



DEPARTMENT OF THE NAVY

NAVAL FACILITIES ENGINEERING COMMAND
200 STOVALL STREET
ALEXANDRIA VA 22332-2300

Ser Acq 111 98/113
17 Feb 98

From: Commander, Naval facilities Engineering Command
To: Distribution

Subj: POLICY MEMORANDUMS (2-98)

Encl: (1) OASN memo of 1 Dec 1997; DEPARTMENTAL MEMORANDUMS
(2) OASN memo of 16 Dec 1997; DEPARTMENTAL MEMORANDUMS
(3) OASN memo of 16 Jan 1998; CLASS DEVIATION-PAST
PERFORMANCE
(4) OASN memo of 27 Jan 1998; STREAMLINED REQUESTS FOR
PROPOSALS

1. Enclosures (1), (2), (3), and (4) are forwarded for your information and immediate implementation, as appropriate. Please disseminate upon receipt.

MIKE HOWARD
Director, Strategic Operations

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NAVAL FACILITIES CONTRACTS TRAINING CENTER
NAVAL FACILITIES CONTRACT OFFICE, PORT HUENEME (27)



THE ASSISTANT SECRETARY OF THE NAVY
Research Development and Acquisition
1000 Navy Pentagon
Washington DC 20350-1000

JAN 27 1998

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MEMORANDUM FOR DISTRIBUTION

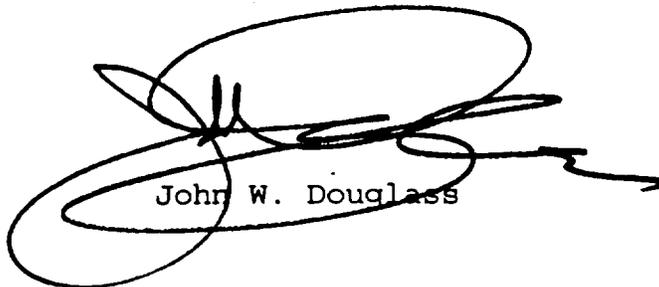
Subj: STREAMLINED REQUESTS FOR PROPOSALS

Encl: (1)USD(A&T) memo dtd Nov. 12, 1997, same subj.

Enclosure (1) tasks each Military Department with ensuring that all requests for proposals (RFPs) reflect the tenets of streamlining. I am aware of the significant efforts you have already made to achieve this goal. However, I ask that you not only continue your efforts but expand them. Streamlining is a continuous process. As a Department, we cannot afford to allow our proposal process ever to be cumbersome. Streamlining decreases process time and enhances competition through making the Department of the Navy a more attractive customer. Streamlining is essential to realizing the cost savings and access to a wider technology base that we must have.

As a former contracting officer, I know how easy it is to just mimic prior RFPs. It takes time and work to sift thru all the issues and eliminate old and unnecessary RFP clauses and requirements. In fact, just as Dr. Gansler, I have noted a tendency for us to allow RFPs to grow in size and complexity. We can and must see that this does not happen.

I ask that you ensure that every member of your organization understands how vital this effort is. Please provide each of them with a copy of this memorandum. Please also provide them with the training and the tools they need to ensure that every RFP issued reflects streamlining principles.


John W. Douglass

Subj: STREAMLINED REQUESTS FOR PROPOSALS

Distribution:

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ACQUISITION AND
TECHNOLOGY

THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-3010



NOV 12 1997

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
ATTENTION: SERVICE ACQUISITION EXECUTIVES

SUBJECT: Streamlined Requests for Proposals

Several of our reforms have focused on permitting contractors to satisfy performance rather than detailed requirements, on reducing requirements for voluminous cost data to support proposals, and on generally reducing the volume of requests for proposals (RFPs). You have all worked hard to streamline RFPs in many instances and your initiatives have resulted in shorter source selections and cost savings. However, I continue to hear some industry concerns that not all of our RFPs are streamlined or that responding to some of them requires excessive amounts of proposal data.

I would like a plan from each of you to provide that all the RFPs we issue will comply with the tenets of streamlining. As a minimum, the program manager and contracting officer should review each RFP before issuance to ensure it is as concise as possible while stating our needs. Your plans should consider education of RFP preparers, issuance of draft RFPs for comment when time permits, eliminating lengthy work statements when there is a specification, spot reviewing selected RFPs for compliance at higher levels, and industry feedback mechanisms. I would also like you to address in this document your practices or plans for a simplified competitive process for multiple award task order contracts, including the solicitation of streamlined proposals. I am certain we can eliminate unnecessarily long, cumbersome RFPs on all our contracts if we devote our energies to it. Such efforts will pay off in cost savings, improved relations with contractors, and an increase in the companies competing for DoD business.


J. S. Gansler



Encl (1)



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH, DEVELOPMENT AND ACQUISITION
1000 NAVY PENTAGON
WASHINGTON DC 20350-1000

01 DEC 1997

MEMORANDUM FOR DISTRIBUTION

Subj: DEPARTMENTAL MEMORANDUMS

- Encl: (1) OUSD DP/DAR memo of 7 Nov 1997; Subj:
Case 97-00011-Class Deviation--Mandatory Government
Source Inspection
(2) OUSD DP/DAR memo of 6 Nov 1997; Subj: Case 97-00010-
Class Deviation--Evidence of Shipment in Electronic
Data Interchange (EDI) Transactions
- Ref: (a) OASN (RDA)ABM memo dtd 8 Aug 1997; Subj:
Departmental Memorandums

Enclosure (1) provides notification that the subject class deviation has been approved through November 30, 1999, or until the FAR is revised, whichever event occurs first.

Enclosure (2) is forwarded for your information and immediate implementation, as appropriate. It supersedes the class deviation forwarded by reference (a) and has been approved until November 30, 1999, or until the FAR is revised, whichever occurs first.

Elliott B. Branch

Elliott B. Branch
Executive Director
Acquisition & Business
Management

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OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON DC 20301-3000

ACQUISITION AND
TECHNOLOGY
DP (DAR)

NOV 7, 1997

In reply refer to
DAR Tracking Number 97-00011

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

SUBJECT: Class Deviation--Mandatory Government Source Inspection

Effective immediately, all military departments and defense agencies shall use the attached language in lieu of the language at Federal Acquisition Regulation (FAR) 46.402, Government contract quality assurance at source. The revised language deletes the mandatory requirements to perform Government contract quality assurance at source when a higher-level contract quality requirement is included in the contract or when supplies requiring inspection are destined for points of embarkation for overseas shipment.

This class deviation stems from initiatives endorsed by the Acting Under Secretary of Defense (Acquisition and Technology) and the Under Secretary of Defense (Comptroller) in recognition of the fact that commercial source acceptance business practices are as effective as those used by the Government, but are less expensive.

This class deviation is approved for a 2-year period ending November 30, 1999, or until the FAR is revised, whichever event occurs first.

Eleanor R. Spector
Director, Defense Procurement

Attachment

cc: DSMC, Ft. Belvoir

ENCLOSURE(1)



NOV 13 1997

PART 46--QUALITY ASSURANCE

* * * * *

46.402 Government contract quality assurance at source.

Agencies shall perform contract quality assurance, including inspection, at source if--

(a) Performance at any other place would require uneconomical disassembly or destructive testing;

(b) Considerable loss would result from the manufacture and shipment of unacceptable supplies, or from the delay in making necessary corrections;

(c) Special required instruments, gauges, or facilities are available only at source;

(d) Performance at any other place would destroy or require the replacement of costly special packing and packaging;

~~(e) A higher level contract quality requirement is included in the contract (see 46.202-4),~~

~~(f) [(e)]~~ Government inspection during contract performance is essential; [or]

~~(g) Supplies requiring inspection are destined for points of embarkation for overseas shipment (unless the contracting officer determines in advance that necessary inspection functions can be provided at such points), or~~

~~(h) [f]~~ It is determined for other reasons to be in the Government's interest.

* * * * *



OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON DC 20301-3000

NOV 6, 1997

ACQUISITION AND
TECHNOLOGY

DP (DAR)

In reply refer to
DAR Tracking Number 97-00010

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

SUBJECT: Class Deviation--Evidence of Shipment in Electronic Data
Interchange (EDI) Transactions

This supersedes the class deviation issued on July 25, 1997,
under DAR Tracking Number 97-00006, subject the same.

Effective immediately, all military departments and defense
agencies shall use the attached clause in lieu of the clause at
Federal Acquisition Regulation (FAR) 52.247-48, F.o.b. Destination--
Evidence of Shipment. This class deviation eliminates current
barriers to full implementation of EDI transactions and streamlines
the payment process when supplies are purchased f.o.b. destination,
but inspection and acceptance will be at origin.

This class deviation is approved for a 2-year period, ending
November 30, 1999, or until the FAR is revised, whichever event occurs
first.

Eleanor R. Spector
Director, Defense Procurement

Attachment

cc: DSMC, Ft. Belvoir

ENCLOSURE(2)



NOV 13 1997

PART 52--SOLICITATION PROVISIONS AND CONTRACT CLAUSES

* * * * *

52.247-48 F.o.b. Destination--Evidence of Shipment.

As prescribed in 47.305-4(c), insert the following clause:

F.O.B. DESTINATION--EVIDENCE OF SHIPMENT (JUL 1995) (DEVIATION)

(a) If this contract is awarded on a f.o.b. destination basis, and if transportation is accomplished by common carrier, parcel post, or other than common carrier, the Contractor agrees not to invoice until the supplies are shipped, and to retain the following evidence of shipment (EOS) documentation for a period of 4 years after completion of the contract.

(1) If transportation is accomplished by common carrier, the Contractor will retain a signed copy of the commercial bill of lading of the supplies covered by the invoice, indicating the carrier's intent to ship said supplies to the destination specified in the contract.

(2) If transportation is accomplished by parcel post, the Contractor will retain a copy of the mailing certificate, or

(3) If transportation is by other than common carrier or parcel post, the Contractor will retain the receipt copy of the appropriate delivery document showing receipt at the destination in the contract.

(b) Retention of the above EOS documentation and having the documentation available for subsequent review, if needed, eliminates the requirement to provide these documents with the Contractor's paper, or electronically transmitted, invoices.

(End of clause)

* * * * *

Subj: DEPARTMENTAL MEMOS

Blind copy to:

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Writer: K. Wright (703) 602-2806



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH, DEVELOPMENT AND ACQUISITION
1000 NAVY PENTAGON
WASHINGTON DC 20350-1000

16 Dec 97

MEMORANDUM FOR DISTRIBUTION

Subj: DEPARTMENTAL MEMORANDUMS

- Encl: (1) OUSD DP/DAR memo of 20 Nov 1997; Subj:
Case 97-00012 Extension to Class Deviation for
Reinvention Laboratory--Reducing Oversight Costs
(2) OUSD DP/DAR memo of 26 Nov 1997; Subj:
Case 97-D312, Allowability of Costs for
Restructuring Bonuses
(a) OASN (RDA) ABM memo dtd 22 Nov 1996; Subj:
Departmental Memorandums

Enclosure (1) is forwarded for your information and immediate implementation, as appropriate. It extends the class deviation forwarded by reference (a) through November 30, 1998, or until the FAR is revised to include these provisions, whichever event occurs first.

Enclosure (2) is forwarded for your information and immediate implementation, as appropriate.

Elliott B Branch
Elliott B. Branch
Executive Director
Acquisition & Business
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DISTRIBUTION:

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OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON DC 20301-3000

NOV 20, 1997

ACQUISITION AND
TECHNOLOGY

DP (DAR)

In reply refer to
DAR Tracking Number: 97-00012

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

SUBJECT: Extension of Class Deviation for Reinvention Laboratory--
Reducing Oversight Costs

By memorandum dated November 19, 1996, I authorized all military departments and defense agencies to deviate from the requirements in Federal Acquisition Regulations (FAR) 44.201-1(c)(1) and (d); 44.201-2(a); 44.201-3; 44.204(a), (b), and (c); and the clauses at FAR 52.244-1, -2, and -3 when contracting with Texas Instruments Defense Systems and Electronics Group, Dallas, Texas. I am extending the class deviation for an additional year.

This class deviation authorizes you to eliminate the subcontract consent requirements, except for those subcontracts specifically identified by the contracting officer in the Subcontracts (Deviation) clause, provided that Texas Instruments Defense Systems and Electronic Groups, Dallas, maintains an approved purchasing system in accordance with FAR Part 44. Contracting officers shall use the attached clause, with its Alternates, in lieu of the clauses at FAR 52.244-1, -2, and -3. Contracting officers may modify existing contracts with Texas Instruments Defense Systems and Electronics Group, Dallas, Texas, to include these subcontract notification and consent provisions only if adequate consideration is obtained.

The class deviation is extended for a one-year period ending November 30, 1998, or until the FAR is revised, whichever event occurs first.

Eleanor R. Spector
Director, Defense Procurement

Attachment

cc: DSMC, Ft. Belvoir

ENCLOSURE(1)



DEC 3 1997

52.244-2 Subcontracts (Deviation).

Contracting officers, when awarding contracts to Texas Instruments Defense Systems and Electronics Group, Dallas, Texas, shall insert the following clause in solicitations and contracts when contemplating (1) a cost-reimbursement contract; (2) a letter contract which exceeds the simplified acquisition threshold; (3) a fixed-price contract which exceeds the simplified acquisition threshold under which unpriced contract actions (including unpriced modifications or unpriced delivery orders) are anticipated; or (4) a time-and-materials contract which exceeds the simplified acquisition threshold.

SUBCONTRACTS (OCT 1996) (DEVIATION)

(a) Definitions.

As used in this clause--

"Approved purchasing system" means a Contractor's purchasing system that has been reviewed and approved in accordance with Federal Acquisition Regulation (FAR) Part 44.

"Consent to subcontract" means the Contracting Officer's written consent for the prime Contractor to enter into a particular subcontract.

"Subcontract", means any contract as defined in FAR Subpart 2.1 entered into by a subcontractor to furnish supplies or services for performance of a prime contract or a subcontract. It includes but is not limited to purchase orders, and changes and modifications to purchase orders.

(b) This clause does not apply to subcontracts for special test equipment.

(c) When this clause is included in a fixed-price type contracts, consent to subcontract is required only on unpriced contract actions (including unpriced modifications or unpriced delivery orders) under such contracts.

(d) If the Contractor does not have an approved purchasing system, consent to subcontract is required for any subcontract if--

(1) The proposed subcontract is of the cost-reimbursement, time-and-material, or labor-hour type;

(2) The proposed subcontract is fixed-price and exceeds the greater of the simplified acquisition threshold or 5 percent of the total estimated cost of this contract.

(e) Even if the Contractor has an approved purchasing system, the Contractor shall obtain the Contracting Officer's written consent before placing the following subcontracts:

(f) (1) The Contractor shall notify the Contracting Officer reasonably in advance of placing any subcontract or modification thereof for which consent is required under paragraph (c), (d), or (e) of this clause, including the following information:

(i) A description of the supplies or services to be subcontracted.

(ii) Identification of the type of subcontract to be used.

(iii) Identification of the proposed subcontractor.

(iv) The proposed subcontract price.

(v) The subcontractor's current, complete, and accurate cost or pricing data and certificate of current cost or pricing data, if required by other contract provisions.

(vi) The subcontractor's Disclosure Statement or Certificate relating to Cost Accounting Standards when such data are required by other provisions of this contract.

(vii) A negotiation memorandum reflecting--

(A) The principal elements of the subcontract price negotiations;

(B) The most significant considerations controlling establishment of initial or revised prices;

(C) The reason cost or pricing data were or were not required;

(D) The extent, if any, to which the Contractor did not rely on the subcontractor's cost or pricing data in determining the price objective and in negotiating the final price;

(E) The extent to which it was recognized in the negotiation that the subcontractor's cost or pricing data were not accurate, complete, or current; the action taken by the Contractor and the subcontractor's price objective and the price negotiated; and

(F) The reasons for any significant difference between the Contractor's price objective and the price negotiated; and

(G) A complete explanation of the incentive fee or profit plan when incentives are used. The explanation shall identify each critical performance element, management decisions used to quantify each incentive element, reasons for the incentives, and a summary of all trade-off possibilities considered.

(2) The Contractor is not required to notify the Contracting Officer in advance of entering into any subcontract for which consent to subcontract is not required under paragraph (c), (d), or (e) of this clause.

(g) Unless the consent or approval specifically provides otherwise, neither consent by the Contracting Officer to any subcontract nor approval of the Contractor's purchasing system shall constitute a determination (1) of the acceptability of any subcontract terms or conditions, (2) of the allowability of any cost under this contract, or (3) to relieve the Contractor of any responsibility for performing this contract.

(h) No subcontract or modification thereof placed under this contract shall provide for payment on a cost-plus-a-percentage-of-cost basis, and any fee payable under cost-reimbursement type subcontracts shall not exceed the fee limitations in FAR 15.903(d).

(i) The Contractor shall give the Contracting Officer immediate written notice of any action or suit filed and prompt notice of any claim made against the Contractor by any subcontractor or vendor that, in the opinion of the Contractor, may result in litigation related in any way to this contract, with respect to which the Contractor may be entitled to reimbursement from the Government.

(j) The Government reserves the right to review the Contractor's purchasing system as set forth in FAR Subpart 44.3.

(End of clause)

Alternate I (JUL 1995) (DEVIATION)
For cost-reimbursement contracts, substitute the following subparagraph (f)(2) for subparagraph (f)(2) of the basic clause:

(f)(2) Even if the Contractor has an approved purchasing system and consent is not required under paragraph (d) or (e) of this clause, the Contractor shall notify the Contracting Officer reasonably in advance of entering into any (i) cost-plus-fixed-fee subcontract, or (ii) fixed-price subcontract which exceeds the greater of (A) the simplified acquisition threshold; or (B) 5 percent of the total estimated cost of this contract. The notification shall include the information required in subparagraphs (f)(1)(i) through (f)(1)(iv) of this clause.

Alternate II (SEP 1995) (DEVIATION)

If in the opinion of the contracting officer, the advance notification or consent requirements were satisfied for certain subcontracts evaluated during negotiations, the contracting officer may add the following paragraph (k) to the basic clause:

(k) Paragraph (d) of this clause does not apply to the following subcontracts, which were evaluated during negotiations:

Alternate III (SEP 1995) (DEVIATION)

For a time-and-materials contract, the contracting officer may substitute the following subparagraph (d) (2) for subparagraph (d) (2) of the basic clause:

(d) (2) The proposed subcontract is fixed-price and exceeds the greater of the simplified acquisition threshold or 5 percent of the total estimated cost of this contract, except subcontracts for purchase of raw material or commercial stock items.



ACQUISITION AND
TECHNOLOGY

DP (DAR)

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON DC 20301-3000

November 26, 1997

In reply refer to
DFARS Case: 97-D312
D. L. 97-021

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

SUBJECT: Allowability of Costs for Restructuring Bonuses

We have amended Part 231 of the Defense Federal Acquisition Regulation Supplement (DFARS) to implement Section 8083 of the FY 1998 Defense Appropriations Act (Pub. L. 105-56). Section 8083 prohibits the use of FY 1998 funds to reimburse a contractor for costs paid by the contractor to an employee when such costs are for a bonus or other payment in excess of the normal salary paid by the contractor to the employee, and such bonus is part of restructuring costs associated with a business combination. This prohibition does not apply to severance or early retirement incentive payments.

This interim DFARS rule is effective immediately, and will be included in a future Defense Acquisition Circular.

Eleanor R. Spector
Director, Defense Procurement

Attachment

cc: DSMC, Ft. Belvoir

ENCLOSURE(2)

DEC 3 1997



**ALLOWABILITY OF COSTS FOR RESTRUCTURING BONUSES
DFARS CASE 97-D312
INTERIM RULE**

The baseline is the DFARS through DAC 91-12. Added language is in **[bold and brackets]**. Deleted language is indicated by ~~strikethrough~~.

PART 231—CONTRACT COST PRINCIPLES AND PROCEDURES

* * * * *

SUBPART 231.2—CONTRACTS WITH COMMERCIAL ORGANIZATIONS

* * * * *

231.205-6 Compensation for personal services.

* * * * *

- (f) (1) **[In accordance with Section 8122 of Pub. L. 104-61, and similar sections in subsequent Defense appropriations acts, G[c]osts for bonuses or other payments in excess of the normal salary paid by the contractor to an employee, that are part of restructuring costs associated with a business combination, are unallowable under DoD contracts funded by fiscal year 1996 [or subsequent] appropriations[.] ~~(Section 8122 of Pub. L. 104-61) or fiscal year 1997 appropriations (Section 8095 of Pub. L. 104-208).~~ This limitation does not apply to severance payments or early retirement incentive payments. (See 231.205-70(b) for the definitions of "business combination" and "restructuring costs.")**

* * * * *

Subj: DEPARTMENTAL MEMORANDUMS

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COMNAVSEASYSKOM (028311)
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DIRSSP (SPLE-D)
CMC (CL)
ABM (RD&A) (Mr. Townsend)
OUNSECNAV (SADBU) (WNY)
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AL WINSTON

SID TRONIC
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Writer: K. Wright (703) 602-2806



DEPARTMENT OF THE NAVY
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RESEARCH, DEVELOPMENT AND ACQUISITION
1000 NAVY PENTAGON
WASHINGTON DC 20350-1000

DAR Tracking No:
97-00009

16 JAN 1998

MEMORANDUM FOR DISTRIBUTION

Subj: CLASS DEVIATION--PAST PERFORMANCE

Encl: (1) OUSD DP/DAR memo of 18 Dec 1997
(2) USD(A&T) memo of 20 Nov 1997

Ref: (a) OASN (RDA) ABM memo dtd 23 Dec 1996

Enclosure (1) is forwarded for your information and immediate implementation, as appropriate. It supersedes the class deviation forwarded by reference (a) and implements the policy in enclosure (2). Accordingly, collection of past performance information within the Department of Defense shall be accomplished in accordance with enclosure (2) until January 30, 1999.

This class deviation is approved until January 30, 1999, or until the FAR is revised to include these provisions, whichever event occurs first.

Elliott B. Branch

Elliott B. Branch
Executive Director
Acquisition & Business
Management

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ACQUISITION AND
TECHNOLOGY

DP (DAR)

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON DC 20301-3000

DEC 18, 1997

In reply refer to
DAR Tracking Number: 97-00009

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

SUBJECT: Class Deviation--Past Performance

This supersedes the class deviation issued on December 20, 1996,
under DAR Tracking Number 96-00010, Subject: Past Performance.

Effective immediately, all military departments and defense
agencies shall use the attached language in lieu of Federal
Acquisition Regulation (FAR) 15.304(c)(3) and 42.1502(a) when
collecting and using past performance information.

This class deviation implements the Under Secretary of Defense
(Acquisition and Technology) (USD(A&T)) policy issued in a memorandum
dated November 20, 1997, and entitled, "Collection of Past Performance
Information in the Department of Defense." The deviation requires
past performance evaluation in all source selections for negotiated
competitive acquisitions expected to exceed \$5 million for Systems and
Operations Support (as defined in the USD(A&T) policy memorandum); or
expected to exceed \$1 million for all other acquisitions, except for
lower thresholds specified in the November 20 policy memorandum for
Fuels and Health Care business sectors. The deviation requires
preparation of an evaluation of contractor performance for each
contract in excess of \$5 million for Systems and Operations Support
acquisitions and \$1 million for all other acquisitions. Collection
and use of past performance information within the Department of
Defense shall be performed in accordance with the USD(A&T) policy
memorandum until January 30, 1999.

12 DEC 1997



ENCLOSURE(1)

FAR 15.304(c)(3) and 42.1502(a) implement Office of Federal Procurement Policy Letter 92-5, Past Performance Information. The Acting Administrator, Office of Federal Procurement Policy, concurred with this deviation from that policy letter. Therefore, I am authorizing this class deviation from the requirements in FAR 15.304(c)(3) and 42.1502.

This class deviation is approved until January 30, 1999, or until the FAR is revised, whichever occurs first.

A handwritten signature in cursive script that reads "Eleanor Spector".

Eleanor R. Spector
Director, Defense Procurement

Attachment

cc: DSMC, Ft. Belvoir

PART 15--CONTRACTING BY NEGOTIATION

* * * * *

Subpart 15.3--Source Selection

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15.304 Evaluation Factors and Subfactors

* * * * *

(c)* * *

(3)(i) Except as set forth in paragraph (c)(3)(iii) of this section, past performance shall be evaluated in all source selections for negotiated competitive acquisitions **expected to exceed \$5,000,000 for Systems and Operations Support or** expected to exceed \$1,000,000 **[for all other acquisitions]**.

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

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

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PART 42--CONTRACT ADMINISTRATION

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Subpart 42.15--Contractor Performance Information

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42.1502 Policy

(a) Except as provided in paragraph (b) of this section, agencies shall prepare an evaluation of contractor performance for each contract in excess of **[\$5,000,000 for Systems and Operations Support contracts and] \$1,000,000 [for all other contracts]** (regardless of the date of contract award) ~~and for each contract in excess of \$100,000 beginning not later than January 1, 1998 (regardless of the date of contract award), at the time the work under the contract is completed.~~

* * * * *



THE UNDER SECRETARY OF DEFENSE
 3010 DEFENSE PENTAGON
 WASHINGTON, D.C. 20301-3010



NOV 20 1997

ACQUISITION AND
 TECHNOLOGY

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
 CHAIRMAN OF THE JOINT CHIEFS OF STAFF
 UNDER SECRETARY OF DEFENSE (COMPTROLLER)
 ASSISTANT SECRETARY OF DEFENSE (COMMAND,
 CONTROL, COMMUNICATIONS AND INTELLIGENCE)
 GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
 INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
 DIRECTOR, OPERATIONAL TEST AND EVALUATION
 COMMANDER IN CHIEF, SPECIAL OPERATIONS COMMAND
 DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: Collection of Past Performance Information in the Department of Defense

Collection of Past Performance Information (PPI) is critical to using this information to obtain best value goods and services. With the support of the Component Acquisition Executives, the Past Performance Integrated Product Team (IPT) was chartered to develop a uniform management approach for the collection and use of PPI. This IPT tackled one of the most difficult issues we face in reforming the acquisition process. I commend the team, and the supporting Working-Level Integrated Product Teams composed of representatives from the components, for a job well done. The IPT developed a management approach, policies and an implementation plan which outlines the tasks necessary to achieve this objective.

The policy contained in the attachment to this memorandum is a solid beginning and is effective February 1, 1998. Collection should begin manually unless an existing automated system is available. Your leadership is critical to successful implementation of this reform. Your active participation in establishing the environment for successfully implementing this change is essential. Please take immediate action to implement this policy. The past performance IPT will continue to serve as the coordinator of Department policy during this implementation period. The Deputy Under Secretary of Defense (Acquisition Reform), with the support of the IPT, shall ensure development of joint Department of Defense (DoD) training materials and education programs for use by the components in training the workforce.

Automation of collection and retrieval of PPI is critical to full implementation of this policy. The Deputy Under Secretary for Defense (Logistics), Life Cycle Information Integration Office is responsible for conducting an automated pilot effort to define the DoD interfaces to existing PPI systems and demonstrate an integrated past performance collection capability. The IPT will establish requirements for this pilot effort and develop recommendations for an overall automation architecture. I request that a status report on the pilot effort be provided to me by January 30, 1998. The proposed plan for an automated architecture, coordinated with the Standard Procurement System, should be presented to me by March 30, 1998. I expect the IPT to monitor the implementation of this policy and recommend any necessary policy revisions to me by November 30, 1998.



ENCLOSURE(2)

The Director, Acquisition Program Integration shall take action to promulgate necessary amendments to DoD 5000.2R and the Acquisition Deskbook, and the Director, Defense Procurement shall promulgate Defense Federal Acquisition Regulation Supplement implementing procedures, as appropriate.



J. S. Gansler

**Attachment
As stated**

Policy Changes

This policy statement is a refinement of the current policies in the Federal Acquisition Regulation (FAR) Parts 15, 19, and 42, and the Defense Acquisition Regulation Supplement (DFAR) Part 36. DoD components shall use, without authority to deviate, the assessment elements and ratings described below.

Collection of Past Performance Information By Business Sector

DoD shall collect PPI using a consistent management approach across the designated business sectors. This approach shall include tailored dollar thresholds, consistent elements used to assess contractors, or other government agencies, and consistent ratings applied to those elements. DoD's business sectors are defined below and categorized under the heading of either key or unique.

Key Business Sectors

Systems - Generally, this sector includes products that require a significant amount of new engineering development work. Includes major modification/upgrade efforts for existing systems, as well as acquisition of new systems, such as aircraft, ships, etc. Also includes program budget account code 6.4-funded projects. More specifically—

Aircraft: Includes fixed and rotary wing aircraft, and their subsystems (propulsion, electronics, communications, ordnance, etc.)

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

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

Ordnance: Includes all artillery systems (except non-Precision Guided Munition (PGM) projectiles), tactical missiles (air-to-air, air-to-ground, surface-to-air, and surface-to-surface) and their associated launchers, and all PGM weapons and submunitions, such as the Joint Direct Attack Missile, the Sensor-Fuzed Weapon and the "Brilliant Antitank" weapon (BAT).

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

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

Other Systems: Includes technologies and products that, when incorporated into other systems such as aircraft and ships, are often categorized as subsystems. However, many of

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

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

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

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

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

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

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

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

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

Telecommunications Equipment or Services: Circuits or equipment used to support the electromagnetic and/or optical dissemination, transmission, or reception of information via voice, data, video, integrated telecommunications transmission, wire, or radio. The equipment or service must be a complete component capable of standing alone. This includes the following type of items; telephones, multiplexers, a telephone switching system, circuit termination equipment, radio transmitter or receiver, a modem, card cage with the number and type of modem cards installed, etc. This does not include the following type of items: a chip, circuit card, equipment rack, power cord, a microphone, headset, etc.

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

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

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

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

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

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

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

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

Unique Business Sectors

Construction and Architect-Engineer and Health Care sectors assessment elements and ratings were previously established and remain unchanged by this policy. The Fuels sector shall use the assessment elements established for Services, Information Technology and Operations Support. No assessment elements have been established for the "Science and Technology" business sector that shall be tailored for each procurement. The Common DoD Assessment Rating System is mandatory for use by the Fuels, Science and Technology and Health Care business sectors.

Construction and Architect-Engineering - Includes all non-combat construction and related architect/construction engineering tasks. Includes construction of new buildings, foundation excavation, building/facility-wide upgrades to heating, ventilation and air conditioning systems, electrical systems, etc. Includes all road, dam and bridge construction, and complete road resurfacing. Does not, however, include minor repairs to road, driveway, or parking lot surfaces (e.g., patching cracks or filling in potholes). Also does not include repair or installation of any signage or pavement markings (painting divider lines, etc.). Does include major excavations (e.g., installation of new water mains or sewage systems, or major alteration of landscapes to improve drainage or to create or refurbish surface water storage facilities). Includes major alterations or repairs of installation-wide electrical power grids, trunk telephone lines, etc. Does not, however, include minor excavations related to the repair of individual pipes. Does not include the repair of individual power lines. Does not include the repair or relocation of individual telephone lines or connections. Also does not include services for building cleaning, painting, or minor repairs (fixing leaky pipes, replacing broken hinges, patching holes in plaster, etc.). Does not include any repair or installation of fencing or snow removal. Evaluate as required by DFARs Part 236. PPI is collected and used for acquisitions above \$25,000. USACE, Portland maintains two databases used throughout DoD and other federal agencies:

Architect-Engineer Contract Administration Support System (ACASS)
Construction Contractor Appraisal Support System (CCASS)

Health Care - Includes all acquisition and management of health care services. PPI is collected at all dollar thresholds; however collection and use are mandatory for acquisitions over \$100,000. The Health Care Acquisition Performance System (HCAPS), is currently used by the Navy and Army with assessment elements tailored to health care. This automated system is managed by Naval Sea Logistics Center Detachment, Portsmouth, NH.

Fuels - Includes all bulk fuels, lubricants, natural gas, coal, storage, and other commodities and related support services. PPI is collected and used at the dollar thresholds set forth in FAR Parts 15 and 42.

Science and Technology - Includes all contracted basic research and some applied research. Includes construction of "proof-of-principle" working prototypes. Includes projects funded by program budget accounts 6.1 (Basic Research), 6.2 (Exploratory Development), and 6.3

(Advanced Technology Development), but does not include projects funded by 6.4 accounts or similarly oriented appropriations. (Those projects are covered by the Systems sector).

For the Science and Technology sector, PPI shall be collected only at the time of the particular acquisition. No dollar threshold or the requirement to maintain an automated database has been established for this category. Collection of science and technology PPI shall be limited to relevant information as determined by the Source Selection team. Requests for PPI shall be tailored to each procurement during the source selection process, with emphasis placed on the expertise of key personnel.

Key Business Sector Assessment Elements

Assessment Elements for the Systems Sector - DoD shall collect PPI on all contracts \$5,000,000 or more within the seven sub-sectors of the Systems Sector using the following Performance Assessment Review (PAR) elements:

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

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

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

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

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

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

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

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

COST CONTROL - (Not required for Firm Fixed Price or Firm Fixed Price with Economic Price Adjustment) - Assess the contractor's effectiveness in forecasting, managing, and controlling contract cost.

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

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

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

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

Assessment Elements for the Services, Information Technology and Operations Support Sectors - DoD shall collect PPI using the following assessment elements within the Services, Information Technology and Operations Support sectors. The threshold for collection for Services and Information Technology shall be \$1,000,000 and more. For Operations Support, the collection threshold is \$5,000,000, however, under the \$5,000,000 threshold, buying activities should continue to accumulate contractor performance data from existing management information systems that already capture data on timeliness of delivery and quality of product or service. (Examples of such performance information collection systems include "Red/Yellow/Green" and "Automated Best Value Method."). While passive systems may continue to be used, DoD wide implementation of collection and use of PPI through passive performance information collection systems is not mandatory until the collection system is automated across DoD.

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

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

COST CONTROL - (Not required for Firm Fixed Price or Firm Fixed Price with Economic Price Adjustment) - Assess the contractor's effectiveness in forecasting, managing, and controlling contract cost.

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

MANAGEMENT OF KEY PERSONNEL (For Services and Information Technology Business Sectors Only) - Assess the contractor's performance in selecting, retaining, supporting, and replacing, when necessary, key personnel.

Common DoD Assessment Rating System

DoD components shall use the following assessment rating system in all business sectors on report cards for all PPI assessment elements with the exception of Construction and Architect-Engineering. A fundamental principle for rating is that contractors shall not be assessed below a rating of satisfactory for not performing beyond the requirement of the contract.

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

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

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

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

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

New Refinements to FAR Part 15.3 & 42.15 Policies

Administrative Information: PPI assessments shall include the following administrative information: company name, place of performance, CAGE code, DUNS+4 number, telephone number, contract number, awarded value, award date, completion date, type of contract, extent competed, item description, Federal Supply Code (FSC), Standard Industry

Classification code, key subcontractors and what effort they performed (for systems, information technology and services), DoD business sector, period of performance being assessed, assessment type (interim, final, or addendum), and contracting officer and program/requirements manager names and phone numbers.

DoD Assessment Inputs: DoD buying activities have primary responsibility for PPI collection and should ensure that PPI assessments provide for input from program managers, contracting officers, item managers, and Defense Contract Management Command contract administration officers and Defense Contract Audit Agency auditors. Performance Assessment Reviews for systems will usually be completed by the program manager. Contractors shall be provided an opportunity to comment on past performance evaluations in accordance with the procedures set forth in FAR Parts 15 and 42. Contractor comments must be included as a part of the final report. Any disagreement between the DoD lead evaluator and the contractor must be reviewed at the next level above the Program or Item Manager, or Contracting Officer, as appropriate.

Narrative Rationales: Narrative rationales are required to support the report card assessment rating and help determine relevancy in support of future source selections.

Addendum Assessments: Addendum assessment reports may be prepared after the final past performance evaluation to record contractor's performance (e.g. contract closeout and other requirements).

Copies of Past Performance Assessments: A copy of the annual or final past performance evaluation shall be provided to the contractor as soon as it is finalized.

Evaluations of Orders Placed Against Other Contracts: To streamline PPI collection contracting officers should specify in the contract the frequency of, and the individual(s) responsible for, past performance assessments associated with orders to be placed against that contract.

Final Past Performance Assessment: The final past performance rating of a contract should not be a cumulative report of contract performance but rather a snapshot of the last period of performance since the last annual performance report.

Contract Value for PPI Collection: The contract thresholds for PPI collection apply to the "as-modified" face value of contracts; that is, if a contract's original face value was less than the applicable threshold, but subsequently the contract was modified and the "new" face value is greater than the threshold, then a performance assessment (or assessments) should be made, starting with the first anniversary that the contract's face value exceeded the threshold. If the contract threshold is expected to exceed the collection threshold by exercise of option, modification or order it may be advisable to initiate the PPI collection process prior to the value of the contract exceeding the threshold.

Implementation Milestones

November 1997	IPT/DUSD(AR) initiates development of core training materials for use by the components for key business sectors
January 30, 1998	IPT briefs USD (A&T) including status of automation pilot effort

- February 1, 1998** **Begin collection of PPI for Systems, Services and Information Technology business sectors using defined assessment elements and ratings. Begin collection of Operations Support PPI over \$5M. Collection should be either manual or through an existing automated system.**
- March 30, 1998** **IPT presents a recommendation to USD (A&T) for a coordinated automated architecture including results of pilot effort.**
- November 30, 1998** **IPT gathers lessons learned, recommends policy changes to USD (A&T) and develops a comprehensive past performance policy for DoD**
- January 1, 1999** **Establish the date for expanded collection of PPI including passive collection using coordinated automated architecture**

Subj: CLASS DEVIATION--PAST PERFORMANCE

Blind copy to:

COMNAVAIRSYSCOM (2.11)

COMNAVSEASYSKOM (02831)

COMNAVSEASYSKOM (028311)

COMSPAWARSYSCOM (0241)

DIRSSP (SPLE-D)

CMC (CL)

ABM (RD&A) (Mr. Townsend)

OUNSECNAV (SADBU) (WNY)

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OASN (RD&A) ABM-PR

AL WINSTON

SID TRONIC

ABM HOMEPAGE

CALLAWAY BOX

Case file

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Writer: K. Wright (703) 602-2806