



# U.S. Department of Energy

Oak Ridge Operations

ORO O 220  
Chapter V

DATE: 9-30-96

## SUBJECT: APPRAISAL OF DOE CONTRACTOR PERFORMANCE

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1. PURPOSE. This Chapter assigns responsibility and accountability and provides administrative guidance to Oak Ridge Operations (ORO) for appraising contractor performance. Nothing in this issuance changes any requirements contained in any DOE Order.
2. CANCELLATION. This Chapter cancels and replaces OR 13XX.1C, APPRAISAL OF DOE CONTRACTOR PERFORMANCE, dated May 12, 1988.
3. APPLICABILITY. The provisions of this Chapter apply to ORO Principal Staff and should be provided for information to ORO contractors selected for inclusion in the appraisal program. The following cost-type contracts are subject to these provisions: (a) management and operating, (b) onsite service, and (c) long-term (three years or more) single purpose. Performance evaluation of architect-engineer contracts shall be conducted in accordance with the provisions of Federal Acquisition Regulation 36.604.
4. RESPONSIBILITIES.
  - a. Manager ensures that effective programs for evaluating contractor performance and implementing appropriate corrective action are established and maintained.
  - b. Director, Evaluation and Control Division (ECD).
    - (1) Administers and monitors the overall ORO Appraisal Program and ensures that appraisal procedures and requirements are met. Provides information to the Contracting Officers (CO), Contracting Officers' Representatives (COR), and Principal Staff regarding appraisal requirements and results obtained from previous appraisals, management evaluations, audits, and inspections.
    - (2) Identifies, in conjunction with the Principal Staff, appraisals and other evaluations of contractor performance required by DOE Orders, directives, and public laws.
    - (3) Establishes procedures for evaluating contractor performance.
    - (4) Reviews and evaluates annual schedules to assure appropriate appraisal coverage.
    - (5) Reviews and evaluates objectives, measures, expectations, and performance criteria established by the Principal Staff and/or contractor to assure they are sufficiently comprehensive to effectively evaluate the contractor's performance.
    - (6) Reviews appraisal reports for conformance to ORO procedures.
    - (7) Conducts appraisals of selected areas using teams comprised of individuals from appropriate ORO divisions, as requested by the ORO Manager.
    - (8) Maintains a file of appraisal reports and related correspondence received.

- (9) Assists the COR by initiating action to assure followup and resolution of open appraisal recommendations.
  - (10) Prepares annual status reports of appraisal activity and provides copies to cognizant COR and other Principal Staff for review and update.
  - (11) Provides appraisal information to the CO to assist in making decisions concerning contract extensions/renewals and fee negotiations.
  - (12) Serves as liaison between ORO and Headquarters, other field offices, the General Accounting Office, and the Office of Inspector General regarding appraisal activities.
  - (13) Provides training to the Principal Staff and COR regarding certain appraisal responsibilities.
- c. Principal Staff.
- (1) Identify vulnerabilities and associated risks in their functional areas of expertise.
  - (2) Ensure that any appraiser is allowed the opportunity to submit a minority report.
  - (3) Monitor corrective actions proposed or implemented in functional areas.
  - (4) Prepare and provide to the cognizant COR, by August 1 each year, appraisal objectives and performance criteria for cost-plus-fixed-fee (CPFF) contracts.
  - (5) Prepare notices of planned, onsite reviews to ORO contractors prior to the beginning of an onsite visit, with a copy to ECD.
  - (6) Notify the COR of any changes to established appraisal schedules, i.e., cancellations, deferrals, postponements, etc.
  - (7) Independently appraise contractor performance against established performance objectives, measures, expectations, and criteria.
  - (8) Provide evaluations of CPFF contractors' performance to the cognizant COR by November 1 each year to be used in preparing annual summary appraisal reports.
  - (9) Prepare and submit reports of appraisal results to the cognizant COR with a copy of the transmittal memorandum and the report to ECD within 30 days after completion of onsite review, or desk review where applicable. Recommendations for corrective action will be made to the cognizant COR.

- (10) Assist the COR in assuring followup and resolution of contractor deficiencies including verification of corrective action. Verification of corrective actions taken by the contractor should be reviewed, as a minimum, during each subsequent onsite visit.

d. Contracting Officers' Representatives.

- (1) Provide copies of correspondence regarding functional appraisals of ORO contractors' performance to ECD. (This does not include audits, assessments, and surveillances of ongoing field activities, if tracked internally by cognizant organizations.)
- (2) Develop, in conjunction with the Principal Staff, fiscal year schedules for the conduct of appraisals of contractor performance. Forward such schedules to ECD 30 days prior to the start of each fiscal year.
- (3) Review and approve any changes to appraisal schedules made by the Principal Staff.
- (4) Ensure that plans and budget requests reflect the resolution of vulnerabilities and risks identified through the appraisal process. COR are responsible for (a) reviewing appraisal reports, (b) determining which findings and issues represent operational vulnerabilities, (c) determining risks associated with those vulnerabilities, (d) taking appropriate corrective action, and (e) keeping the Manager informed of vulnerabilities and risks that are being accepted.
- (5) Prior to September 1 each year, prepare and submit appraisal objectives and performance criteria (for the coming year) for CPFF contracts to contractors and ECD.
- (6) Prepare and submit to ECD and CPFF contractors, by December 1 each year, annual summary appraisal reports of CPFF contractors' performance.
- (7) Review functional appraisal reports of contractors' performance and provide, within 10 days after receipt, copies of the reports along with implementing instructions regarding report findings and recommendations to the contractor. The COR should consult the appraising organizations regarding appropriate corrective action prior to transmitting implementing instructions. The contractor should be directed to provide the COR, within 30 days, corrective action plans regarding the COR's implementing instructions, and quarterly status reports thereafter.
- (8) Evaluate, with assistance of the Principal Staff, corrective action regarding performance deficiencies, recommendations, and implementing instructions. Inform the contractor in writing of the adequacy of the proposed corrective action within 30 days after receipt of the corrective action plan.

If corrective action is adequate, applicable recommendations may be administratively closed upon completion. However, implementation of approved corrective action must be verified by the appraising organization during a subsequent onsite visit or during the next



- (3) Past Performance Report. An annual report prepared jointly by the COR and CO of relevant information regarding a contractor's actions and performance under previous award contracts. These reports are required for contracts with a value greater than \$100K.
  - (4) Business Management Review. A review of business management activities to validate and verify the effectiveness and efficiency of the contractor's assessment of compliance with its contract and its performance against agreed-to performance objectives, measures, and expectations. These reviews are conducted annually over a 2-week period.
- b. Evaluation Period. The annual period of performance October 1 through September 30 or January 1 through December 31.
  - c. Onsite Review. That part of an appraisal whereby visits are made to the contractor site to observe operations and collect data and information.
  - d. Risk. The possible consequence of taking no action in response to an identified vulnerability. Examples of risks are potential loss of life, serious process interruptions, abuse of the environment, and loss of data.
  - e. Vulnerability. An area of weakness in a contractor's operations that could have an adverse impact if not corrected. Examples of vulnerabilities are inadequate operating procedures, obsolete facilities, and lack of management controls.
- 8. CONTRACTOR REQUIREMENTS DOCUMENT. None. (See the attached Appraisal Manual for guidance.)
  - 9. ATTACHMENTS.

Attachment 1 - ORO Appraisal Manual.



OAK  
RIDGE  
OPERATIONS  
MANUAL

ORO M 220  
CHAPTER V  
ATTACHMENT 1

OAK RIDGE OPERATIONS  
APPRAISAL MANUAL

September 1996

Department of Energy  
Directives Management Group

**OAK RIDGE OPERATIONS (ORO)  
APPRAISAL MANUAL**

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## ORO APPRAISAL MANUAL

### 1. INTRODUCTION.

#### 1.1 Purpose.

This Manual complements ORO O 220, Chapter V, APPRAISAL OF DOE CONTRACTOR PERFORMANCE. It was developed to assist ORO employees in understanding the ORO Appraisal Program and in evaluating contractor performance.

#### 1.2 Scope.

The Manual addresses the design and operation of the ORO Appraisal Program and the methodology used in evaluating contractor performance.

## 2. ORO APPRAISAL PROGRAM.

### 2.1 Introduction.

ORO's prime responsibility is the management of contracts under which government programs are executed and facilities are operated. ORO's role is to define the mission, authorize and direct the work, and evaluate performance. The contractor's role is to bring its unique abilities and management systems to bear on the execution of assigned work, as well as the day-to-day operation of government facilities. ORO is responsible not only for ensuring that major missions such as meeting production quotas within acceptable cost, schedule, and quality parameters are accomplished, but also is responsible for ensuring that facilities are operated and programs are carried out in a lawful, economical, efficient, safe, and secure manner. The appraisal process has three purposes: (1) to provide information relating to the effectiveness and innovativeness of contractor performance within available resources, (2) to assist management in making award fee and contract extend/compete decisions, and (3) to provide information concerning operational deficiencies and areas of vulnerability and associated risks to assist management in taking mitigation actions.

Viewed from this perspective, appraisal of contractor performance must be seen as an integral part of ORO's contract administration function. Therefore, the importance of having an effective appraisal program cannot be overemphasized.

An effective appraisal program requires a sense of mission and responsibility on the part of all employees involved in appraising contractor performance. ORO is committed to maintaining an effective contractor appraisal program that provides responsible officials with current information as to what is going on, progress or achievements, and where management action is needed. Such information in the hands of management officials is a fundamental basis for management control.

### 2.2 Program Objectives.

The objectives of the ORO Appraisal Program are to:

- a. Evaluate the effectiveness and efficiency with which ORO contractors achieve established programmatic and administrative goals;
- b. Identify those areas where improvements in contractor performance are required and ensure that the improvements are made;
- c. Identify vulnerabilities and associated risks and ensure that appropriate corrective actions are taken;
- d. Provide a systematic source of information upon which to make contract extend/compete, fee negotiation, and award fee decisions; and

- e. Ensure compliance with DOE Orders and regulations.

### 2.3 Purpose.

The ORO Appraisal Program is essentially a decision-support system. As previously stated, appraisals are conducted to provide information to ORO management to be used in making award fee, contract extend/compete, and operational decisions. To facilitate operations decisions, the scope of each appraisal should include the identification of vulnerabilities and associated risks and the determination of underlying causes without regard to whether casual factors are under the contractor's control. Effective identification of vulnerabilities and risks must, of necessity, be a cooperative effort between ORO and contractor personnel. Contractors should be encouraged to voluntarily report areas of vulnerability, along with corrective actions taken, planned, or proposed.

To be useful to management, information provided must be timely, relevant, complete, and accurate. Timeliness is ensured by proper scheduling; relevancy and completeness are ensured by the application of appropriate performance objectives and criteria; and accuracy is ensured by collecting sufficient data and information to support appraisal findings and recommendations.

### 2.4 Types of Appraisals.

The appraisal process produces Contracting Officers' Representatives (COR) cost-plus-fixed-fee (CPFF) summary appraisals, Principal Staff's functional appraisals, Business Management Reviews, and Contractor Past Performance Reports.

2.4.1 COR CPFF Summary Appraisals. COR summary appraisals apply to CPFF contracts and are conducted annually by the COR. Summary appraisal reports will contain adjective ratings reflecting the overall level of contractor performance as well as the level of performance in functional areas. The required format for these reports is shown in Appendix 1 of this Manual.

**NOTE:** Principal Staff is responsible for providing to the COR input of CPFF contractors' performance in their areas of responsibility. No specific format is required; however, an adjective rating is to be assigned.

2.4.2 Functional Appraisals. Functional appraisals are conducted by the Principal Staff in support of the COR. Functional appraisal reports are used as "feeder" reports to the COR summary appraisal reports. These reports are not required to contain performance ratings. The format to be used and minimum requirements are specified in Appendix 2.

2.4.3 Business Management Reviews. A review of business management activities to validate and verify the effectiveness and efficiency of the contractor's assessment of compliance with its contract and its performance against agreed-to performance objectives, measures, and expectations. These reviews are conducted annually over a 2-week period.

2.4.4 Contractor Past Performance Report. The development of the performance report is a combined responsibility of the COR and Contracting Officer (CO). After discussions with the CO, the COR will prepare performance reports on contractors at the time the work under the contract is completed and interim evaluations each year on contracts with periods of performance, including options, that exceed 1 year for contracts that have been in place for at least 3 months. The COR will use all pertinent information available in judging contractor performance (i.e., CO and Headquarters input, the use of questionnaires, etc.). The COR will submit the completed and signed performance reports to the cognizant CO for review and signature. The report format and rating guidelines are specified in Appendix 3.

### 3. APPRAISAL METHODOLOGY.

#### 3.1 Introduction.

An effective contractor appraisal program must be based on rigorous planning that results in a consistent and focused approach and discourages a fire-fighting mentality. Therefore, the first step in the appraisal process is the identification of all the program elements or activities that are to be reviewed. For example, the COR would identify emergency preparedness, health physics, and fire protection, among others, as program elements to be appraised.

An appraisal of contractor performance should utilize information generated over the entire review period. This information is derived from routine operational and financial reports, audit and inspection reports, vulnerability assessments and management control reviews, correspondence, day-to-day contacts, on-site visits made for the explicit purpose of evaluating performance. Performance information, regardless of how it is obtained, should be evaluated against established objectives and criteria.

#### 3.2 Multidisciplinary Approach.

The COR, in coordination with the Principal Staff, will establish multidisciplinary teams to appraise one or more areas of contractor performance when appropriate. This approach will allow the synthesis of appraisal information from various disciplines into a broader view of contractor performance and enable CORs to manage a network of interrelated issues. The COR, in coordination with the Principal Staff, should determine, prior to the beginning of each fiscal year, multidisciplinary appraisals to be conducted. The Principal Staff can then develop their appraisal schedules accordingly. The COR are not precluded, however, from requesting a multidisciplinary appraisal of any time circumstances warrant.

#### 3.3 Conducting Reviews.

An on-site appraisal consists of four distinct phases: (1) preparation for on-site review; (2) execution of on-site review; (3) reporting; and (4) follow-up.

##### 3.3.1 Functional Appraisals - On-site Review.

###### a. Preparation for On-site Review.

- (1) At least 30 days prior to a scheduled on-site review, the cognizant COR, in coordination with the Principal Staff, should:
  - (a) Establish the purpose and scope of the review.
  - (b) Designate a review team and assigned functional areas to team members. One member should be designated as team leader.

- (c) Establish, informally, mutually acceptable dates for the on-site review and arrange for an opening meeting with the contractor.
- (d) Prepare a notice of the planned review for transmittal to the contractor with a copy to the Director, Evaluation and Control Division (ECD).

**NOTE:** The COR is not precluded from requesting an unannounced appraisal when appropriate.

- (2) After assignments have been made, each team member should:
  - (a) Review prior appraisal reports related to the areas to be appraised.
  - (b) Review the contractor performance objectives and criteria.
  - (c) Review pertinent public laws, DOE Orders, ORO Orders, and contractor procedures.
  - (d) Review related operational and financial reports, audit and inspection reports, management control reviews, correspondence issued during the appraisal cycle.
  - (e) Review the contractor organization chart.

The purpose of these reviews is to enable each team member to prepare an appraisal checklist to be used in collecting information during the on-site review. Checklist questions should be assigned to test critical points, in particular management control systems, and should enable the appraiser to determine whether established objectives and performance criteria are being met. While responses elicited by checklist questions will, of necessity, be qualitative as well as quantitative, questions should be framed so that all responses can be independently verified.

b. Execution of On-site Review.

(1) Entrance Briefing.

The entrance briefing should communicate the objectives of the appraisal and areas of concentration to the contractor. The team leader has the primary responsibility for the conduct and format of the meeting. The tone of the meeting should be established so that the contractor perceives the appraisal team as being fair and objective. The basic philosophic viewpoint to be communicated is that the appraisal is intended to assist the contractor in attaining the mutual goal of performance recognition and improvement. Emphasis should be placed on the mutual identification of vulnerabilities and associated risks.

(2) Team Meetings.

Team meetings should be conducted periodically during the execution phase of the on-site review. These meetings should be coordinated by the team leader. The sharing of facts and tentative conclusions enriches the appraisal process. Talking over what has been learned allows for team corroboration of facts and observations. The questions and discussions should bring into sharper focus tentative findings; that is, the evidence should be organized to support findings. Draft findings may be modified, incorporated with others, or discarded. Where pieces of evidence are either insufficient or completely missing, provisions may then be made to gather additional information. The result from this sharing should be replanning or redirection of the appraisal. Basically, replanning is a repeat of the preparation phase, based upon the information now available. The following issues should be addressed specifically:

- Are the results of the interviews and evidence gathered sufficient to reach conclusions?
- Should there be additional interviews, checklist questions, or evidence?
- Does the review seem to be accomplishing its objectives?

c. Reporting.

(1) Exit Conference with Contractor.

An exit meeting should be held with the contractor's management staff. The team leader has the responsibility for coordinating and conducting the exit meeting. Since this meeting is essentially an oral presentation of findings, it is properly considered as part of the reporting phase.

The main purposes of the exit meeting are to (1) discuss findings so the formal report will not be a surprise, (2) allow for factual corrections and explanations, (3) allow the contractor the opportunity to propose corrective actions.

Preparation for the exit meeting should begin with the findings-of-fact generated during the execution phase. The detailed findings should be organized in some logical fashion determined by the purpose and scope of the review. Negative findings that will result in recommendations for corrective action should be supported by factual evidence that can be independently verified. Each team member should be prepared to make an oral presentation on contractor performance in assigned areas. Here, as in the opening meeting, the review team should establish a positive atmosphere in keeping with the principle that the end objective of the appraisal is to improve performance.

(2) Exit Meeting with COR.

After the exit meeting with the contractor, a similar meeting should be held with the COR. The COR should be informed of the results of the on-site review. A written summary of findings, areas of vulnerabilities and associated risks, constraints outside of the contractor's control, tentative recommendations, and contractor comments should be provided to the COR. Team members should make oral presentations on contractor performance in assigned areas.

The main purposes of the exit meeting are to (1) discuss findings so that the COR can take immediate action, if appropriate, (2) allow the factual corrections and explanations, and (3) allow the COR the opportunity to propose corrective actions.

(3) Formal Report.

Review team members are responsible for drafting those sections of the formal appraisal report applicable to their respective assigned areas. The team leader has the responsibility for coordinating the drafting effort and for consolidating the drafted sections into a finished report. Appendix 2 of this Manual provides guidelines for preparing final appraisal reports.

The final report should be transmitted by memorandum from the appropriate Division Director or review team leader to the COR, with a copy to ECD, within 30 days of completion of the on-site review. The COR is responsible for reviewing the report and directing the contractor to take appropriate action based on report findings and recommendations. As a general rule, the COR should forward a copy of the appraisal report to the contractor and to ECD with appropriate implementing instructions within 10 days of receipt.

d. Follow-up.

The COR should direct the contractor to respond to implementing instructions within 30 days of receipt. The COR should ensure that a written reply is received, evaluate adequacy of the response, verify that corrective action is accomplished, and document closeout of open items.

Appraisal team members' advice should be sought concerning the adequacy of the contractor's response to their respective recommendations. Copies of all correspondence relating to appraisal activities should be provided to ECD.

In evaluating the contractor's response, two major problems are often encountered: (1) the response is a defense of the status quo, or (2) the response "fixes" specific deficiencies without addressing underlying causes. Both problems can be minimized by good reviewing and reporting; however, some responses will ultimately be judged

inadequate. As a first step toward a solution, the COR and appraisal team members should inform the contractor that they are willing to discuss proposed replies and corrective actions both prior to and after their incorporation into a format response.

### 3.3.2 COR CPFF Summary Appraisals.

These appraisals are conducted annually by the COR of CPFF contractors' performance. Summary appraisal reports contain adjective ratings reflecting the overall level of contractor performance as well as the level of performance in functional areas (see Appendix 1 of this Manual). These reports should address the effectiveness and efficiency with which established programmatic and administrative objectives were met, and the most important achievements and deficiencies that impacted the performance rating. Vulnerabilities and associated risks that were not previously reported in functional appraisals or other reports should be identified, including factors outside the contractor's control contributing to performance deficiencies. Recognition should be given where a major problem was resolved during the performance period. Data and information included should fully and clearly support the performance rating assigned.

The Principal Staff provides annual input to the COR to be used in preparing annual CPFF summary appraisal reports. In addition, the Principal Staff prepares and provides to the cognizant COR appraisal objectives and performance criteria for CPFF contracts to be used in appraising contractor performance for the next fiscal year. Copies of all correspondence relative to COR appraisals should be provided to the Chief, ECD.

### 3.3.3 Business Management Reviews. Reviews of business management activities are conducted to validate and verify the effectiveness and efficiency of the contractor's assessment of compliance with its contract and its performance against agreed-to performance objectives, measures, and expectations. These reviews are conducted annually over a 2-week period.

### 3.3.4 Contractor Past Performance Report.

An annual report is prepared jointly by the COR and CO of relevant information regarding a contractor's actions and performance under previous award contracts (see Appendix 3 of this Manual). These reports are prepared for contracts with a value greater than \$100K.

The COR and CO will jointly carry out the requirements in FASA and the FAR and thereby ensure that the Department's future source selection decisions reflect informed judgments as to an offeror's potential to provide quality products or services. To this end, it is necessary to ensure that contracting activities systematically collect, maintain, and utilize information on contractors' past performance.

Acquisition Letter 95-08, dated October 2, 1995, sets forth detailed responsibilities and authorities necessary to carry out the contractor past performance program within Federal agencies.

## APPENDIX 1

### REPORT FORMAT FOR COR CPFF SUMMARY APPRAISALS

The following is a required format for preparing COR CPFF summary appraisal reports:

1. Introduction. Purpose and scope of appraisal, and period covered.
2. Summary and Conclusions. State overall adjective rating reflecting the contractor's performance (see Appendix 1, Page 2). Provide brief comments regarding the effectiveness and efficiency with which established programmatic and administrative objectives were met. Briefly describe the most important achievements and deficiencies that affected the performance rating. Identify vulnerabilities and associated risks that have not previously been reported in functional appraisals or other reports. Identify factors outside the contractor's control contributing to performance deficiencies. Recognition should be given where a major problem was resolved during the performance period. Isolated examples of satisfactory or unsatisfactory performance should not be allowed to materially influence overall evaluation of a contractor's performance. Conclusions should be supported in the commentary.
3. Commentary. Address programmatic and administrative areas and provide an adjective rating for performance in each area. Provide detailed comments on the contractor's significant achievements in each area, as well as deficiencies and current or anticipated problems, vulnerabilities, and risks. Factors outside the contractor's control contributing to deficiencies and vulnerabilities should be candidly reported. Data and information included should fully and clearly support the performance ratings assigned.

**APPENDIX 1**

**PERFORMANCE RATING SCALE**

<u>Adjective Rating</u>	<u>Definition</u>
Outstanding	Performance substantially exceeds expected levels of performance. Several significant <sup>1</sup> or notable <sup>2</sup> achievements exist. No significant deficiencies in performance.
Good	Performance exceeds expected levels and some notable achievements exist. Although some notable deficiencies may exist, no significant deficiencies exist.
Satisfactory	Performance meets expected levels. Minimum standards are exceeded and "good practices" are evident in contract operations. Notable achievements or notable deficiencies may or may not exist.
Marginal	Performance is less than expected. No notable achievements exist; however, some notable deficiencies exist or any notable achievements that exist are more than offset by significant or notable deficiencies.
Unsatisfactory	Performance is below minimum acceptable levels. Significant deficiencies causing severe impacts on mission capabilities exist.

<sup>1</sup>Significant: This term indicates a major event or sustained level of performance that, due to its importance, has a substantial positive or negative impact on the contractor's ability to carry out its mission.

<sup>2</sup>Notable: This term indicates an event or sustained level of performance that is of lesser importance than a "significant" event, but nonetheless deserves positive or negative recognition.

## APPENDIX 2

### REPORT FORMAT FOR FUNCTIONAL APPRAISAL REPORTS

Functional appraisal reports should be tailored to include the following headings and elements:

#### 1. INTRODUCTION.

- a. A description of the purpose and scope of the appraisal.
- b. Period covered.
- c. Requirements for the appraisal (applicable Orders, criteria, and requirements referenced).

#### 2. SUMMARY AND CONCLUSIONS.

- a. Brief comments regarding the effectiveness and efficiency with which established objectives were met.
- b. A brief description of deficiencies, material weaknesses, or vulnerabilities and associated risks.
- c. Factors outside the contractor's control contributing to performance deficiencies and vulnerabilities.

#### 3. COMMENTARY.

- a. Detailed comments regarding the adequacy of contractors' performance in relation to established performance objectives and criteria.
- b. A description of deficiencies, material weaknesses, or vulnerabilities and associated risks and underlying causes.
- c. Pertinent comments of responsible contractor officials.
- d. A description of noteworthy achievements.
- e. Any issues or questions needing further study and consideration.

#### 4. RECOMMENDATIONS.

- a. Recommendations for actions to improve problem areas identified and to improve operations whether or not causal factors are within the contractor's control.
- b. A description of actions taken on open recommendations from prior appraisal reports and status or prior recommendations.

### APPENDIX 3

#### CONTRACTOR PAST PERFORMANCE REPORT INSTRUCTIONS

- Heading. CO/COR to check and/or fill in report period and type of report.
- Blocks 1-6. To be completed by ECD.
- Block 7. Circle rating in far right column and provide a brief narrative for each of the categories rated. Indicate the contract requirements that were exceeded or not met by the contractor and how much. Also, calculate the mean score of the ratings.
- Block 8. List the names and employment dates of the contractor's key personnel. This will provide a record of how long these managers worked on the contract. You may also provide any comments you may have for each of the key personnel. When commenting on key personnel, use the rating elements provided in block 7.
- Block 9. For contract completion only. If given a choice, please explain why you would or would not select the contractor for this contract again.
- Block 10. The COR and CO should sign this block before the form is sent to the contractor. The rating is a combined decision.
- Block 11. The contractor may provide comments, but must sign to indicate review of rating.
- Block 12. If the contractor and CO are unable to agree on a final rating, an agency review at a level above the CO is required.
- Block 13. Adjust the ratings assigned in block 7, if appropriate, based on any comments, rebuttals, or additional information provided by the contractor and, if necessary, by the agency review. Calculate a mean score of the contractor's performance.

The supervisory CO's signature certifies approval of the final, adjusted ratings.

Rating Guidelines

Summarize contractor performance in each of the rating areas. Assign each area a rating of 0 (Unsatisfactory), 1 (Poor), 2 (Fair), 3 (Good), 4 (Excellent), or 4 (Plus). Use the following instructions as guidance in making these evaluations. Ensure that this assessment is consistent with any other Agency assessments made (i.e., for payment of fee purposes).

Quality of Product/Service	Cost Control	Timeliness of Performance	Business Relations	Customer Satisfaction
Compliance with contract requirements	Within budget (over/under target costs)	Met interim milestones	Effective management	Ability to solve contract problems
Accuracy of reports	Current, accurate, and complete billings	Reliable	Businesslike correspondence	contract problems
Appropriateness of personnel	Relationship of negotiated costs to actuals	Responsive to technical direction	Responsive to contract requirements	Displays initiative
Technical excellence	Cost efficiencies	Completed on time, including wrap-up and contract administration	Prompt notification of problems	Effectively assesses impact of changes
	Change orders issue	No liquidated damages assessed.	Reasonable/cooperative	Organizational support structure
			Flexible	
			Pro-active	
			Effective contractor-recommended solutions	
			Effective small/small disadvantaged business subcontracting program	
			Effective diversity program	

APPENDIX 3

OF 13

0 Unsatisfactory	Nonconformances are compromising the achievement of contract requirements, despite use of Agency resources.	Cost issues are compromising performance of contract requirements.	Delays are compromising the achievement of contract requirements, despite use of Agency resources.	Response to inquiries technical/service/administrative issues is not effective and responsive.	Response to contract problems and changes, and organizational support provided is not effective and responsive.
1 Poor	Nonconformances require major Agency resources to ensure achievement of contract requirements.	Cost issues require major Agency resources to ensure achievement of contract requirements.	Delays require major Agency resources to ensure achievement of contract requirements.	Response to inquiries, technical/service/administrative issues is marginally effective and responsive.	Response to contract problems and changes, and organizational support provided is marginally effective and responsive.
2 Fair	Nonconformances require minor Agency resources to ensure achievement of contract requirements.	Cost issues require minor Agency resources to ensure achievement of contract requirements.	Delays require minor Agency resources to ensure achievement of contract requirements.	Response to inquiries, technical/service/administrative issues is somewhat effective and responsive.	Response to contract problems and changes, and organizational support provided is somewhat effective and responsive.

APPENDIX 3

	Quality of Product/Service	Cost Control	Timeliness of Performance	Business Relations	Customer Satisfaction
4 Excellent	Compliance with contract requirements Accuracy of reports Appropriateness of personnel Technical excellence	Within budget (over/under target costs) Current, accurate, and complete billings Relationship of negotiated costs to actuals Cost efficiencies Change orders issue	Met interim milestones Reliable Responsive to technical direction Completed on time, including wrap-up and contract administration No liquidated damages assessed.	Effective management Businesslike correspondence Responsive to contract requirements Prompt notification of problems Reasonable/cooperative Flexible Pro-active Effective contractor-recommended solutions Effective small/small disadvantaged business subcontracting program Effective diversity program	Ability to solve contract problems Displays initiative Effectively assesses impact of changes Organizational support structure
3 Good	Nonconformances do not impact achievement of contract requirements.	Cost issues do not impact achievement of contract requirements.	Delays do not impact achievement of contract requirements.	Response to inquiries, technical/service/administrative issues is usually effective and responsive.	Response to contract problems and changes, and organizational support provided is usually effective and responsive.
4 Excellent	There are no quality problems.	There are no cost issues.	There are no delays.	Response to inquiries, technical/service/administrative issues is consistently effective and responsive.	Response to contract problems and changes, and organizational support provided is consistently effective and responsive.
4 Plus	The contractor has demonstrated an exceptional performance level in any of the above four categories that justifies adding 1 point to the score. It is expected that this rating will be used in those rare circumstances when contractor performance clearly exceeds the performance level described as "Excellent."				

APPENDIX 3

SOURCE SELECTION INFORMATION  
(When Completed)

CONTRACTOR PAST PERFORMANCE REPORT	
<input type="checkbox"/> Final <input type="checkbox"/> Interim    Report Period: From _____ To _____	
1. Contractor Name and Address	2. Contract Number: _____ 3. Contract Value (Base Plus Options): _____ 4. Contract Award Date: _____ Contract Completion Date: _____
5. Type of Contract:	
6. Description of Requirements:	
7. Ratings. Summarize contractor performance and circle in the column on the right the number which corresponds to the performance rating for each rating category. Please see page 3 for explanation of rating scale. Attach additional sheet(s) if necessary.	
Quality	0 1 2 3 4 +
Cost Control	0 1 2 3 4 +
Timeliness of Performance	0 1 2 3 4 +
Business Relations	0 1 2 3 4 +
Customer Satisfaction	0 1 2 3 4 +
Mean Score (Add the ratings above and divide by number of areas rated)	

APPENDIX 3

SOURCE SELECTION INFORMATION

(When Completed)

Page 2

8. Key Personnel (Please attach a sheet to provide any comments for each of the key personnel, optional)

Name \_\_\_\_\_ Employment Date \_\_\_\_\_  
Project Manager

Name \_\_\_\_\_ Employment Date \_\_\_\_\_

Name \_\_\_\_\_ Employment Date \_\_\_\_\_

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9. Would you select this firm again? Please explain. (For contract completion only)

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10.

Contracting Officer Representative (Please Print)	Signature
Phone/Fax	Date
Contracting Officer (Please Print)	Signature
Phone/Fax	Date

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11. Contractor Review. Are comments, rebuttals, or additional information provided?  
( ) No ( ) Yes Please attach comments.

Contractor Name	Signature
Phone/Fax	Date

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If no contractor rebuttal was received, no further action is required. Report is final based on signatures and ratings in blocks 10, and 7, respectively.

12. Agency Review. Were contractor comments reviewed at a level above the contracting officer?  
( ) No ( ) Yes Please attach comments.

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13. Final Ratings. Re-assess ratings given in block 7, and revise, if appropriate.

Quality	Cost Control	Timeliness	Business Relations	Customer Satisfaction
_____	_____	_____	_____	_____
Mean Score (Add the ratings above and divide by number of areas rated.)				

Supervisory Contracting Officer	Signature
Phone/Fax	Date