

**A GUIDE TO BEST PRACTICES FOR
PAST PERFORMANCE**

OFFICE OF FEDERAL PROCUREMENT POLICY (OFPP)
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FOREWORD

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This is the second in a series of guidebooks on best practices developed by the Office of Federal Procurement Policy. This guidebook contains best practices for implementing OFPP Policy Letter No. 92-5, Past Performance Information, and the FAR provisions on past performance contained in Parts 9, 15 and 42 as promulgated by FAC 90-26. This guide discusses the use of contractor's past performance, including quality certifications, as a significant evaluation factor in the source selection process and the development of a past performance evaluation system within each agency to provide meaningful past performance information for source selection.

Including the use of past performance in the source selection process is one aspect of the principle that Government contracting officers should use all available information to estimate the expected future performance of contractors. The use of past performance as an evaluation factor in the contract award process makes the awards "best value" selections. It enables agencies to better predict the quality of, and customer satisfaction with, future work. It also provides the contractors with a powerful incentive to strive for excellence. Industry and the government must move from an adversarial, litigious relationship to a relationship based on partnership. Government suppliers must deliver the same high quality of service to government customers as they deliver to their best commercial customers. The government will, in turn, reward those contractors that deliver quality service by giving them credit for their good performance when making selections for future contracts.

Let me directly address two criticisms about the use of past performance heard from some contracting officers that will help set the framework for this guide.

- 1) Past performance and quality certifications are not perfect predictors. Of course nothing is a perfect predictor, but these variables are currently used informally by government contracting officers in source selections, and formally by most large private sector purchasers. Whenever relevant, contracting officers should use these sources of information to buy best expected value.

- 2) Past performance and quality certifications do not always apply. No predictors are always useful, but they should be used in the majority of cases where they do apply. For example, on purchases made once a generation, past performance history does not provide the same level of predicability on future performance as it would on purchases made once a week.

This is an interim guidebook to assist agencies in developing policies and procedures for implementation of this initiative for contracts to be awarded beginning in Fiscal Year 1996. Many of the practices contained herein were derived from the experiences

of contracting officers, program offices, and contractors on solicitations where past performance concepts were tested under the past performance pledge initiative begun on January 26, 1994. On that date, 20 Departments and agencies pledged to make past performance a major selection criterion in the award of 60 contracts during 1994 and 1995. (See Appendix 1 for the test program pledge and a list of the agency contact points.) This guide contains the lessons learned from the first 14 contracts awarded under the pledge program. Specific observations of pledge participants are provided throughout this guide. At the completion of the test program, a final guidebook will be issued to capture any additional lessons learned. Additional comments and suggestions are welcome.

The techniques and practices used to implement the past performance initiative that are discussed in this guide should not be viewed as mandatory regulatory guidance and should not form the basis for Inspector General or other audit reviews; instead they should be viewed as techniques that OFPP has found are useful in recording and using contractor past performance in

the contractor selection process.

We wish to thank the procurement and program officials from the major Executive Departments and agencies, and representatives from the private sector, who offered information on their experiences with the use of past performance as an evaluation factor in source selection. We are particularly thankful for the participation of those acquisition officials who were willing to exercise innovative thinking to include past performance as a significant evaluation factor in new acquisitions for the pledge program. In addition, special thanks go to an interagency team which developed the recommendations for the past performance information report.

Copies of this guidebook may be obtained from the Executive Office of the President's Publications Office by calling 202-395-7332 or writing Office of Publications, 725 17th Street, N.W., Room 2200, New Executive Office Building, Washington, DC 20503. Comments and suggestions should be addressed to the attention of David Muzio, New Executive Office Building, Room 9013 (FAX 202-395-5105).

Steven Kelman
Administrator
Office of Federal Procurement Policy

CHAPTER 1.

INTRODUCTION

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To select a high quality contractor, commercial firms rely on information about a contractor's past performance as a major part of the evaluation process. The government, on the other hand, for large contracts attempts to select a quality contractor by analyzing elaborate proposals describing how the work will be done and the management systems that will be used to ensure good performance. The current practice allows offerors that can write outstanding proposals, but may not perform accordingly, to continue to "win" contracts when other competing offerors have significantly better performance records, and therefore, offer a higher probability of meeting the contract requirements. Even on simplified procurements, a common complaint is that the government must accept low price offerors with marginal performance records even when higher priced offerors are more likely to be the "best value" because of their excellent record of past performance.

Settling for inexpensive mediocrity hardly seems in the taxpayers' best interest if an agency determines that it can get better overall value by doing business with a higher priced supplier with an excellent track record. So that the government can routinely secure the high level of quality demanded of contractors in the commercial world, the Office of Federal Procurement Policy (OFPP) is encouraging agencies to make a contractor's past performance an essential consideration in the award of all procurements, except those accomplished through sealed bidding. When the government demands high quality service

as a requirement for future business opportunities as does the private sector, competition will intensify and result in higher quality service by contractors.

A Bureau of Prisons Contracting Officer participating in the pledge program reported that knowledge of the use of past performance as 25 percent of the source selection score on one new contract acquisition spread quickly through the contracting community for half-way house management. Service quality has improved significantly on the other 25 contracts that he administers as the contractors know that past performance will be scored on all contract recompetitions.

ACQUISITION REFORM LEGISLATION

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In passing the Federal Acquisition Streamlining Act (FASA), signed into law by the President on October 13, 1994 (P.L. 103-

355), Congress acknowledged that it is both appropriate and relevant for the government to consider a contractor's past performance in evaluating whether that contractor should receive future work. Section 1091 of FASA states:

Past contract performance of an offeror is one of the relevant factors that a contracting official of an executive agency should consider in awarding a contract.

It is appropriate for a contracting official to consider past contract performance of an offeror as an indicator of the likelihood that the offeror will successfully perform a contract to be awarded by that official.

FASA requires the Administrator of OFPP to "establish policies and procedures that encourage the consideration of the offerors' past performance in the selection of contractors." Specifically, it requires the establishment of:

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

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

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

The period for which past performance information may be maintained.

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

PAST PERFORMANCE AS A METHOD TO STREAMLINE THE EVALUATION PROCESS

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It is not surprising that use of past performance as an evaluation factor was identified by Congress as a method for streamlining. Currently, the government routinely relies rather heavily upon detailed technical and management proposals to compare the relative strengths and weaknesses of offers. Much -- and, at times, all -- of this often voluminous risk assessment information can be eliminated by evaluating how well the offerors performed in the past on similar contracts.

After awarding a major and complex contract for automated technology development and assessment under the past performance pledge program, the Immigration and Naturalization Service is considering eliminating the standard technical evaluation factors in a future procurement so as to use only past performance and cost in the selection process. The test was done using the traditional source selection factors in addition to past performance. Although the process was accelerated and took only five months from solicitation to award, the selection team became convinced that evaluating only past performance and cost may have been sufficient to select the best contractor and could have reduced the process from solicitation to award to 90 days.

Certainly all contracts cannot be awarded using past performance and cost as the only two evaluation factors. But virtually all procurements can be made more efficient in terms of easier proposal preparation and evaluation through the effective use of past performance in the source selection process. The "best practices" identified throughout this guide are designed to help agencies capture these efficiencies while at the same time securing better quality.

THE PLAN FOR IMPLEMENTATION

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

Conformance to specifications and to standards of good workmanship;

Containment and forecasting of costs;

Adherence to contract schedules, including the administrative aspects of performance;

History of reasonable and cooperative behavior and overall business-like concern for the interests of the customer; and

Service to the end user of the product or service.

The objective of Policy Letter 92-5 and FAR Subpart 42.15 is to have a clear and concise evaluation of a contractor's past performance on every contract that is readily available in the file, or in a database, and can be shared with a requesting source selection team with a minimum of delay. Where evaluations of contractor performance for fee payments, or other purposes, are prepared and could be made available for use by source selection boards, separate past performance evaluation documentation is not required.

Evaluations should generally be prepared with input from the technical office, contracting office and, except where not appropriate, customers (i.e., end users of the product or service). See FAR 42.1503(a). In accordance with the phase-in schedule set forth at FAR 42.1502(a), they must be prepared at the completion of contract performance. In addition, interim evaluations should be prepared periodically (approximately every six months or after a significant event on the contract, or a change in program management) for contracts that will exceed one year, including options. Pursuant to FAR 42.1503(b) the evaluations must be shared with the contractor, and the contractor must be permitted to provide written comments where the contractor disagrees with the rating. Agencies must establish a review function at least one level above the contracting officer to consider the contractor's comments, if requested, by the contractor. After consideration of the contractor's comments, the final rating is a decision of the contracting agency. Copies of the evaluation, the contractor's response, and review comments, if any, should be marked as "source selection information" and retained for use when requested for Government source selections.

As the past performance evaluation process evolves and evaluations become common throughout the government, solicitations will need only to ask offerors to provide a

list, in the proposal, of past contracts that they have performed that were similar to the potential contract. The need for a section in the proposal on the offeror's past performance may not be necessary. The evaluation file from the government references will provide much, if not all, of the information necessary to evaluate the offeror on past performance. The need of source selection boards to conduct extensive interviews with the contract administration team, or conduct other investigations to verify a offeror's past performance, should be greatly reduced. Because the contractor will have been offered the opportunity to comment on the ratings as they were prepared, further comment in the proposal or during discussions, if held, will usually not be necessary.

The schedule established for agencies to fully implement this initiative (FAR 15.605(b)(1)(ii) and 42.1502(a)) requires that past performance be used as a source selection factor, unless waived by the contracting officer, in all solicitations exceeding \$1 million a year not later than July 1, 1995, all solicitations exceeding \$500,000 a year not later than July 1, 1997, and all solicitations exceeding \$100,000 not later than January 1, 1999. Establishment of agency past performance reporting systems must begin by July 1, 1995 for contracts in excess of \$1 million a year, for contracts in excess of \$500,000 effective July 1, 1996, and for contracts in excess of \$100,000 effective January 1, 1998.

SMALL PURCHASES

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The primary focus of this guide is on purchases above the simplified acquisition threshold (SAT). However, it should be noted that it is clearly acceptable, as provided in the FAR, to consider past performance in purchases under SAT, including purchases conducted through the Federal Acquisition Computer Network (FACNET). Contracting officers may use whatever information is available to the buying office about an offeror's past performance when making an award decision. If the agency establishes an automated, or other, past performance reporting system for recording past performance information across the agency, data should be retained as determined by the agency, but not more than three years. Formal evaluation plans, conduct of discussions and scoring of quotes or offers is not required. Simplified documentation procedures may be used to support the final action taken. For instance, a note in the file stating instances of late deliveries or poor quality on prior awards would suffice. Upon request, the contracting officer should explain the reason for selection of the higher priced offeror. The best practice is for the procuring activity to establish a simple, but consistent, system for applying past performance in those small dollar award decisions that rewards contractors that provide quality products and services in a timely manner.

CHAPTER 2.

BASIC CONSIDERATIONS

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Consideration of a contractor's track record has always been part

of the government's buying decision. FAR 9.104-1(c) states that a prospective contractor must have a satisfactory performance record in order to do business with the government. Clearly, such an examination is important, as it helps ensure that taxpayer dollars are not wasted on contracts with nonresponsible contractors. But, past performance can, and should, be used to do more than just help the government to decide whether a contractor is capable of performing. If the government is to get the type of high quality demanded of contractors in the commercial world, it must compare the past track records of its competing offerors to help identify which one, relatively speaking, is offering the best value.

Put another way, past performance should be used in both contexts. A contractor with a record of unsatisfactory past performance should be screened out of the selection process as part of the responsibility determination. If a contractor's past performance record passes the responsibility determination, then the record should be compared to the other responsible offerors to determine the offeror that provides the best value to the government.

A contracting officer at Bonneville Power Administration reporting on the results of a pledged contract stated: other contractors were found capable of performing this job and would have been selected had this purchase been set up for award to the low, responsible bidder. Using past performance permitted a relative ranking and enabled Bonneville Power Administration to get the most value for its dollar - not just the lowest price."

FAR 15.605(b)(1) establishes past performance as one of the two mandatory evaluation factors, along with price or cost, for all competitively negotiated acquisitions expected to exceed \$100,000, unless the contracting officer documents in the contract file the reasons why past performance should not be evaluated. The relative importance of past performance compared to price or cost and any other evaluation factors is left to the broad discretion of agency acquisition official, as is the source and type of past performance information to be included in the evaluation.

While FAR 15.604(b) assigns formal responsibility for the past performance requirements related to the source selection process to the cognizant technical official, this, like all other aspects of preparing the solicitation, is best seen as a joint responsibility of all the source selection team members. This will result in an integrated -- and better -- assessment of what qualities a "good" contractor should exhibit, and enable a more effective selection process.

What follows is a discussion of some of the key considerations that should be taken into account to make the most effective use of past performance as an evaluation factor.

PAST PERFORMANCE AS AN EVALUATION FACTOR VERSUS A RESPONSIBILITY CRITERION

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To make clear from the outset that past performance is being used as an evaluation factor, it should be included in the solicitation as a factor against which offerors' relative

rankings will be compared. Agencies should avoid characterizing it as a minimum mandatory requirement in the solicitation. When used in this fashion -- to make a "go/no go" decision as opposed to making comparisons among competing firms -- it will be considered part of the responsibility determination. As such, it will be subject to review by the Small Business Administration under the Certificate of Competency process.

PAST PERFORMANCE AS A SEPARATE NON-COST/PRICE FACTOR

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It is best to consider past performance as a stand alone factor, as opposed to integrating it with other non-cost/price factors. Making it distinct and identifiable will reduce the chances of its impact being lost within other factors and may make evaluation easier.

An Army Material Command program officer stated: Including past performance in each of the non-cost/price factors reduced its effectiveness in that the averaging within the broader categories obviated the distinctions.

GENERAL INDICIA OF PAST PERFORMANCE

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When used in the evaluation process, past performance, like any other factor, must be used to elicit information that will enable the government to decide how good one offeror's promises are in comparison to all others. To most effectively predict how an offeror is likely to perform in the future, the source selection team should take into account, in evaluating past performance, the following general considerations, as appropriate:

Quality of product or service;

Timeliness of performance;

Cost control;

Business practices;

Customer (end user) satisfaction; and

Key personnel past performance.

The quality of products and services can be looked at in terms of how well the contractor has complied with contract requirements and whether it conformed to standards of good workmanship. Timeliness can be measured in terms of how well the contractor has adhered to contract schedules and its responsiveness to technical direction. Cost control can be evaluated by, among other things, examining to see if the contractor operated at or below budget, submitted reasonably priced change proposals and provided current, accurate, and complete billings.

Business practices and customer satisfaction should be evaluated to measure the contractor's customer relations efforts. Business practices evaluates how well the contractor worked with the contracting officer and technical representative(s). Customer satisfaction measures the interface with the ultimate end user of the product or service, e.g., the PC user who needs assistance under a computer services contract, or the person who uses a supply item to complete their work. A contract cannot be considered a success unless the end user is satisfied. After all, support of the end user is the reason for every contract. Accordingly, effort should be made to ascertain whether each customer was satisfied, for satisfaction by one does not necessarily mean satisfaction by all.

The U.S. Mint found that some of the program office past performance observations about poor performance by the incumbent turned out to be overstated when the user locations were asked to comment on the vendors performance.

Key personnel past performance looks at the track record of the principal individuals selected to manage and perform other key aspects of the work on the contract. When firms in the commercial world make decisions about which contractor, consultant, or firm to deal with, they place heavy emphasis on (1) the past performance of the company as a whole and (2) how well the firm's employees have performed. Often, a company will choose to work with the same contractor based solely on the past performance of its employees.

Similarly, the past performance of the key management personnel to be assigned to a government contract should be looked at as an indicator of how well the contract will be performed. For new companies entering the marketplace, without relevant company experience, it will be the quality of the past performance of their key management personnel that will indicate the risk of good performance and become the basis of the past performance evaluation.

ELICITING SPECIFIC INFORMATION **[\(Table of Contents\)](#)**

When deciding what specific information to seek, the issue of relevancy should play a key role. It is inefficient to consider data just because it is available. It is necessary to look at the contract requirements and ask if the data is meaningful: Will it demonstrate that the offeror will be successful in performing the new contract? For instance, there would be no point to considering poor subcontract management if there were no subcontract management needed on the contract. On the other hand, if there were a significant amount of software development

it would certainly be important to know the offeror's record with regard to estimating lines of code, providing software builds on time with few errors and accomplishing the effort within the estimated cost.

If subcontractors are likely to perform critical aspects of the contract, the government should evaluate the past performance of these subcontractors to determine the overall risk of the prime contractor performing the contract.

Attention should be paid to what discriminates a "good" performer from a "poor" performer, for the type of work that will be performed on the instant acquisition. Subfactors of past performance should be shaped by those discriminators and be limited in number. This will expedite the evaluation process.

Past performance subfactors should be tailored to the key performance criteria in the statement of work (SOW) and surveys should be crafted to ask about performance in the subfactor areas.

Statements of work (SOW) should be performance-based to the maximum extent possible. Defining "what" the government wants, rather than "how" the government wants the work done or being vague and non-specific in defining requirements, takes much of the subjectivity out of government contracts. If the SOW is performance-based, the past performance subfactors and questions to ask references can specifically address the contractors capability of meeting the performance standards. For example, if one of the performance standards on a computer service contract is that the contractor must respond within 30 minutes to the work site when a problem is reported, the past performance evaluation can objectively address how well the contractor met this standard on past contracts.

If the contract is for a new state-of-the-art system some of the subfactors could be: ability to solve multiple problems and stay on schedule, use of commercial-off-the-shelf items to the maximum extent possible to reduce life cycle costs, and quality of subcontract management.

A survey of contractors done by the Department of Health and Human Services (HHS) revealed the following suggestions for subfactors:

An administrator for a non-profit educational institution felt that one could look at promptness of reports, accuracy on technical requirements, progress and meeting objectives, and financial reports.

The president of a security services company felt that turnover rate, overtime rate and invoicing should be evaluated.

A special studies contractor stated that depth of knowledge and ability to adapt were important.

A large construction contractor said that safety record, number of defects and claims filed could be rated.

A large information technology contractor felt that a record of consistent innovative ideas should be noted along with record of ethics, understanding customer problems and ability to adapt to changes in technology. Finally, he thought that financial statements, business plans and market surveys could be used in an evaluation.

The subfactors used for past performance should be those actions of a contractor that can be reasonably asked of a reference. The subfactors in the solicitation will be the basic questions on a questionnaire to use for interviewing references or reviewing any written evaluations provided by the references. For example, subfactors with corresponding questions under business relations could include:

Management Responsiveness - Is the offeror cooperative, business-like and concerned with the interests of the customer?

Contract change proposals - What is the contractor's history on contract change proposals? This includes, changes that lower the overall cost or improve performance - timely and accurate proposals for equitable adjustments - changes that have been withdrawn or dismissed as invalid.

Substitution of Key personnel - What is the contractor's history on changing the key personnel proposed in the offer?

Emergency Responsiveness - Has the offeror responded in a credible manner to emergency service requirements?

Overall Satisfaction - Would you do business with this contractor again, if you had a choice ?

For large organizations with many divisions and profit centers, it is realistic to consider the past performance of the affiliate, division, etc. that will perform the actual work. In making such decisions, however, an agency must consider the degree of control that a parent organization will exert over the affiliate. If a parent organization has an excellent or poor performance record and the affiliate is going to be closely controlled and managed by the parent, then the agency should consider the parent organization's performance record in making the performance evaluation.

HOW TO WEIGH PAST PERFORMANCE

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Past performance should be ranked to ensure that it is meaningfully considered. To be meaningful in the source selection process and to ensure that contractors are aware that actual contract performance will be a significant factor in future awards, it is recommended that past performance normally be at least equal in significance to any other non-cost evaluation factor. If relative order of importance is the evaluation system used, then past performance should be considered at least equally important to any other non-cost factor. Generally, if a numeric weighting system is used, past performance should be rated at 25 percent or more.

For example, if there are five non-cost evaluation factors including past performance then any of the following examples of weightings or relative importance would suffice:

Past performance at 25 percent with the other four factors rated at 18.75 percent each ($75/4=18.75$);

Past performance at 25 percent, technical excellence at 25 percent, management at 20 percent, the other two factors at 15 percent each;

All five factors rated at 20 percent.

Technical approach rated at 30 percent, past performance rated at 30 percent (to equal the highest rated other non-cost factor), management at 20 percent and the other two factors rated at 10 percent each.

Technical capability and past performance are considered equal in importance followed by test and evaluation, logistics management, and subcontract management in descending order of importance.

- The Department of Labor IG rated past performance at 40-50 percent on test contracts.
- The Bureau of Prisons, after completing a test contract, intends for some future contracts to rate past performance as 50 percent of the total score with technical at 25 percent and cost at 25 percent.

- **The Air Force intends to make past performance equal to the color code which indicates relative scores in price, technical and management.**

Within the past performance factor, the source selection team must determine whether it wants to rate past performance on an overall basis, or whether certain of the subfactors are more important than others. For example, on a contract where most of the work is done for end users and it is difficult for the contract administration team to observe the contractor's performance in a cost effective manner, significant weight might be placed on the offeror's customer (end user) satisfaction ratings from the references.

Making past performance among the most significant factor or the only non-cost factor, is feasible when the contract that is being solicited is very close in requirements to contracts that have been performed in the past by many contractors. The source selection team will need to make the judgement on how close a predictor of success past contract performance will be for the current contract.

Where past performance is made the most significant or the sole non-cost evaluation factor, significant efficiencies can be made in the proposal preparation and proposal evaluation processes. Proposal input would not need to be sought on the areas to be evaluated through past performance. This saves the contractor preparation resources and the government evaluation resources.

CHAPTER 3.

SOLICITATION LANGUAGE FOR USING PAST PERFORMANCE

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

Accordingly, Section L and Section M should be clear with respect to what past performance information the government will evaluate and how it will be weighted - at least in relative terms. Past performance information that is not important to the current acquisition should not be included.

Section L must state that the offerors may identify Federal, state and local government and private contracts that are similar to the statement of work in the solicitation. This will help

ensure that firms new to the federal process are given a fair opportunity to compete. If for some reason the work for other than the federal government is to be rated lower than federal contracts this needs to be specified in Section M.

FAR 42.1503(e) states that past performance information shall not be retained to provide source selection information for longer than three years after completion of the contract. Thus, the solicitation should ask the contractor for references for on-going or contracts completed within the last three years. For small dollar contracts where there are lots of actions and many contractors provide the products or services, a shorter period may be appropriate.

Once the time frame has been determined, contractors should not be allowed to "cherry pick," to provide selective information on their past performance history. All contracts performed during the identified period, or the last "X" contracts performed by the entity within the identified period should be sought. The government can determine which contracts are relevant to the solicitation. The goal is to get a true picture of the contractor's overall, recent performance record.

It is recommended that Section L ask only for a list of the previous contracts and contact points and for a description of any quality awards earned by the offeror. It is not necessary to burden the process by asking that the offeror prepare a description of its past performance history in the proposal. However, some contracting officers have felt it beneficial to ask the offerors to discuss any major problems encountered on the contracts listed and the corrective actions taken to resolve them.

It is important to ask for at least two references on each contract. In addition to ensuring that all aspects of the contractor's performance will be discussed, it also ensures that anonymity of the references can be maintained. There is considerable concern that there will be a tendency for inflated rating from references if the name of the person providing the rating is revealed to the offeror. FAR 15.610(c)(6) and 15.1003(b)(4) prohibit release of the names of individuals providing reference information about an offeror's past performance

Section L should include a statement that the government may use past performance information obtained from other than the sources identified by the offeror and that the information obtained will be used for both the responsibility determination and the best value decision.

It is further recommended that the solicitation contain a copy of the past performance questionnaire (survey) form that will be used to record the information received from the references. This allows offerors to know what is important to the government on this contract and helps offerors in their proposal decisions. The questionnaire should be listed as an attachment in Section J and Section L should note that it will be used to collect past performance information.

Section M should stipulate the percentage score, or relative importance, that past performance will receive. This should be a significant portion of the evaluation. As discussed in Chapter 2, it is recommended that past performance receive at least 25 percent of the non-cost score or be equal to or more important than any other non-cost factor. Major areas on the questionnaire should be listed as evaluation subfactors, as appropriate, and the percentage or relative importance each will receive in the evaluation should be specified.

It is also important to indicate how offerors with "no" past performance will be evaluated. Refer to Chapter 5 for further discussion on the treatment of new contractors.

Sample Solicitation Provisions

Shown below are examples of solicitation provisions for Sections J, L and M for the past performance portion of the total solicitation instructions. They were developed from a review of solicitations sent to OFPP by agencies participating in the past performance pledge program. They should not be viewed as the only way to include past performance in the solicitation. Each solicitation must contain instructions and evaluation information that best reflects the individual acquisition.

SECTION J. List of Attachments.

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Offerors should send their listed private sector references a letter to the following effect authorizing the reference to provide past performance information to the government.

CLIENT AUTHORIZATION LETTER (optional)

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Dear "Client":

We are currently responding to the Department of ____ RFP ____ for the procurement of _____. They are placing increased emphasis in their procurements on past performance as a source selection factor. They are requiring that clients of entities responding to their solicitations be identified and their participation in the evaluation process be requested. In the event you are contacted for information on work we have performed, you are hereby authorized to respond to those inquiries.

We have identified Mr./Ms. _____ of your organization as the point of contact based on their knowledge concerning our work. Your cooperation is appreciated. Any questions may be directed to: _____.

Sincerely,

SECTION L. Instructions.

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Past Performance Information

Offerors shall submit the following information as part of their proposal for both the offeror and proposed major subcontractors: (The information may be submitted prior to the other parts of the proposal, to assist the government in reducing the evaluation period).A. A list of the last ____ contracts and subcontracts completed during the past three years and all contracts and subcontracts currently in process. Contracts listed may include those entered into by the Federal Government, agencies of state and local governments and commercial customers. Offerors that are newly

formed entities without prior contracts should list contracts and subcontracts as required above for all key personnel. Include the following information for each contract and subcontract:

1. Name of contracting activity
2. Contract number
3. Contract type
4. Total contract value
5. Contract work
6. Contracting officer and telephone
7. Program manager and telephone
8. Administrative contracting officer, if different from # 6, and telephone
9. List of major subcontractors

B. The offeror may provide information on problems encountered on the contracts and subcontracts identified in A above and corrective actions taken to resolve those problems. Offerors should not provide general information on their performance on the identified contracts. General performance information will be obtained from the references. (Use this paragraph if written input from the offeror is desired in addition to the information obtained from the references.

C. The offeror may describe any quality awards or certifications that indicate the offeror possesses a high-quality process for developing and producing the product or service required. Such awards or certifications include, for example, the Malcolm Baldrige Quality Award, other government quality awards, and private sector awards or certifications (e.g., the automobile industry's QS 9000, Sematech's SSQA, or ANSI/EIA-599).

Identify what segment of the company (one division or the entire company) that received the award or certification. Describe when the award or certification was bestowed. If the award or certification is over three years old, present evidence that the qualifications still apply.

D. Each offeror will be evaluated on his/her performance under existing and prior contracts for similar products or services. Performance information will be used for both responsibility determinations and as an evaluation factor against which offerors' relative rankings will be compared to assure best value to the government. The government will focus on information that demonstrates quality of performance relative to the size and complexity of the procurement under consideration. The

Performance Information Form identified in Section J will be used to collect this information. References other than those identified by the offeror may be contacted by the Government with the information received used in the evaluation of the offeror's past performance.

The FBI requested that offerors provide past performance data in a separate book. This made it very easy to find the information requested as well as sending a signal to the offerors of the importance of past performance data.

SECTION M. Evaluation Factors for Award.
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Past Performance

(NOTE: There are various ways to establish an evaluation system. Using a numeric system as described below is just one. This example should not be interpreted as a suggestion that agencies should or must assign numeric weights to past performance or any other evaluation factor or subfactor).

Past performance will be evaluated as follows:

1. Past performance will receive 35 percent of the non-cost/price factors ratings. Subfactors A, B, C, D and E are of equal importance and will receive up to 25 percent of the non-cost/price ratings with the other 10 percent allocated to subfactor G, quality awards. The criteria for a rating of excellent is described with each subfactor.
 - A. Quality of Product or Service - compliance with contract requirements - accuracy of reports - technical excellence. Excellent = There were no quality problems.
 - B. Timeliness of Performance - met interim milestones - reliable - responsive to technical direction - completed on time, including wrap-up and contract administration - no liquidated damages assessed. Excellent = There were no unexcused delays.
 - C. Cost Control - within budget - current accurate and complete billings - relationship of negotiated costs to actuals - cost efficiencies. Excellent = There were no cost issues.
 - D. Business Relations - effective management - effective small/small disadvantaged business subcontracting program - reasonable/cooperative behavior - flexible - effective contractor recommended solutions - business-like concern for government's interests. Excellent =

Response to inquiries, technical/service/administrative issues was effective and responsive.

- E. Customer Satisfaction - satisfaction of end users with the contractors service. Excellent = 90 percent or more of end users surveyed rated the service as excellent or better.

- F. Where the offeror has demonstrated an exceptional performance level in any of the above five subfactors additional consideration can be given by the contracting officer for that factor. It is expected that this rating will be used in those rare circumstances when contractor performance clearly exceed the performance levels described as "excellent."

- G. Receipt of widely recognized quality awards or certifications. Excellent = Malcolm Baldrige Quality award, or equivalent award, covering the entity submitting the offer.

2. Assessment of the offeror's past performance will be one means of evaluating the credibility of the offeror's proposal, and relative capability to meet performance requirements.

3. Information utilized will be obtained from the references listed in the proposal, other customers known to the Government, consumer protection organizations, and others who may have useful and relevant information. Information will also be considered regarding any significant subcontractors, and key personnel records.

4. Evaluation of past performance will often be quite subjective based on consideration of all relevant facts and circumstances. It will include a determination of the offerors commitment to customer satisfaction and will include conclusions of informed judgement. However, the basis for conclusions of judgement will be documented.

5. Award may be made from the initial offers without discussions. However, if discussions are held offerors will be given an opportunity to address unfavorable reports of past performance, if the offeror has not had a previous opportunity to review the rating. Recent contracts will be examined to ensure that corrective measures have been implemented. Prompt corrective action in isolated instances may not outweigh overall negative trends.

6. If an offeror, or the proposed employees for the offeror, do not have a past performance history relating to this solicitation, the offeror will not be evaluated favorably or unfavorably on this factor.

CHAPTER 4.

OBTAINING INFORMATION ON A CONTRACTOR'S PAST PERFORMANCE

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Information about a contractor's past performance may come from a variety of customers, including federal agencies, state and local governments, and commercial contractors. The most prevalent way to obtain information from past and present customers is to conduct reference checks. Although not yet available on a government-wide basis, customer assessment of a contractor's performance can also be obtained from evaluations completed on previous government contracts. Quality certifications and awards can also serve as a useful source of past performance information. This chapter discusses the various methods for obtaining information on a contractor's track record.

REFERENCE CHECKS

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The process of conducting reference checks should begin as soon as the proposal evaluation commences to prevent delays in the selection process. The collection of information can be time consuming inasmuch as researchers must locate and question sources of information, either in person, by telephone or in writing. Obtaining this information as early as possible in the evaluation process gives the contracting officer invaluable information in determining the viability of the individual offerors. In addition, if the information shows a history of poor performance the contracting officer has the opportunity to recommend that certain offerors be eliminated from the competition as nonresponsible.

One of the pledged contract teams from the Department of Transportation noted that conducting the reference checks for the past performance evaluation was an eye opener and assisted the team tremendously in a very tight evaluation. It allowed the team to identify very early in the process that the effort was well beyond the capabilities of one of the proposers. It further made it very clear that the remaining proposers were very equal in their abilities.

For large complex contracts, it may be best for an agency to establish a team devoted entirely to this task during the source selection, especially if the agency anticipates receiving a large number of proposals.

The first step in obtaining information from sources is to develop a questionnaire, or survey form, which reflects the evaluation rating system that will be used to assess the offerors strengths and weaknesses for the contract being considered.

DOT advises agencies to pay particular attention to questionnaires. "You want to be fair yet thorough. Cover all areas that are to be part of your effort, meeting schedules, performance standards, administrative items, contract management, workmanship and last but not least the contractors history for reasonableness and cooperation, customer satisfaction, and a business-like concern for meeting its commitments."

Questions should be worded so that interviewees understand precisely what they are being asked to describe. All team members should state the questions to the interviewees exactly as on the questionnaire. In order to maintain accurate records and facilitate verification, the questionnaire (survey) record form should include the reference's name, full mailing address and telephone number, the date and time of the call and the description of the contract effort discussed. Examples of questionnaires used by various agencies are contained at Appendix 2.

Once the questionnaire is prepared references should be contacted. There are various ways to collect the information:

Face-to-face interviews;

Mail the questionnaires to the references and wait for the responses;

Telephone interviews using the questionnaire; and

Some combination of the above.

Telephone interviews are probably the most practical and cost effective way to collect past performance information. They save time and effort for both parties. Face-to-face interviews are only practicable if the reference is in close proximity to the interviewee. Telephone inquiries have a higher response rate than mailed questionnaires which are not always filled out and returned in a timely manner and a follow-on telephone interview will probably be necessary anyway.

The Army Materiel Command states in its guide, Past Performance in Source Selection, that "Field experience indicates questionnaires provide useful but incomplete information. A helpful approach is to start by sending a common questionnaire to each reference and to conclude by calling those who respond with the most promising information. Experience indicates that whether you send questionnaires or not, you will most likely conclude by calling the reference to obtain more detail or clarification.

At least two references should be contacted on each previous contract effort. As pointed out in Chapter 3, this should be specified in Section L. Additional references will often be identified during the interviews. Maximum effectiveness occurs when the expertise of the interviewer matches that of the reference. When more than one individual provides a reference on a particular contract the resulting information is likely to be more candid since anonymity is ensured. While the results of the interview may be released to the offeror, FAR 15.610 and 15.1003 prohibit the release of the names of persons providing reference information.

It is also important to survey reasonably large numbers of references in order to look for patterns in their description of performance - individual ratings may be idiosyncratic and biased. Numerous ratings can show patterns and are therefore much more likely to be a valid indicator.

The FBI observed that: in order to obtain complete data from a reference provided by the vendor it is necessary to interview both the contracting officer and the project manager of the contract. During the interview process we found that project managers were reluctant to provide information for fear of violating procurement regulations. Contracting officers who were interviewed could not recall the amount of details regarding vendor performance that Project Managers were aware of."

Being well organized and efficient is important when conducting the interview so as not to waste the interviewee's time. It is helpful to call the reference to make an appointment to conduct an interview, rather than telephoning the references unannounced, thereby catching them unprepared or with little time to respond. If possible, the questionnaire should be mailed or faxed to the reference in advance of the appointment.

It is probably preferable to interview one-on-one, with the contracting officer and program personnel if feasible. References are not likely to be as frank in group interviews as when alone. Of course, in a one-on-one extreme views may be expressed that do not reflect the overall evaluation in terms of the contractor's performance.

Interviewers should take copious notes on the questionnaire to ensure that all information is captured. Tape recording the conversation may cause the reference discomfort and reduce the amount of information provided.

Evaluators should look for patterns of either favorable or unfavorable overall performance, rather than focusing on individual successes or failures. It is important to look for actions that demonstrate high performance and not just unfavorable performance. This will help to get away from the old responsibility determination mode of just looking at performance problems.

There appears to be a tendency for references to give an upward bias to ratings. Therefore, the interviewer should ask enough questions to discriminate between "good" and "excellent." Even with this natural upward bias, evaluators should not hesitate, where it is desirable, to rate at excellent plus - i.e., exceeds contract requirements or extraordinary commitment to customer satisfaction. These are the contractors the government wants to do business with.

Evaluators should request any existing documentation in support of excellent or negative findings (i.e., correspondence, modifications, determinations, etc). Investigating negative findings in-depth prior to presenting them to offerors, in discussions if held, will alleviate unnecessary delays.

Prior to concluding the interview, the evaluator should ask the interviewee for a summary opinion e.g., how would the interviewee rate the contractor's overall performance and would the interviewee like to do business with the contractor again? Immediately following a telephone interview, the interviewer should prepare a narrative summary of the conversation and send it to the reference for verification, preferably by certified mail return receipt requested or fax. (This can be the questionnaire as filled in by the interviewer). The narrative should state explicitly that if the reference does not object to its content within the time specified, it will be accepted as correct. If the reference indicates that the narrative is incorrect, then a corrected narrative should be sent for verification. If a reference will not agree to the record and satisfactory corrections cannot be agreed upon, the record cannot be relied upon and should not be included in the offeror's rating. Another source may provide the same information, however.

A contracting officer for the FBI stated that the past performance interviews gave them more insight in going into negotiations-The interviews can expose problems with the contractor that can be discussed during the negotiation.

CUSTOMER EVALUATIONS OF PREVIOUSLY PERFORMED CONTRACTS **[\(Table of Contents\)](#)**

FAR 42.1502 requires agencies to prepare an evaluation of contractor performance pursuant to a phase-in schedule. Once these evaluations become commonly available, OFPP believes that use of these performance evaluations can provide an efficient and reliable source of past performance information. Use of the evaluations can eliminate much of the work presently undertaken to conduct reference checks. The source selection team should ask for the evaluations and contractor responses, if any, to be faxed or mailed to the team. Since contractors will already have had a chance to rebut evaluations and obtain review at a level above the contracting officers, and such information will be included in the file, the source selection team would rarely need to solicit additional information from the references. This should help to streamline the source selection process for both the government and offerors.

QUALITY CERTIFICATIONS **[\(Table of Contents\)](#)**

The private sector is increasingly establishing partnerships with suppliers and customers to insure continuous improvement in the quality of the end products and services. Many world class organizations are creating supplier relations that add value. Toyota requires all of its suppliers (and their suppliers) to apply for the Deming Quality Award. Ford and the other US auto companies have followed suit -- Ford's Q1 certification is widely recognized as signifying a high-quality supplier. Other private sector certifications that are widely admired include those of Xerox and Honda of America Manufacturing. Many companies that

are winners of the Baldrige award for their quality programs, require their suppliers to apply for the Baldrige award.

Using a Preferred Supplier Certification process, McDonnell Douglas identifies suppliers that have demonstrated a commitment to customer satisfaction by providing high quality, technically excellent and affordable products on time. Company officials expect to see lower costs from reduced re-work, lower inspection costs, reduced inventory costs and reduced lead and cycle times.

The Baldrige Award (named for former Commerce Secretary Malcolm Baldrige) measures companies' progress on a number of quality goals. The company or division must provide evidence that they incorporate quality into management practices; work closely with suppliers; train workers in quality techniques and meet customers' desires.

The President's Quality Award as well as agency-specific awards (e.g., within the Air Force) are modeled closely on the Baldrige award. Several Federal agencies have Blue Ribbon Programs built on the premise that past on-time and high-quality performance predicts future performance.

The International Standards Organization has proposed a series of quality standards (ISO 9000 series) that are being widely adopted, particularly by nations of the European Community. U.S. industry associations are beginning to use the ISO 9000 series as a baseline for developing US certification programs. Because the ISO standard does not require that organizations be constantly improving their process, it makes an incomplete basis for judging the quality of an organization's process.

In seeking past performance information, procurement officials are encouraged to ask offerors about any quality certifications or awards. How quality certifications are evaluated is at the discretion of the contracting officer. A sample evaluation plan for evaluating this subfactor is provided below. Note: This is for illustrative purposes only and is not intended to indicate a preferred rating system:

Excellent (10 percent of total rating or 40 percent of past performance rating): Receipt of a world-class quality award or certification (e.g., Malcolm Baldrige Quality Award) covering the entire organization proposing on the project. The award or certification has been received or renewed within the last three years, or the proposal presents convincing evidence that it still applies. Good (6 percent of total rating or 24 percent of past performance rating): Receipt of a widely respected quality award or certification (e.g., the automobile industry's QS 9000, Sematech's SSQA, or ANSI/EIA-559).

Adequate (2 percent of total rating or 8 percent of past performance rating): Receipt of a quality award or certification with a weak relation to future quality (e.g., ISO 9000 registration).

DISCUSSIONS ON PAST PERFORMANCE

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Whenever feasible, awards should be made on initial offers, without discussions. This is particularly relevant when the product or service lends itself to an evaluation based only on past performance and cost. Agencies should include the appropriate provisions in the solicitation notifying the offerors of the possibility of award without discussion. However, if discussions are needed under the conditions specified in FAR 15.610(b), the offeror must be provided an opportunity to discuss past performance information obtained from references on which the offeror has not had a previous opportunity to comment. Once past performance reports become commonly available within the federal government, discussions, if any, will need only to cover state and local government and private sector references.

CHAPTER 5.**RATING PAST PERFORMANCE**

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Once past performance information is gathered, the entire past performance team needs to assess all offerors and assign performance risk ratings. Instances of good or poor performance should be noted and related to the solicitation requirements. If problems were identified on a prior contract, the role the government may have played in that result should be taken into account. Performance risk assessments should consider the number and severity of problems, the demonstrated effectiveness of corrective actions taken (not just planned or promised), and the overall work record. The Team should look for indications of excellent or exceptional performance in the areas most critical to the performance standards in the SOW."

In some procurements, it may be that past performance will be rated on an overall basis where all subfactors under the past performance factor count the same and a simple final rating can be made. In other procurements, some subfactors may be given more weight than others, emphasizing those subfactors that relate most directly to the performance standards in the SOW. The age of the performance being evaluated may be weighed such that performance on older contracts receives less weight than performance on more recent contracts. More weight may be given to those evaluations on prior agency or federal contracts as opposed to contracts with states/local governments or private parties or to prior contracts of a similar nature to the solicitation as opposed to past performance on contracts which are less similar.

The final past performance rating may be reflected in a color, a number, or some other means, depending upon what system is being used overall to indicate the relative ranking of the offerors.

A past performance rating is not a precise mechanical process and

will usually include some subjective judgment. While an offeror's past performance in meeting contract technical performance, schedule and cost control can be measured more or less precisely against the contract requirements, business relations and end user satisfaction with the offeror's performance will be somewhat subjective. The documentation of the final rating should include a description of the underlying reasons for the conclusions reached.

NEW CONTRACTORS

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FASA states that "[i]n the case of an offeror with respect to which there is no information on past contract performance or with respect to which information on past contract performance is not available, the offeror may not be evaluated favorably or unfavorably on the factor of past contract performance. "

Accordingly, on the rare occasion that no relevant experience exists within the offeror's organization, the offeror's lack of past performance should be treated as an unknown performance risk. In other words, past performance should be treated as neutral. This might be accomplished by giving a new firm the average score of the other competing offerors and evaluating the proposal in accordance with other stated evaluation criteria. In this way, a strong technical or management proposal could help to offset a lack of experience to a greater degree than would be the case if that contractor had poor past performance but to a lesser degree than if the contractor had good past performance. In any case, the contract team must decide before issuing the solicitation what approach it will take and so state in the solicitation.

It should be remembered that, even if the firm is new or new to the business area, it is probable that the key management and/or technical/scientific personnel proposed for the contract have some relevant experience. All solicitations should, therefore, indicate that the offeror must provide a list of references where the key personnel worked on similar contracts. An evaluation of the performance of the proposed key personnel on relevant contracts can be used, as appropriate, as part or all of the past performance evaluation.

If the offeror has performance history on non relevant contracts; i.e., a proven government or commercial performance record, but not specifically on the type of work solicited; this information might be used to demonstrate management potential and reduce concerns in relation to risk. In addition, teaming relationships can reduce performance risk of potential offerors, depending on the relationships that exist within the teaming process. When subcontractors will perform critical aspects of the work past performance of these subcontractors should be evaluated.

CHAPTER 6.

CONTRACTOR PERFORMANCE REPORTS

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For the Government to implement an efficient system to evaluate contractor past performance in source selection, each federal department and agency must develop a cost effective way to record and disseminate contractor performance information. FAR 42.1502 requires agencies to prepare an evaluation of contractor performance pursuant to a phase-in schedule. OFPP believes that use of these performance evaluations can provide an efficient and reliable source of past performance information.

Currently, there are at least 12 past performance information systems in use by various federal agencies and organizations. Where systems are in use that meet the requirements of FAR 42.15, they may be continued at the discretion of the agencies.

OFPP is encouraging the voluntary development of a uniform government-wide format for recording contractor performance information for ease of use by source selection officials from a variety of federal organizations.

Included at Appendix 3 is an interagency-developed Contractor Performance Report form which is offered as one possible approach to developing an agency-wide system. This form can also be used by a source selection team as a questionnaire (survey form) to request and record comments from a reference. This form is not intended to represent the only way to comply with FAR Part 42.15, Contractor Performance Information. Agencies that believe other mechanisms would permit more cost effective evaluation of contractor performance are encouraged to pursue them. The key is to make the evaluations fit the type of information needed for use in source selection for the type and complexity of the contract. The only limitation is that all rating systems be translatable into five basic ratings - excellent, good, fair, poor and unsatisfactory - and one exceptional rating - excellent plus - so that any source selection board can use information from a variety of agencies.

For construction contracts, Standard Form 1420, "Performance Evaluation - Construction Contracts," will normally provide for the collection of pertinent information.

For architectural and engineering contracts, Standard Form 1421, "Performance Evaluation Architect-Engineer," will normally provide for the collection of pertinent information.

OFPP suggests that contracts make reference to the performance evaluation and the manner in which the evaluation will be conducted.

COMPLETION OF THE PERFORMANCE EVALUATION

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The development of the performance evaluation is normally a combined responsibility of the contracting officer and the requiring program office represented by the contracting officer's technical representative or other designated technical oversight person. Where the contract provides products or services to end users (persons outside the requiring technical organization) the contract administration system should periodically survey these customers and include a summary of the end user ratings in the performance evaluation.

For example, end user surveys would apply to computer services contracts, major systems maintenance contracts where work is done in the field, routine services contracts such as janitorial or food service, as well as contracts where products are delivered directly to various sites or where performance cannot be measured until the product is used.

Evaluations are required at the time the work under the contract is completed. Interim evaluations should be prepared on contracts with periods of performance, including options, exceeding one year. Agency requirements for interim evaluations should require them at sufficient intervals to be useful to source selection officials seeking current performance information about a contractor.

Interim evaluations provide useful feedback to contractors on their performance and provide them the opportunity to correct problems before contract completion. An honest discussion of any contractor problem areas is important to the government which is seeking quality service and equally, if not more so, to the contractor. Inasmuch as past performance evaluations will directly affect the ability of the contractor to compete for future contracts.

RATINGS AREAS

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The sample Contractor Performance Report form sets out six areas to rate the contractor's performance - Quality, Timeliness, Cost Control, Business Relations, Customer Satisfaction and KeyPersonnel. As pointed out in Chapter 2, these are the basic indicia of past performance.

Three of the areas - Quality, Timeliness and Cost Control - can be rated objectively by the program office and contracting officer. The ratings should reflect how well the contractor complied with the specific contract performance standards for each area. How well the contractor holds up its end of the bargain can, and should, be an essential consideration for future business consideration. The comments should be concise, but provide answers to questions about the performance that would be asked by a source selection team. Here are a few examples:

The contractor provided software met all contract performance requirements for ease of use and output. The financial system package actually exceeded expectations in its speed and accuracy.

The contractor met all contract milestones for development and field installation of the systems. Some internal contractor management milestones were missed, but timely identification of problems and corrective actions kept the program on schedule.

The contractor's cost management was excellent and resulted in a 2 percent underrun from target cost.

While compliance is important, so is customer satisfaction. Satisfying the customer is the most important goal in the private sector and should be the goal in the government sector. But, this does not mean the government has any right to explicitly or implicitly require or expect benefits not agreed to in the contract. It does mean, however, that "service with a smile" is more than a slogan.

It is important to note that when dealing with the government, there is more than one customer. Accordingly, the fourth rating area evaluates the business relationship between the contractor and the contract administration team. This rating should be developed jointly by the contracting officer and the program office. Questions to ask might be as follows:

How cooperative was the contractor in working with the government to solve problems?

Were contractor recommended solutions effective?

Was the contractor responsive to the administrative issues of the contract? Did the contractor exhibit a propensity to submit unnecessary contract change proposals with cost or price increases?

The fifth rating area looks at the satisfaction of the end users. The best way to measure contractor performance at the end-user level is the customer satisfaction survey. The quality assurance plan prepared to administer a contract should contain the procedures for receiving customer feedback on contractor performance. This can be done through telephone calls by the COTR, use of written survey forms, complaint boxes in strategic locations, or other means of measuring end user satisfaction. If it is not cost effective to survey all end users, then a random sample should be selected for the survey. If the government is unable to conduct the surveys, private information vendors offer these services.

End-users may be unfamiliar with the contract requirements and may hold contractors to an unrealistic standard. The contracting officer should evaluate the end user comments to determine if the contractor reasonably tried to meet their demands within the contract requirements. If the contractor met or exceeded contract requirements in an attempt to please the end users this should be noted on the evaluation form, even if the end users were not totally satisfied with the service. In this case it may well be that the service the government has contracted for is not the service desired or needed by the customer. An evaluation of the contract requirements should be undertaken with input from the end users.

A proven rating system for end user satisfaction measures the percentage of end users that rate the product or service satisfactory or better. It should be recognized that no product or service can satisfy everyone. Therefore, an excellent rating may be 95 percent of end users were satisfied with the service.

The sixth rating area is key personnel. Identifying how long key

personnel stayed on the contract and how well they managed their portion of the contract can be of great benefit to source selection officials. This information is critical when a newly formed company is bidding on a contract and its past performance history is based on the past performance of the key personnel.

PERFORMANCE RATINGS [\(Table of Contents\)](#)

The sample contractor performance report suggests that each rating area be assigned one of six ratings: unsatisfactory, poor, fair, good, excellent, or excellent plus (noted as "plus") An "unsatisfactory" rating would mean that nonconformances, cost control problems and delays on past work compromised the achievement of contract requirements, and that response to inquiries, technical, service, and administrative issues were ineffective and not responsive. By contrast, an "excellent" rating would mean that there were no quality problems, cost control problems or delays on work and response to inquiries, technical, service, and administrative issues were effective and responsive. A description of all performance ratings is provided at the back of the sample report.

The "excellent plus" rating should be reserved for instances where a contractor carries out its end of the bargain in a truly exceptional fashion -- e.g. in an emergency situation where the contractor mobilizes from non contract resources a response much faster than required by the contract. If this rating is given, the comments section in the report should clearly explain why the contractor earned this rating so source selection boards can understand and give proper credit in their evaluation for this performance. This rating may be given for any single area or on an overall contract performance basis. Source selection boards should not fail to recognize exceptional performance in one area even if the overall contract performance rating is less. They may weight the various areas depending on the critical areas of their contract. A firm that is consistently rated "good" in most areas but excellent plus in one area may win a contract over other firms rated higher overall, if the source selection board is most concerned about the area rated "plus". It should be noted that if a numeric weighting system is used, "excellent plus" is not assigned a suggested numerical weight. Inasmuch as the value to the government for this sort of performance might go well beyond that of even excellent performance, the use of a "plus" is more appropriate than automatic use of a numerical gradation one notch above excellent. A plus leaves to the source selection team the discretion to give the appropriate amount of "extra" credit in the evaluation commensurate with the anticipated additional value of such performance. Such recognition is important as these are the contractors with whom the government needs to, and should, continue doing business.

CONTRACTOR RESPONSE AND AGENCY REVIEW [\(Table of Contents\)](#)

While the ultimate conclusion on the performance evaluation is a decision of the contracting agency, the FAR provides for contractor comment. Upon completion of the initial evaluation by the program and contracting office, which should be signed by the program office person most familiar with the contractor's performance, the form must be sent to the contractor for comments. The required turnaround time for contractor response may not be less than thirty days. See FAR 42.1503(b). If the contractor fails to provide a response by the established deadline, the contracting officer should sign the form in the appropriate block and the government's comments can stand alone.

If the contractor submits a rebutting statement for any or all of the ratings and an agreement on the ratings cannot be reached by the contractor and the contracting officer the disagreement shall be reviewed by the agency under a procedure as follows:

The review must be at least one level above the contracting officer. See FAR 42.1503(b). Where contract administration has been delegated by a PCO to an ACO the PCO may be considered one level above for the review.

The decision resulting from the review must be in writing; agencies should issue a decision within fifteen working days from receipt of a rebuttal statement.

The contractor's statement and agency review must be attached to the performance evaluation report and must be provided to source selection officials requesting a reference check.

The completed evaluations may be filed in the contract file or in a separate file, or database where they can be readily accessed by contracting office personnel. Interim evaluations should be retained for the duration of the contract and included with the final evaluation in the file. Keeping the interim evaluation will allow analysis of performance trends during the contract. The evaluations shall not be retained for not more than three years after completion of contract performance.

In many cases the contracting officer or program personnel may not be available to respond to source selection requests for the performance information. Certain administrative personnel should be designated to send past performance evaluations to other requesting agencies.

When another agency asks for a reference, the responding agency should provide all evaluations for the period desired by the requesting organization.

RELEASE OF INFORMATION:
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FAR 42.1503(b) provides policy guidance on release of these evaluations as follows:

Contractor evaluations may be used to support future award decisions, and should therefore be marked "Source Selection Information." The completed evaluation shall not be released to other than Government personnel and the contractor whose performance is being evaluated during the period the information may be used to provide source selection information. Disclosure of such information could cause harm both to the commercial interest of the government, and to the competitive position of the

contractor being evaluated, as well as, impede the efficiency of government operations.

Past Performance PLEDGE

We, the undersigned agency officials and the Administrator for Federal Procurement Policy, recognize that increased use of past performance as an evaluation factor in the contract award process can improve our procurement system's ability to select quality suppliers offering good prices.

The consideration of contractors' past performance in awarding government contracts enables agencies to better predict the quality of, and customer satisfaction with, future work. It also provides contractors with a powerful incentive to strive for excellence. Yet federal agencies often fail to give past performance sufficient consideration when evaluating the relative capabilities of potential suppliers. Now, more than ever, in the face of increasingly limited resources, agencies must make better use of past performance information in deciding which suppliers are most capable of delivering the greatest value to the American public.

Accordingly, we pledge to:

- make past performance a major selection criterion in the award of the contracts identified on the attachment hereto;
- participate on interagency teams to make effective use of past performance information, including how best to structure solicitations and evaluate offers;
- identify and eliminate internal impediments to the maximum beneficial use of past performance; and
- cooperate with each other and the Office of Federal Procurement Policy to share experiences relevant to the expanded use of past performance information.

Department of Agriculture

Department of Air Force

Department of Commerce

Department of Education

Department of Energy

Department of Health & Human Services

Department of the Interior

Department of Justice

Department of Labor

Department of State

Department of Transportation

Department of the Treasury

Department of Veterans' Affairs

Bonneville Power Administration

Defense Logistics Agency

Environmental Protection Agency

Federal Emergency Management Agency

General Services Administration

National Aeronautics & Space Administration

Nuclear Regulatory Commission

Office of Federal Procurement Policy

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202-586-9065
Richard Leotta
202-586-9073**EDUCATION**William Sullivan
202-708-8264
Glenn Perry
202-708-9781**ENVIRONMENTAL PROTECTION AGENCY**Pat Murphy
202-260-9737**FEDERAL EMERGENCY MANAGEMENT AGENCY**Chris Makris
202-646-3743**GENERAL SERVICES ADMINISTRATION**FSS
Fran Serles
703-305-7953**HEALTH AND HUMAN SERVICES**Nancy Weisman
202-260-4573**INTERIOR**Dee Emmerich
202-208-3348**JUSTICE**

Pat Compton

202-514-6145
LABOR
OIG Contracting
Theodore Goldberg
202-219-6747
NASA
Frances Sullivan
202-358-0488
NUCLEAR REGULATORY COMMISSION
Edward Halman
301-492-4347
STATE
Walter Cate
703-516-1762
TRANSPORTATION
Larry Sawler
202-366-4287
TREASURY
Susan Grodin
202-622-0268
VETERANS AFFAIRS
William S. Stapleton
202-233-3054

APPENDIX 1

PERFORMANCE EVALUATION - CCC CONTRACTS

1. Contract Number:
2. Contractor (Name, Address and Zip Code):
3. Type of Contract: Negotiated _____ Sealed Bid _____
Fixed Price: _____ Cost Reimbursement: _____
Other (Specify): _____
4. Complexity of Work: Difficult _____ Routine _____
5. Description and location of Work: (Attached additional pages as necessary.)

6. Contract Amount: _____

Status: Active: _____ Complete: _____

7. Date of Award: _____

Contract Completion Date (Including Extensions): _____

8. Type and Extent of Subcontracting: (Attach additional pages as necessary.)

9. Name, Address and Telephone Number of the Contracting officer's Technical Representative (COTR):

A separate record must be completed for all contracts awarded the competing organization within the past five years. A Performance Evaluation document will be submitted to the COTR for completion and used to evaluate your organization's past performance.

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PERFORMANCE EVALUATION OF CONTRACT

(Check Appropriate Box)

Performance Elements

Outstanding

Satisfactory

Unsatisfactory

1. Quality of Work

2. Timely Performance

3. Effectiveness of Management

4. Compliance with Labor
Standards

5. Compliance with Safety Standards

6. Handling Staff Integrity Issues

7. Facility Maintenance & Repair

8. Personnel Management Practices

9. Overall Evaluation

EVALUATED BY

A. Organization:

B. Name and Title:

Signature: _____ Date: _____

7. Remarks on outstanding performance: Provide data supporting this observation. (Continue on separate sheet if needed.)

8. Remarks on unsatisfactory performance: Provide data supporting the observation. (Continue on separate sheet if needed.)

Note: If verbal telephonic response received, complete the following:

Information obtained by: _____
Printed Name Signature

BUSINESS MANAGEMENT PAST PERFORMANCE QUESTIONNAIRE

I. CONTRACT IDENTIFICATION

A. CONTRACTOR _____

B. CONTRACT NUMBER _____

C. CONTRACT TYPE _____

COMPETITIVE { } YES { } NO

FOLLOW-ON { } YES { } NO

D. PERIOD OF PERFORMANCE _____

ESTIMATED COST FIRM

FEE	VALUE	FIXED
TOTAL		PRICE

E. INITIAL CONTRACT COST _____

F. CURRENT CONTRACT COST _____

G. PRODUCT DESCRIPTION _____
 AND/OR SERVICE _____
 PROVIDED _____

*****Note that Item II. is Missing from the original document*****

III. AGENCY IDENTIFICATION

A. NAME _____

B. DESCRIPTION _____

C. GEOGRAPHIC DISTRIBUTION
OF SERVICES UNDER THIS
CONTRACT, I.E. LOCAL,
NATIONWIDE, WORLDWIDE _____

D. NUMBER OF LOCATIONS
SERVICED BY THIS
CONTRACT _____

IV. EVALUATION

A. PERFORMANCE HISTORY

1. To what extent did the contractor adhere to
contract delivery schedules?

- Considerably surpassed minimum requirements.....{ } 4
- Exceeded minimum requirements.....{ } 3
- Met minimum requirements.....{ } 2
- Less than minimum requirements.....{ } 1

Comment: _____

2. To what extent did the contractor submit required reports and documentation in a timely manner?

- Considerably surpassed minimum requirements. { } 4
- Exceeded minimum requirements.....{ } 3
- Met minimum requirements.....{ } 2
- Less than minimum requirements.....{ } 1

Comment: _____

3. To what extent were the contractor's reports and documentation accurate and complete?

- Considerably surpassed minimum requirements. { } 4
- Exceeded minimum contractual requirements...{ } 3
- Met minimum requirements.....{ } 2
- Less than minimum requirements.....{ } 1

Comment: _____

4. To what extent was the contractor able to solve contract performance problems without extensive guidance from government counterparts?

Considerably successful.....{ } 4
 Generally successful.....{ } 3
 Little success.....{ } 2
 No success.....{ } 1

Comment: _____

5. To what extent did the contractor display initiative in meeting requirements?

Displayed considerable initiative.....{ } 4
 Displayed some initiative.....{ } 3
 Displayed little initiative.....{ } 2
 Displayed no initiative.....{ } 1

Comment: _____

6. Did the contractor commit adequate resources in timely fashion to the contract to meet the requirement and to successfully solve problems?

Provided abundant resources.....{ } 4
 Provided sufficient resources.....{ } 3
 Provided minimal resources.....{ } 2
 Provided insufficient resources.....{ } 1

Comment : _____

7. To what extent did the contractor submit change orders and other required proposals in a timely manner?

- Considerably surpassed minimum requirements. { } 4
- Exceeded minimum requirements.....{ } 3
- Met minimum requirements.....{ } 2
- Less than minimum.....{ } 1

Comment : _____

8. To what extent did the contractor respond positively and promptly to technical directions, contract change orders, etc.?

- Considerably surpassed minimum requirements. { } 4
- Exceeded minimum requirements.....{ } 3
- Met minimum requirements.....{ } 2
- Less than minimum requirements.....{ } 1

Comment : _____

9. To what extent was the contractor's maintenance and problem tracking/reporting documentation timely, accurate, and of appropriate content?

- Considerably surpassed minimum requirements. { } 4
- Exceeded minimum requirements..... { } 3
- Met minimum requirements..... { } 2
- Less than minimum requirements..... { } 1

Comment: _____

10. To what extent was the contractor effective in interfacing with the Government'S staff?

- Extremely effective..... { } 4
- Generally effective..... { } 3
- Generally ineffective..... { } 2
- Extremely ineffective..... { } 1

Comment: _____

B. TERMINATION HISTORY

11. Has this contract been partially or completely terminated for default or convenience?

{ } Yes { } Default { } Convenience
{ } No

If yes, explain (e.g., inability to meet cost, performance, or delivery schedules). _____

12. Are there any pending terminations?

{ } Yes { } No

If yes, explain and indicate the status. _____

C. EXPERIENCE HISTORY

13. How effective has the contractor been in identifying user requirements?

- Extremely effective.....{ } 4
- Generally effective.....{ } 3
- Generally ineffective.....{ } 2
- Extremely ineffective.....{ } 1

Comment: _____

14. What level of integration experience has the contractor demonstrated in the reconfiguration of government owned software, commercial software, and government furnished hardware?

- Considerably surpassed minimum experience...{ } 4
- Exceeded minimum experience.....{ } 3
- Met minimum experience requirements.....{ } 2
- Less than minimum experience.....{ } 1

Comment: _____

15. To what extent was the maintenance and problem reporting/tracking documentation produced by the contractor's efforts satisfactory to the users?

- Considerably surpassed minimum requirements.{ } 4

Exceeded minimum requirements.....{ } 3
 Met minimum requirements.....{ } 2
 Less than minimum requirements.....{ } 1

Comment: _____

16. To what extent did the contractor coordinate, integrate, and provide for effective subcontractor management?

Considerably surpassed minimum requirements.{ } 4
 Exceeded minimum requirements.....{ } 3
 Met minimum requirements.....{ } 2
 Less than minimum requirements.....{ } 1

Comment: _____

17. To what extent did the contractor provide timely technical assistance, both on-site and off-site, when responding to problems encountered in the field?

Considerably surpassed minimum requirements.{ } 4
 Exceeded minimum requirements.....{ } 3
 Met minimum requirements.....{ } 2
 Less than minimum requirements.....{ } 1

Comment : _____

18. To what extent did the contractor achieve effective logistics support, i.e. replacement parts, personnel, etc.?

- Considerably surpassed minimum requirements. { } 4
- Exceeded minimum requirements.....{ } 3
- Met minimum requirements.....{ } 2
- Less than minimum requirements.....{ } 1

Comment : _____

19. To what extent did the contractor provide quality replacement parts?

- Considerably surpassed minimum requirements. { } 4
- Exceeded minimum requirements.....{ } 3
- Met minimum requirements.....{ } 2
- Less than minimum requirements.....{ } 1

Comment : _____

20. To what extent did the contractor meet the repair/response times in the contract?

- Considerably surpassed minimum requirements. { } 4
- Exceeded minimum requirements.....{ } 3
- Met minimum requirements.....{ } 2
- Less than minimum requirements.....{ } 1

Comment: _____

21. Did this contract include a Help Desk?

{ } Yes { } No

If yes, to what extent was the contractor responsive to users contacting the Help Desk for assistance?

- Considerably surpassed minimum requirements. { } 4
- Exceeded minimum requirements.....{ } 3
- Met minimum requirements.....{ } 2
- Less than minimum requirements.....{ } 1

Comment: _____

22. If there was a Help Desk, were users able to make contact with the Help Desk personnel on their first attempt?

- Always able on the first attempt.....{ } 4
- More often than not on the first attempt....{ } 3
- Rarely able on the first attempt.....{ } 2
- Never on the first attempt.....{ } 1

Comment: _____

23. Were the Help Desk personnel courteous and responsive?

- Always courteous and responsive.....{ } 4
- Usually courteous and responsive.....{ } 3
- Rarely courteous and responsive.....{ } 2
- Never courteous and responsive.....{ } 1

Comment: _____

24. were user questions resolved in a timely manner?

- Always resolved in a timely manner.....{ } 4
- Usually resolved in a timely manner.....{ } 3
- Rarely resolved in a timely manner.....{ } 2
- Never resolved in a timely manner.....{ } 1

Comment : _____

25. How technically qualified were the Help Desk personnel?

- Extremely qualified.....{ } 4
- Satisfactorily qualified.....{ } 3
- Minimally qualified.....{ } 2
- Technically deficient.....{ } 1

Comment : _____

26. How satisfied are you with the contractor's Help Desk problem escalation procedures?

- Extremely satisfied.....{ } 4
- Satisfactorily satisfied.....{ } 3
- Minimally satisfied.....{ } 2
- Unsatisfied.....{ } 1

Comment : _____

27. How technically qualified were the maintenance personnel?

- Extremely qualified.....{ } 4
- Satisfactorily qualified.....{ } 3
- Minimally qualified.....{ } 2
- Technically deficient.....{ } 1

Comment: _____

D. COST MANAGEMENT

28. To what extent did the contractor meet the proposed cost estimates?

- Less than estimated cost.....{ } 4
- Comparatively equal to estimate.....{ } 3
- Exceeded the costs.....{ } 2
- Considerably surpassed estimate.....{ } 1

Comment: _____

NARRATIVE SUMMARY

Use this section to explain additional information not included above.

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APPENDIX 3 TABLE OF CONTENTS

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CONTRACTOR PERFORMANCE REPORT

([Appendix 3 Table of Contents](#))

Final Interim - Period Report: From _____ To _____

1. Contractor Name and Address:
(Identify Division)

2. Contract Number: _____

3. Contract Value (Base Plus Options):

4. Contract Award Date:

Contract Completion Date:

5. Type of Contract: (Check all that apply) --
 FP FPI FP-EPA Award Fee CPFF - Completion CPFF - Term
 CPIF CPAF ID/IQ BOA Requirements Labor Hour
 T&M SBSA 8(a) SBIR Sealed Bid Negotiated
 Competitive Non-Competitive

6. Description of Requirement:

8. Key Personnel

Project Manager Name _____ Employment Dates _____
Comments/Rating

Comments/Rating Name _____ Employment Dates _____

9. Would you select this firm again? Please explain.

10. Program Officer Name Signature

Phone/FAX/Internet Address Date

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

12. Contractor Name _____ Signature _____

Phone/FAX/Internet Address _____ Date _____

13. Agency Review. Were contractor comments reviewed at a level above the contracting officer? No Yes. Please attach comments. Number of pages _____

14. Final Ratings. Re-assess the Block 7 ratings based on contractor comments and agency review. Revise block 7 rating, if appropriate.

Quality _____ Cost Control _____ Timeliness _____

Customer Satisfaction: CA Team _____ End User _____

Mean Score (Add the ratings above and divide by number of areas rated)

15. Contracting Officer Name _____ Signature _____

Phone/FAX/Internet Address _____ Date _____

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RATING GUIDELINES

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Summarize contractor performance in each of the rating areas. Assign each area a rating of 0 (Unsatisfactory), 1 (Poor), 2 (Fair), 3 (Good), 4 (Excellent), or ++ (Plus). Use the following instructions as guidance in making these evaluations. Ensure that this assessment is consistent with any other Agency assessments made (i.e., for payment of fee purposes).

NOTE: The following sets of Tables are very wide.

Quality of Product/Service	Cost Control	Timeliness of Performance	Business Relations
<ul style="list-style-type: none"> -Compliance with contract requirements -Accuracy of reports -Appropriateness of personnel -Technical excellence 	<ul style="list-style-type: none"> -Within budget (over/under target costs) -Current, accurate, and complete billings -Relationship of negotiated costs to actuals -Cost efficiencies -Change orders issue 	<ul style="list-style-type: none"> -Met interim milestones -Reliable -Responsive to technical direction -Completed on time, including wrap-up and contract administration -No liquidated damages assessed -Effective contractor-recommended solutions 	<ul style="list-style-type: none"> -Effective management -Businesslike correspondence -Responsive to contract requirements -Prompt notification of problems -Reasonable/cooperative -Flexible -Pro-active -Effective small/small disadvantaged business subcontracting program
<p>0. Unsatisfactory</p> <p>Nonconformances are compromising the achievement of contract requirements, despite use of Agency resources.</p>	<p>Cost issues are compromising performance of contract requirements.</p>	<p>Delays are compromising the achievement of contract requirements, despite use of Agency resources.</p>	<p>Response to inquiries, technical/service/administrative issues is not effective and responsive.</p>
<p>1. Poor</p> <p>Nonconformances require major Agency resources to ensure achievement of contract requirements.</p>	<p>Cost issues require major Agency resources to ensure achievement of contract requirements.</p>	<p>Delays require major Agency resources to ensure achievement of contract requirements.</p>	<p>Response to inquiries, technical/service/administrative issues is marginally effective and responsive.</p>

2. Fair

Nonconformances require minor Agency resources to ensure achievement of contract requirements.

Cost issues require minor Agency resources to ensure achievement of contract requirements.

Delays require minor Agency resources to ensure achievement of contract requirements.

Response to inquiries, technical/service/administrative issues is somewhat effective and responsive.

3. Good

Nonconformances do not impact achievement of contract requirements.

Cost issues do not impact achievement of contract requirements.

Delays do not impact achievement of contract requirements.

Response to inquiries, technical/service/administrative issues is usually effective and responsive.

4. Excellent

There are no quality problems.

There are no cost issues.

There are no delays.

Response to inquiries, technical/service/administrative issues is effective and responsive.

++ PLUS The contractor has demonstrated an exceptional performance level in any of the above four categories that justifies adding a point to the score. It is expected that this rating will be used in those rare circumstances when contractor performance clearly exceeds the performance levels described as "Excellent."

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CONTRACTOR PERFORMANCE REPORT INSTRUCTIONS

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

Block 2: Contract number of contract being evaluated.

Block 3: Contract value shall include base plus options. If funding was increased or decreased during the evaluation period, the value in this block should reflect the change.

Block 4: Contract award date and anticipated or anticipated contract completion date.

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

Block 6: Provide a brief description of the work being done under the contract and identify the key performance indicators. This description will allow agencies calling for reference checks to compare statements of work.

Block 7: Circle rating in far right column and provide brief narrative for each of the categories rated. Indicate the contract requirements that were exceeded or were not met by the contractor and by how much. Also calculate the mean score of the ratings.

Block 8: List the names and employment dates of the contractor's key personnel. This will provide a record of how long these managers worked on the contract. If there were many changes in these managers a second page may be necessary. On the comment/rating line briefly describe the managers performance.

Block 9: If given a choice, please explain why you would or why you would not select the contractor for this contract again.

Block 10: The program office person most familiar with the contractor's performance should sign this block. The rating is a combined program office, contracting officer decision. The contracting officers signature in block 15, signifies concurrence with this rating and the final rating, if a revised rating is necessary.

Blocks 11-12: The contractor may provide comments but must sign block 12 to indicate review of the rating.

Block 13: If the contractor and contracting officer are unable to agree on a final rating, an agency review at a level above the contracting officer is required.

Block 14: Adjust the ratings assigned in block 7, if appropriate, based on any comments, rebuttals, or additional information provided by the contractor and, if necessary, by the agency review. Calculate a mean score of the contractor's performance.

Block 15: The contracting officer's signature certifies concurrence with the initial and final ratings.

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