

LESSONS LEARNED

The lessons learned are divided into the following categories.

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GENERAL

1. Analysis supporting use of award fee is not always accomplished.
2. Some contracts were too small to receive optimal attention, based on the award-fee-plan requirements and personnel available to do the job.
3. In commercial base-level services using FPAF contract types, take special care when taking "deducts" from the price to ensure that what we award as fee on one end is not the same thing we are deducting for on the other end. Deducts are for below satisfactory performance in an area, award fee is for above satisfactory performance in an area.

FUNDING

1. Funds were not committed to cover the contingent liability created at the beginning of each award-fee evaluation period.
2. Funds committed for award-fee contingent liability were de-committed during the award-fee evaluation period in order to meet higher headquarters requirements to limit commitment amounts.
3. Excess funds were not de-committed timely.
4. Award-fee commitments exceeded the maximum potential award-fee amount.

ROLES AND RESPONSIBILITIES

1. Ensure roles and responsibilities are clear.
2. Have well-qualified, knowledgeable people as part of the award-fee team.
3. The Fee Determining Official (FDO) did not inform the Contracting Officer (CO) or the contractor of his decision within the time required by the award-fee plan.
4. The Award Fee Review Board (AFRB) Chairperson was unaware of AFMC FARS requirements on award fee and did not fully understand the procedures in the award-fee plan.
5. AFRB neglected to process interim evaluation reports.
6. The AFRB members failed to submit interim contractor's performance evaluation reports as required by the award-fee plan.
8. The AFRB did not meet at the beginning of the award-fee evaluation period to review the evaluation criteria, performance areas, and award fee as required by the award-fee plan.
8. AFRB and FDO briefings not always conducted timely.
9. Performance monitors failed to effectively evaluate contractor's performance by not addressing the specific evaluation criteria in the award-fee plan.
10. Proliferation of performance monitors with inadequate coordination and inconsistent reporting to AFRB.

11. Although difficult at times, the AFRB members and performance monitors should remain the same throughout the duration of the contract so the process works smoother.
12. Over the course of a long program, new appointments for performance monitors need to be made in a timely manner. Recommend the CO stays alert to this.
13. No AFRB member should have more than one vote.
14. In order to maintain integrity, AFRB members should vote by signed ballot on each criteria category.
15. Some CO's "votes" during AFRBs were merely an arithmetic mean of the scores submitted by other Board members. As such, they added nothing to the process.
16. Award-fee amounts paid were not always adequately justified and supported (e.g., award fees paid although award-fee evaluation criteria were not met; award fees paid were based on overrated contractor's performance; FDO increases to AFRB recommended award-fee amounts were not adequately documented).
17. The official contract file did not contain the minutes of the AFRB and the rationale for the FDO's decision.
18. The official file did not document the reasons for revising the award-fee plan or why the changes were in the best interest of the Government.
19. Retain copies of Performance Monitors' reports in the contract file since this is the only effective way to ensure that the reports remain linked to the decision that they supported through closeout.
20. Contract modifications authorizing award-fee payments to contractors were not timely.

AWARD-FEE PLAN

1. The award-fee plan established an 80-day schedule to determine the award fee and to process payment, contrary to the AFMC FARS that requires a 60-day schedule.
2. Include a quorum for the AFRB. This number of members must be present before any official recommendations can be made. This precludes having alternates make important decisions and stresses that AFRB membership is important and attendance is required.
3. The award-fee plan itself did not contain evaluation criteria to judge the contractor's performance.
4. Cost control can be managed by instituting a cost category of performance that shares a higher percentage of the available pool than might be normal; i.e., 25-30% rather than 15%.
5. Evaluation criteria should reflect the subjective character of award fee rather than objective and refrain from descriptors like "5% of the time" or "3% variance," etc.
6. Evaluation criteria showed some evidence of impossibility of performance. Upper grade levels (very good or excellent) contained language concerning Government actions outside the control of the contractor.
7. The weights assigned to the evaluation criteria by the AFRB were not identified in the award-fee plan or communicated to the contractor.
8. The weights assigned to the evaluation criteria did not total 100%.
9. Start the process of revising the award-fee plan at time of interim evaluation. Performance Monitors and AFRB members are freshly aware of any problems with the current plan. This also provides plenty of time to coordinate/approve the revision and implement unilaterally prior to the start of the next evaluation period.

TRAINING

1. Involve Performance Monitors in developing criteria so that the criteria are usable by the monitors. Candidate AFRB members create a good forum to consider overall objectives and recommend criteria that the expected functional monitors can flesh out. When the AFRB membership and criteria are later approved, the people who will make it work will have played a key role in development of the plan.
2. Ensure all personnel involved in the award-fee process are familiar with their roles and responsibilities as defined in the FAR, FAR supplements, and the award-fee plan.
3. Provide formal award-fee training to AFRB personnel and performance monitors. Formalized training helps to speed the indoctrination of new personnel and ensures they are (a) fully knowledgeable of basic award-fee concepts, (b) intimately familiar with award-fee plan performance requirements and evaluation criteria, and (c) consistently apply rating criteria to support award fee determinations.
4. Good integration of Quality Assurance Evaluator (QAE) and/or Functional Area Evaluator (FAE) surveillance training and award-fee-process training is essential.

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