



OFFICE OF FEDERAL  
PROCUREMENT POLICY

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

July 10, 2014

MEMORANDUM FOR CHIEF ACQUISITION OFFICERS  
SENIOR PROCUREMENT EXECUTIVES

FROM:

Lesley A. Field   
Acting Administrator

SUBJECT:

Making Better Use of Contractor Performance Information

Over the past several years, the Office of Federal Procurement Policy (OFPP) has asked agencies to improve their reporting of contractor performance and integrity information so contracting officers (COs) can make better informed award decisions. In 2009, OFPP urged agencies to make greater and more effective use of contractor performance evaluations in support of the Presidential Memorandum on Government Contracting.<sup>1</sup> In 2011, we issued an assessment of agencies' reporting compliance and recommended additional steps and strategies for improvement.<sup>2</sup> Last year, OFPP set past performance reporting compliance goals, and shared best practices and training opportunities to help agencies make progress in collecting and using this important information.<sup>3</sup> These efforts and related changes to the Federal Acquisition Regulation (FAR) have helped agencies improve the collection and use of this important information.

Evaluating timely and relevant information about how a contractor performs is critical to the Government's ability to deliver results effectively and efficiently. This guidance asks agencies to take additional steps where the risk is greatest. Agencies are currently required by the FAR to report and use past performance information on contracts and orders over the simplified acquisition threshold (SAT) regardless of the complexity, risk, or type of product and service being procured.<sup>4</sup> However, there is an increased risk of problems on high risk programs, major acquisitions, or other complex contract actions that are critical to an agency's mission. To address this risk and ensure we make awards to contractors with good performance records, as well as to encourage the use of new and innovative companies with little or no Federal experience, agencies are directed to undertake additional outreach and research to make more informed decisions, as described below. These common sense steps are to be applied to, at a minimum, acquisitions (contracts or orders) for complex information technology (IT)

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<sup>1</sup>The July 29, 2009 OFPP memorandum, *Improving the Use of Contractor Performance Information* at [http://www.whitehouse.gov/sites/default/files/omb/assets/procurement/improving\\_use\\_of\\_contractor\\_perf\\_info.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/procurement/improving_use_of_contractor_perf_info.pdf).

Additionally, changes were made to the FAR to mandate the use of one government-wide system information collection and establish roles and responsibilities for using, reporting, and managing performance information, among other regulatory changes.

<sup>2</sup> The January 21, 2011 OFPP Memorandum, *Improving Contractor Past Performance Assessments: Summary of the Office of Federal Procurement Policy's Review, and Strategies for Improvement* at [http://www.whitehouse.gov/sites/default/files/omb/procurement/contract\\_perf/PastPerformanceMemo-21-Jan-2011.pdf](http://www.whitehouse.gov/sites/default/files/omb/procurement/contract_perf/PastPerformanceMemo-21-Jan-2011.pdf).

<sup>3</sup> The March 6, 2013 OFPP memorandum, *Improving the Collection and Use of Information about Contractor Performance and Integrity* at <http://www.whitehouse.gov/sites/default/files/omb/procurement/memo/improving-the-collection-and-use-of-information-about-contractor-performance-and-integrity.pdf>.

<sup>4</sup> Agencies are required to report past performance information on awards (contracts and orders) above the SAT as stated in FAR subsection 42.1502. Additional reporting thresholds apply to construction and architect-engineer service contracts.

development, systems, and services over \$500,000, and other acquisitions (contracts or orders) identified by the agency as presenting a significant risk.<sup>5</sup>

### **Agencies Taking Additional Steps on High-risk Contracts**

*Broadening the Sources of Performance Information* - The FAR allows the Government to consider information from additional sources of information beyond the Past Performance Information Retrieval System (PPIRS), including information found from conducting this additional research and outreach, when evaluating a contractor's performance history.<sup>6</sup> In order to have the most relevant, recent, and meaningful information about potential business partners considered, agencies shall instruct all COs and/or appropriate agency acquisition officials, in the preaward phase of the acquisition process for high-risk, complex actions described above, to perform the steps described in Attachment 1.<sup>7</sup>

*Evaluating Performance Information* –The source selection authority (SSA) is responsible for determining the relevance of similar past performance information.<sup>8</sup> This input must be evaluated and carefully balanced with available PPIRS information, and documented in the contract file to show how it was considered during the source selection process and in the award decision. When soliciting and reviewing past performance information, the SSA must describe the methodology for evaluating past performance information in solicitations - including the evaluation of similar work for State, local, and foreign governments, commercial contracts, and subcontracts of similar size, scope, and complexity. Also, the SSA should provide offerors an opportunity to respond to adverse past performance information – especially if they were not previously afforded an opportunity – and consider how the company successfully resolved a problem.

*Regularly Share Contractor Performance Information with Senior Leaders* – Monitoring a contractor's performance frequently and at regular intervals after award is critical to keeping a contractor's performance on schedule and within budget, and this is especially important for the agency's highest risk, complex acquisitions (contracts or orders). Therefore, the agency's designated past performance points of contact<sup>9</sup> should provide a list of the annual past performance assessments in PPIRS for the contractors performing on the agencies' highest risk, complex projects, as identified by the agency head or appropriate agency official. Additionally,

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<sup>5</sup> The March 6, 2013 [memorandum](#) includes a description of high risk complex actions. Additionally, several agencies have issued policies that deviate from the FAR reporting thresholds, but the steps described in this memorandum apply unless higher thresholds are discussed with and agreed to by OFPP.

<sup>6</sup> In accordance with FAR 15.305(a)(2)(ii), the Government shall consider this information, as well as information obtained from any other sources, when evaluating the offeror's past performance.

<sup>7</sup> In accordance with FAR 15.303(a), agency heads are responsible for source selection. The CO is designated as the source selection authority (SSA), unless the agency head appoints another individual for a particular acquisition or group of acquisitions.

<sup>8</sup> In accordance with FAR 15.305(a)(2)(ii), the SSA determines the relevance of similar past performance information.

<sup>9</sup> The January 21, 2011 [memorandum](#) required agencies to designate a point of contact accountable for performance reporting.

this list shall be provided promptly to the Deputy Secretary (or equivalent), Chief Information Officer, Chief Financial Officer, Chief Acquisition Officer, Senior Procurement Executive, and other appropriate agency officials for their awareness and management of agency high profile acquisitions. As contractor performance information must be regularly reviewed, shared, and entered into PPIRS, agencies should consider establishing strategies to incentivize acquisition professionals. This will also enforce management oversight and accountability for source selection and award decisions.

### **Improving Training and Workforce Support**

To help all the members of the acquisition workforce<sup>10</sup> understand their unique role in assessing and evaluating contractors, the Federal Acquisition Institute (FAI) and the Defense Acquisition University have developed a number of classes on using past performance systems, which are available at [www.cpars.gov](http://www.cpars.gov) and [www.ppirs.gov](http://www.ppirs.gov).<sup>11</sup> While training on the systems is important, COs and other source selection officials should also have instruction on how best to balance and consider additional, relevant information collected through the standard FAR process and the additional steps described above.<sup>12</sup> Therefore, agencies should encourage their acquisition workforce to take past performance courses,<sup>13</sup> such as the Department of Defense (DOD) *Past Performance Information* course, CLC 028 and *Contracting Officer's Representative with a Mission Focus* course, CLC 106. The CLC 028 learning module discusses how and why past performance information is collected and how to use it to improve program outcomes.<sup>14</sup> The CLC 106 module provides an overview of the acquisition process including proper file documentation, performance assessment methods, remedies for poor performance, and contract management. Agencies should also visit DAU's website, available at [www.dau.mil](http://www.dau.mil), for other training courses related to past performance information.

Additionally, OFPP has asked FAI to develop new learning tools and job aids (e.g., Acquisition Learning Seminars (ALS)) to help the acquisition workforce have a better understanding of the practical use of performance information. OFPP worked with FAI to develop a Past Performance ALS emphasizing the importance of past performance information and agency leadership in improving timely and quality reporting compliance. This ALS was presented on June 18<sup>th</sup> and is available on FAI's website for continuous viewing. Additional training will be established, as needed, and made available in the first quarter of Fiscal Year (FY) 2015. Acquisition Career Managers should distribute this ALS widely and visit FAI's [website](http://www.fai.gov/drupal/) (<http://www.fai.gov/drupal/>) for additional contracting courses related to past performance. Agencies should also make certain that their staff combine this training with appropriate on-the-job experience to effectively fulfill their roles and responsibilities in the pre-and post-award evaluation of contractor performance.

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<sup>10</sup>The acquisition workforce members that may provide input into CPARS includes: the technical officer, CO, program and/or project manager and, quality assurance specialist and end users of the product or service, administrative CO, auditor, and any other technical or business advisor, as appropriate.

<sup>11</sup> On the CPARS and PPIRS websites visit the Training tab for many online and onsite courses with continuous learning points. For tips on improving reporting compliance, see [http://www.cpars.gov/cparsfiles/pdfs/Improving\\_Compliance.pdf](http://www.cpars.gov/cparsfiles/pdfs/Improving_Compliance.pdf).

<sup>12</sup> See FAR Subpart 15.3, Source Selection, specifically FAR 15.304 - 15.306, for information on evaluating past performance.

<sup>13</sup> The March 6, 2013 OFPP [memorandum](#), Attachment 2 also includes a list of past performance courses.

<sup>14</sup> This module is based on the DOD Past Performance Integrated Product Team (IPT) Guidebook, *A Guide to Collection and Use of Past Performance Information*, available at: [http://www.acq.osd.mil/dpap/Docs/PPI\\_Guide\\_2003\\_final.pdf](http://www.acq.osd.mil/dpap/Docs/PPI_Guide_2003_final.pdf).

## **Enhancing the Systems**

Changes are being made to the IT tools that support both the collection of contractor past performance information in the Contractor Performance Assessment Reporting System (CPARS) and the display of the information in PPIRS to make these more user-friendly to the acquisition workforce. These changes will improve the users' experience and make information easier to record and retrieve. Over time, further improvements will be made to mirror features found in commercial evaluation sites. OFPP is working with the Integrated Award Environment<sup>15</sup> team, to improve the user experience, and enhance the visibility and quality of performance information. Some of the recent changes, made in June 2014, to improve access to contractor past performance information and reporting compliance include:

- standardizing contractor performance evaluations and reducing cost and duplication through the merger of two separate past performance modules into CPARS;
- simplifying the process for assessing contractor performance by standardizing the rating elements, using a single assessment form, and establishing a standard workflow; and
- enhancing the system so that performance evaluations can be shared faster with source selection team.

To help agencies use past performance information more effectively, OFPP is also working with IAE to develop the following enhancements that will be available in FY 2015:

- add search features that will allow contracting source selection official to narrow information displayed to reports that are most relevant;
- develop a capability to display all reports available on an entity in one location; and
- create the capability for users to easily run reports that meet their needs.

## **Providing Feedback**

OFPP would like agencies to provide feedback and report any significant correlations between the use of these outreach and research strategies and better informed contract award decisions. We will follow up shortly with additional information on how to provide this important feedback as you gain experience using these tools. Additionally, throughout the next year, OFPP will work with your agency points of contact to reexamine and adjust these and other past performance practices, as necessary, to maximize the use of acquisition resources and minimize burdens in this process. Please use the PPIRS Compliance Metric Report<sup>16</sup> to monitor your agency's reporting compliance and provide frequent updates on your progress.

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<sup>15</sup> The IAE, managed by GSA, facilitates every phase of the acquisition lifecycle, from market research to contract administration. For information about IAE, see <http://www.gsa.gov/portal/content/105036>.

<sup>16</sup> Agency acquisition staff can access the PPIRS Compliance Metric Report at [www.ppirs.gov](http://www.ppirs.gov).

Your continued attention to improving this acquisition management practice is critical to the acquisition workforce being able to make informed source selection and award decisions that positively impact agency missions. If you have any questions, please contact Julia Wise at [jwise@omb.eop.gov](mailto:jwise@omb.eop.gov) or (202) 395-7561.

Attachments

cc: Chief Information Officers  
Chief Financial Officers  
Performance Improvement Officers  
Acquisition Career Managers

## REQUIREMENT FOR AGENCIES - ADDITIONAL RESEARCH AND OUTREACH STEPS

	<b>Steps</b>	<b>Actions</b>	<b>Benefits</b>
1.	Request information on recent Federal contracts.	Contact the CO, Contracting Officer Representative (COR), or Program or Project Manager (P/PM) of the contractor's two largest, most recently awarded Federal contracts or orders so the history of a contractor's work can be reviewed. <sup>17</sup> If this information is not readily available, request the contractor to provide points of contact.	Discussions with previous COs, CORs, and P/PMs that worked with the contractor on a regular basis may provide more visibility into contractor performance on recent work.
2.	Search for recent news about the company's performance (as appropriate).	Review articles and other publications and for timely and relevant news about a contractor's performance or business integrity. <sup>18</sup> If warranted, search for pertinent contractor performance information in Government Accountability Office Reports available at <a href="http://www.gao.gov">www.gao.gov</a> , and agency Inspector General (IG) Reports available on agency websites. <sup>19</sup> Also, if necessary, review the company's past suspension and debarment record concerning incidents with other agencies and your own agency that are germane to your acquisition.	This information may help uncover new information and recent performance or integrity issues that haven't yet been reported in PPIRS, or may raise awareness about a performance risk that may need further explanation from the vendor.
3.	Review reliable commercial sources of performance information (as appropriate).	In addition to PPIRS, agencies can also use public and commercial databases, or related services, to gain a fuller understanding of a contractor's performance. Some of these companies provide business reviews, past performance reports, consumer evaluations, contractor management reports, and other information that might be helpful in assessing a contractor's ability to perform the contract successfully.	This information may be helpful in evaluating the capabilities of small or new businesses that might otherwise not have had the opportunity to demonstrate their performance record on Federal contracts.
4.	Ask for a wide variety of references	Request that offerors provide at least three to five references of recently completed contracts or orders (within the last three to five years) from Federal, State, local or foreign government, and by commercial firms, business partners, subcontractors, etc. of similar size, scope, and complexity.	Learning about a vendor's performance on a wide variety of contracts may be useful in determining if an experienced contractor's performance is consistent, and will help provide small and new businesses with little or no Federal experience a fair opportunity to compete.
5.	Ask for information about sub-contractors and contractor team arrangements	Request that prime contractors provide past performance information on subcontractors and contractor team arrangements using the guidance above for sources of information. <sup>20</sup>	This will give the source selection official a complete view and better understanding of the prime contractor, subcontractors and contractor team arrangement's performance capabilities.

<sup>17</sup> Use available contact information in government-wide and agency-wide acquisition systems, such as the Federal Procurement Data System (FPDS), internal agency database, or other systems.

<sup>18</sup> Use other publications similar to the sources used when making a responsibility determination (see FAR 9.105-1).

<sup>19</sup> The Council of the Inspector General on Integrity and Efficiency website includes links to agency IG offices, see <https://www.ignet.gov/igs/homepage1.html#a>.

<sup>20</sup> See FAR 15.304(c)(3)(4) and (5) for information on solicitations involving bundling that offer a significant opportunity for subcontracting participation and FAR 9.604 for the prime contractor's performance responsibility under contractor team arrangements.