



Highlights of [GAO-07-1111T](#), a testimony before the Subcommittee on Government Management, Organization, and Procurement, Committee on Oversight and Government Reform, House of Representatives

## Why GAO Did This Study

The federal government is the largest single buyer in the world, obligating over \$400 billion in fiscal year 2006 for a wide variety of goods and services. Because contracting is so important to how many agencies accomplish their missions, it is critical that agencies focus on buying the right things the right way. This includes ensuring that contracts are awarded only to responsible contractors, and that contractors are held accountable for their performance. Use of contractor performance information is a key factor in doing so.

This testimony covers three main areas concerning the use of contractor performance information: (1) the various ways in which a contractor's performance may be considered in the contracting process; (2) how information on past performance is to be used in selecting contractors, as well as the various mechanisms for how that occurs; and (3) some of the key issues that have arisen in considering past performance in source selection, as seen through the prism of GAO's bid protest decisions.

GAO has previously made recommendations for improving the use of contractor performance information, but is not making any new recommendations in this testimony.

[www.gao.gov/cgi-bin/getrpt?GAO-071111T](http://www.gao.gov/cgi-bin/getrpt?GAO-071111T).

To view the full product, including the scope and methodology, click on the link above. For more information, contact William T. Woods at (202) 512-4841 or [woodsw@gao.gov](mailto:woodsw@gao.gov).

## FEDERAL CONTRACTING

### Use of Contractor Performance Information

#### What GAO Found

The government contracting process provides for consideration of various aspects of contractor performance at multiple points:

- *Source selection:* Past performance is required to be an evaluation factor in selecting contractors, along with factors such as price, management capability, and technical approach to the work.
- *Responsibility determinations:* Once a contractor is selected for award, the contracting officer must make a responsibility determination that the prospective awardee is capable and ethical. This includes, for example, whether the prospective awardee has a satisfactory performance record on prior contracts.
- *Surveillance under the current contract:* Once a contract is awarded, the government monitors a contractor's performance throughout the performance period, which may serve as a basis for performance evaluations in future source selections.
- *Debarment:* To protect the government's interests, agencies can debar, that is preclude, contractors from receiving future contracts for various reasons, including serious failure to perform to the terms of a contract.

Agencies are required to consider past performance in all negotiated procurements above the simplified acquisition threshold of \$100,000 and in all procurements for commercial goods or services. Although past performance must be a significant evaluation factor in the award process, agencies have broad discretion to set the precise weight to be afforded to past performance relative to other factors in the evaluation scheme. Whatever they decide about weights, agencies must evaluate proposals in accordance with the evaluation factors set forth in the solicitation, and in a manner consistent with applicable statutes and regulations. In evaluating an offeror's past performance, the agency must consider the recency and relevance of the information to the current solicitation, the source and context of the information, and general trends in the offeror's past performance. The key consideration is whether the performance evaluated can reasonably be considered predictive of the offeror's performance under the contract being considered for award.

Although a seemingly simple concept, using past performance information in source selections can be complicated in practice. GAO bid protest decisions illustrate some of the complexities of using past performance information as a predictor of future contractor success. Some of the questions raised in these cases are:

- *Who:* Whose performance should the agencies consider?
- *What:* What information are agencies required or permitted to consider in conducting evaluations of past performance?
- *When:* What is the period of time for which agencies will evaluate the past performance of contractors?
- *Where:* Where do agencies obtain contractor performance information?