

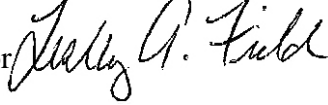


EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OFFICE OF FEDERAL
PROCUREMENT POLICY

July 29, 2009

MEMORANDUM FOR THE CHIEF ACQUISITION OFFICERS
SENIOR PROCUREMENT EXECUTIVES

FROM: Lesley A. Field
Deputy Administrator 

SUBJECT: Improving the Use of Contractor Performance Information

The Federal government awarded more than \$500 billion to over 160,000 contractors last year for a wide variety of services and supplies. Holding contractors accountable for past performance is an important tool for making sure the Federal government receives good value from its contracts.

Today, agencies use fragmented methods to collect and maintain contractor performance information. Some agencies prepare manual performance evaluations that reside only in paper contract files. Other agencies maintain evaluations in internal data systems that are not available to acquisition officers outside that agency. In addition, many such entries are incomplete or offer insufficient information to inform subsequent contracting decisions. The President's March 4, 2009, Memorandum on Government Contracting directs agencies to identify contracts that are wasteful, inefficient, or are not likely to meet government needs and to improve acquisition practices more generally. Greater and more effective use of contractor performance evaluations is essential to meeting this goal.

This memorandum (1) describes new requirements in the Federal Acquisition Regulation (FAR) to strengthen the use of contractor performance information, (2) outlines associated management responsibilities that agency Chief Acquisition Officers (CAOs) and Senior Procurement Executives (SPEs) must take to support robust implementation of these practices, and (3) establishes the review process that the Office of Federal Procurement Policy (OFPP) will use to further improve contractor performance information.

Pursuant to FAR changes, effective July 1, 2009, agencies are required to:

- submit an electronic record of contractor performance in the Past Performance Information Retrieval System (PPIRS), <http://www.ppirs.gov>, -- a web-based system that now serves as the single, government-wide repository for contractor performance information. Records must be established for contract actions, including orders placed under indefinite delivery, indefinite quantity contracts (i.e. Federal Supply

Schedule contracts, government-wide acquisition contracts or multi-agency contracts), single-agency task order and delivery order contracts, construction contracts, and architect and engineer services contracts, in accordance with the FAR and agency-specific thresholds;

- establish internal procedures for collecting and reporting past performance information to PPIRS (information about how to report to PPIRS is available at www.acquisition.gov/cpi_ppir.html);
- identify agency officials responsible for preparing interim and final performance evaluations; and
- consider the achievement of small business goals in performance evaluations when the contract includes a Small Business Subcontracting Plan.

These FAR changes provide an important foundation for improving agency practices associated with the use of contractor performance information. Identifying the officials responsible for preparing evaluations will increase accountability, and creating uniform electronic records of contractor performance will provide access to significantly more information than has previously been available to source selection officials and others involved in the acquisition process.

To reinforce the FAR requirements and to ensure quality evaluations are included in PPIRS, agency CAOs and SPEs shall make certain that internal procedures for evaluating and reporting contractor performance are clear and include evaluation factors, rating scales, and appropriate management controls such as: 1) identifying within-agency roles and responsibilities for using, reporting, and managing information in PPIRS, 2) establishing a process for conducting regular compliance assessments, and 3) developing a process for evaluating and validating the quality and timeliness of contractor performance evaluations, which shall include corrective action plans for addressing any delinquent and/or incomplete reports and performance metrics to measure compliance and quality regularly.

In addition, OFPP strongly encourages agencies to designate in their internal procedures which acquisition officials (e.g. the contracting officer, the contract specialist, etc.) are responsible for making certain that accurate, complete, and timely information is submitted to PPIRS. All agencies subject to the Chief Financial Officers (CFO) Act shall submit internal agency procedures as required by the FAR and this memorandum, to Julia Wise no later than December 31, 2009. Agency submissions shall include a point of contact responsible for the agency procedures.

Beginning February 1, 2010, OFPP will conduct regular compliance assessments and quality reviews to make certain that agencies subject to the CFO Act are submitting to PPIRS timely performance evaluations on required actions and that these evaluations provide clear, comprehensive, and constructive information that is useful for making future contract award decisions. OFPP plans to publicly release statistics on agency

compliance with these reporting requirements starting in FY 2010 on www.acquisition.gov or another appropriate Web site.

In coming months, additional guidance will be released to further assist agencies in their use and collection of contractor performance information.

- OFPP will work with the FAR Council to issue regulatory changes or guidance, as appropriate, to address other recommendations made by the Government Accountability Office (GAO) in its report, *Federal Contractors: Better Performance Information Needed to Support Agency Contract Award Decisions* (GAO-09-374).
- The FAR will be amended to: 1) require reporting of termination for cause or default and defective cost or pricing data information in PPIRS; and 2) require agencies to review performance and integrity information in a new database as required by Section 872 of the National Defense Authorization Act for Fiscal Year 2009.

Please distribute this memorandum to all members of your acquisition community. Questions about this memorandum should be directed to Julia Wise at (202) 395-7561 or jwise@omb.eop.gov.

Thank you for your attention to this matter.