



OFFICE OF THE UNDER SECRETARY OF DEFENSE
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ACQUISITION,
TECHNOLOGY
AND LOGISTICS

NOV 27 2007

MEMORANDUM FOR DIRECTORS, DEFENSE AGENCIES
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(POLICY AND PROCUREMENT), ASA (ALT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(ACQUISITION AND LOGISTICS MANAGEMENT), ASN
(RDA)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/AQC
DEPUTY DIRECTOR, ARMY CONTRACTING AGENCY

SUBJECT: Past Performance Information

Reference Department of Defense Inspectors General (DoDIG) audit reports (<http://www.dodig.osd.mil/Audit/reports/06Report.htm>): (a) "Acquisition: Source Selection Procedures for the Navy Construction Capabilities Contract (D-2006-061)" dated March 3, 2006 and (b) "Defense Infrastructure: DoD Reporting System for the Competitive Sourcing Program (D-2006-028)" dated November 22, 2005.

Past performance information is a tool used to provide feedback to contractors on actual contract performance and the information is utilized in the source selection process. It is important that the acquisition workforce input contractor past performance information into DoD's data capture system, the Contractor Performance Assessment Reporting System (CPARS), whenever a procurement action meets the DoD dollar threshold. All contracts that meet the thresholds stated in Attachment A should be included in CPARS. There is an expectation of noticeable performance improvements and greater efficiency and effectiveness of operations when past performance information is used effectively.

The Office of the Under Secretary of Defense for Acquisition, Technology & Logistics (Defense Procurement and Acquisition Policy) issued "A Guide to Collection and Use of Past Performance Information (Version 3)" dated May 2003 which is available at <http://www.acq.osd.mil/dpap/paic/attachments/guides/ppiguide-2003.pdf>.

The \$1 million threshold for services is applicable to all contracts where the contract is valued at or over \$1 million including unexercised orders and options, and past performance information should be collected. Past performance information should be collected beginning at contract award and for all performance periods, not just the performance periods where the \$1 million threshold was reached or exceeded. If past



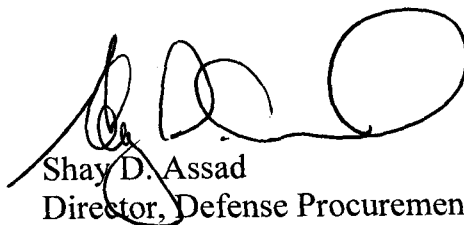
performance information is not captured before a contract reaches the reporting threshold, the information must be captured when it does. Acquisition personnel must amend performance evaluations if significant information about a contractor's performance under a specific order surfaces prior to overall contract closeout. For example, if a contractor doesn't honor extended warranty provisions after a contract ends, that should be noted. Attachment A identifies the thresholds when past performance information must be collected.

DoD Components must also collect past performance information on previously exempt contracts. The DoDIG found seven contracts considered exempt by the respective agencies when awarded under FAR Subpart 8.7 and FAR Subpart 13.5. When thresholds are exceeded under FAR Subparts 8.7 and 13.5, past performance information must be collected.

The Past Performance Information Retrieval System (PPIRS) collects and retains past performance information on contractors for the entire Federal Government. DoD Components are required to load past performance information into CPARS which automatically feeds completed performance assessments to the PPIRS. The CPARS guide is located at <http://cpars.navy.mil/cparsfiles/pdfs/DoD%20CPARS%20Guide%20June%202007.pdf>. Source selection officials access PPIRS when making competitive award decisions. Federal agencies are also collecting contractor past performance information through the use of their own systems which also automatically feed data to the PPIRS.

When documenting past performance, you are encouraged to recognize contractors for their extraordinary efforts and also to indicate when contractors are uncooperative or not responsive during performance for that particular contract or order. This information would be placed in the "Management Responsiveness" or "Business relations" portion of the applicable CPARS assessment.

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



Shay D. Assad
Director, Defense Procurement and
Acquisition Policy

Attachment:
As stated

ATTACHMENT A CONSOLIDATED DOD REPORT THRESHOLDS

<u>Business Sector</u>	<u>Dollar Threshold¹</u>	<u>Reviewing Official²</u>
Systems (includes new development and major modifications)	>\$5,000,000	One level above the Program Manager ³
Operations Support	>\$5,000,000 ⁴	One level above the assessing/evaluating official
Fuels	>\$100,000	
Healthcare	>\$100,000	
Services	>\$1,000,000	One level above the assessing/evaluating official
Information Technology	>\$1,000,000	One level above the assessing/evaluating official
Construction	>\$550,000	One level above the assessing/evaluating official
Architect-Engineering	>\$30,000	One level above the assessing/evaluating official
Science and Technology	As required	One level above the assessing/evaluating official

¹The DoD contract thresholds for contractor performance assessment information (see FAR 42.1502) are based on a DoD class deviation to the FAR and apply to the "aggregate" value of contracts. This means if a contract's original award value was less than the applicable threshold but subsequently the contract was modified and the new value is greater than the threshold, then a performance assessment (or assessments) must be made, starting with the first anniversary that the contract's face value exceeded the threshold. If the total contract value including unexercised options and orders (for IDIQ contracts, the total estimated value of unexercised options and orders) is expected to exceed the collection threshold, initiate the data collection process at the start of the contract. Buying activities may choose to collect performance assessments for awards below these thresholds.

²Only required when the contractor indicates non-concurrence with the CPARS, when the contractor is non-responsive, or if otherwise requested by the contractor during the 30-day comment period.

³Or equivalent individual responsible for program, project or task/job order execution.

⁴For contracts under the \$5M threshold, buying activities should continue to accumulate contractor performance data from existing management information systems, which already capture data on timeliness of delivery and quality of product or service (examples of such performance information collection systems include the Automated Best Value Method, Red/Yellow/Green, and Past Performance Information Retrieval System - Statistical Reporting Module).