

Performance Assessment User Guide

Performance Assessment (PA) User Guide

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1. Performance Assessment (PA) User Guide

1.1 Introduction

1.1.1 Purpose

This Performance Assessment (PA) User Guide provides a common framework for Navy-wide PA. It describes the background, concepts and methodology for conducting PA. This document includes several sections that provide an overview of the Navy's new PA methodology and describes how to implement PA. It also contains a sample Performance Assessment Plan (PAP), shown as Attachment A, which describes contract-specific provisions and methodology for assessing Contractor performance. The sample PAP includes a sample Functional Assessment Plan (FAP) which outlines the approach to assessing the Contractor's work against measurable performance standards and a standard Performance Assessment Worksheet (PAW) to document and report Government observations and rate Contractor performance.

The PA User Guide adheres to the precepts contained in the FSC/BOS Template (Template) and associated User Guides. This document describes an approach using examples from the grounds maintenance Template that can be applied to all FSC/BOS acquisitions. For a clearer understanding of the entire process, read the General Information User Guide, applicable annex or sub-annex User Guide(s), and this User Guide before proceeding.

The Template is a tool that presents a comprehensive performance-based, IMAP-consistent approach to requirements generation, contracting and program management of FSC/BOS acquisitions. The Template's annex structure presents performance requirements in a logical format and provides a standard numbering convention. This annex structure is described in more detail in the General Information User Guide.

1.1.2 Background

Government PA is intended to ensure payments are made only for services that comply with contract requirements. In the past, the Contractor implemented Quality Control (QC) processes and Quality Management (QM) oversight of its QC program and Government Quality Assurance Evaluators (QAE) conducted routine surveillance of the Contractor's work in progress on a daily basis. This resulted in many Contractors relying on Government QA reports to augment or replace their QC reports. In accordance with recent DoD guidance, QA is designated a Contractor responsibility and PA a Government responsibility. This concept more accurately describes the DoD oversight role under newly defined Performance-Based Services Acquisition (PBSA) guidance. Under PBSA, the Contractor is responsible for achieving outcomes when compared to measurable performance standards. The Government is now looking at overall performance of the Contractor's Quality Management System (QMS). Rigid inspections are no longer required or necessary, as the Government is relying more on the Contractor's QC documentation coupled with the Government's own field verification as necessary only to verify accuracy and completeness of the Contractor's QMS. Thus, routine daily surveillance of Contractor operations is neither necessary, nor supported. Under PBSA, the new Government role is to assess Contractor's work against measurable

performance standards, and the Contractor's role is to ensure its quality through successful implementation of its QMS. This Guide reflects the changes in both terminology and practice.

A positive relationship between the Government and the Contractor is essential in fulfilling a performance-based requirement. The Government's relationship with the Contractors should be one that promotes a strong and positive business alliance to achieve mutually beneficial goals, such as timely delivery and acceptance of high-quality services, through the use of efficient business practices. Business relationships should seek to create a cooperative environment to ensure effective communication between the parties. Teamwork, cooperation, and good-faith performance are important for meeting mission objectives and resolving conflicts and problems. Each party should clearly understand the goals, objectives, and needs of the other. It is essential that the Government and the Contractor work together as a team to communicate expectations, agree on common goals, develop a common understanding of measurable standards, and identify and address problems early in the contract to achieve desirable outcomes.

1.2 Roles and Responsibilities

Roles and responsibilities of key Government PA personnel have changed to accommodate the transition from QA to PA. The Government's key roles and responsibilities are as follows:

Performance Assessment Representative (PAR). The PAR (formerly QAE, TRCO, CSR) is the on-site representative who assesses Contractor performance. The PAR periodically observes Contractor performance, reviews delivered services, reviews quality management corrective actions, keeps current records of performance issues and results, periodically assesses and documents Contractor performance on Performance Assessment Worksheets (PAWs), and communicates findings as necessary with the Contractor, Senior PAR (SPAR), Contracting Officer (KO), and Contracting Officer Representative (COR), as applicable.

Senior PAR (SPAR). The SPAR reviews PAWs for completeness and accuracy before their presentation to the Performance Assessment Board (PAB). The SPAR is a seasoned, experienced PAR, and is normally designated as the PAB chairperson.

Contract Specialist (CS). The ACO and/or PCO assigned to the contract.

Contracting Officer (KO). The KO provides written appointment of PAB members and has final responsibility for Contractor PA per FAR Part 42—Contract Administration and Audit Services, non-conformance modifications, and unilateral determination of incentives.

Contracting Officer's Representative (COR). The COR (FSCM, CA) may be a PAB member who has a broad technical background. Where assigned, the COR is responsible for a variety of contract administration duties that may include oversight of PA, reviewing invoices, and acceptance of work.

Performance Assessment Board (PAB). The PAB is typically comprised of the SPAR, COR, CS, and KO. Other members can be considered as needed. The PAB will convene on a regular basis, e.g., monthly or quarterly, to review Contractor performance documentation for the prior evaluation period, and prepare and forward a summary report of findings and recommendations to the KO. The PAB should make recommendations for CPARS, incentives and withholdings if necessary.

1.3 Training

To effectively implement the PA Program, individuals who monitor the Contractor's performance should be experienced in the annex/sub-annex areas for which they are assigned and adequately trained. NAVFAC Acquisition Supplement (NFAS) requires that all personnel performing PA of NAVFAC contracts must meet mandatory training standards promulgated by NAVFAC Policy Memorandum 00-04 of 14 January 2000 (<http://acq.navfac.navy.mil/pdf/files/00-04.pdf>) within six months following assignment. The NAVFAC Engineering Technician and Quality Assurance Community Management Plan (Rev 2) of 19 March 2003 (<http://navfacilitator.navfac.navy.mil/cm/cmplans/etqacmpln.pdf>) identifies required training, shown as Continuing Education requirements for the QAE/CSR Function (Levels I and II), within 12 months following assignment. Additionally, specialty training for those individuals monitoring highly technical work is required or recommended as follows:

- § Pest Control Services: NAVFAC Pest Control Quality Assurance Evaluator Training Course (1 week) through EFA NE (mandatory per DoD Instructions 4150.7-I and 4150.7-M)
- § Vertical Transportation Equipment (VTE) (e.g., Elevators) Maintenance and Repair: NAVFAC VTE Inspector Training Course (2 weeks) through NFESC (recommended)
- § Crane and Railroad Trackage Maintenance and Repair: NAVFAC Trackage Inspector Training Course (1 week) through NFESC (recommended)

1.4 Assessment Concept, Rating Criteria, and Methodology

1.4.1 Concept

Assessment Levels. PA uses a tiered approach that facilitates use of limited installation resources to focus on those items that require more attention while properly managing overall performance risk. The PAR will periodically assess services for conformance to contract performance objectives and standards. Assessments will normally start at Assessment Level 1 (AL1) which is equivalent to the highest (WBS 2-digit) level of outcome indicators, e.g., for Maintain Improved Grounds, "a slightly appearance is maintained." When the Contractor's performance is unsatisfactory at AL1, additional PA at the appropriate assessment level, e.g., Assessment Level 2 or 3 (AL2 or AL3), should be conducted until the Contractor's performance improves. AL3 is equivalent to the lowest (WBS 4-digit) level indicators, e.g., "Edging is uniform in appearance and edged grass does not encroach on ground structures."

PAR Staffing Considerations. Although tiered assessment approach begins assessment at AL1, staffing at AL1 may involve significant risk. If the Contractor's performance is unsatisfactory at AL1 and additional assessments at AL2 or AL3 are required, staffing at AL1 will be insufficient to cover these additional assessments. PAR staffing should provide sufficient resources for periods when additional levels of assessment may be required and be based on the functional area being addressed and its importance to the mission.

Quality Management System (QMS). When the Government's assessment of the Contractor's performance reveals that the quality management efforts are not effective in ensuring achievement of

performance objectives and standards, further action is required. The PAR will conduct a review of the Contractor's QC records and process for the work item(s) where deficiencies are noted to validate the accuracy and effectiveness of the Contractor's QMS. For QMS to be considered acceptable, the Contractor must demonstrate to the Government through quality management and QC corrective and preventive actions that the risk of failure to meet performance standards has been satisfactorily mitigated.

Service/Capability Levels. The Department of Navy has established service levels for budgeting and programming purposes that further constrain contract performance standards. Such service level constraints may be found in the Templates for Grounds Maintenance, Janitorial, and Street Sweeping/Snow Removal. These Templates include pre-defined service levels that allow specification writers to tailor the Performance Work Statements (PWS) contract requirements according to client expectations and availability of funds.

1.4.2 Rating Criteria

The Performance Assessment Rating Criteria (PARC) is used to rate the Contractor's performance. The PARC contains five different performance descriptions ranging from "Exceptional" to "Unsatisfactory". Four of these describe varying degrees of acceptable performance, while the fifth, "Unsatisfactory", describes unacceptable performance, which, if continued, could result in termination for default.

1.4.3 Methodology

PAP Development. The PAP includes administrative and procedural information. The PAP describes procedures for assessing performance, e.g., planning, monitoring, documenting, reporting, evaluating, adjusting and taking action. The sample PAP provided in Attachment A can be tailored for contract-specific requirements.

The Spec Writer and PAR should jointly develop the initial PAP based upon past experience and judgment. Under a performance-based approach, finalizing the PAP cannot occur, in most cases, until the Contractor's technical proposal is received and incorporated into the contract. The Government will use several MOAs, sample sizes, and frequencies to assess the Contractor's performance. MOAs, sample sizes and frequencies shown in Template FAPs are for illustration purposes only and must be tailored for local use when implementing PA programs. However, changes to the FAP will require a revision and must be communicated to the Contractor. Frequent changes to the FAP introduce inconsistency in assessment and should be avoided. It is recommended that a copy of the PAP be provided to the Contractor following award and after any significant changes are made.

Throughout the sample PAP the following annotation will be found, <<Note to Spec Writer/PAR>>. Text within these symbols provides additional information and/or advises the user to insert applicable information, such as frequencies, assessment methods, or processes, for local tailoring. An example would be as follows, <<Note to Spec Writer/PAR: Insert frequency, e.g., monthly, quarterly>>.

Methods of Assessment (MOA). MOAs should reflect current commercial practice to the greatest extent possible. The methods of surveillance included in NAVFAC MO-327, Facility Support Contract Quality Management Manual describe methods and practices of Government QA, however,

they do not represent the concepts and methodology of PBSA and DoD PA. The MOAs have been redefined as follows:

Periodic Sampling (PS). Periodic sampling requires a pre-determined plan for assessing a portion of the work, using sample size and frequency at the applicable assessment level. Under the new PA concept, periodic sampling is the preferred primary MOA for initially assessing Contractor performance for most Spec Items. PS should be applied when work items are critical in nature, defects are very costly, or safety is a primary concern. In order to provide consistent assessment and provide a basis comparing trends from month to month, criteria for selection of the sample from the population must be documented and applied consistently.

Random Sampling (RS). This MOA may be applied for frequently recurring tasks or when the total population of work is very large, and relatively homogeneous. The procedure produces a statistically valid evaluation of the Contractor's QMS and a picture of monthly trends in overall performance of a particular performance objective. In order to accurately apply random sampling, the procedures for selection of sample size and determining the samples to assess explained in MO-327 must be followed. Because RS is a labor intensive process requiring accurate definition of the population and sample sizes that are greater than PS for populations less than approximately 2000 total work occurrences, it is not a recommended MOA for the PA process.

Validated Customer Complaints (VCC). This MOA consists of customers observing defects in the services they have received and using a pre-determined procedure to report these defects to the PAR. All alleged defects must be examined within a reasonable time to validate that the performance standards were not met. Validated Customer Complaints are effective when applied to contract requirements in which the customer has personal interest or is in close daily contact; therefore, careful planning and education of the customer receiving the service is required. This MOA is particularly useful when direct recipients of the work fully understand the contract scope, possess relevant expertise, motivation, access to work, and are willing to participate in the PA program. VCC should not be relied on as a sole measure of the Contractor's performance, however, as a supplemental MOA, it provides an additional indication of the effectiveness of the Contractor's QMS.

Unscheduled Visits (UV). The PAR may conduct impromptu assessments of performance standards and objectives whenever practical. Although this assessment method cannot be used as a sole indicator of the Contractor's performance, it may provide supplemental data for consideration when evaluating the Contractor's overall performance or determining trends.

Customer's Evaluation (CE). This MOA collects survey data of Contractor performance from the customer's perspective through the use of a feedback form where applicable, e.g., family housing, service calls. If CE is a selected MOA, an evaluation form should be developed and included in Section J of the applicable annex/sub-annex. An example can be found in J-1402000-02 for Family Housing. Evaluation forms should be self-explanatory and must include pertinent contract performance objectives and standards for the customer to objectively rate performance. The comments section of the evaluation form should provide the opportunity for a customer to provide any additional specific concerns and suggestions. The SPAR or PAR will develop the specific implementation process for this MOA, including distribution and collection of the forms, interpretation of comments, summarization of scoring, and analysis of results. This assessment method should not be used as a sole indicator of the Contractor's performance since feedback may be complaint-oriented, subjective in nature, and unrelated to contract requirements. However, when

validated, CE may provide useful supplemental data for consideration when evaluating the Contractor's overall performance or determining trends.

1.4.4 Functional Assessment Plan (FAP)

The FAP outlines the approach used by the PAR to assess the Contractor's work against measurable performance standards. The FAP is a matrix document (arranged in a tabular format) incorporating the performance objectives and standards identified in Section C of the PWS. A FAP is prepared for each annex or sub-annex of the solicitation and includes a standard PAW. A PAW is the form used to document and report Government observations and rate Contractor performance.

The format shown in Figure 1 is a sample extract of the Grounds Maintenance FAP and consists of the following columns of required information: Spec Item, Performance Objective, Performance Standard, MOA, AL1, AL2, AL3, Sample Size, further divided into Normal and Reduced, and Frequency.

| Spec Item | Performance Objective | Performance Standard | MOA | Assessment Level | | | Sample Size | | Freq |
|-----------|------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-----|------------------|-----|-----|-------------|---------|------|
| | | | | AL1 | AL2 | AL3 | Normal | Reduced | |
| 3.1 | Improved Grounds The Contractor shall maintain improved grounds to ensure a slightly appearance. | Improved Grounds are maintained in an attractive manner consistent with the specified Service Level. | PS | | N/A | N/A | 10% | 5% | M |
| 3.1.1 | Lawn Care The Contractor shall maintain lawns to achieve a slightly appearance. | Lawns are healthy and present a uniform appearance and a rich natural color. | PS | N/A | | N/A | 10% | N/A | M |
| 3.1.1.1 | Mowing and Trimming The Contractor shall maintain lawns to achieve a uniform grass height. | Grass is uniform in appearance and is maintained to height requirements specified in J-1503050-04. Fences are free of vegetation. | PS | N/A | N/A | | 10% | N/A | M |

Figure 1. Sample FAP for Grounds Maintenance

Spec Item. The Spec Item is the Work Breakdown Structure (WBS) number of the firm fixed-price or indefinite quantity requirement extracted from Section C of the PWS.

Performance Objective. A performance objective, extracted from Section C of the PWS, is an outcome (end state) that the Contractor is to achieve. Objectives are often expressed in terms of specific accomplishments by an organization, levels of service provided to clients, or improvements in performance of some activity when measured against an established baseline.

Performance Standard. A performance standard, extracted from Section C of the PWS, is a measurable targeted level or range of performance for each performance objective. At least one performance standard must exist for each performance objective. The performance standard must be measurable, i.e., achievement of a performance standard will either demonstrate directly that the

Contractor has met the contract performance objective, or will enable the Government to infer with a high degree of confidence that the Contractor has met the contract performance objective.

Performance standards must be measured against the applicable service/capability levels, found in Section J of the annex/sub-annex. For example, in the Template for Grounds Maintenance, Spec Item 3.1.1, Lawn Care, a performance standard of “healthy and uniform appearance” is defined by a Service Level 1 maximum grass height of four inches; whereas, at Service Level 3 “healthy and uniform appearance” is defined by a maximum grass height of six inches.

Method of Assessment (MOA). The method used by the Government to assess Contractor performance. The primary MOA is listed first, followed by applicable supplemental methods.

AL1. The two-digit WBS level at which assessment is started.

AL2. Lower tiered assessment level from AL1. Assessment is added at this level if the Contractor’s performance for AL1 is Unsatisfactory.

AL3. Lower tiered assessment level from AL2. Assessment is added at this level if the Contractor’s performance for AL1 or AL2 is Unsatisfactory.

Sample Size. Sample size is that portion of the total population of work to be assessed, typically on a monthly basis. Sample size can be expressed as a percentage of the total population or as a pre-determined number when assessing small numbers of work occurrences. Under the PA concept, each sample assessed at AL1 represents a composite of work occurrences. Therefore, the population may vary based on the type of work, for example, the population may be defined by parcel for grounds maintenance and by building for janitorial. The quantity of samples (assessments) is based on the category of sample size chosen, “Normal” or “Reduced”. Reduced sample size only applies at the two-digit WBS level. For example, at AL1, if using Periodic Sampling, the recommended sample size for Normal is 10%, which may be reduced to 5% for a positive trend in the Contractor’s performance. At AL2, there is no sample size specified for Reduced Sampling, therefore, if Contractor performance improves, the sample size would not reduce, i.e., to 5%, but assessment would shift back to AL1. The suggested normal and reduced sample sizes are recommended for medium to large populations; however, a greater sample size may need to be assessed for critical work items with relatively few occurrences and when safety or environmental regulations are a concern.

Frequency. Frequency is how often the sample size is assessed. The recommended frequency in the FAP is monthly, however, this may be adjusted as necessary. For example, an annual frequency may be used for work occurrences that are completed only once per year and a bi-weekly or weekly frequency may be used at lower assessment levels (AL2 or AL3) to assess short-term trends on regular work occurrences.

1.5 Assessment Procedures

1.5.1 Post-Award Planning

The PAR should review and understand contract requirements, performance objectives, and standards, as well as the Contractor’s technical proposal, QMS (including QC Plan), work schedules, and submittals. The PAR should develop a planned assessment schedule based upon factors such as

selected MOAs, Contractor's recurring performance schedule, population of work, and local priorities and conditions.

1.5.2 Performance Assessment Process

The flowcharts and corresponding descriptions shown below detail the performance assessment process used by the PAR to observe, assess, document, and rate Contractor's performance.

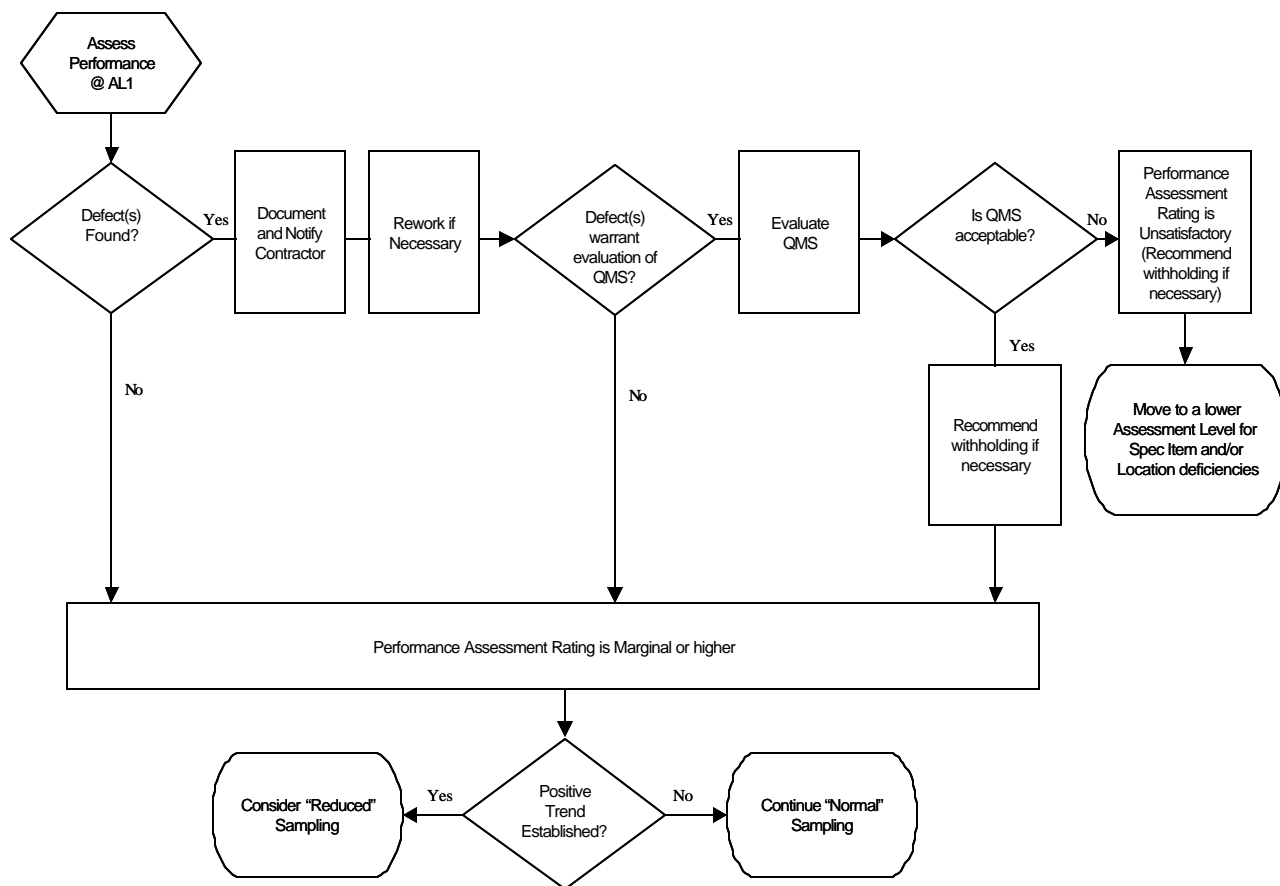


Figure 2. Performance Assessment Process for Assessment Level 1 (AL1)

The following descriptions are provide for the flowchart shown in Figure 2:

Assess Performance at AL1 – Starting point of assessment. Assess the Contractor's performance using the MOA, frequencies, and sample sizes indicated at AL1 of the FAP. The starting point may include additional PA at lower assessment levels for mission critical, safety, or environmental related services.

Defect(s) Found – If the Contractor has performed all work in accordance with the performance objectives and standards, then a performance rating of satisfactory or higher should be assigned. The PAR will document any instances of value-added services or work that exceeds performance standards with supporting narrative on the Performance Assessment Worksheet (PAW). When the assessed work fails to comply with performance objectives and standards, the PAR will document the defect on the PAW and notify the Contractor. Validated customer complaints (VCC) or

instances of non-conforming work discovered during unscheduled visits (UV) should also be documented as defects. Where customer complaints are received, all alleged defects must be evaluated within a reasonable time to validate that the performance standards were not met. Documentation will be completed using the Customer Complaint Record, Attachment C. Documentation of UV will be completed on a PAW.

Document and Notify Contractor – Document instances of value-added performance that exceeds contract performance standards, and negative performance that fails to meet contract performance standards, with supporting narrative on the Performance Assessment Worksheet (PAW). If defects are found the PAR will forward a copy of the PAW to the Contractor. The Contractor shall sign and return the PAW within the specified timeframe to acknowledge receipt of the document. The Contractor's signature does not constitute agreement with the Government's assessment, it merely acknowledges that the Contractor has been notified of a Government observed defect. Should the Contractor disagree with the Government's observations, discussions should be conducted to reach a common understanding of performance objectives and standards.

Rework if Necessary – In the case of unsatisfactory or non-performed work, the Government may, at its option, allow the Contractor an opportunity to correct by reperformance at no additional cost to the Government. Rework shall be completed within the timeframe specified in Section E, Consequences of Contractor's Failure to Perform Required Services clause of the contract.

Defect(s) Warrant Evaluation of QMS? – Defects warrant evaluation of QMS if 1) they are "Significant", 2) a "Trend" has been established, or 3) the work is not considered "Substantially Complete". Significant defects include the Contractor's failure to meet performance objectives and standards that result in damage to the Government, or incomplete major or critical work items. Significant defects are subjective and should be discussed in initial partnering sessions with the Contractor. Trends are defects that may be considered minor but are recurring and have not been corrected through the Contractor's QMS. Substantially complete means that the performance standard is fully met except for minor or trivial non-conformances per FAR 46.407. A service will be judged to be fully conforming to the contract performance standards if the nonconformance is minor or trivial and there is no omission of essential work, and approximately 95% of the total work (population) assessed meets the performance standard.

Evaluate QMS – The PAR should evaluate the Contractor's QMS to verify proper controls are in place to ensure the delivery of quality services. This review should be limited to the Spec Items and/or location where defects have been found as opposed to a complete audit of the Contractor's QMS. The evaluation should identify corrective actions the Contractor is taking for specific discrepancies and identify any QMS changes the Contractor is implementing to preclude systemic problems, avoid repeat discrepancies, and regain Quality Control (QC).

Is QMS Acceptable? – The Contractor must demonstrate to the Government that they have taken corrective actions and identified QMS changes to preclude systemic problems, avoid repeat discrepancies, and regain QC. QMS is considered "Acceptable" if the Contractor's actions will satisfactorily reduce the risk of continued failure to meet performance standards.

Recommend withholding if necessary – The PAR should document recommendations for withholding of payment on the PAW for non-conforming services when defects cannot be corrected by reperformance. Withholdings should only be taken if the amount withheld exceeds the cost associated with the Government's administrative effort to withhold funds. This should be performed in conjunction with the review of the Contractor's monthly invoice.

Performance Assessment Rating is Marginal or higher – The PAR shall document all findings, including findings associated with the Contractor’s QMS if an evaluation was conducted, on PAW 1. The PAR should rate the Contractor Marginal, Satisfactory, Very Good, or Exceptional in accordance with the PARC adjectival descriptions.

Positive Trend Established? – If the Contractor has established a trend of Satisfactory, Very Good or Exceptional performance over a period of time, e.g., three months, the PAR should consider sampling at the reduced level. If a trend has not yet been established the PAR should continue normal sampling.

Continue “Normal” Sampling – The PAR should continue sampling the size identified as “Normal” in the FAP at AL1.

Consider “Reduced” Sampling – The PAR should adjust sampling to the size identified as “Reduced” in the FAP at AL1.

Performance Assessment Rating is Unsatisfactory – If the Contractor’s QMS is unacceptable, then the PAR should document all findings, including findings associated with the Contractor’s QMS, on PAW 1. The PAR should rate the Contractor Unsatisfactory in accordance with the adjectival ratings included in the PARC.

Move to a lower Assessment Level for Spec Item and/or Location deficiencies – When the Contractor’s performance is unsatisfactory at AL1, additional PA at Assessment Level 2 or 3 (AL2 or AL3) should be conducted for the Spec Item and/or location deficiencies as shown in Figure 3.

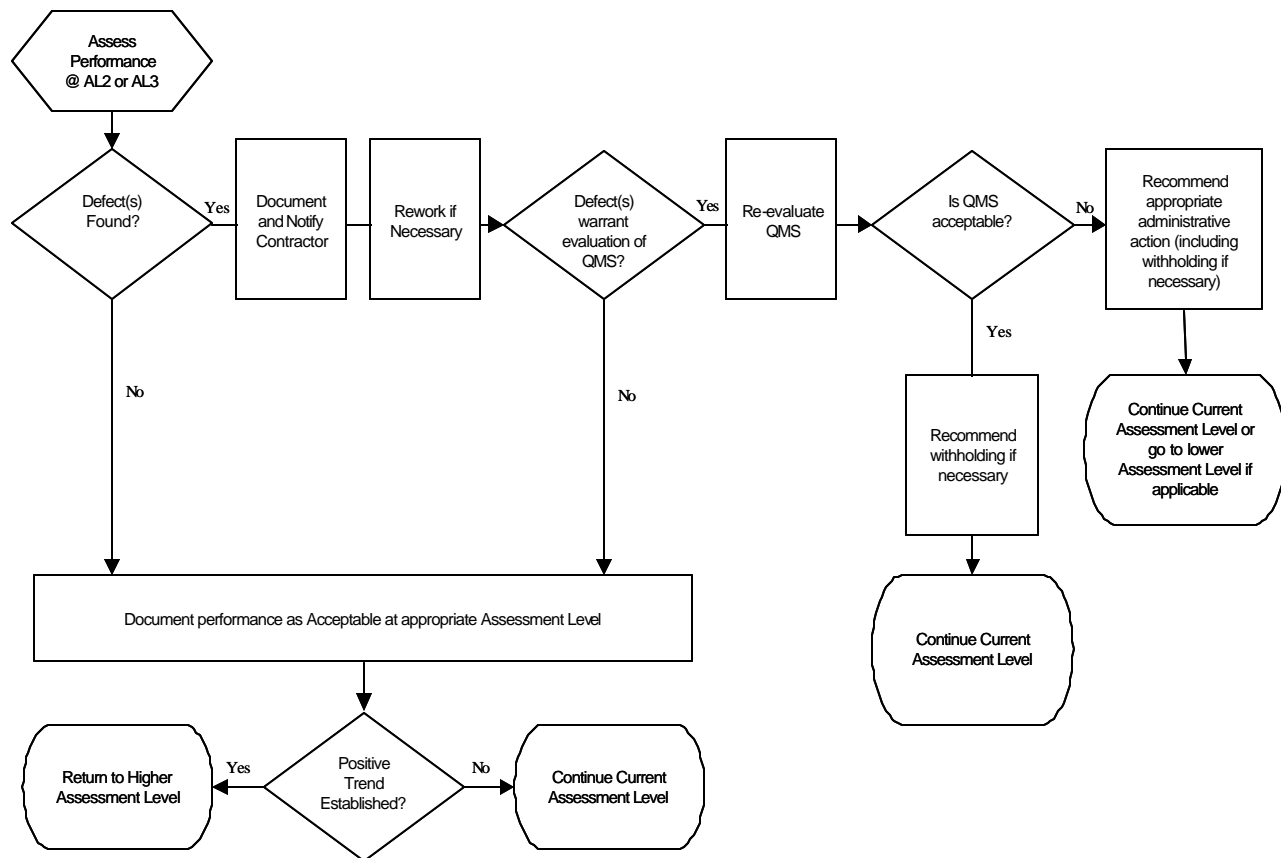


Figure 3. Performance Assessment Process for Assessment Level 2 or 3 (AL2 or AL3)

The following descriptions are provided for the flowchart shown in Figure 3:

Assess Performance at AL2 or AL3 – Start additional assessment(s) at a lower level if the rating on PAW 1 was unsatisfactory. Assess the Contractor’s performance using the MOA, frequencies, and sample sizes indicated at the appropriate assessment level, e.g., AL2 or AL3 of the FAP.

Defect(s) Found – If the Contractor has performed all work in accordance with the performance objectives and standards, then a performance rating of satisfactory or higher should be assigned. The PAR will document any instances of value-added services or work that exceeds performance standards with supporting narrative on the Performance Assessment Worksheet (PAW). When the assessed work fails to comply with performance objectives and standards, the PAR will document the defect on the PAW and notify the Contractor. Validated customer complaints (VCC) or instances of non-conforming work discovered during unscheduled visits (UV) should also be documented as defects. Where customer complaints are received, all alleged defects must be evaluated within a reasonable time to validate that the performance standards were not met. Documentation will be completed using the Customer Complaint Record, Attachment C. Documentation of UV will be completed on a PAW.

Document and Notify Contractor – Document instances of value-added performance that exceeds contract performance standards, and negative performance that fails to meet contract performance standards, with supporting narrative on the Performance Assessment Worksheet (PAW). If defects

are found the PAR will forward a copy of the PAW to the Contractor. The Contractor shall sign and return the PAW within the specified timeframe to acknowledge receipt of the document. The Contractor's signature does not constitute agreement with the Government's assessment, it merely acknowledges that the Contractor has been notified of a Government observed defect. Should the Contractor disagree with the Government's observations, discussions should be conducted to reach a common understanding of performance objectives and standards.

Rework if Necessary – In the case of unsatisfactory or non-performed work, the Government may, at its option, allow the Contractor an opportunity to correct by re-performance at no additional cost to the Government. Rework shall be completed within the timeframe specified in Section E, Consequences of Contractor's Failure to Perform Required Services clause of the contract.

Defect(s) Warrant Evaluation of QMS? – Defects warrant evaluation of QMS if 1) they are "Significant", 2) a "Trend" has been established, or 3) the work is not considered "Substantially Complete". Significant defects include the Contractor's failure to meet performance objectives and standards that result in damage to the Government, or incomplete major or critical work items. Significant defects are subjective and should be discussed in initial partnering sessions with the Contractor. Trends are defects that may be considered minor but are recurring and have not been corrected through the Contractor's QMS. Substantially complete means that the performance standard is fully met except for minor or trivial non-conformances per FAR 46.407. A service will be judged to be fully conforming to the contract performance standards if the nonconformance is minor or trivial and there is no omission of essential work, and approximately 95% of the total work (population) assessed meets the performance standard.

Document performance as Acceptable at appropriate assessment level – The PAR shall document all findings, including findings associated with the Contractor's QMS if an evaluation was conducted. The PAR should rate the Contractor's performance as Acceptable.

Positive Trend Established? – If the Contractor has established a trend of acceptable performance over a period of time, e.g., three months, the PAR should return to a higher assessment level. If a positive trend has not yet been established the PAR should continue at the current assessment level.

Continue Current Assessment Level – The PAR should continue sampling at the size and frequency identified in the FAP at the appropriate assessment level.

Return to Higher Assessment Level – The PAR should discontinue the additional lower level assessment and move to a higher assessment level or reduce to normal AL1 assessment.

Re-evaluate QMS – The PAR should reevaluate the Contractor's QMS to verify proper controls are in place to ensure the delivery of quality services. This review should be limited to the Spec Items and/or location where defects have been found as opposed to a complete audit of the Contractor's QMS. The evaluation should identify corrective actions the Contractor is taking for specific discrepancies, and identify any QMS changes the Contractor is implementing to preclude systemic problems, avoid repeat discrepancies, and regain Quality Control (QC).

Is QMS Acceptable? – The Contractor must demonstrate to the Government that they have taken corrective actions and identified QMS changes to preclude systemic problems, avoid repeat discrepancies, and regain QC. QMS is considered "Acceptable" if the Contractor's actions will satisfactorily reduce the risk of continued failure to meet performance standards.

Recommend withholding if necessary – If the Contractor's QMS is acceptable, then the PAR may still consider recommending withholding of payment for non-conforming services when defects

cannot be corrected by re-performance by documenting on the PAW. Withholdings should only be taken if the amount withheld exceeds the cost associated with the Government's administrative effort to withhold funds. This should be performed in conjunction with the review of the Contractor's monthly invoice.

Continue Current Assessment Level – The PAR shall continue sampling the size identified in the FAP at the current assessment level.

Recommend appropriate administrative action – The PAR should make recommendations for appropriate administrative actions. Administrative actions may include additional performance review meetings, issuance of a CDR, withholding of payment including liquidated damages, or interim CPARS rating.

Continue Current Assessment Level or go to lower Assessment Level if applicable – The PAR shall continue sampling at the size and frequency identified in the FAP at the appropriate assessment level or can move to a lower level of assessment if applicable. Additionally, if there is a negative trend in Contractor performance, the PAR should consider modification of the MOAs, sample sizes, and frequencies included in the FAP.

1.5.3 Assessment Summary and Evaluation Procedures

Monthly Performance Assessment Summary (MPAS). The PAR and SPAR will collect, review, and evaluate the results of all performance assessments including PAW documentation, validated customer complaints, customer evaluations, trend data, and Contractor QMS corrective and preventive actions. The SPAR summarizes PA information and recommended actions on the MPAS. Copies of completed PAWs, VCCs, Customer Evaluation forms, and other assessment documentation should be attached to the MPAS.

The format shown in Figure 4 is a sample extract of a Grounds Maintenance MPAS and consists of the following required information: Spec Item, Description, AL1 Rating, AL2/AL3 Rating, VCC, Comments, Recommended Actions, SPAR Signature and Date.

MONTHLY PERFORMANCE ASSESSMENT SUMMARY

Annex/sub-annex: 1503050 Grounds Maintenance

Month/Year: April 04

| Spec Item | Title | AL1 Rating | | | | | AL2/AL3 Rating | | | VCC | |
|-----------------------------------|--------------------------------|------------|----|---|---|---|----------------|---|---|-----|-----------|
| | | E | VG | S | M | U | # Samples | A | U | | # Samples |
| 3.1 | Improved Grounds | 0 | 0 | 6 | 0 | 4 | 10 | | | | |
| 3.1.1 | Lawn Care | | | | | | | | | | |
| 3.1.1.1 | Mowing and Trimming | | | | | | | | | | |
| 3.1.1.2 | Edging | | | | | | | 8 | 2 | 10 | 1 |
| 3.1.2 | Irrigation Systems Maintenance | | | | | | | | | | 2 |
| 3.1.3 | Debris Removal | | | | | | | | | | |
| 3.1.4 | Shrub and Hedge Maintenance | | | | | | | | | | |
| Comments: | | | | | | | | | | | |
| Recommended Actions: | | | | | | | | | | | |
| SPAR Signature: _____ Date: _____ | | | | | | | | | | | |

Figure 4. Sample Grounds Maintenance MPAS

Spec Item. The Spec Item is the Work Breakdown Structure (WBS) number of the firm fixed-price or indefinite quantity requirement extracted from Section C of the PWS.

Title. The title is a simple description of the work requirement.

AL1 Rating. The AL1 Rating section consists of columns for the PARC ratings (Exceptional, Very Good, Satisfactory, Marginal, and Unsatisfactory) and number of samples assessed during the month. The SPAR will review all PAWs from assessments completed at AL1 and enter the total of the associated performance assessment ratings under the corresponding columns. The SPAR will also enter the total number of AL1 samples assessed during the month under the “# Samples” column. The example in Figure 4 shows that 10 samples of Spec Item 3.1, Improved Grounds, were assessed at AL1 with six rated as Satisfactory and four rated as Unsatisfactory.

AL2/AL3 Rating. The AL2/AL3 Rating section consists of columns for “Acceptable” and “Unacceptable” ratings and number of samples assessed during the month. The SPAR will review all PAWs from assessments completed at AL2/AL3 and enter the total of the associated ratings under the corresponding columns. The SPAR will also enter the total number of AL2/AL3 samples assessed during the month under the “# Samples” column. The example in Figure 4 shows that during the performance assessment process, the decision was made to add assessment at AL3 for Spec Item 3.1.1.2, Edging. Ten samples were assessed at AL3 with eight rated as “Acceptable” and two rated as “Unacceptable”.

VCC. The SPAR will enter the total number of validated customer complaints associated with each applicable Spec Item. If a VCC addresses defects found in multiple Spec Items, each validated defect should be recorded under the VCC column. The example in Figure 4 shows that three VCCs were documented, one for Spec Item 3.1.1.2, Edging, and two for Spec Item 3.1.3, Debris Removal.

Comments. Following the review of all performance assessment information, the SPAR will consolidate and summarize the Contractor's performance in the comments section. The summary should include value-added services or work that exceeds performance standards, negative performance that fails to meet contract performance standards, results of customer evaluation forms, positive and negative performance trends, results of discussions held with the Contractor, QMS effectiveness, and corrective actions taken by the Contractor. Comments should not draw any conclusions but should report the facts for PAB consideration.

Recommended Actions. The SPAR will document recommendations for appropriate administrative actions. Administrative actions may include issuance of a CDR, withholding of payment including liquidated damages, or interim CPARS rating.

SPAR Signature and Date. The SPAR will sign and date the MPAS.

Withholdings. Withholdings are an amount of money for nonconformance of work that will not be paid until issues are resolved and acceptance of the work has been formally accomplished. Withholdings can be permanent or temporary. A permanent reduction in price may occur when the full extent of damages is determined. Withholdings are primarily intended to motivate good performance and not exclusively to penalize the contractor. Withholdings should only be taken if the amount withheld exceeds the cost associated with the Government's administrative effort to withhold funds.

Results of performance assessments and other PA information should be used as part of the validation of the Contractor's monthly invoice amount. The PAR and SPAR will determine the value of the estimated damages to the Government for non-conforming or non-performed work and recommend to the KO the appropriate withholding, including liquidated damages (LDs) as indicated in the CONSEQUENCES OF CONTRACTOR'S FAILURE TO PERFORM REQUIRED SERVICES clause in the contract. Documentation must be provided to support the reduced value of services and/or the estimated cost and related profit to correct deficiencies and complete unfinished work. Documentation may include:

- § Contract schedule of prices
- § Estimate of liquidated damages to compensate the Government for administrative costs and other expenses
- § Wage rates and fringe benefits included in the wage determinations of the contract or Government wage rates to estimate cost of completing the non-performed work
- § Supplemental pricing obtained from the Contractor
- § Adjustment offered by the Contractor
- § Catalog or market prices to estimate cost of completing the non-performed work
- § Performance Assessment Worksheets
- § Performance Assessment Summaries

Performance Assessment Board (PAB). The purpose of the PAB is to consider all performance assessment information and make recommendations to the KO on the Contractor's overall performance. The PAB will convene on a regular basis, e.g., monthly or quarterly, to review the MPAS, recommended performance ratings, basis for withholdings, and other supporting PA information. The PAR/SPAR should be prepared to brief the PAB on the monthly summary information and trend data and offer a recommended consensus rating to the PAB based on assessment results. Consideration must be given to trends in performance and the value of the Spec Items, e.g., Spec Item 3.1, Improved Grounds, may be more significant when considering cost, Contractor performance effort, and client visibility, as compared to Spec Item 3.3, Unimproved Grounds. Because Spec Items are generally not homogeneous in value to the Government, use of weighted averages and other statistical methods in analyzing overall results should be avoided. The PAB should consider many issues, such as the size and number of functions in the contract, the cost and criticality of each function, how the Contractor has addressed QMS issues, and customer satisfaction.

Each PAB member rates overall Contractor performance using the PARC and then the PAB develops a consensus monthly rating. The PAB will submit a report to the KO for consideration when issuing contract modifications for non-conforming services per FAR Clause 52.246-4, INSPECTION OF SERVICES—FIXED PRICE, assessing contract incentives, and preparing a Contractor Performance Assessment Rating System (CPARS) evaluation per FAR Part 42. If the PAB is not convened on a frequency sufficient to evaluate withholdings in a timely manner, these procedures should be revised to ensure contract modifications are processed as required.

2. Conclusion

The PAP facilitates consistent and effective tiered PA to verify the accuracy and completeness of the Contractor's QMS and to assess overall compliance with performance objectives and standards while making efficient use of available Government resources.

For copies of Template documents, as well as additional training and assistance in developing a PAP, consult the local Engineering Field Division (EFD).

3. Attachment A: Sample Performance Assessment Plan (PAP)

Please refer to separate MS Word document for Sample Performance Assessment Plan. Throughout the Sample PAP, the annotation <<Note to Spec Writer/PAR>> indicates that Plan users are notified to insert applicable data for installation tailoring. <<Note to Spec Writer/PAR: Delete reference to Attachment A above when developing the PAP.>>