



# Monitoring Contractor Performance

April 2012



# Agenda

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- Importance of Monitoring Contractor Performance
- Connection with Contractor Performance Assessment Reports
- TRICARE Acquisition Directive (TAD) 42-02
- Contractual Nonconformance
- Performance Assessment Tracking (PAT) System
- Summary
- Tools and References
- Questions

# Importance of Monitoring Contractor Performance

Monitoring contractor performance and conducting quality assurance surveillance are critical actions to ensure TMA:

- Receives the level of service and/or quality of supply required
- Maintains proper stewardship of public funds throughout contract life-cycle
- Holds the contractor accountable for performance in accordance with all terms and conditions of the contract

**FAR 37.604 & DFARS 237.172:**

Sets forth the requirements for Quality Assurance Surveillance Plans (QASP)

**FAR 42.1502:**

Requires all Federal Agencies to collect contractor past performance on eligible contracts

**FAR 46.401:**

Sets forth the requirements for Government Contract Quality Assurance

**DFARS 246.470-2:**

Sets forth the requirements for DoD Contracting entities to develop a system for collection, assessment, and use of quality evaluation data

# Connection with Contractor Performance Assessment Reports

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- TRICARE Acquisition Directive (TAD) 42-01 requires applicable TMA personnel to complete Contractor Performance Assessment Reports (CPARs) for all eligible contracts on a periodic basis
- Documenting real-time performance is a fundamental step to facilitate completion and ensure accuracy of the CPAR, which in turn:
  - Expedites CPAR processing
  - Is more defensible to criticism
  - Mitigates disagreement with the contractor
- The Contracting Officer (CO) and Contracting Officer's Representative (COR) collaborate to collect and document contractor performance information

# TRICARE Acquisition Directive 42-02

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- TMA Acquisition Management and Support (AM&S) has developed a policy for Monitoring Contractor Performance
- TRICARE Acquisition Directive (TAD) 42-02, “Monitoring Contractor Performance”:
  - Supplants TAP 37-02 “Management of Contractor Performance”
  - Standardizes management of contractual nonconformance issues
  - Requires use of the Performance Assessment Tracking (PAT) system for certain TMA contracts
- TMA Procedures, Guidance, and Information (PGI) 242.15-91 and 246.470 provide additional instruction for TMA personnel

# Contractual Nonconformance

- Occasionally, contractor-provided services/supplies may not conform with the contractual requirements
- The CO must determine whether this nonconformance is:
  - Critical – Hazardous, Harmful
  - Major – Likely to result in failure
  - Minor – No effect on usability
- The CO may issue a Corrective Action Request (CAR), which in turn requires the contractor to provide a Corrective Action Plan (CAP)
- Ideally nonconformance is corrected with the execution of one CAP
  - Multiple CARs/CAPs may be necessary
  - Termination steps may be required if the nonconformance cannot be corrected

**See FAR 46.101 for definitions of:**

- ***Critical*** Nonconformance
- ***Major*** Nonconformance
- ***Minor*** Nonconformance

# Performance Assessment Tracking (PAT) System

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- The PAT is a TMA-specific application to facilitate monitoring contractor performance
  - Developed by TMA Aurora for the managed care contract portfolio
  - Administered by the Performance Evaluation and Transition Management Branch (PE&TMB)
- TAD 42-02 requires use of the PAT for all medical, dental, pharmacy, and related contracts
  - Not a significant change to the current use of the PAT
  - Other contracts may utilize the PAT at the request of the CO and concurrence of the PAT Administrator
  - Waivers may be processed by the Contract Operations Division Chief/Director

**TMA PGI 242.15-91: Displays the decision process to determine when the PAT System is utilized**

# Summary

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- Monitoring Contractor Performance is critical to ensure TMA receives the services, supplies and quality level required
- TAD 42-02 establishes TMA policy for monitoring contractor performance including:
  - Handling nonconformance issues
  - Using the PAT System to facilitate monitoring
- Properly monitoring and documenting contractor performance throughout the contract period will:
  - Significantly aid in preparation of the CPAR
  - Greatly increase the likelihood of contractual success



# Tools and References

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- TRICARE Acquisition Directive 42-02 “Monitoring Contractor Performance”  
(<http://www.tricare.mil/tma/ams/downloads/TAD42-02.pdf>)
- TMA PGI 242.15-91 and 246.470  
(<http://www.tricare.mil/tma/ams/downloads/pgi/PGI242-15-91.pdf>) and  
(<http://www.tricare.mil/tma/ams/downloads/TMAPGI24647.pdf>)
- TRICARE Acquisition Directive 42-01 “Contractor Past Performance Information”  
(<http://www.tricare.mil/tma/ams/downloads/TAD42-01.pdf>)
- FAR 37.604 “Quality assurance surveillance plans”  
([https://www.acquisition.gov/far/current/html/Subpart%2037\\_6.html#wp1074195](https://www.acquisition.gov/far/current/html/Subpart%2037_6.html#wp1074195))
- FAR 42.15 “Contractor Performance Information”  
([https://www.acquisition.gov/far/current/html/Subpart%2042\\_15.html#wp1075411](https://www.acquisition.gov/far/current/html/Subpart%2042_15.html#wp1075411))
- FAR 46.401 “Government Contract Quality Assurance”  
([https://www.acquisition.gov/far/current/html/Subpart%2046\\_4.html#wp1070241](https://www.acquisition.gov/far/current/html/Subpart%2046_4.html#wp1070241))
- DFARS 237.172 “Service contracts surveillance”  
([http://www.acq.osd.mil/dpap/dars/dfars/html/current/237\\_1.htm#237.172](http://www.acq.osd.mil/dpap/dars/dfars/html/current/237_1.htm#237.172))
- DFARS 246.470-2 “Quality evaluation data”  
([http://www.acq.osd.mil/dpap/dars/dfars/html/current/246\\_4.htm#246.470-2](http://www.acq.osd.mil/dpap/dars/dfars/html/current/246_4.htm#246.470-2))

# Questions

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- For questions related to TAD 42-02 or the related PGI sections please contact the TMA AM&S Contract Policy and Pricing Branch:  
By phone: (303) 676-3453  
By email: [policyweb@tma.osd.mil](mailto:policyweb@tma.osd.mil)
- For questions related to the PAT System, please contact the System Administrator:  
By email: [PATSupport@tma.osd.mil](mailto:PATSupport@tma.osd.mil)

