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## CHAPTER 5: DEFINITIONS

***Affordability*** ***Caps*** are the approved cost constraints for major systems acquisitions determined by the resources a DoD component can allocate, which provide a threshold for procurement and sustainment costs that cannot be exceeded. For other procurements, this is the approved funding allocated for a given acquisition.

***Adverse past performance*** is defined as past performance information that supports a less than satisfactory rating on any evaluation. Adverse past performance that must be addressed with Offerors includes unfavorable comments received from sources such as those received from respondents from past performance questionnaires or interviews that have not been finalized within a formal rating system. A best practice can be to discuss adverse past performance which caused a rating to be lowered to Satisfactory Confidence.

***Best Value***is the expected outcome of an acquisition that, in the Government’s estimation, provides the greatest overall benefit in response to the requirement.

***Clarifications*** are limited exchanges between the Government and Offerors that may occur when award without discussions is contemplated.

***Communications*** are exchanges, between the Government and Offerors, after receipt of proposals, leading to establishment of the competitive range.

***Competitive Range*** is the range of proposals that are most highly rated, unless the range is further reduced for efficiency. Discussions will be held only with Offerors in the competitive range. See FAR 15.306(c).

***Deficiency*** is a material failure of a proposal to meet a Government requirement or a combination of significant weaknesses in a proposal that increases the risk of unsuccessful contract performance to an unacceptable level. See FAR 15.001.

***Discussions***are exchanges (i.e., negotiations) in a competitive environment that are undertaken with the intent of allowing the offeror to revise its proposal. Discussions take place after establishment of the competitive range. See FAR 15.306(d).

***Due Diligence (Industry)*** ***–***The process followed by prospective contractors to fully understand the government requirement in order to submit a complete, responsive proposal to the government which will result in a successful acquisition. Methods may include such activities as conducting site visits, attending industry days, one-on-one sessions with the acquisition teams, pre-proposal conferences and responding to draft requests for proposals.

***Due Diligence (Government)*–**The process followed by the government acquisition team to ensure all prospective contractors are as informed of the government requirement and method of acquisition as possible in order to receive a reasonable number of competitive proposals from industry. Methods may include such activities as providing for site visits, conducting industry days, one-on-one sessions with interested vendors, pre-proposal conferences and sending draft requests for proposals to industry.

***Evaluation Findings***are the evaluator’swritten observations/judgments regarding the individual merits of the proposal against the RFP requirements.

***EvaluationNotice*** is the PCO’s written notification to the offeror for purposes of clarifications, communications, or discussions.

***Excesses***are elements of the proposal that have exceeded mandatory minimums (in ways that are not integral to the design) whose removal and corresponding price decrease may make an Offeror’s proposal more competitive. See FAR 15.306(d)(4).

***Formal Source Selection*** means the source selection process used where someone other than the PCO is the SSA, normally for high dollar value or complex acquisitions.

***Large Business***means businesses determined other than Small Business based upon industry size standards and/or North American Industry Classification System [NAICs]. Includes: Large businesses, State and Local Government and non-profit companies. May also include: public utilities, educational institutions, and foreign-owned firms.

***Lowest Price*** ***Technically Acceptable*** is a process used in competitive negotiated contracting where the best value is expected to result from selection of the technically acceptable proposal with the lowest evaluated price. See FAR 15.101-2.

***Minor or Clerical Error***is a minor informality or irregularity that is merely a matter of form and not of substance or a clerical error apparent on its face in the proposal. Includes: obvious misplacement of decimal points, incorrect discounts, reversal of prices, and misdesignation of units.

***Objective (or objective (maximum)*** as used in this document) is the value of an attribute that is applicable when a higher level of performance delivers significant increased operational effect, or decreased operational risk, if it can be delivered below the affordability cap. The objective value is the desired operational goal that is achievable but may be at a higher risk in cost, schedule, and technology. (For use in VATEP)

***Performance Confidence Assessment*** is an evaluation of the likelihood (or Government’s confidence) that the offeror will successfully perform the RFP’s requirements; the evaluation is based past performance information.

***Probable Cost*** is the government’s best estimate of the costs that a contractor will incur in performing a cost-reimbursement contract (FAR 15.404-1(d) (2)(i)). The probable cost must be ascertained by making a cost realism analysis during the evaluation of each proposal and must be used in making the source selection decision for best value.

***Program Manager or Requiring Activity*** is the entity responsible for providing contract requirements documents within the RFP that communicate those requirements to the offeror.

***Rating*** is the adjective/color descriptor assigned by the evaluators to the non-Cost/Price Factors and corresponding Subfactors. It represents their conclusions as to the quality of the proposal, supported by narrative write-ups identifying the associated findings (strengths, weaknesses, deficiencies, risks, and uncertainties).

***Recency***, as it pertains to past performance information, is a measure of the time that has elapsed since the past performance reference occurred. Recency is generally expressed as a time period during which past performance references are considered relevant.

***Relevancy***, as it pertains to past performance information, is a measure of the extent of similarity between the service/support effort, complexity, dollar value, contract type, and subcontract/teaming or other comparable attributes of past performance examples and the source RFP requirements; and a measure of the likelihood that the past performance is an indicator of future performance.

***Requirements Documents*** are all aspects of the RFP that convey the needs of the Government to offerors, including the Statement of Objectives, SOW, PWS, technical requirement documents, and system requirement documents.

***Risk***, as it pertains to source selection, is the potential for unsuccessful contract performance. The consideration of risk assesses the degree to which an offeror’s proposed approach to achieving the technical factor or subfactor may involve risk of disruption of schedule, increased cost or degradation of performance, the need for increased Government oversight, and the likelihood of unsuccessful contract performance. (For firm-fixed-price contracts, the reference to increased cost may be removed from the risk definition.)

***Sample Task*** is a hypothetical task that is given to Offerors during source selection to evaluate their understanding of the work and their ability to perform the work. It must be a reasonable representative of the type of work that will be required. Some rates used to price the task order must be binding on the contractor for the sample to be valid. (Incorporation of binding rates also applies to any live/real task order.)

***Significant Strength***is an aspect of an Offeror’s proposal that has appreciable merit or appreciably exceeds specified performance or capability requirements in a way that will be appreciably advantageous to the Government during contract performance.

***SignificantWeakness***in the proposal is a flaw that appreciably increases the risk of unsuccessful contract performance. See FAR 15.001.

***Source Selection*** is the process used in competitive, negotiated contracting to select the proposal that offers the best value to the Government.

***Source SelectionAdvisory*** ***Council***is a group of senior Government personnel, appointed by the SSA, that provides counsel during the source selection process, prepares the comparative analysis of the SSEB's final evaluation results, and makes an award recommendation to the SSA.

***Source Selection Authority*** is the official designated to make the source selection decision.

***Source Selection Decision Document*** is the document that reflects the SSA's independent, integrated, comparative assessment and decision.

***Source Selection Evaluation Board*** is a group of individuals representing the various functional disciplines relevant to the acquisition, and is responsible for evaluating proposals against the solicitation criteria.

***Source SelectionInformation***is information prepared for use by an agency for the purpose of evaluating a bid or proposal to enter into an agency procurement contract, if that information has not been previously made available to the public or disclosed publicly. See FAR 2.101 for a listing of source selection information.

***Source Selection Plan*** is a plan that describes how the source selection will be organized, how proposals will be evaluated and analyzed, and how source(s) will be selected.

***Source*** ***Selection*** ***Procedures*** are designed to: (1) maximize competition; (2) minimize the complexity of the solicitation, evaluation and selection process; (3) ensure impartial and comprehensive evaluation of proposals; and (4) ensure selection of the source whose proposal is the most advantageous and realistic and whose performance is expected best meet the government’s stated requirements.

***Source Selection Team*** is a team that is tailored to the unique acquisition, tasked with carrying out a source selection. Composition of the team generally consists of the SSA, PCO (if different from the SSA), SSAC, SSEB, Advisors, Cost/Price Experts, Legal Counsel, Small Business Specialists, and other subject-matter experts.

***Standard of Proof*** is the evidence or standard by which the Government (evaluator) determines whether an Offeror has complied with the Government’s stated requirement.

***Strength*** is an aspect of an Offeror’s proposal that has merit or exceeds specified performance or capability requirements in a way that will be advantageous to the Government during contract performance.

***Subjective Tradeoff*** is a source selection process used when it may be in the best interest of the Government to consider award to other than the lowest priced Offeror or other than the highest technically rated Offeror but it is not possible to place a quantifiable value on proposed performance or capabilities above threshold (minimum) requirements (see DOD Source Selection Procedures paragraph 1.3.1.3.

***Terms and Conditions Concerns*** are issues related to any of the contract provisions in the RFP.

***Threshold (or Threshold (minimum)) as used in this document)*** is the minimum acceptable value of an attribute that is considered achievable within the available cost, schedule, and technology at low-to-moderate risk. Performance below the threshold value is not operationally effective or suitable or may not provide an improvement over current capabilities. (See also “mandatory minimums” in FAR 15.306(d)(4).)

***Tradeoff Process*** is the competitive negotiation process where the government evaluates both cost/price and non-cost/price factors and awards the contract to the offeror proposing the combination of factors which offer the best value to the government. The process is appropriate when it is in the government’s best interest to consider award to other than the lowest priced offeror or the highest technically rated offeror.

***Uncertainty*** is any aspect of a non-cost/price factor proposal for which the intent of the offer is unclear (e.g. more than one way to interpret the offer or inconsistencies in the proposal indicating that there may have been an error, omission, or mistake).

***Value Adjusted Total Evaluated Price*** is a tradeoff source selection process where the Offeror’s total proposed price may be adjusted based on the “value” placed on better performance as identified in the RFP. The SSA must then determine if a higher rated technical offer is “worth” the additional cost to the Government.

***Weakness*** is a flaw in the proposal that increases the risk of unsuccessful contract performance. See FAR 15.001