professional/Technical and Management Support Services: Includes all consultant services—those related to scientific, health care services, and technical matters (e.g., engineering, computer software engineering and development), as well as those related to organizational structure, human relations, etc. Includes office administrative support services (e.g., operation of duplication centers, temporary secretarial support). Does not include any basic or applied research that will result in new or original works, concepts, or applications, but does include contract advice on the feasibility of such research, as well as evaluation of research results.

Repair and Overhaul: Services related to the physical repair and overhaul of aircraft, ground vehicles, etc., and any associated subsystems or components. Includes condition evaluations of individual items received for repair or overhaul but does not include evaluations of the feasibility or the benefits of the overall project. Does not include Ship Repair and Overhaul included in the Shipbuilding sector.

Installation Services: Includes services for grounds maintenance (e.g., grass cutting, shrubbery maintenance or replacement). Includes services related to cleaning, painting, and making minor repairs to buildings and utilities services, etc. Includes contracted security and guard services. Includes installation and maintenance of fencing. Also includes minor electrical repairs (e.g., replacing outlets, changing light bulbs), minor road surface repairs (e.g., patching cracks, filling in potholes), relocation of individual telephone lines and connections, and snow removal. (See Construction for the installation services covered by that sector.)

Transportation and Transportation-Related Services: Includes services related to transportation by all the land, water, and air routes, and transportation efforts that support movement of U.S. forces and their supplies during peacetime training, conflict, or war. Consists of those military and commercial efforts, services and systems organic to, contracted for, or controlled by DoD.

Information Technology



This sector includes any equipment or interconnected system or subsystem of equipment that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information. Generally includes all computers, ancillary equipment, software, firmware and similar procedures, services (including support services), and related resources. Does not include any military-unique C4I systems and components included under Systems (e.g., Joint Tactical Information and

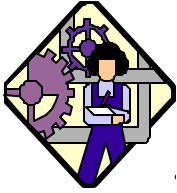
Distribution System, Aegis). More specifically—

Software: A set of computer programs, procedures, and associated documentation concerned with the operations of a data processing system (e.g., compilers, library routines, manuals, circuit diagrams). Includes information that may provide instructions for computers; data for documentation; and voice, video, and music for entertainment and education.

Hardware: Physical equipment as opposed to programs, procedures, rules, and associated documentation. In automation, the physical equipment or devices forming a computer and peripheral components.

Telecommunications Equipment or Services: Circuits or equipment used to support the electromagnetic and/or optical dissemination, transmission, or reception of information via voice, data, video, integrated telecommunications transmission, wire, or radio. The equipment or service must be a complete component capable of standing alone. Includes the following types of items: telephones, multiplexers, telephone switching systems, circuit termination equipment, radio transmitters or receivers, modems, card cages with the number and type of modem cards installed, etc. Does not include the following types of items: chips, circuit cards, equipment racks, power cords, microphones, headsets, etc.).

Operations Support



Generally, this sector includes spares and repair parts for existing systems. Also includes products that require a lesser amount of engineering development work than Systems, or that can be acquired "build-to-print," "non-developmental," or commercial off the shelf. More specifically—

Mechanical: Includes transmissions (automotive and aviation), landing gear, bearings, and parts/components related to various engines (e.g., turbine wheels, impellers, fuel management and injection systems).

Structural: Includes forgings; castings; armor (depleted uranium, ceramic, and steel alloys); and steel, aluminum, and composite structural components. Does not include "bare" airframes, ships, or combat vehicles (i.e., those without engines and electronics).

Electronics: Includes parts and components related to digitization, guidance and control, communications, and electro-optical and optical systems. Includes individual resistors, capacitors, circuit cards, etc., as well as "modules" such as radio-frequency receivers and transmitters. Includes tactical voice radios, personal GPS receivers, etc.

Electrical: Includes electric motors, thermal batteries, auxiliary power units, and associated spares and component parts.

Ammunition: Includes all small arms ammunition and non-Precision Guided Munitions artillery rounds.

Troop Support: Includes all food and subsistence items. Includes all clothing and textile-related items, including uniforms, tentage, personal ballistic protective gear, life preservation devices, etc. Includes all medical supplies and equipment, including medicines and diagnostic equipment (e.g., x-ray machines). Does not include any recreational or morale/welfare items.

Base Supplies: Includes all consumables and personal property items needed to maintain installations, bases, ports, etc. Includes small tools and cleaning and preservation equipment and supplies (e.g., paints, brushes, cleaning solvents). Does not include any grounds maintenance, construction, security, or other types of services.

Fuels: Includes all bulk fuels, lubricants, and natural gas, coal, storage, and other commodities and related support services.

Unique Business Sectors

Architect-Engineering Services



Professional services of an architectural or engineering nature as defined by State law, if applicable, that are required to be performed or approved by a person licensed, registered, or certified to provide such services. These services include research, planning, development, design, construction, alteration, or repair of real property. Incidental services include studies, investigations, surveying and mapping, tests, evaluations, consultations, comprehensive planning, program management, conceptual designs, plans and specifications (drawings, specifications, and other data for and preliminary to the construction), value engineering, construction phase services, soils engineering, drawing reviews, preparation of operating and maintenance manuals, and other related services.

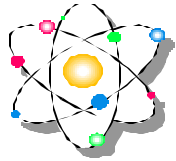
Construction

Construction, alteration, or repair (including dredging, excavating, and painting) of buildings, structures, or other real property. The term "buildings, structures, or other real property" includes but is not limited to improvements of all types, such as bridges, dams, plants, highways, parkways, streets, subways, tunnels, sewers, mains, power lines, cemeteries, pumping stations, railways, airport facilities, terminals, docks,

piers, wharves, ways, lighthouses, buoys, jetties, breakwaters, levees, canals, and channels. Construction does not include the manufacture, production, furnishing, construction, alteration, repair, processing, or assembling of vessels, aircraft, or other kinds of personal property.

Design-Build: Combining design and construction in a single contract with one contractor.

Science and Technology



Includes all contracted basic research and some applied research. Includes construction of "proof-of-principle" working prototypes. Includes projects funded by program budget accounts 6.1 (Basic Research), 6.2 (Exploratory Development), and 6.3 (Advanced Technology Development), but does not include projects funded by 6.4 accounts or similarly oriented appropriations. (Those projects are covered by the Systems sector.)

APPENDIX C: PPI EVALUATION AND ASSESSMENT REPORT THRESHOLDS

<u>BUSINESS SECTOR</u>	<u>DOLLAR THRESHOLD</u> ¹	<u>REVIEWING OFFICIAL</u> ²
Systems (includes new development and major modifications)	> \$5,000,000	One level above the program manager ³
Services	> \$1,000,000	One level above the assessing/evaluating official
Operations Support	>\$5,000,000 ⁴	One level above the assessing/evaluating official
Fuels	>\$100,000	
Healthcare	>\$100,000	
Information Technology	>\$1,000,000	One level above the assessing/evaluating official
Construction	>\$500,000	One level above the assessing/evaluating official
Architect-Engineering	>\$25,000	One level above the assessing/evaluating official
Science and Technology	As required	One level above the assessing/evaluating official

¹ The DoD contract thresholds for PPI collection are based on a DoD class deviation to the FAR and apply to the original face value or, where modifications occur, to the "as -modified" face value of contracts. For "as modified," if a contract's original face value was less than the applicable threshold, but subsequently the contract was modified and the "new" face value is greater than the threshold, then a performance assessment (or assessments) should be made, starting with the first anniversary that the contract's face value exceeded the threshold. If the contract threshold is expected to exceed the collection threshold by exercise of option, modification, or order, it may be advisable to initiate the PPI collection process prior to the value of the contract exceeding the threshold.

² Required only if there is a disagreement between the assessing official and the contractor.

³ Or equivalent individual responsible for program, project, or task/job order.

⁴ For contracts under the \$5,000,000 threshold, buying activities should continue to accumulate contractor performance data as required by service or agency level guidance. (An ex ample of such a performance information collection system is "Red/Yellow/Green.")



ACQUISITION AND
TECHNOLOGY

DP(DAR)

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

January 29, 1999

In reply refer to
DAR Tracking Number: 99-00002

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES
DEPUTY FOR ACQUISITION AND BUSINESS MANAGEMENT,
ASN(RD&A)/ABM
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/AQC
DEPUTY ASSISTANT SECRETARY OF THE ARMY (PROCUREMENT)
COMMANDER, DEFENSE CONTRACT MANAGEMENT COMMAND, DEFENSE
LOGISTICS AGENCY

SUBJECT: Class Deviation--Past Performance

This supercedes the class deviation issued on December 18, 1997,
under DAR Tracking Number 97-00009, Subject: Past Performance.

Effective immediately, and until further notice, all Department
of Defense contracting activities shall use the attached language in
lieu of Federal Acquisition Regulation (FAR) 15.304(c)(3) and
42.1502(a) when collecting and using past performance information.

Eleanor R. Spector
Director, Defense Procurement

Attachment:
As stated

cc: DSMC, Ft. Belvoir



PART 15--CONTRACTING BY NEGOTIATION

* * * * *

Subpart 15.3--Source Selection

* * * * *

15.304 Evaluation Factors and Subfactors

* * * * *

(c) * * *

(3) (i) Except as set forth in paragraph (c) (3) (ii) of this section, past performance shall be evaluated in all source selections for negotiated competitive acquisitions ~~expected to exceed \$1,000,000~~ [--

(A) For systems and operations support expected to exceed \$5,000,000;

(B) For services, information technology, or science and technology expected to exceed \$1,000,000; and

(C) For fuels or health care expected to exceed \$100,000.

~~(ii) Except as set forth in paragraph (c) (3) (iii) of this section, past performance shall be evaluated in all source selections for negotiated competitive acquisitions issued on or after January 1, 1999, for acquisitions expected to exceed \$100,000. Agencies should develop phase-in schedules that meet or exceed this schedule.~~

~~(iii) [ii]~~ Past performance need not be evaluated if the contracting officer documents the reason past performance is not an appropriate evaluation factor for the acquisition (OFPP Policy Letter 92-5).

* * * * *

PART 42--CONTRACT ADMINISTRATION

* * * * *

Subpart 42.15--Contractor Performance Information

* * * * *

42.1502 Policy.

(a) [(1)] Except as provided in paragraph (b) of this section, agencies shall prepare an evaluation of contractor performance for each contract in excess of [--] \$1,000,000 ~~(regardless of the date of contract award) and for each contract in excess of \$100,000 beginning not later than January 1, 1998 (regardless of the date of contract award), at the time the work under the contract is completed.~~

1

contracts; [(A) \$5,000,000 for systems and operations support

(B) \$1,000,000 for services, and information technology contracts; and

(C) \$100,000 for fuels and health care contracts.

(2) There is no dollar threshold for evaluating contractor performance under science and technology contracts.

(3) In addition, interim evaluations should be prepared as specified by the agencies to provide current information for source selection purposes, for contracts with a period of performance, including options, exceeding one year. This evaluation is generally for the entity, division, or unit that performed the contract. The content and format of performance evaluations shall be established in accordance with agency procedures and should be tailored to the size, content, and complexity of the contractual requirements.

(b) Agencies shall not evaluate performance for contracts awarded under Subparts 8.6 and 8.7. Agencies shall evaluate construction contractor performance and architect/engineer contractor performance in accordance with 36.201 and 36.604, respectively.

* * * * *

APPENDIX D: PERFORMANCE ASSESSMENT ELEMENTS

Key Business Sector Assessment Elements

Assessment Elements for the Systems Sector—DoD shall collect PPI on all contracts within the Systems sector 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-element 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 as 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, 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—(Not required for firm-fixed-price or firm-fixed-price with economic price adjustment contracts.) Assess the contractor's effectiveness in forecasting, managing, and controlling contract cost, including reporting and analyzing variances.

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 or exceeded small business, small disadvantaged business, small business HUBZone, veteran-owned small business, service disabled veteran-owned small business, and women-owned small business participation and subcontracting 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, and 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.

Assessment Elements for the Services, Information Technology, and Operations Support Sectors—DoD shall collect PPI using the following assessment elements within the Services, Information Technology, and Operations Support sectors.

QUALITY OF PRODUCT OR SERVICE—Assess the contractor's conformance to contract requirements, specifications, quality of software product and development, and standards of good workmanship (e.g., commonly accepted technical, professional, environmental, or safety and health standards).

SCHEDULE—Assess the contractor's timeliness against the completion of the contract, task orders, milestones, delivery schedules, and administrative requirements (e.g., efforts that contribute to or effect the schedule variance).

COST CONTROL—(Not required for firm-fixed-price or firm-fixed-price with economic price adjustment contracts.) Assess the contractor's effectiveness in forecasting, managing, and controlling contract cost, including reporting and analyzing variances.

BUSINESS RELATIONS—Assess the integration and coordination of all activity needed to execute the contract, specifically the timeliness, completeness, and quality of problem identification, corrective action plans, proposal submittals, the contractor's history of reasonable and cooperative behavior, customer satisfaction, timely award and management of subcontracts, and whether the contractor met small business, small disadvantaged business, small business HUBZone, veteran-owned small business, service disabled veteran-owned small business, and women-owned small business participation and subcontracting goals.

MANAGEMENT OF KEY PERSONNEL (for Services and Information Technology business sectors only)—Assess the contractor's performance in selecting, retaining, supporting, and replacing—when necessary—key personnel.

APPENDIX E: CONSTRUCTION AND ARCHITECT-ENGINEERING

Construction and A-E PPI is collected in two systems: Architect-Engineer Contract Administration Support System (ACASS) and Construction Contractor Appraisal Support System (CCASS). For further information on these systems, contact the following:

Department of the Army
Portland District Corps of Engineers
ACASS/CCASS Center, CENWP-CT-I
Portland, OR 97208-2946

Telephone numbers:

- ◆ Performance evaluation support: 503-808-4590
- ◆ SF 254 support: 503-808-4591
- ◆ General ACASS/CCASS information: 503-808-4590

Fax number: 503-808-4596

ACASS

ACASS is an automated centralized database of information required for contracting with A-E firms. The database contains A-E qualification data (Standard Form 254), A-E performance evaluations (DD Form 2631 [11/92]) and DoD A-E contract award data. The ACASS Center is operated and maintained by the U.S. Army Corps of Engineers, Portland District, Portland, Oregon. Any federal agency with authority to hire A-E firms is authorized to use ACASS. Applicable acquisition regulations and the general functions of the system are summarized below.

The data in ACASS is required to be available to contracting offices, and used in procuring A-E services, by the following acquisition regulations: FAR Subpart 36.6 and Defense Acquisition Regulation Supplement (DFARS) Subpart 236.6. By providing a central database that is easily accessible by interactive procedures, ACASS makes it unnecessary for contracting offices to maintain separate paper files.

When the Standard Form (SF) 254 is one year old, the ACASS Center notifies A-Es that a SF 254 update is due. SF 254s that have not been updated within three years are deleted from the system. This fulfills the requirements of FAR 36.603(d)(1) that SF 254 files be reviewed and updated at least once each year and FAR 36.603(d)(5) that any material that has not been updated within the past three years may be discarded.

ACASS maintains A-E performance evaluations (DD2631) for six years and makes this data available to all users, making it unnecessary for the contracting offices to distribute them, as required by FAR 36.604(c).

ACASS provides interactive procedures that allow sorting A-Es by user-selected parameters. This fulfills the requirement in FAR 36.603(c) that contracting offices classify A-Es with respect to location, experience, and capabilities. ACASS interactive procedures are used when an evaluation board needs classification of the firms on file.

DFARS 236.604 (c) requires that performance evaluations of A-E contractors be sent to the central database (the ACASS Center). DFARS 236.602-1 requires that DoD evaluation boards use performance evaluation data from the central database in procurement actions for A-E services.

Performance ratings are described by one of the following five adjectives: excellent, above average, average, below average, and poor. These terms are subjective and are not derived through use of any mathematical computations or formulas.

CCASS

CCASS is an automated centralized database containing a six-year history of construction contractor performance evaluations (DD Form 2626). The CCASS Center is operated and maintained by the U.S. Army Corps of Engineers, Portland District, Portland, Oregon. Any federal agency Contracting Officer executing construction contracts is authorized to use CCASS.

By providing a central database CCASS makes it unnecessary for contracting offices to distribute these files within the contracting community.

The data in CCASS is required to be available to contracting offices, and used in procuring construction contractor services, by the following acquisition regulations: FAR Subpart 36.2 and DFARS Subpart 236.2.

CCASS is used by the Contracting Officer in making pre-award responsibility determinations as well as for use in selection of construction contractor awards for excellence (DFARS 236.201).

Performance ratings are described by one of the following five adjectives: outstanding, above average, satisfactory, marginal, and unsatisfactory. These terms are subjective and are not derived through use of any mathematical computations or formulas.

APPENDIX F: COMMON DoD ASSESSMENT RATING SYSTEM

For other than ACASS and CCASS, the following five adjectival ratings comprise the DoD Assessment Rating System.¹ Note that DoD's assessment rating system recognizes the contractor's resourcefulness in overcoming challenges or problems that arise in the context of contract performance.

Exceptional (Dark Blue). Performance meets contractual 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 (Purple). 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 (Green). Performance meets contractual requirements. The contractual performance of the element or sub-element contains some minor problems for which corrective actions taken by the contractor appear or were satisfactory.

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

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

¹ Rating systems for non-DoD systems can be found in PPIRS.

APPENDIX G: COLLECTION OF PPI DURING SOURCE SELECTION

The evaluation group should use PPIRS as the starting point. The group also may gather supplemental information using various databases, questionnaires, surveys, and telephonic inquiries. Experience indicates that questionnaires provide useful but incomplete information to supplement and update existing information such as that included in PPIRS. One approach is to start by sending to each reference a questionnaire tailored to the source selection and to conclude by calling those who respond with pertinent information. Whether it sends questionnaires or not, the group will most likely conclude by calling the reference to obtain more detail or clarification. While telephone interviews are an excellent means to obtain information, innovations in the field of technology have afforded us with additional means of verification, such as e-mail.

Questionnaires should be short and concise and should consist of no more than a page to a page and a half of questions.

If a report card format is used as part of a survey request, it should use the uniform assessment elements established for the DoD business sectors. Report card information from DoD agencies is available from the DoD PPIRS.

PPIRS

To assist federal acquisition officials in purchasing goods and services that represent the best value for the Government, DoD developed PPIRS, a web-enabled application that allows the retrieval of contractor PPI. PPIRS serves as the common repository for data on contractor PPI from across DoD and other government agencies, including the National Aeronautics and Space Administration and the National Institutes of Health. Currently it provides a query capability for authorized users to retrieve report card information detailing a contractor's past performance record across all of the Government. (Construction and A-E evaluations/report cards will be included in an upcoming release of PPIRS.)

The benefits of PPIRS include reduced time and cost of proposal evaluation by eliminating the need to separately collect and process reports on contractor performance. PPIRS supports better source selections by identifying high-risk offerors. It reduces the need for questionnaires and allows contractors and government to rely on a single source for data. In addition, it facilitates communications with contractors.

PPIRS is available to any Government source-selection official. To gain access to PPIRS, a prospective user fills out an online request for user identification (ID) and password. After supplying user account information and a self-assigned user ID and password, the user requests access to one of the Agency/Component groups (usually the group affiliated with the user's organization). Once group access is granted, the user may access all contractor report cards available for that group. Contractors can gain access to their own data through Central Contractor Registration at <http://www.ccr.gov>.

PPIRS is on the web at <http://www.ppirs.gov>. It is accessible using any browser that supports 128-bit encryption. PPIRS information is sensitive but unclassified.

Conducting Telephone Interviews

Following the screening of previous contracts for further in-depth review, the evaluation group should send questionnaires and/or initiate telephone calls to the identified references for those efforts. The interviewing and reporting of results are usually individual efforts conducted by each evaluation group member. However, it is sometimes helpful to collect information as a group through the use of conference calls.

At least two references should be contacted on each previous contract effort selected for in-depth review. The current or previous Contracting Officer, Program Manager, and Contracting Officer's Representative—whoever has the most relevant experience on the contract—often proves to be an excellent source of information. Additional references are often identified during the interviews. Maximum

effectiveness occurs when the expertise of the evaluation group interviewer matches that of the reference.

Prior to initiating a telephone interview, a group member should gather all available information on a specific effort and draft a list of questions. There may be a common group of questions for all offerors and/or tailored questions for each offeror, depending upon the circumstances. These questions can either be sent as questionnaires to each reference or be used by the group member during the telephone interview.

At the start of each telephone interview, the group member should explain the purpose of the call and request voluntary assistance from the reference. The interviewer should explain that he or she will document the results of the conversation and send a copy of the memorandum to the reference for verification. There is usually no need to divulge the solicitation number, program description, or other identifying information to the reference. If it is necessary to do so, a nondisclosure statement must be obtained.

In most instances the reference will willingly provide the information requested. In those rare cases when the reference is reluctant to participate, the interviewer should assure the reference of anonymity. At the least, the reference should be requested to provide additional references.

It is important to pursue and document the underlying facts supporting any concluding statements received on a contractor. The evaluation group member can determine neither the magnitude of a reported problem nor its possible impact on the current risk assessment without first understanding the details surrounding the problem.

Documenting Telephone Interviews

Immediately following a telephone interview, the interviewer must prepare a narrative summary of the conversation and send it to the reference for verification. E-mail and datafax transmissions are encouraged. The following step is extremely important.

Extra care must be taken to ensure accuracy, clarity, and legibility because these summaries often represent the only written back-up supporting the opinions and conclusions of the final evaluation report.

In order to maintain accurate records and facilitate verification, the telephone record form should include the reference's name, full mailing and electronic addresses, telephone number, the date and time of the call, and the description of the contract effort discussed.

The evaluation group member should send the telephone memorandum to the reference, stating explicitly that if the reference does not object to its content within the time specified, it will be accepted as correct. The amount of time allowed for a response depends on the circumstances of each acquisition. Note that the reference need not sign a nondisclosure form if the group member withholds the identity of the program and solicitation number.

If the reference indicates that the narrative is incorrect, then a corrected narrative must be sent for verification. Experience indicates that in most instances, changes are minor. If, however, a reference expresses opposition to a record and satisfactory corrections cannot be agreed upon, the evaluation group should not rely on that record.

Include this form with the solicitation's instructions to offerors to simplify the submission and evaluation of PPI

(To be completed by the offeror)

1. Contract Number:
2. Contractor (Name and Address):
3. Type of Contract: Negotiated _____ Sealed Bid _____ Fixed Price _____ Cost Reimbursement _____ Hybrid (explain) _____
4. Complexity of Work: Difficult _____ Routine _____
5. Description, location, and relevancy of work:
6. Contract Dollar Value: _____ Status: Active _____ Completed _____
7. Date of Award: _____ Contract Completion Date (including extensions): _____
8. Type and Extent of Subcontracting:
9. Name, Address, Telephone Number, and E-mail Address of the Procuring Contracting Officer and/or the Contracting Officer's Representative (and other references—e.g., Administrative Contracting Officer—if applicable):

Typical Questions and Ideas for Telephone Interviews and Questionnaires

- Confirm the following data from the offeror's proposal:
 - Contract number
 - Contractor's name and address
 - Type of contract
 - Complexity of work
 - Description and location of work (e.g., types of tasks, product, service)
 - 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., Contracting Officer's Representative, Contract Specialist, Administrative Contracting Officer, 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.
- Ask whether there were any particularly significant risks involved in performance of the effort.
- Ask if the contractor appeared to apply sufficient resources (personnel and facilities) to the effort.
- If the contractor 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 chosen to work on specific technical areas, what were those areas, and why were they accomplished by the subcontractors rather than the prime?
- Ask if the contractor has established a small business subcontracting plan and is in compliance with 15 U.S.C. 637(d), has complied with the plan under similar types of contracts, and has met or exceeded the goals established under the plan. Ask how does the cognizant DCMA administration office rate the contractor's overall small business subcontracting plan.
- If a problem is uncovered that the reference is unfamiliar with, ask for another individual who might have the information.
- Ask if this contractor has performed other past efforts with the reference's agency.
- Ask about the contractor's strong points or what the reference liked best.
- Ask about the contractor's weak points or what the reference liked least.
- Inquire whether the reference has any reservations about recommending a future contract award to this contractor.
- Inquire whether the reference knows of anyone else who might have PPI on the contractor.

Typical Telephone Interview Record

Solicitation Number: (for reference—do not disclose to person contacted)

Contractor: (Name and Address)

Person Contacted: (Name, Address, Phone Number, E-Mail Address)

Date and Time of Contact:

Summary of Discussion:

**Interviewer's Signature
Past Performance Group Member**

Note: When interviewing, you may want to use an introduction similar to the following: This is [name]. I'm calling in reference to [name of contractor]. I'll be asking you some questions that pertain to that contractor's record of past and current performance. The information you provide will be used to evaluate the award of federal contracts. Therefore, it is important that your information be as factual and accurate as possible. A summary of this discussion will be sent to you for your records. If that summary is inaccurate or incomplete in any way, please contact me immediately. My telephone number and e-mail address are [telephone number; e-mail address].

Typical Telephone Interview Confirmation (Electronic)

Attached is a summary of our telephone conversation on [date] concerning the past and current performance of [name of contractor]. If I do not hear from you by [date], I will assume that the summary of our discussion is correct. Please contact me if you have any questions or comments. You may reach me at [telephone number] or [e-mail address]. Thank you for taking the time to assist in this effort.

Reminders for Past Performance Evaluation Group Member

- ◆ Discuss currency and relevancy of information.
- ◆ Read summary to person contacted.
- ◆ Send confirmation to person contacted.
- ◆ Withhold the identify of the instant program and solicitation number, if practicable, to avoid having to obtain a non-disclosure statement from the person contacted.

APPENDIX H: AUTOMATED PPI SYSTEMS

PPIRS is DoD's central retrieval system for all DoD past performance information. See the web site at: <http://www.ppirs.gov/>. This web site includes links to other automated PPI systems, including—

- ◆ ACASS
- ◆ ABVS
- ◆ CCASS
- ◆ Contractor Performance Assessment Reporting System
- ◆ Contractor Performance System
- ◆ Past Performance Database
- ◆ Past Performance Information Management System
- ◆ Past Performance Tool
- ◆ Product Data Reporting and Evaluation Program

APPENDIX I: TRAINING TOOLS

1. Distance Learning Course on DAU web site: <http://clc.dau.mil>
2. Air Force Performance Risk Assessment Group (PRAG) Guide
3. Air Force [Contractor Performance Assessment Reporting System](#) (CPARS) training guide
4. Air Force CPARS refresher training: <https://wmnet.eglin.af.mil/cpars> (Available only to .mil addresses.)
5. Navy CPARS training: <http://www.cpars.navy.mil/>
 - ◆ CPARS Practice System
 - ◆ CPARS Online Tutorial
 - ◆ CPARS Demo and Simulator
6. Army Past Performance Information Management System (PPIMS) web site:
<https://apps.rdaisa.army.mil/ppims/prod/ppimshp.htm> (training, users, and administrative guides for Army use)