

**CONTRACT PERFORMANCE EVALUATION PLAN FOR THE AWARD FEE****1. Introduction**

- a. Purpose. This Contract Performance Evaluation Plan serves as the basis for evaluation of the contractor's performance on the System Engineering and Technical Assistance (SETA) III Contract. The award fee is intended to motivate and incentivize the contractor to provide work products that exceed the terms and conditions (quality, schedule, and cost) as set forth in the individual task orders. There is neither a requirement nor a presumption that the fee set for a given period will become a baseline for the fee applicable to future periods.
- b. Determination. Allocation of the award fee is a unilateral determination of the Government which is not subject to the "Disputes" Clause of the contract.

**2. Organization and Responsibilities**

- a. Fee Determination Official. The Fee Determination Official is a senior CIO management official (either the Chief Information Officer (CIO) or a duly authorized representative from the Office of the Chief Information Officer), independent from the user component, who makes the final award fee determination.

The responsibilities of the Fee Determination Official are:

- (1) To approve the Contract Performance Evaluation Plan and any changes required during contract performance
  - (2) To review the recommendation of the Performance Evaluation Board and to discuss it with the Board Chairperson, and, if appropriate, others such as the COTR and the contractor
  - (3) To issue and sign the award fee determination for that period, specifying the amount of award fee determined and the basis for that determination
- b. Performance Evaluation Board. The Performance Evaluation Board (PEB) is a panel of senior management officials who perform an in-depth review of all aspects of the Contractor's performance and recommend an award fee to the Fee Determination Official.

The Performance Evaluation Board shall be chaired by a senior CIO management official. The Chairman of the Performance Evaluation Board will be selected by the Chief Information Officer and will be a non-voting member of the Board. The

Performance Evaluation Board shall also consist of five voting members who are appointed by the CIO. The Chairman and the five voting members will be designated separately, in writing, by the Government.

The responsibilities of the Performance Evaluation Board are:

- (1) To perform an in-depth review of the Contractor's performance based upon the Task Order Manager input, COTR input, and such additional performance information as may be obtained from the contractor and other sources
  - (2) To submit a PEB Report to the Fee determination Official covering the Board's findings and recommendations for each evaluation period
  - (3) To ensure that the award fee process is administered in accordance with the policy and guidelines of the Contract Performance Evaluation Plan
  - (4) To recommend appropriate changes in the contract performance evaluation plan for consideration and approval by the Fee Determination Official
- c. Contracting Officer. The Contracting Officer shall determine the amount of the award fee pool available and shall serve as an advisor to the Performance Evaluation Board. The Contracting Officer may make a report to the Performance Evaluation Board with recommendations concerning the amount of the fee to be awarded based on the Contracting Officer's assessment of performance or audit results.

The responsibilities of the Contracting Officer are:

- (1) To determine the available award fee pool
  - (2) To serve as an advisor to the Performance Evaluation Board
  - (3) To prepare a report and recommendation on the award fee when there is sufficient reason for such a report
  - (4) To approve the award fee letter, and then sign and provide the letter to the Contractor
- d. Contracting Officer's Technical Representative (COTR). The COTR is the Government official designated to receive and assess individual Task Order Manager reports and to present performance information and an award fee recommendation to the Performance Evaluation Board.

The responsibilities of the COTR are:

- (1) To communicate on a regular basis with the Contractor and discuss the Contractor's performance
  - (2) To recommend an award fee to the Performance Evaluation Board based on the COTR's narrative assessment of Task Order Manager comments, discussions with the Contracting Officer, the Contractor's technical progress reports, and meetings with the Contractor
  - (3) To serve as a non-voting member of the Performance Evaluation Board and to attend all Board meetings
- e. Performance Evaluation Board Executive Coordinator. The Executive Coordinator will serve as a non-voting member of the Performance Evaluation Board and will assist the COTR and the Chairperson in the execution of the award fee process.

The responsibilities of the Executive Coordinator are:

- (1) To administer the award fee evaluation process and to provide training to Task Order Managers
  - (2) To ensure that the award fee process is completed in a timely manner
  - (3) To calculate the award fee recommendation based on Task Order Manager performance evaluation reports
  - (4) To arrange board meetings and agenda and prepare official Performance Evaluation Board reports and other correspondence
- f. Task Order Manager. The Task Order Manager monitors the Contractor's performance on a daily basis and as such is the primary point for assessing Contractor performance in the award fee evaluation process.

The responsibilities of the Task Order Manager are:

- (1) To oversee the Contractor's efforts and maintain ongoing communications with their contractor counterparts;
- (2) To keep the COTR informed of contractor performance and to alert the COTR when there are potential or existing contractor performance problems
- (3) To provide a written evaluation of the Contractor's performance on a monthly basis and at the end of the award fee cycle

- (4) To participate in Status Review meetings by providing the contractor with feedback on performance
- (5) To maintain a log or diary of events and communications with the contractor for use in the monthly and end of period award fee evaluations

### **3. Award Fee Cycle**

Performance under this contract will be evaluated on a semi-annual basis (every 6 months). All task orders that have work underway during the award fee cycle shall be evaluated. The only exception is those task orders where the task order start date is one (1) month or less prior to the end of the award fee cycle.

Each evaluation will be scheduled so that the final determination of the fee earned will be accomplished within 45 calendar days after the end of an evaluation period.

### **4. Award Fee Pool**

The award fee pool will be determined by the maximum allowable award fee percentage and the budgeted amount of work to be performed in the task order(s) for that particular award fee period. Therefore, the award fee pool will vary each award fee period depending upon the amount of tasking the contractor has received. Firm fixed price task orders will not be included in the award fee pool. The Contracting Officer shall keep the Contractor informed of the award fee pool.

Any unawarded portion of each respective award fee period pool shall not be automatically transferred to another period and shall be withdrawn from any award fee pool. However, the FDO can, if deemed appropriate, recommend to the Contracting Officer that fee (or partial fee) from one award fee period be transferred to another award fee period.

As part of the fee determination process, the Performance Evaluation Board or the Fee Determination Official may recommend that task order fee be removed or withheld from the award fee pool when contractor performance justifies the removal of fee.

### **5. Task Order Priority**

The Government may determine, at the beginning of an award fee period, task orders which will be deemed to be critical during the period. The Contractor will be notified in writing of the critical task orders. The Executive Coordinator shall create and maintain a Task Order Priority List of all task orders that were active during the award fee period. Task Order priority shall be used in determining a weighting, based on the ratings given by the Task

Order Managers. Tasks with a higher priority shall receive a higher weighting in the award calculation.

## **6. Performance Evaluation Categories, Criteria, and Fee Allocation Weighting**

The evaluation criteria established for the evaluation of award fee are as follows:

### **a. Technical (50 percent)**

The following are elements that will be considered in evaluating the Contractor's technical performance. All elements may not necessarily be relevant for each evaluation.

- (1) Design - Approach in design concepts, analysis, incorporation of R&D and/or prototyping results, Business Process Reengineering and requirements definition; consideration of ease use, operational efficiency/performance improvements, and cost of the final design; interfaces with other systems and/or system components; consideration and effective mitigation of risk
- (2) Development - Conception/execution of detailed design and software design, development and testing; development and execution of test scenarios, plans and procedures; consideration of new and innovative methods and solutions; development and implementation of workarounds/contingency plans; ability to maintain legacy system(s) as a modern, state-of-the-art system; effective quality assurance and configuration management
- (3) Achievement/Implementation - Ability to meet the technical and performance requirements as specified within the task order or design documents; thoroughness and accuracy of completed tasks and/or work products; response to requirements of the task order or technical direction; ability to provide skillful, original or straight-forward solutions beneficial to the Government and public/user requirements; ability to resolve contract performance problems without guidance from PTO personnel
- (4) Schedule - Ability to meet key program milestones and task order delivery dates; reaction time and appropriateness of response to changes, recovery from delays, response to emergencies and other unexpected situations

### **b. Business Management (20 percent)**

The following are elements that will be considered in evaluating the Contractor's Business Management performance.

- (1) Program Planning, Organization and Management - Assignment and utilization of contractor staff; recognition of critical problem areas; cooperation and effective working relationships with Government personnel and other contractors; planning, organizing, and managing all program elements; formulation of business and technical decisions; management actions to achieve and sustain a high level of productivity; provide management/COTR with prompt communication regarding progress, problems and other related contract performance issues
- (2) Contract and Subcontract Management - Compliance with contract provisions; effectiveness of property and material control; effectiveness of subcontract direction, coordination and administration; effectiveness of Small Business Subcontracting Program

c. Resource Management (30 percent)

The following are elements that will be considered in evaluating the Contractor's resource management performance.

- (1) Cost Control - contractor's reimbursed costs and projected costs remain within the cost estimate negotiated for the task order; contractor controls costs through study and use of alternative arrangements, cost avoidance programs, etc.; contractor keeps management/COTR of potential cost issues and possible overruns
- (2) Efficiency -- contractor assigns appropriate resources to tasks; personnel resources are made available when required and are at the right skill level to perform the task; efficient use of materials, equipment, and ODC's

**7. Adjective Rating and Scoring**

- a. Ratings. The following standards of performance shall be employed in determining whether and to what extent the contractor has earned or may be entitled to receive any award fee:
  - (1) Excellent (90 to 100). Performance is superior in virtually all aspects of the subcategory. The Contractor has demonstrated an overall level of performance which exceeds the standard by a substantial margin in numerous significant tangible and intangible benefits to the Government (i.e., improved quality, responsiveness, increased timeliness, or generally enhanced effectiveness of systems and operations).

- (2) Commendable (80 to 89). Performance of most task requirements is uniformly well above the standard and exceeds the standard in many significant areas. Although some areas may require improvements, these are minor and are more than offset by better performance in other areas. Contractor actions have resulted in tangible and intangible benefits to the Government (i.e., improved quality, responsiveness, increased timeliness, or generally enhanced effectiveness of systems and operations).
- (3) Good (70 to 79). Performance in most aspects meets the standard, and it exceeds the standard in several significant areas. While the remainder of the effort generally meets task order requirements, areas requiring improvement are more than offset by better performance in other areas. Contractor actions have resulted in some demonstrated benefits to the Government (i.e., improved quality, responsiveness, timeliness or effectiveness).
- (4) Fully Successful (60 to 69). Performance is generally adequate in all aspects of the subcategory, resulting in satisfactory performance. Some areas of deficiency need to be improved or corrected but contractor performance meets the technical requirements of the task order.
- (5) Unsatisfactory (0 to 59). Performance is below standard in several areas and performance in accordance with the task order requirements fails to meet minimum requirements. Quality, responsiveness, timeliness and/or economy in many areas require attention and action. Corrective actions have not been taken or are ineffective. Overall unsatisfactory performance shall not be given award fee.

## **8. Determination of Award Fee**

### **a. Task Order Manager's Performance Evaluation Report**

Monthly each Task Order Manager shall complete a Performance Evaluation Report for every active task order and for any task order that concluded during the month. The monthly Performance Evaluation Report will contain a narrative describing the contractor's performance in the areas of Technical, Business Management, and Resource Management as well as an overall numerical rating for the task order. The Executive Coordinator will maintain this data as verification of contractor past performance. Past performance data (derived from the Task Order Manager's Performance Evaluation Report) may be used by the Government for selecting contractors for task order issuance.

At the end of the award fee cycle, the Task Order Manager will be required to provide an overall assessment of the contractor's performance for the entire award fee cycle.

This assessment will include a written narrative of the accomplishments, proficiencies, and deficiencies regarding contractor performance as well as the rating of all tasks within the task order. Using a Task Order Performance Evaluation Report Rating Form the Task Order Manager will document the rating of all the tasks and will provide the Task Order Manager's recommended rating for the entire task order. This data will be submitted to the Award Fee Executive Coordinator for submission to the COTR and the PEB.

b. COTR's Award Fee Recommendation

The COTR shall make an independent assessment of the Contractor's performance, and shall write a narrative report that includes an independent award fee recommendation to the Performance Evaluation Board. The recommendation may be more or less than that calculated from the Task Order Manager's Performance Evaluation Reports. In making this independent assessment and recommendation, the COTR shall consider the following:

- (1) Quality and completeness of work products including reliability, ease of use, operational efficiency, latent defects
- (2) Information provided by the Contractor on monthly status reports
- (3) Comments made by Task Order Managers on their Performance Evaluation Reports
- (4) Information conveyed to the COTR as a result of status meetings with the Contractor
- (5) A comparative analysis of actual direct hours and labor rates expended versus those negotiated or projected
- (6) The COTR's overall judgement of the success of the Contractor's performance

The COTR's independent assessment and award fee recommendation shall be submitted along with the Task Order Manager's Performance Evaluation Reports to the Executive Coordinator of the Performance Evaluation Board.

c. Contracting Officer's Award Fee Recommendation

The Contracting Officer normally will not provide a written report of award fee recommendation to the Performance Evaluation Board. The Contracting Officer is a non-voting member of the Board, and will participate in discussions leading to the Board's recommendation of an award fee that is made to the Fee Determination

Official. The Contracting Officer retains the right to present a formal report and award fee recommendation as circumstances warrant.

The Contracting Officer shall consider the following factors either as part of general Performance Evaluation Board discussions or as part of a formal report:

- (1) The Contracting Officer's overall judgement of the success of the Contractor's performance
- (2) An analysis of the Contractor's management of direct and indirect costs
- (3) Information provided by the Contractor
- (4) Results of audits (if any) of the Contractor's business practices

d. Performance Evaluation Board's Award Fee Recommendation

The Executive Coordinator of the Performance Evaluation Board will schedule the Performance Evaluation Board meeting after receipt and dissemination of the award fee recommendation reports from the COTR and the Contracting Officer, if one is prepared by the Contracting Officer. The Performance Evaluation Board will perform an in-depth review of the information provided and shall arrive at its recommended award fee percentage.

The award fee percentage recommended may be more or less than the percentage suggested by the recommendations received from the COTR and the Contracting Officer (if provided). The recommended percentage cannot exceed 100 percent of the available award fee pool. See the attached Award Fee Conversion Table for converting the recommended percentage into the percentage of available award fee that the contractor may receive.

The voting members shall arrive at a consensus recommendation and shall direct the Executive Coordinator to prepare a written summary that documents the recommendation. This report shall be signed by each voting member and the chairperson and shall be forwarded to the Fee Determination Official.

The members of the Performance Evaluation Board shall also review the performance categories and weighting of the categories of the Performance Evaluation Plan. They may recommend and approve changes to the plan for subsequent evaluation periods as they so determine. Any such changes shall also be reviewed and approved by the Fee Determination Official and the Contracting Officer. The Contracting Officer shall provide a copy of any changes to the Performance Evaluation Plan to the Contractor.

Any revisions to the Performance Evaluation Plan shall be presented to the Contractor prior to the evaluation period in which it will be used.

e. Contractor Self-Assessment

The Contractor may, at their discretion, submit a written self-evaluation of accomplishments and performance to the Performance Evaluation Board for its use during the determination of the award fee amount. The date and place of submission shall be determined by mutual consent between the Government and the Contractor, but no later than 15 days subsequent to the end of the evaluation period. This assessment should address both the strengths and weaknesses of the Contractor's performance during the evaluation period. Where deficiencies in performance are noted, the Contractor should describe the actions planned or taken to correct such deficiencies and avoid their recurrence. The Contractor will not be penalized for a realistic self-assessment. The self-assessment itself will not be the basis for the award fee determination. If prepared, the costs for preparation of the self-assessment shall not be an allowable cost under the contract.

f. Final Determination

The Fee Determination Official shall review the Performance Evaluation Board's recommendation and any supporting documentation. The Fee Determination Official may also review the COTR's assessment, the Contracting Officer's assessment, the Task Order Manager's Performance Evaluation Reports, the Contractor's Self Evaluation, and any other documentation that the Fee Determination Office may deem necessary in making the final fee determination. Once the fee determination has been made, the Fee Determination Official will send a letter to the Contracting Officer documenting the fee determination.

The Government's determination shall be final and the Contracting Officer shall unilaterally amend the contract to provide for the award fee, if any.

**9. Right to Make Unilateral Changes**

Any matters covered in this plan not otherwise requiring mutual agreement under the contract, except the designated Fee Determination Official, may be changed unilaterally by the Fee Determination Official prior to the beginning of an evaluation period by timely notice to the Contractor in writing. The changes will be made without formal modification of the contract.

AWARD FEE CONVERSION TABLE

The following table is for use in converting the Fee Determination Official's recommended percentage into the percentage of available award fee that the contractor may receive:

	Recommended Percentage	Percentage of Available Award Fee
	100	100
	99	100
	98	100
	97	100
	96	100
	95	100
	94	100
	93	98
	92	96
	91	94
<u>Excellent</u>	90	92
	89	90
	88	88
	87	86
	86	84
	85	82
	84	80
	83	78
	82	76
	81	74
<u>Commendable</u>	80	72
	79	70
	78	68
	77	66
	76	64
	75	62
	74	60
	73	58
	72	56
	71	54
<u>Good</u>	70	52
	69	50
	68	50
	67	50
	66	50
	65	50
	64	50
	63	50
	62	50
	61	50

Fully Successful

60

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