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ACQUISITION,
TECHNOLOGY
AND LOGISTICS

MAR 28 2013

MEMORANDUM FOR COMMANDER, UNITED STATES SPECIAL OPERATIONS COMMAND, (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES TRANSPORTATION COMMAND, (ATTN: ACQUISITION EXECUTIVE)
ASSISTANT SECRETARY OF THE ARMY (ACQUISITION, LOGISTICS AND TECHNOLOGY)
ASSISTANT SECRETARY OF THE NAVY (RESEARCH, DEVELOPMENT AND ACQUISITION)
ASSISTANT SECRETARY OF THE AIR FORCE (ACQUISITION)
DEPUTY ASSISTANT SECRETARY OF THE ARMY (PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY (ACQUISITION AND PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE (CONTRACTING)
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Improving the Collection and Use of Information about Contractor Performance and Integrity

On March 6, 2013, the Office of Federal Procurement Policy (OFPP) issued a memorandum (attached) with the purpose of providing management, guidance, and greater visibility relative to setting a strong foundation for contracting officers when making source selection and award decisions.

Previous past performance memoranda identified the importance of completing quality past performance assessments in a timely manner. Quarterly memoranda tracking a component's compliance are provided. The most recent overall DoD rate was 67.5% for first quarter of fiscal year (FY) 2013 and therefore the DoD is considered to be a Tier 1 agency. Table 1 of the OFPP memorandum assigns to Tier 1 agencies performance targets of 85% for FY 2013, 95% for FY 2014, and 100% for FY 2015. In striving to meet these targets, it is important to remember that contracts meeting the DoD thresholds in the Federal Procurement Data System must be registered and assessment reports completed.

The requirement to improve data in the Federal Awardee Performance and Integrity System (FAPIIS) is also necessary so that information on a contractor's business integrity is available when determining the responsibility of a potential contractor. Table 2 of the OFPP memorandum provides additional information and oversight responsibility to monitor FAPIIS reporting compliance.

Included in the OFPP memorandum are Attachment 1, Past Performance Reporting and FAPIIS Data Management Reports, and Attachment 2, Past Performance and FAPIIS Training Opportunities, which provide additional information and links.

My point of contact for this memorandum is Ms. Sandra K. Ross. She can be reached at Sandra.Ross@osd.mil, 703-695-9774, or DSN 225-9774.

Richard Ginman
Director, Defense Procurement
and Acquisition Policy

Attachments:
As stated

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

OFFICE OF FEDERAL
PROCUREMENT POLICY

March 6, 2013

MEMORANDUM FOR CHIEF ACQUISITION OFFICERS
SENIOR PROCUREMENT EXECUTIVES

FROM: Joseph G. Jordan
Administrator

SUJBECT: Improving the Collection and Use of Information about Contractor Performance and Integrity

Improving the collection and use of information about contractor performance and integrity strengthens the government's ability to efficiently purchase goods and services from private industry.[1] Assessments of a contractor's performance on a government contract and general information about their adherence to certain Federal rules and regulations are critical to informing source selection and award decisions and ensuring the government builds relationships with high-performing suppliers. Improving the collection and use of this information will increase agencies' ability to deliver better outcomes and increase productivity.

Over the past several years, the Office of Federal Procurement Policy (OFPP) has worked with agency Chief Acquisition Officers (CAOs) and Senior Procurement Executives (SPEs) to improve the value of contractor performance assessments and increase the transparency of data about contractor integrity.[2] Through these efforts, our past performance systems and regulations now support a single repository of this important information, contractor integrity information is now publicly available,[3] and new data management tools have been developed to help agencies improve their reporting. These and other efforts have set a strong foundation for providing contracting officers (COs) important information about contractors when making source selection and award decisions. However, agencies must increase their use of these tools, as underreporting performance information leaves the government vulnerable to poor acquisition outcomes in the future.

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[1] FAR subsection 42.1501 states that past performance information reflects the degree to which a contractor demonstrated their ability to meet cost, schedule, and performance expectations on a specific contract action. It also reflects the contractor's record of customer satisfaction, integrity and business ethics, and other important information to help inform future source selection decisions.

[2] OFPP's January 21, 2011 memorandum, *Improving Contractor Past Performance Assessments: Summary of the Office of Federal Procurement Policy's Review, and Strategies for Improvement*, summarized agencies' reporting progress.

[3] FAR Parts 9, 13, 15 and subparts 36.3, 36.6 and 42.15 include past performance collection, use, and reporting requirements. Section 3010 of the Supplemental Appropriations Act of 2010 (Pub. L.111-212) required public access to FAPIIS information, except past performance reviews.

The purpose of this memorandum is to help agencies improve the collection and use of performance and integrity information by: (1) establishing a baseline for reporting compliance, (2) setting aggressive performance targets that can be used to monitor and measure reporting compliance, and (3) ensuring the workforce is trained to properly report and use this information.

Making Performance Count

Agencies are required to report past performance information on awards (contracts and orders) above the simplified acquisition threshold (SAT) as stated in FAR subsection 42.1502.[4] This required contract administration duty can significantly reduce the risk to the government on future awards, so agencies must take bold steps to ensure that all critical performance information is made available in the Past Performance Information Retrieval System (PPIRS) in a timely manner, and to the maximum extent practicable, eliminate duplicative, paper-based past performance evaluation surveys generated outside these systems.

To help agencies meet this requirement, OFPP worked with the Integrated Acquisition Environment (IAE) Change Control Board (CCB)[5] to develop a compliance tracking tool for measuring and managing agency reporting efforts. A preliminary review of this information indicates that compliance varies widely among agencies. As a result, OFPP established the following minimum annual performance targets for the Chief Financial Officer (CFO) Act-agencies[6] to work towards over the next three years to improve performance and reach full compliance (see Table 1).

Table 1 – Governmentwide Annual Reporting Performance Targets[7]

Fiscal Years	Tier 1 - Performance Target for agencies with compliance above 60%	Tier 2 - Performance Target for agencies with compliance between 30% and 60%	Tier 3 - Performance Target for agencies with compliance below 30%
2013	85%	75%	65%
2014	95%	90%	80%
2015	100%	100%	100%

Note: The targets above are based on agency past performance reporting compliance on contracts over the SAT. The past performance compliance tracking tool functionality will be enhanced in Fiscal Year (FY) 2013to track compliance on task and delivery orders. Until then, agencies should self-monitor compliance on orders.

[4] Additional reporting thresholds apply to construction and architect-engineer service contracts. Also, some agencies issued policies that deviate from the FAR reporting thresholds. Prior to issuing deviations from the reporting thresholds, agencies must provide evidence-based analysis to OFPP that demonstrates that a substantial number of contracts and orders will be evaluated under the revised thresholds.

[5] The IAE, managed by the General Services Administration, oversees the past performance systems (CPARS and PPIRS including FAPIIS, a module in PPIRS) and all report changes. See footnote 17 for a description of the CCB.

[6] While only CFO Act Agencies are required to meet the targets above, small agencies are encouraged to establish targets and strategies as well. These agencies can also use the PPIRS Compliance Metric Report to manage their past performance reporting compliance on contracts and orders.

[7] Agency reporting targets are based on the PPIRS Compliance Metric Report information as of September 2012. The results are posted on the OMB Max Web site along with the agency performance targets.

To assist agencies in meeting these annual goals, no later than April 5, 2013, all CFO Act-agencies shall:

1. Establish their past performance reporting baseline, adjusting for any agency-specific thresholds or other anomalies that the standard reports do not reflect (this baseline should be based on the cumulative data in PPIRS from FY 09 to FY 12); and
2. Set aggressive quarterly targets that reflect a strategy for meeting the annual performance targets in Table 1 and update quarterly progress reports on the MAX site.

As agencies review their internal policies to better manage this responsibility, especially the requirement to collect assessments on task and delivery orders, they should consider strategies for prioritizing high-risk actions, such as:

- Cost reimbursement or time-and-material contracts and orders;
- Awards that are complex in nature, such as large construction, architect-engineer, research and development, software development and implementation acquisitions, etc.;
- Awards involving high dollar values or major acquisition systems, consistent with OMB Circular No. A-109, regardless of the contract type;
- Actions overseas and for contingency operations,[8] regardless of the contract type; and
- Other contracts as deemed to be high risk by the agency.

OFPP has developed a MAX site that includes metrics from the standard PPIRS Compliance Metric Report and allows for agencies to record their baseline and target information at https://max.omb.gov/community/x/JoNKJQ. A summary of the reports and tools available for use in this exercise are listed in Attachment 1, and the site will also include best practices gathered from earlier OFPP-led Acquisition Status (AcqStat) meetings.

In support of this effort, agency CAOs and SPEs must also take the following steps to ensure that relevant performance and integrity material is reported appropriately:

1. Communicate to the workforce the importance of using past performance information, including the need to have frequent communication with contractors - such as holding interim evaluations to address performance issues, and share the agency's plans for achieving success in this area;
2. Hold staff accountable for improving the quality and quantity of the information;
3. Motivate employees to take action to fulfill this responsibility and use innovative practices to meet this requirement; and
4. Consider recognizing acquisition professionals who contribute to improvements in this area, such as through the annual CAO Council Acquisition Excellence Awards.

[8] The Commission on Wartime Contracting has issued a final report to Congress, *Transforming Wartime Contracting: Controlling Costs, Reducing Risk,* dated August 2011. This report highlights agencies' failure to record contractors' performance assessments in the PPIRS on contracts in support of contingency operations and includes recommendations for reporting compliance.

Improving Federal Awardee Performance and Integrity Information System Reports

In addition to evaluating a contractor's performance, information about a contractor's business integrity is vital to ensuring that the government partners with reputable contractors. This information, which is captured in the Federal Awardee Performance and Integrity Information System (FAPIIS), is provided both by government personnel and by contractors, as described below, and agencies should ensure that management processes exist to fulfill these important responsibilities.

Government-provided information. Critical information about contractors is provided by the government into FAPIIS, such as nonresponsibility determinations, terminations for default or cause, defective pricing determinations, suspensions and debarments, administrative agreements issued in lieu of a suspension or debarment, etc., so it is essential that this information be provided timely and accurately.[9]

To that end, as agencies report on their compliance, they should also conduct quarterly reviews to ensure that 100% of the information required is reported to the appropriate performance system. Agencies should use the Federal Procurement Data System (FPDS) Terminations for Default or Cause Information report to monitor their agency's reporting compliance of terminations in FAPIIS. To further assist agencies, the MAX site will also include: 1) a section for quarterly reporting on FAPIIS compliance, 2) relevant FAPIIS information from the FPDS report, and 3) information from the Annual Report issued by the Interagency Suspension and Debarment Committee (ISDC) on Federal Agency Suspension and Debarment Activities.[10] The ISDC report includes integrity information such as the number of suspension and debarment actions, show cause letters, and the number of administrative agreements entered into by an agency.

Contractor-provided information. While COs are not responsible for the quality of the integrity information provided by contractors, agencies should take reasonable steps, such as sampling or conducting routine data quality reviews, to ensure that the required integrity information on criminal convictions, civil liability, and adverse administrative proceedings is being reported. For example, if a CO becomes aware of a conviction, or is notified by a third party regarding a civil judgment or adverse administrative proceeding, he or she should check the validity of the information to assess if it should be documented in the system. Table 2 provides additional information to help agencies monitor FAPIIS reporting compliance.

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[9] FAR subsection 9.105-2(b)(2) was changed to include a 14-calendar-day waiting period for Government-entered items on FAPIIS to be made public. This allows the awardee the opportunity to dispute the release of information if they believe it falls under a disclosure exemption in the Freedom of Information Act. This change was effective on January 3, 2012. See 76 FR 197-202. Past performance reviews are not available in FAPIIS, see footnote number 3.

[10] Section 873 (a)(7) of the Fiscal Year 2009 National Defense Authorization Act, Public Law 110-417 requires the Interagency Suspension and Debarment Committee (ISDC) to report to Congress on the Federal suspension and debarment process information.

Table 2 – Methods for Monitoring Integrity Information

FAPIIS Information	Timeframe for Entering Records in FAPIIS	Official Responsible Reporting FAPIIS information	Monitoring Compliance Note: Agencies should monitor compliance weekly or monthly to reach quarterly compliance targets	System of record used to monitor compliance	Quarterly Compliance Target
Terminations for Default or for Cause	3 Working Days	CO	Use FPDS Standard Report, *Contract Termination for Default-Cause Report*,[11] to compare FPDS records to FAPIIS termination for default or for cause records.	FPDS and FAPIIS	100%
Non-responsibility Determinations [12]	3 Working Days	CO	Sample solicitation and contract files on a routine basis.	Contract file/ FAPIIS	100%
Defective Cost or Pricing Determinations	3 Working Days	CO	Sample contract files on a routine basis.	Contract file/ FAPIIS	100%
Administrative Agreements (excluding individuals)	3 Working Days	Suspension/ Debarment Officials (SDOs)	Check with the Suspension and Debarment Officials (SDOs) on a routine basis.	Agency SDO file/FAPIIS	100%
Contractor Reported Integrity Information – Civil proceedings and Criminal convictions	Prior to award and on a semiannual basis (IAW FAR 52.209-8)	Contractor	Sampling, random inspection of the FAPIIS and other relevant sources.	FAPIIS	100%

Guidance and Training

Agency CAO and SPEs should ensure that their acquisition workforce is knowledgeable of the past performance regulations and procedures and trained to use the performance systems and reporting tools that can help in measuring and monitoring progress. Agency past performance guidance should be updated, as necessary, to require active reporting compliance, aggressive oversight practices, rigorous internal controls, and clear roles and responsibilities for accountable acquisition personnel. Agencies are encouraged to post their current past performance guidance and the following information on the MAX site:

- Relevant agency procedures, as required by FAR subsection 42.1503;
- Review processes for measuring compliance and assessing quality;

[11] The Termination for Default Reporting FAR change (FAR Case 2008-016) became effective on October 29, 2010. The FPDS report reflects the 'Termination for Default (complete or partial)' and 'Termination for Cause' data for the date range specified. This report is available at www.fpds.gov under standard reports (click *how*).

[12] In accordance with subpart FAR subsection 9.105-2(b)(2), agencies have three working days to submit documentation regarding non-responsibility determinations in the FAPIIS website.

- The designated point of contact accountable for performance reporting;[13] and
- Best practices and improvement strategies for encouraging timely and quality reporting of past performance information on contracts and orders.[14]

As part of their ongoing effort, agencies should also ensure that their acquisition data quality plans, as required by OFPP's acquisition data quality memorandum,[15] address the need for continuously improving contractor performance and integrity information, consistent with the requirements of this memorandum.

For further support on developing useful past performance assessments, the Department of Defense's CPARS Policy Guide was updated for government wide use and is now available on http://www.cpars.gov/cparsfiles/pdfs/CPARS-Guidance.pdf. This guide includes practical information to assist agencies with reporting timely and quality past performance information. To ensure that the acquisition workforce understands their unique roles in assessing and evaluating contractors, the Federal Acquisition Institute (FAI) and the Defense Acquisition University (DAU) have made a number of courses available to the workforce. These courses, described in Attachment 2, not only include helpful information, but also offer continuous learning points in support of the various acquisition certification programs.

Recognizing good performance and holding contractors accountable for poor performance is critical to delivering value to taxpayers. For that reason, OFPP will continue to work with agencies to achieve progress in this area, and will monitor the MAX website quarterly to assess agencies' efforts. OFPP will also hold frequent discussions with the agencies about their reporting progress, and this will continue to be a focus of our future AcqStat sessions.

Thank you for your attention to this important acquisition matter. Please ensure broad distribution of this memorandum to your acquisition workforce, and direct any questions to Julia Wise at jwise@omb.eop.gov or (202) 395-7561.

Attachments

cc: Chief Operating Officers
Chief Information Officers
Chief Financial Officers
Performance Improvement Officers

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13 OFPP's January 2011 memorandum, *Improving Contractor Past Performance Assessments: Summary of the Office of Federal Procurement Policy's Review, and Strategies for Improvement,* requested these items.

[14] Contracts include the Indefinite Delivery Indefinite Quantity Contracts such as Federal Supply Schedules, Government-wide Acquisition Contracts, Multi-Agency Contracts, multiple agency orders and single agency orders.

[15] OFPP May 31, 2011 memorandum, *Improving Federal Procurement Data Quality – Guidance for Annual Verification and Validation* includes data quality for past performance reporting.

Attachment 1

PAST PERFORMANCE REPORTING AND FAPIIS DATA MANAGEMENT REPORTS				
Report	**Description**	**Outcome**	**Access Reports**	**Location**
CPARS[16] Monthly Metric	Tracks agency monthly reporting activity for CPARS.	This report lists the number of contracts, CPARS reports in process, completed reports, total completed and in process reports, and the total contract dollar amount broken down by Agency/DOD Service to the contract office level.	Agency CCB [17] members receive monthly metric reports.	www.cpars.gov
PPIRS-RC statistics report	Tracks quarterly reporting activity of completed past performance reports.	This report includes PPIRS-RC assessment data availability, assessments accessed, and other information.	Agency CCB members receive quarterly metric reports.	www.ppirs.gov
PPIRS [18] Compliance Metric Report	Compares the number of eligible actions in the Federal Procurement Data System (FPDS) with the completed evaluations in PPIRS.	Shows the number of actions required in PPIRS against actions completed in PPIRS. This report identifies delinquent reporting gaps.	Agency CCB members and/or agency past performance point of contact can obtain access to this report.	www.ppirs.gov
FAPIIS[19] Public Report	Provides agency and contractor reported information on a public facing database.	Shows information reported into FAPIIS.	Agency personnel and the public can see this report.	www.fapiis.gov
FPDS-NG[20] termination for default or cause information report	Provides information on contracts that were terminated for default (or cause) by agency, department and service, component or bureau, contracts.	Shows reporting compliance for terminations for default or cause. Information can be used to help agencies analyze and monitor the contractors terminated, frequency of these actions, and review the rationale for these actions.	Agency personnel and members of the public with access to FPDS can obtain this information.	https://www/fpds.gov (go to under standard reports and click *How)*
Note: The primary reports are listed above but additional reports are available on the CPARS and PPIRS website. Questions about these reports should be directed the helpdesk.				

[16] CPARS is a web-enabled application that is used to document performance information required by FAR Subpart 42.15, Contractor Performance Information.

[17] The IAE CCB is the formal decision-making body for change requests that have multi-system or broad agency impact, call for statutory change or new capability, impact policy, etc. See the IAE CCB charter for details.

[18] PPIRS is a web-enabled application that provides timely and pertinent contractor past performance data to federal government agencies for use in making source selection and contract award decisions.

[19] FAPIIS is a web-enabled application that is used to collect contractor and grantee performance information, such as Terminations for Cause or Default, Defective Cost/Pricing Data, Determinations of Non-Responsibility, Terminations for Material Failure to Comply (grants), Recipient Not Qualified Determinations (grants), and Administrative Agreements.

[20] FPDS-NG is a comprehensive web-based tool for agencies to report contract actions in accordance with FAR Subpart 4.6, Contract Reporting.

Attachment 2

PAST PERFORMANCE AND FAPIIS TRAINING OPPORTUNITIES		
Course	**Description**	**Course Information**
DOD CPARS and FAPIIS Training.	Provides information on how to use CPARS and FAPIIS. Upon completion, students receive a Certificate of Completion and continuous learning points (CLP).	Seminar, Online Training, and training material available at http://www.cpars.gov/allapps/cpcbtdlf.htm.
DOD PPIRS Training	Provides information about PPIRS and the valuable source selection sensitive information shared across federal government agencies and its use in source selection and contract award decisions.	Schedule of PPIRS classes is available at https://www.ppirs.gov/webtrain/webtrain.htm.
DOD *Past Performance Information Course – CLC 028.*	Provides relevant information to all acquisition personnel required to participate in this contract administration function. Upon completion, students receive 3 CLPs.	The course schedule is available at www.dau.mil.
FAI – 4 minute multi-media FAPIIS overview.	Explains what the FAPIIS module why it is important, how it impacts the acquisition and grants communities, as well as how the system interrelates with other systems containing similar Information.	FAI website available at http://www.fai.gov/FAPIIS/trailer/module.htm.
FAI *Federal Awardee Performance and Integrity and Information System (FAPIIS) - FAC 019.*	Provides guidance on how to consider the FAPIIS information. Upon completion, students will receive 1 CLP.	This course is available on the Defense Acquisition University (DAU) website at www.dau.mil. Note: FAPIIS courseware was developed by FAI and tested and hosted on the DAU website.
CPARS module (FAC 044) *(course sponsored by Department of Homeland Security)*	Provides Federal employees of civilian agencies with training on an overview of the system, workflow and user roles in terms of navigating CPARs, registering a contract, reporting compliance, writing narratives, entering ratings, and using reports to monitor status. Upon completion, students receive 3 CLPs.	This online course schedule is available at http://icatalog.dau.mil/onlinecatalog/courses.aspx?crs_id=1946
Note: It is highly recommended that these courses be made available to all agency acquisition personnel responsible for reporting and using performance and integrity information. Questions about the training should be directed to DOD, DAU, or FAI points of contact listed on their respective websites, or you may seek information from your agency Acquisition Career Manager.		