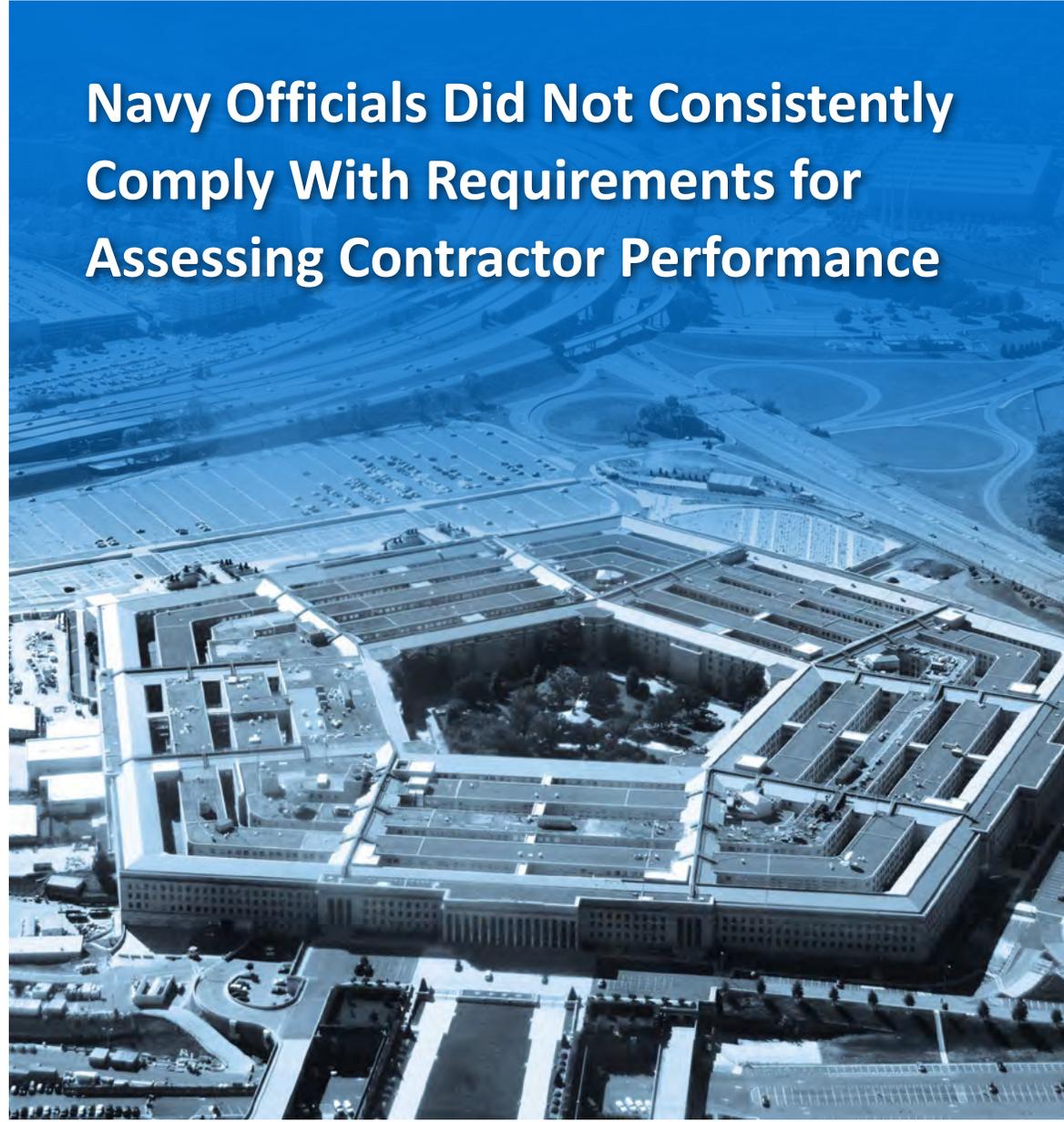




INSPECTOR GENERAL

U.S. Department of Defense

MAY 1, 2015



Navy Officials Did Not Consistently Comply With Requirements for Assessing Contractor Performance

INTEGRITY ★ EFFICIENCY ★ ACCOUNTABILITY ★ EXCELLENCE

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Results in Brief

Navy Officials Did Not Consistently Comply With Requirements for Assessing Contractor Performance

May 1, 2015

Objective

The objective of the audit was to determine whether Navy officials completed comprehensive and timely contractor performance assessment reports (PARs). This is the first in a series of audits of DoD compliance with policies for evaluating contractor performance.

Finding

Navy officials did not consistently comply with requirements for evaluating contractor past performance when registering contracts and preparing PARs.

Specifically, Naval Sea Systems Command (NAVSEA); Naval Supply Systems Command, Fleet Logistics Center (FLC) Norfolk; and Space and Naval Warfare Systems Center (SSC) Atlantic officials did not register 88 of 797 contracts. Generally, Navy officials stated that not registering the contracts was an error.

Navy assessors prepared 42 of 81 PARs an average of 84 days late and prepared 61 of 81 nonstatistically selected PARs without sufficient written narratives to justify the ratings given. These conditions occurred because:

- the Navy commands did not have adequate procedures to ensure timeliness or quality;
- assessors did not receive training or periodic refresher training; or
- assessors did not properly implement requirements.

Finding (cont'd)

In addition, Naval Air Systems Command (NAVAIR), NAVSEA, FLC Norfolk, and SSC Atlantic assessors did not complete PARs for 14 contracts. Generally, officials stated that not completing the PARs was an error.

As a result, Federal Government source selection officials did not have access to timely, accurate, and complete contractor performance assessment information needed to make informed decisions related to contract awards or other acquisition matters.

Recommendations

We recommend that the Commanders of NAVAIR; NAVSEA; SSC Atlantic; and SSC Pacific and Commanding Officer of FLC Norfolk develop or improve procedures for:

- registering contracts;
- preparing PARs within 120 days;
- requiring initial and periodic refresher training for writing PARs; and
- evaluating PARs for quality.

We also recommend that they register the 57 contracts that still need to be registered and prepare the PARs for 14 contracts that are overdue.

We recommend that the Commanding Officer, FLC Norfolk, develop procedures that provide assessors with the information and support necessary to adequately prepare PARs.

Management Comments

We did not receive comments to the draft report; therefore, we request that the Commanders of NAVAIR; NAVSEA; SSC Atlantic; and SSC Pacific and the Commanding Officer of FLC Norfolk provide comments in response to this report. Please see the Recommendations Table on the back of this page.

Recommendations Table

Management	Recommendations Requiring Comment	No Additional Comments Required
Commander, Naval Air Systems Command	4.a, 4.b, 4.c, 5, 7	
Commander, Naval Sea Systems Command	1, 4.a, 4.b, 4.c, 5, 7	
Commanding Officer, Naval Supply Systems Command Fleet Logistics Center Norfolk	2, 4.a, 4.b, 4.c, 5, 6, 7	
Commander, Space and Naval Warfare Systems Center Atlantic	2, 3.a, 3.b, 3.c, 5, 7	
Commander, Space and Naval Warfare Systems Center Pacific	3.a, 3.b, 3.c, 5	

Please provide comments by June 1, 2015.



**INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500**

May 1, 2015

**MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION,
TECHNOLOGY, AND LOGISTICS
NAVAL INSPECTOR GENERAL**

**SUBJECT: Navy Officials Did Not Consistently Comply With Requirements for Assessing
Contractor Performance (Report No. DODIG-2015-114)**

We are providing this report for review and comment. The Commanders of Naval Air Systems Command, Naval Sea Systems Command, Space and Naval Warfare Systems Center Atlantic, and Space and Naval Warfare Systems Center Pacific and Commanding Officer of Naval Supply Systems Command, Fleet Logistics Center Norfolk did not respond to the draft report. Navy officials did not register contracts in the Contractor Performance Assessment Reporting System, prepare timely performance assessment reports, or provide sufficient written narratives to justify the ratings given, as required by the Federal Acquisition Regulation; Under Secretary of Defense for Acquisition, Technology, and Logistics policy; or other guidance. We conducted this audit in accordance with generally accepted government auditing standards.

DoD Directive 7650.3 requires that recommendations be resolved promptly. We did not receive comments to the draft report. Comments provided on the final report must be marked and portion-marked, as appropriate, in accordance with DoD Manual 5200.01. If you consider any matters to be exempt from public release, you should mark them clearly for Inspector General consideration. We request comments by June 1, 2015.

Please send a PDF file containing your comments to audcmp@dodig.mil. Copies of your comments must have the actual signature of the authorizing official for your organization. We cannot accept the /Signed/ symbol in place of the actual signature. If you arrange to send classified comments electronically, you must send them over the SECRET Internet Protocol Router Network (SIPRNET).

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-9187 (DSN 664-9187).

A handwritten signature in blue ink, appearing to read "M.J.R.", is positioned above the name of the Assistant Inspector General.

Michael J. Roark
Assistant Inspector General
Contract Management and Payments

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Introduction

Objective

Our objective was to determine whether Navy officials completed comprehensive and timely contractor performance assessment reports (PARs) for service contracts¹ as required by Federal and DoD policies. This is the first in a series of audits of DoD compliance with policies for evaluating contractor performance. After obtaining our audit universe and selecting a sample, we determined that some of the contracts were for products. Therefore, we reviewed PARs for both product and service contracts. See Appendix A for a discussion of the scope and methodology and prior coverage.

Background

Contractor Performance Assessment Reporting System and Past Performance Information Retrieval System

The Contractor Performance Assessment Reporting System (CPARS) is a paperless contractor evaluation system. The primary purpose of CPARS is to ensure that current, complete, and accurate information on contractor performance is available for use in procurement source selections. The Federal Acquisition Regulation (FAR)² states that CPARS is the Government-wide reporting tool for all past performance reports on contracts. The FAR³ also states that agencies must assign responsibility and accountability for the completeness of past performance submissions and that agency procedures must address management controls and appropriate management reviews of past performance evaluations to include accountability for documenting past performance. When officials submit a completed PAR, it automatically transfers to the Past Performance Information Retrieval System (PPIRS). Federal Government source selection officials obtain PARs from PPIRS.

¹ Includes contracts, task orders, and delivery orders.

² FAR Part 42, "Contract Administration and Audit Services," Subpart 42.15, "Contract Performance Information," 42.1502, "Policy."

³ FAR Part 42, "Contract Administration and Audit Services," Subpart 42.15, "Contract Performance Information," 42.1503, "Procedures."

Results in Previous DoD OIG Report

DoD OIG issued Report No. D-2008-057, “Contractor Past Performance Information,” on February 29, 2008. The objective was to determine whether DoD officials properly collected and maintained past performance information for system acquisitions⁴ and whether they used the information when making award decisions.

The report stated that CPARS did not contain all active system contracts that met the reporting threshold of \$5 million. In addition, the audit team reported that:

- 39 percent of system contracts were registered more than a year late;
- 68 percent of system contracts had PARs that were overdue and most were not completed; and
- 82 percent of PARs reviewed did not contain detailed, sufficient narratives to establish that ratings were credible and justifiable.

The report recommended the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD[AT&L]) establish a requirement to:

- register contracts in CPARS within 30 days from contract award;
- complete the annual PARs in CPARS within 120 days from the end of the evaluation period; and
- require formal training for the assessors who prepare and review PARs on writing PAR narratives and the corresponding ratings.

In response to the report recommendations, USD(AT&L) issued a memorandum⁵ reminding DoD officials of the timeframes for registering contracts and completing PARs. However, the memorandum did not require formal training for CPARS assessors, as recommended by the report.

Senate Armed Services Committee Request for Audit

The Senate Armed Services Committee⁶ directed the DoD OIG to perform a follow-up audit to determine whether new guidance resulted in better compliance and a more complete and useful database of contractor past performance information. We decided to review Navy PARs first because the Navy is the executive agent for

⁴ It includes major modifications or upgrade efforts for existing systems and the acquisition of new systems, such as aircraft and ships.

⁵ USD(AT&L) memorandum, “Past Performance Assessment Reporting,” January 9, 2009.

⁶ Senate Report 111-201, “National Defense Authorization Act for Fiscal Year 2011,” published June 4, 2010.

CPARS. We plan to perform audits of Army and Air Force PARs. Appendix B shows that PAR completion statistics improved from FY 2008 through the third quarter FY 2014 for the five Navy commands in our scope:

- Naval Air Systems Command (NAVAIR), Patuxent Air Station, Maryland;
- Naval Sea Systems Command (NAVSEA), Washington, D.C.;
- Naval Supply Systems Command, Fleet Logistics Center (FLC) Norfolk, Naval Station Norfolk, Virginia;
- Space and Naval Warfare Systems Center (SSC) Atlantic, Joint Base Charleston, South Carolina; and
- SSC Pacific, San Diego, California.

See Appendix A for a complete discussion of the audit scope and methodology.

Review of Internal Controls

DoD Instruction 5010.40, “Managers’ Internal Control Program Procedures,” May 30, 2013, requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls. We identified internal control weaknesses for the Navy. Specifically, NAVAIR, NAVSEA, FLC Norfolk, SSC Atlantic, and SSC Pacific policies and procedures did not contain adequate controls to ensure assessors register contracts, complete PARs within required timeframes, or complete PARs with sufficient written narratives. We will provide a copy of the final report to the senior official responsible for internal controls in the Department of the Navy.

Finding

Navy Officials' Compliance With Past Performance Reporting Requirements Needs Improvement

Navy officials did not consistently comply with requirements for evaluating contractor past performance when registering contracts and preparing PARs. Specifically, NAVSEA, FLC Norfolk, and SSC Atlantic officials did not register 88 of 797 contracts.⁷ The 88 unregistered contracts had PARs that were due before September 30, 2014. Generally, Navy officials stated that not registering the contracts was an error.

Navy assessors prepared 42 of 81 PARs⁸ an average of 84 days late⁹ and prepared 61 of 81 PARs without sufficient written narratives to justify the ratings given. These conditions occurred because:

- the Navy commands did not have adequate procedures to ensure timeliness or quality;
- assessors did not receive training or periodic refresher training; or
- assessors did not properly implement requirements for completing PARs.

In addition, NAVAIR, NAVSEA, FLC Norfolk, and SSC Atlantic assessors did not complete PARs for 14 contracts. Generally, officials stated that not completing the PARs was an error.

As a result, Federal Government source selection officials did not have access to timely, accurate, and complete contractor performance assessment information needed to make informed decisions related to contract awards or other acquisition matters.

⁷ The 797 contracts were comprised of NAVAIR, NAVSEA, FLC Norfolk, SSC Atlantic, and SSC Pacific contracts.

⁸ We reviewed a nonstatistical sample of 81 PARs. See Appendix A for a complete discussion of our scope.

⁹ The 84-days late period applies only to the 42 PARs we reviewed that were late.

Navy Officials Registered Most Contracts, But Improvement is Needed

Although Navy officials registered 709 of 797 contracts, officials from NAVSEA, FLC Norfolk, and SSC Atlantic did not register the remaining 88 contracts. The 88 unregistered contracts had PARs due before September 30, 2014. CPARS guidance¹⁰ states that it is the responsibility of the focal point to register contracts in CPARS within 30 calendar days. Registering the contracts enables the assessor to write PARs in CPARS. NAVSEA's instruction stated that officials must register contracts, but did not provide procedures for registering contracts. FLC Norfolk and SSC Atlantic had procedures for registering contracts.

NAVSEA, FLC Norfolk, and SSC Atlantic officials stated that not registering contracts was an error for 64 of 88 contracts. The Navy officials also stated that they did not register the other 24 contracts because they:

- did not realize the contract value increased to the reporting threshold amount for 14 contracts;
- did not know that they had to register certain types of contracts such as supply contracts for 2 contracts; or
- focused their backlog of registration on base contracts as opposed to the orders awarded against the base contracts for 8 orders.

NAVSEA, FLC Norfolk, and SSC Atlantic officials stated that not registering contracts was an error.

For example, for one SSC Atlantic contract, the initial award amount was \$223,400, which was less than the \$1 million reporting threshold for service contracts. The contract value did not exceed the \$1 million threshold until modification 3.¹¹ The SSC Atlantic official who registered contracts did not realize the contract exceeded the threshold after the contracting officer modified it.

NAVSEA, FLC Norfolk, and SSC Atlantic officials took proactive actions to address areas of concern identified during the audit. As of January 6, 2015, Navy officials registered 31 of 88 unregistered contracts, but have not registered the remaining 57 contracts. See Appendix C for a list of contracts that Navy officials need to register. The Commander at NAVSEA should develop and implement procedures for contract registration, including procedures to validate that personnel properly

¹⁰ Guidance for the Contractor Performance Assessment Reporting Systems (CPARS), September 2013, was updated in July 2014.

¹¹ A modification is a written change in the terms of a contract. For example, this modification extended the period of performance and increased the price.

register contracts. In addition, the Commanding Officer of FLC Norfolk and Commander of SSC Atlantic should improve and re-emphasize procedures for contract registration, including procedures to validate that personnel properly register contracts, and register the remaining 57 contracts.

Assessors Prepared PARs Late, and Commands Did Not Have Procedures to Ensure Timeliness

Navy assessors did not prepare 42 of 81 PARs¹² within the 120-day timeframe required by the USD(AT&L) memorandum. Additionally, they prepared the 42 PARs an average of 84 days late. See Appendix D for a summary of the PARs reviewed. Table 1 demonstrates that each of the five Navy commands we visited had a significant number of late PARs.

Table 1. Number and Average Days of Late PARs

Command	Number of Late PARs	Average Days Late
NAVAIR	10	58
NAVSEA	7	118
FLC Norfolk	7	112
SSC Atlantic	13	95
SSC Pacific	5	22
Total	42	84*

* The total average days late is the weighted average of only the 42 late PARs and their average days late at the five commands.

The USD(AT&L) memorandum, issued in response to the previous DoD OIG report, requires officials to complete PARs within 120 days of the end of the evaluation period. In addition, the FAR¹³ states that agencies must perform frequent evaluation of compliance with reporting requirements so they can readily identify delinquent past performance reports. Furthermore, guidance for CPARS states that the contracting or requiring office should establish procedures to implement CPARS, including monitoring the timely completion of reports.

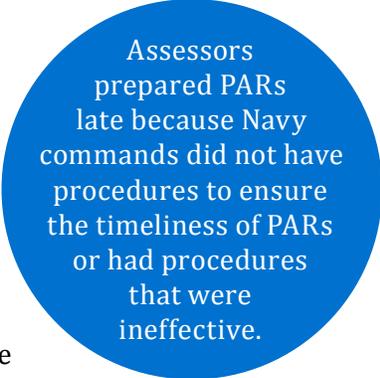
¹² From the universe of 797 contracts, 315 had completed or in-process PARs as of June 23, 2014. We reviewed a nonstatistical sample of 81 of 315 PARs. See Appendix A for a complete discussion of our scope.

¹³ FAR Part 42, "Contract Administration and Audit Services," Subpart 42.15, "Contract Performance Information," 42.1503, "Procedures."

Examples of late PARs include:

- At NAVAIR, the assessor for contract N00019-12-C-0116 completed the PAR 120 days late. The assessor explained that at the time the PAR was due, the contracting office was modifying the contract to extend a phase of the project, including an adjustment on the cost of the contract, and he did not want to submit the PAR while trying to negotiate the modification.
- At FLC Norfolk, the assessor for contract N00189-13-D-0009 completed the PAR 144 days late. The assessor stated that she prepared the PAR and the contractor responded prior to the due date of June 21, 2014, but CPARS erased the draft PAR during the July 2014 system update.
- At SSC Pacific, the assessor for contract N00244-12-D-0014-7N01 completed the PAR 18 days late. The assessor stated that he did not prepare the PAR within the required timeframe because he was very busy managing three contracts, this was his first PAR as an AO on the three contracts, and the PARs were not his highest priority. Although he stated that his management held him accountable for preparing PARs, he did not specify how they held him accountable.
- In addition, at SSC Pacific, the assessor for contract N66001-12-D-0156 completed the PAR 47 days late. The assessor stated that she combined input from contracting officer's representatives on 59 task orders for the PAR. During a management review of the PAR, her supervisor directed her to include additional information to support the ratings she gave. She then obtained more input from the contracting officer's representatives and this took additional time to accomplish.

Generally, assessors prepared PARs late because Navy commands did not have procedures to ensure the timeliness of PARs or had procedures that were ineffective. The Space and Naval Warfare Systems Command CPARS policy¹⁴ states that assessors should submit the PAR to the contractor within 60 days of the end of the evaluation period and that the reviewing official should review the PAR, if necessary, within 30 days. Specifically, at SSC Atlantic, an official tracks the due dates for the PARs and provides assessors with monthly reminders when the PAR is due. The SSC Atlantic official also sends the monthly reports to the commanding officer, executive director, and other personnel involved in CPARS. However, SSC Atlantic and SSC Pacific assessors still prepared PARs late.



Assessors prepared PARs late because Navy commands did not have procedures to ensure the timeliness of PARs or had procedures that were ineffective.

¹⁴ "Contractor Performance Assessment Reporting System (CPARS)," September 2012.

The Commanders at SSC Atlantic and SSC Pacific, should improve and re-emphasize procedures that require assessors to prepare PARs that meet the 120-day requirement in the USD(AT&L) policy.

In addition, NAVAIR, NAVSEA, and FLC Norfolk did not have procedures to ensure timely completion of PARs. The Commanders of NAVAIR and NAVSEA and Commanding Officer of FLC Norfolk should develop and implement procedures that require assessors to prepare PARs that meet the 120-day requirement in the USD(AT&L) policy.

Assessors Did Not Adequately Justify PAR Ratings or Describe the Purpose of the Contract

Navy assessors did not prepare sufficient written narratives to justify the ratings given for 61 of 81 PARs, as required by the FAR. In addition, Navy assessors did not prepare clear descriptions of the purpose of the contract for 11 of 81 PARs, as required by the FAR. See Appendix D for a summary of the PARs reviewed.

The FAR¹⁵ states:

The evaluation should reflect how the contractor performed. The evaluation should include clear relevant information that accurately depicts the contractor’s performance, and be based on objective facts supported by program and contract or order performance data.

It is important that assessors submit ratings consistent with the definitions of each rating element and thoroughly describe the rationale for the rating. Table 2 below demonstrates that 61 of 81 PARs at the commands we visited did not have sufficient narratives to justify the ratings given.

Table 2. Written Narratives Did Not Support Ratings Given

Command	Number of PARs Reviewed	Insufficient Written Narratives
NAVAIR	19	13
NAVSEA	14	9
FLC Norfolk	16	14
SSC Atlantic	19	15
SSC Pacific	13	10
Total	81	61

¹⁵ FAR Part 42, “Contract Administration and Audit Services,” Subpart 42.15, “Contract Performance Information,” 42.1503, “Procedures.”

Table 42-1 in the FAR¹⁶ defines each rating level and describes what the assessor needs to include in the written narrative to justify the rating.¹⁷ See Appendix E for FAR Table 42-1.

According to the FAR, a “very good” rating means:

Performance meets contractual requirements and exceeds some to the Government’s benefit. The contractual performance of the element or sub-element being evaluated was accomplished with some minor problems for which corrective actions taken by the contractor were effective.

In addition, the FAR states that, to justify a very good rating, the assessor should identify a significant event and state how it was a benefit to the Government. For example, an SSC Pacific assessor rated a contractor as very good for the cost control rating element on a PAR. The written narrative stated that the contractor was within cost for the contract and the contractor provided the cost information on time. The narrative did not describe a significant event that was a benefit to the Government; therefore, the narrative did not justify the very good rating.

According to the FAR, an “exceptional” rating means:

Performance meets contractual requirements and exceeds many to the Government’s benefit. The contractual performance of the element or sub-element being evaluated was accomplished with few minor problems for which corrective actions taken by the contractor were highly effective.

The FAR states that, to justify an exceptional rating, the assessor should identify multiple significant events and state how they were a benefit to the Government. For example, an FLC Norfolk assessor rated a contractor as exceptional for the schedule rating element. The written narrative stated that the contractor met all deadlines and reacted well to short notice changes to the schedule. The narrative did not describe multiple significant events that were a benefit to the Government; therefore, the narrative did not justify the exceptional rating.

In addition to the rating narratives, it is important for assessors to prepare clear descriptions of the purpose of the contract for use by source selection authorities. The FAR states, “the evaluation should include a clear, non-technical description of the principal purpose of the contract or order.” Table 3 demonstrates that PARs at each of the five commands we visited had inadequate contract purpose descriptions.

¹⁶ FAR Part 42, “Contract Administration and Audit Services,” Subpart 42.15, “Contract Performance Information,” 42.1503, “Procedures,” Table 42-1, “Evaluation Rating Definition.”

¹⁷ Table 42-1 was added to the FAR on September 3, 2013. Before the table was added to the FAR, the definitions for the rating elements and the description of what the assessors need to include to justify the ratings was in the Guidance for the CPARS, November 2012.

Table 3. *Insufficient Description of the Contract Purpose*

Command	Number of PARs Reviewed	Insufficient Description of Contract Purpose
NAVAIR	19	1
NAVSEA	14	3
FLC Norfolk	16	3
SSC Atlantic	19	2
SSC Pacific	13	2
Total	81	11

For example, at SSC Pacific, one description of the contract purpose stated: “N/A,” and a description for an FLC Norfolk contract stated: “provide information.” Neither of these provided a clear description of the principal purpose of the contract. Alternatively, a NAVSEA contract purpose stated:

The two projects that the contractor shall focus on for gas turbine efficiency improvements shall be the optimized variable stator vane (VSV) scheduling project and the high pressure turbine (HPT) cooling flow modulation project . . . The contractor shall optimize the VSV schedule through a series of tests on a Government-furnished LM2500 engine (gas generator and power turbine) to identify the compressor stall line at designated part power points and developing a Navy fuel schedule which will be implemented within the requisite engine controller.

This description provides source selection officials with a clear understanding of the purpose of the contract.

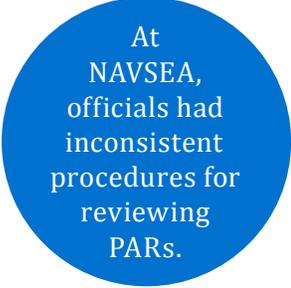
The value of a PAR to a future source selection team is directly linked to the care taken to prepare a quality and detailed narrative that accurately reflects the contractor’s performance on the contract. Generally, assessors did not provide sufficient written narratives to justify the rating given. Also, assessors did not prepare clear descriptions of the purpose of the contract. This occurred because:

- the Navy commands did not have policies or procedures to ensure quality or they were inadequate;
- assessors did not receive training or periodic refresher training or did not properly implement that training;
- of a culture that inflated contractor ratings; or
- FLC Norfolk contracting and CPARS officials did not adequately coordinate with assessors for PAR preparation.

Most Commands Did Not Have Procedures to Ensure Quality Written Narratives or Procedures Were Inadequate

The Navy commands, except for SSC Atlantic and SSC Pacific, did not have procedures to ensure quality written narratives, as required by the FAR, which states that agencies must have procedures to address management controls and appropriate management review of PARs. The FAR also requires agencies to frequently evaluate compliance with reporting requirements and monitor PARs for quality control.

CPARS guidance states that the contracting or requiring office should establish procedures to implement CPARS, including monitoring the quality of reports. For example, SSC Atlantic had a 2-step process for monitoring quality where a contracting officer's representative prepared the PAR and a team lead reviewed the PAR and then approved it and submitted it to the contractor for review; however, SSC Atlantic assessors still prepared insufficient PARs. SSC Pacific required assessors to obtain a review and concurrence from the reviewing official, who is a contracts branch head; however, SSC Pacific assessors still prepared insufficient PARs. At NAVSEA, officials had inconsistent procedures for reviewing PARs. Some NAVSEA officials stated that their components required a supervisory review of PARs before the assessor submitted them to the contractor in CPARS, but other components did not require a supervisory review. The Commanders of SSC Atlantic and SSC Pacific should improve and re-emphasize quality control procedures for evaluating PAR narratives and descriptions of the contract purpose. In addition, the Commanders of NAVAIR and NAVSEA and Commanding Officer of FLC Norfolk should develop and implement quality control procedures for evaluating PAR narratives and descriptions of the contract purpose.



At NAVSEA, officials had inconsistent procedures for reviewing PARs.

Assessors Did Not Consistently Receive Training on Writing PARs or Did Not Receive Periodic Refresher Training

Assessors...
for 24 PARs took
Quality and Narrative
Writing training, but
still did not prepare
sufficient written
narratives to justify
the ratings
given.

Navy assessors did not consistently receive training or periodic refresher training, which CPARS guidance identifies as a best practice. Specifically, assessors:

- for 36 PARs did not take Quality and Narrative Writing training and did not prepare sufficient written narratives to justify the ratings given; and
- for 24 PARs took Quality and Narrative Writing training, but still did not prepare sufficient written narratives to justify the ratings given.

Assessors need training to fully understand the role of PARs in source selection decisions and how to write detailed narratives. Source selection officials are required to evaluate past performance in making award decisions; therefore, it is imperative for PARs to include detailed, quality written information. The Quality and Narrative Writing training for CPARS addresses the purpose of a PAR and the level of detail necessary to justify and describe the contractor's performance.

For example, a NAVSEA assessor who did not receive training stated that he did not know the purpose of a PAR and thought the monthly status reports he previously prepared were the same as a PAR. Also, an assessor at SSC Atlantic who completed the Quality and Narrative Writing training was unable to support any of the rating elements, because he stated that he did not think he had to explain very good ratings. In addition, during interviews and in follow-up e-mails, assessors for 37 PARs provided examples and explanations that, if written in the narrative, would have been sufficient to justify some of the ratings given. However, the assessors did not include the information in the written narrative because they did not understand the level of detail required to justify the ratings or did not properly implement the training.

NAVAIR, NAVSEA, and FLC Norfolk did not require assessors to take Quality and Narrative Writing training for CPARS and SSC Atlantic and SSC Pacific¹⁸ required assessors to take Quality and Narrative Writing training for CPARS, but did not require periodic refresher training. The Commanders of NAVAIR and NAVSEA and Commanding Officer of FLC Norfolk should develop and implement procedures that

¹⁸ SSC Pacific procedures required assessors to take the training, but assessors for 6 of the 13 PARs did not take the training.

require assessors to take initial and periodic refresher Quality and Narrative Writing training for CPARS. In addition, the Commanders of SSC Atlantic and SSC Pacific should develop and implement procedures that require assessors to take periodic refresher Quality and Narrative Writing training for CPARS.

Cultural Change Needed in Navy to Reduce Inflated Ratings for Contractors

We reviewed the PAR ratings and rating definitions with Navy officials involved in PAR preparation, which revealed a culture of assessors writing inflated ratings. During interviews and in follow-up emails, assessors did not provide examples or explanations in the narrative to support ratings for 55 elements on 22 PARs,¹⁹ which indicated the contractor received ratings that were higher than the assessor could support. Specifically, for:

- one PAR, an assessor for SSC Atlantic rated the contractor as “satisfactory” in two elements but stated in the narratives that the contractor did not have enough personnel to perform contract requirements. A satisfactory rating means that the contractor’s performance meets contractual requirements.
- seventeen PARs, assessors for NAVAIR, NAVSEA, FLC Norfolk, SSC Atlantic, and SSC Pacific rated contractors as “very good” in 33 elements. However, the written narrative for each element did not provide an example of a significant event that exceeded contractual requirements and benefitted the government, which was required to justify a very good rating.
- nine PARs, assessors for NAVAIR, NAVSEA, FLC Norfolk, and SSC Atlantic rated contractors as “exceptional” in 20 elements. However, the written narratives did not provide examples of multiple significant events or a singular benefit of sufficient magnitude that exceeded contractual requirements and benefitted the government, which was required to justify an exceptional rating.

In addition, assessors indicated that they did not understand the definitions of the ratings. For example:

- An SSC Pacific assessor stated a contractor did not supply personnel at the level required for the contract. The assessor stated that she wanted to give the contractor a satisfactory rating because, in her opinion, a satisfactory rating was a bad rating. Because the contractor did not perform to the standards of the contract, the assessor should have given the contractor a “marginal” or “unsatisfactory” rating, which would have accurately indicated the contractor did not meet some or most contractual requirements, respectively. The same assessor stated that a very good

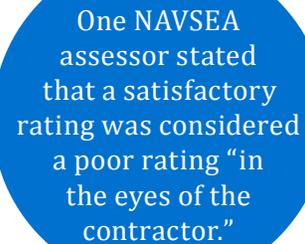
¹⁹ Of the 22 PARs, 5 PARs included inflated ratings of more than one type of rating.

rating meant that the contractor met the contractual requirements and did a good job. However, a very good rating means the contractor exceeded some contractual requirements to the government's benefit.

- Two SSC Atlantic assessors on two different PARs gave a contractor a very good rating for a job element but stated in an interview that the rating should have been satisfactory.

Furthermore, Navy officials stated that contractors perceived satisfactory ratings as poor ratings. For example:

- The contract department head at SSC Pacific stated that contractors fight for very good and exceptional ratings because a satisfactory rating was considered a bad rating. Further, she stated that contractors believed satisfactory ratings did not win contracts. However, a satisfactory rating means that the contractor's performance meets contractual requirements.
- One NAVSEA assessor stated that a satisfactory rating was considered a poor rating "in the eyes of the contractor." In addition, the NAVSEA assessor stated that the contractor used the ratings in the PAR to reward their personnel.



One NAVSEA assessor stated that a satisfactory rating was considered a poor rating "in the eyes of the contractor."

The contract department head at SSC Pacific stated that the Navy had a culture that needed to change for rating contractors. The Commanders of NAVAIR, NAVSEA, SSC Atlantic, and SSC Pacific and Commanding Officer of FLC Norfolk should train or re-emphasize to assessors the definitions of the ratings and what is required to justify each rating, as outlined in the FAR.

FLC Norfolk Contracting and CPARS Officials Need to Improve Coordination with Assessors for PAR Preparation

FLC Norfolk CPARS officials stated that contracting officers sometimes limited CPARS officials' access to the assessors, which made it difficult to work with the assessors to enforce timelines and provide PAR preparation assistance. The assessors for 13 of the 16 PARs were contracting officer's representatives from other Navy commands, some of which were higher in the Navy's chain of command than FLC Norfolk.

CPARS officials stated that contracting officers sometimes did not like CPARS officials to directly contact the personnel at the higher-level commands and that made it difficult to provide guidance on PAR preparation. FLC Norfolk contracting and CPARS officials need to work together to ensure that the contracting officer's representatives receive the necessary information and assistance to properly

prepare PARs, regardless of where the contracting officer's representatives fall within the Navy chain of command. The Commanding Officer of FLC Norfolk should develop procedures that provide assessors with the information and support necessary to adequately prepare PARs.

Navy Officials Did Not Complete 14 PARs

NAVAIR, NAVSEA, FLC Norfolk, and SSC Atlantic assessors did not complete PARs for 14 contracts. Generally, officials stated that not completing the PARs was an error. Specifically, FLC Norfolk assessors did not complete seven PARs because they were overlooked. Of the remaining seven contracts:

- The NAVAIR focal point stated that the incorrect assessors were initially assigned to the PAR and in October 2014 the program office determined that the PAR was overdue;
- NAVSEA assessors did not complete four PARs because the assessors had trouble accessing CPARS; and
- SSC Atlantic assessors did not complete two PARs because the assessor will not prepare a PAR until the option is exercised for one PAR and for the other PAR, the assessor did not provide an explanation. However, the delayed PAR preparation was not in compliance with FAR guidance²⁰ that, as of September 3, 2013, requires assessors to prepare PARs annually, at a minimum. SSC Atlantic contracting officials awarded this contract on September 9, 2012, which was more than 2 years ago.

As of February 9, 2015, none of the 14 PARs were in a final status in PPIRS. The Commanders of NAVAIR, NAVSEA, and SSC Atlantic and Commanding Officer of FLC Norfolk should require assessors to complete the PARs for the 14 contracts that were required to have them. See Appendix F for a list of the 14 PARs that need to be completed.

Navy Officials Did Not Adequately Justify Past Performance With Readily Available Information

As a result of Navy officials not complying with past performance requirements, Federal Government source selection officials did not have access to timely, accurate, and complete contractor performance assessment information needed to make informed decisions related to contract awards or other acquisition

Source selection officials did not have access to timely, accurate, and complete contractor performance assessment information.

²⁰ FAR Part 42, "Contract Administration and Audit Services," Subpart 42.15, "Contract Performance Information," 42.1502, "Policy."

matters. The FAR²¹ states that a satisfactory performance record is an indication of a responsible contractor. In addition, the FAR²² states that officials must evaluate past performance in all source selections for negotiated competitive acquisitions expected to exceed the simplified acquisition threshold unless the contracting officer documents the reason past performance is not an appropriate evaluation factor for the acquisition. Because source selection officials are required to evaluate past performance in making award decisions, it is imperative for PARs to include detailed, quality written information. Each PAR should effectively communicate contractor strengths and weaknesses to source selection officials. Also, the contract effort description is of critical importance because it assists source selection officials in determining the relevance of the PAR to their source selection.

Recommendations

Recommendation 1

We recommend that the Commander, Naval Sea Systems Command, develop and implement procedures for contract registration, including procedures to validate that personnel properly register contracts.

Recommendation 2

We recommend that the Commanding Officer of Naval Supply Systems Command, Fleet Logistics Center Norfolk and Commander of Space and Naval Warfare Systems Center Atlantic, improve and re-emphasize procedures for contract registration, including procedures to validate that personnel properly register contracts, and register the remaining 57 contracts.

Recommendation 3

We recommend that the Commanders of Space and Naval Warfare Systems Center Atlantic and Space and Naval Warfare Systems Center Pacific:

- a. Improve and re-emphasize procedures that require assessors to prepare performance assessment reports that meet the 120-day requirement in the Under Secretary of Defense for Acquisition, Technology, and Logistics policy;

²¹ FAR Part 9, "Contractor Qualifications," Subpart 9.1, "Responsible Prospective Contractors," 9.104-1, "General Standards."

²² FAR Part 15, "Contracting by Negotiation," Subpart 15.3, "Source Selection," 15.304, "Evaluation Factors and Significant Subfactors."

- b. Improve and re-emphasize quality control procedures for evaluating performance assessment report narratives and descriptions of the contract purpose; and
- c. Develop and implement procedures that require assessors to take periodic refresher quality and narrative writing training for the Contractor Performance Assessment Reporting System.

Recommendation 4

We recommend that the Commanders of Naval Air Systems Command and Naval Sea Systems Command and Commanding Officer of Naval Supply Systems Command, Fleet Logistics Center Norfolk, develop and implement:

- a. Procedures that require assessors to prepare performance assessment reports that meet the 120-day requirement in the Under Secretary of Defense for Acquisition, Technology, and Logistics policy;
- b. Quality control procedures for evaluating performance assessment report narratives and descriptions of the contract purpose; and
- c. Procedures that require assessors to take initial and periodic refresher quality and narrative writing training for the Contractor Performance Assessment Reporting System.

Recommendation 5

We recommend that the Commanders of Naval Air Systems Command, Naval Sea Systems Command, Space and Naval Warfare Systems Center Atlantic, and Space and Naval Warfare Systems Center Pacific and Commanding Officer of Naval Supply Systems Command, Fleet Logistics Center Norfolk, train or re-emphasize to assessors the definitions of the ratings and what is required to justify each rating, as outlined in the Federal Acquisition Regulation.

Recommendation 6

We recommend that the Commanding Officer of Naval Supply Systems Command, Fleet Logistics Center Norfolk, develop procedures that provide assessors with the information and support necessary to adequately prepare performance assessment reports.

Recommendation 7

We recommend the Commanders of Naval Air Systems Command, Naval Sea Systems Command, and Space and Naval Warfare Systems Center Atlantic and Commanding Officer of Naval Supply Systems Command, Fleet Logistics Center Norfolk, require assessors to complete the performance assessment reports for the 14 contracts that were required to have them.

Management Comments Required

We request that the Commanders of Naval Air Systems Command, Naval Sea Systems Command, Space and Naval Warfare Systems Center Atlantic, and Space and Naval Warfare Systems Center Pacific and Commanding Officer of Naval Supply Systems Command, Fleet Logistics Center Norfolk provide comments that state agreement or disagreement with the finding and recommendations.

Appendix A

Scope and Methodology

We conducted this performance audit from July 2014 through March 2015 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Universe and Sample

The CPARS program office, NAVSEA Logistics Center Portsmouth, Portsmouth Naval Shipyard, Maine, provided us with our audit universe. The audit team reviewed Navy PARs first because the Navy is the executive agent for CPARS. NAVSEA Logistics Center Portsmouth personnel queried the CPARS database for Navy contracts with effective dates from September 1, 2012, through March 31, 2013, with a total value of at least \$1 million,²³ that were classified as nonsystems contracts²⁴ based on the contract's product or service code.²⁵ We identified the top five Navy contracting office DoDAACs by total dollar value, which resulted in a universe of 797 contracts. The top five Navy contracting offices were:

1. NAVAIR, Patuxent Air Station, Maryland;
2. NAVSEA, Washington, D.C.;
3. Naval Supply Systems Command, FLC Norfolk, Naval Station Norfolk, Virginia;
4. SSC Atlantic, Joint Base Charleston, South Carolina; and
5. SSC Pacific, San Diego, California.

We determined that 315 of 797 contracts had completed or in-process PARs, as of June 23, 2014. We randomly selected a nonstatistical sample of 81 of 315 PARs.

²³ The reporting threshold for nonsystems, services contracts is \$1 million.

²⁴ The query determined whether a contract was a nonsystems contract by comparing the product or service code to a crosswalk that categorizes each product or service code into one of the CPARS business sectors. Nonsystems is a CPARS business sector.

²⁵ The code indicates what was purchased—product, service, research and development—by the Federal Government for each contract and is reported in the Federal Procurement Data System-Next Generation.

Documentation and Interviews

We obtained and reviewed PARs by querying PPIRS, contracts by querying the Electronic Document Access System, and site-specific policies and procedures by requesting them from Navy personnel. We also interviewed CPARS personnel at each of the five Navy commands and personnel from the CPARS program office. Specifically, we obtained:

- PARs;
- contracts;
- CPARS training records;
- CPARS training slides; and
- site-specific policies and procedures for CPARS.

In addition, the audit team received a demonstration of CPARS and PPIRS and took the Quality and Narrative Writing training for CPARS.

Criteria Reviewed

We compared the documentation and interview responses to the requirements identified in the FAR, the USD(AT&L) memorandum, and CPARS guidance.

Specifically, we determined whether CPARS officials complied with:

- FAR Subpart 42.15, “Contractor Performance Information,” which requires Federal Government officials to prepare and submit contractor performance information into CPARS;
- USD(AT&L) memorandum, “Past Performance Assessment Reporting,” January 9, 2009; which requires officials to register contracts that meet reporting thresholds and prepare PARs for contracts requiring assessments within 120 days of the end of the evaluation period; and
- Guidance for the Contractor Performance Assessment Reporting System (CPARS), November 2012 (updated September 2013 and July 2014), which provides guidance on procedures, responsibilities, and training for completing PARs.

We reviewed documentation dated from January 1994 through February 2015.

Use of Computer-Processed Data

To achieve the audit objectives we relied on computer-processed data from CPARS that CPARS program officials provided us. We used the CPARS data to:

- identify our audit universe and to choose our nonstatistical sample;
- determine which contracts had PARs in an in-process or final status;
- determine whether officials registered contracts; and
- determine whether officials prepared PARs late and the number of days late.

We identified errors in the CPARS data for four PARs, which resulted in us eliminating those PARs from our sample. Specifically, we eliminated two PARs because CPARS contained the incorrect award date. Navy contracting officials awarded the two contracts before our audit scope of September 1, 2012. We eliminated another PAR because the Navy transferred the contract to the Army. We eliminated the fourth PAR because the Navy did not award the contract; the Defense Logistics Agency awarded it and prepared the PAR. The data for these four PARs was incorrect in CPARS because officials entered the data incorrectly in the Federal Procurement Data System-Next Generation. The Federal Procurement Data System-Next Generation feeds contract information that meet the CPARS reporting criteria into CPARS. Therefore, information entered incorrectly in the Federal Procurement Data System-Next Generation results in incorrect data in CPARS. Because we eliminated these four PARs from our sample, they did not impact our findings or conclusions.

We verified that PARs in our sample were in an in-process or final status by comparing the PAR to the CPARS data, and we verified whether officials registered contracts during interviews with Navy personnel. We did not find any inconsistencies.

We also verified whether officials prepared PARs late by comparing the date of the last signature on the PAR to the date the PAR was due; however, the actual date the assessor or reviewer submitted the final PAR is not documented on the PAR. We identified two PARs that were late according to the CPARS data but not based on the dates contained on the PAR. We also interviewed the assessors to determine why they prepared the PARs late.

We did not find significant irregularities with the CPARS data; therefore, we determined that the data was sufficiently reliable to support our findings and conclusions.

Use of Technical Assistance

The Quantitative Methods Division provided technical assistance during the audit.

Prior Coverage

During the last 8 years, the Government Accountability Office (GAO) and the Department of Defense Office of Inspector General issued four reports discussing contractor past performance assessments. Unrestricted GAO reports can be accessed at <http://www.gao.gov>. Unrestricted DoD OIG reports can be accessed at <http://www.dodig.mil/pubs/index.cfm>.

GAO

GAO Report GAO-14-707, “Contractor Performance: Actions Taken to Improve Reporting of Past Performance Information,” August 7, 2014

GAO Report GAO-13-589, “Contractor Performance: DoD Actions to Improve the Reporting of Past Performance Information,” June 27, 2013

GAO Report GAO-09-374, “Federal Contractors: Better Performance Information Needed to Support Agency Contract Award Decisions,” April 23, 2009

DoD OIG

Report No. D-2008-057, “Contractor Past Performance Information,” February 29, 2008

Appendix B

Improvements in PAR Completion Statistics

These charts show the improvement in PAR completion statistics for each of the five Navy commands in our audit sample, from FY 2008 through the third quarter of FY 2014.

Figure B1. NAVAIR PAR Completion Statistics

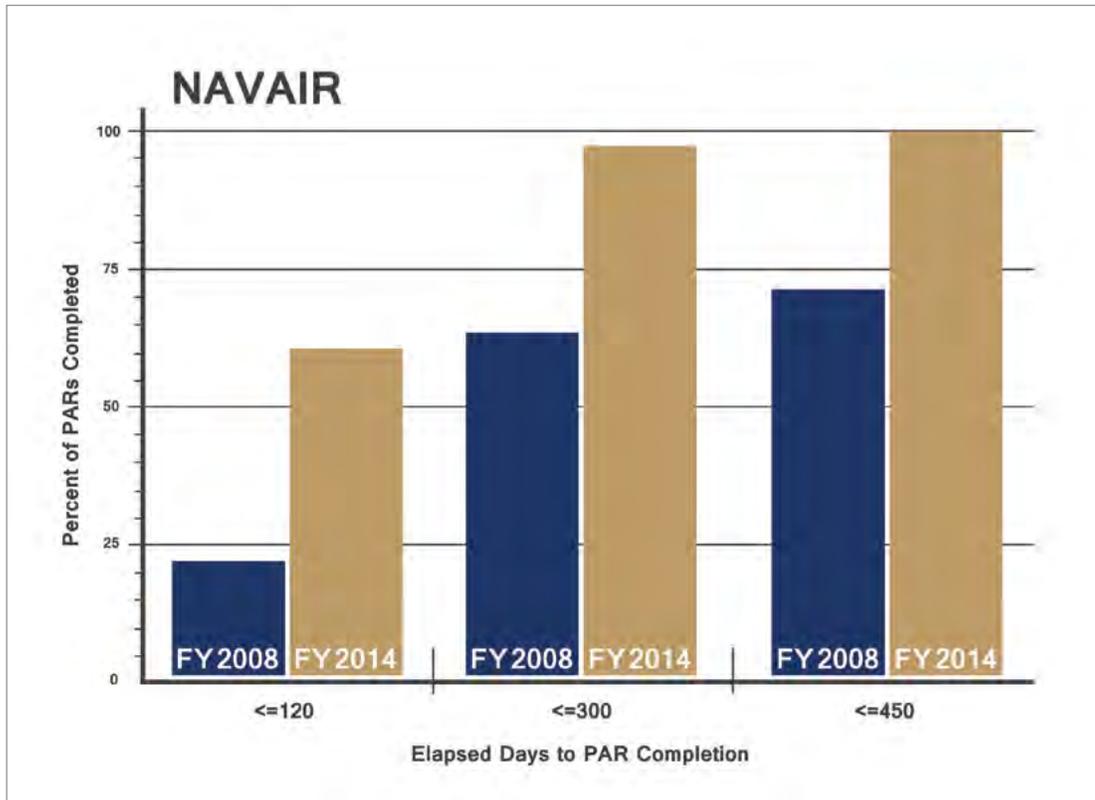


Table B1. NAVAIR PAR Completion Statistics

NAVAIR Data				
Elapsed Days	FY 2008		Third Quarter FY 2014	
	Number of PARs Completed	Percentage of PARs Completed	Number of PARs Completed	Percentage of PARs Completed
<=120 Days	25	23.8%	138	60.3%
<=300 Days	68	64.8%	226	98.7%
<=450 Days	75	71.4%	229	100.0%
Cumulative Total	105	100.0%	229	100.0%

Figure B2. NAVSEA PAR Completion Statistics

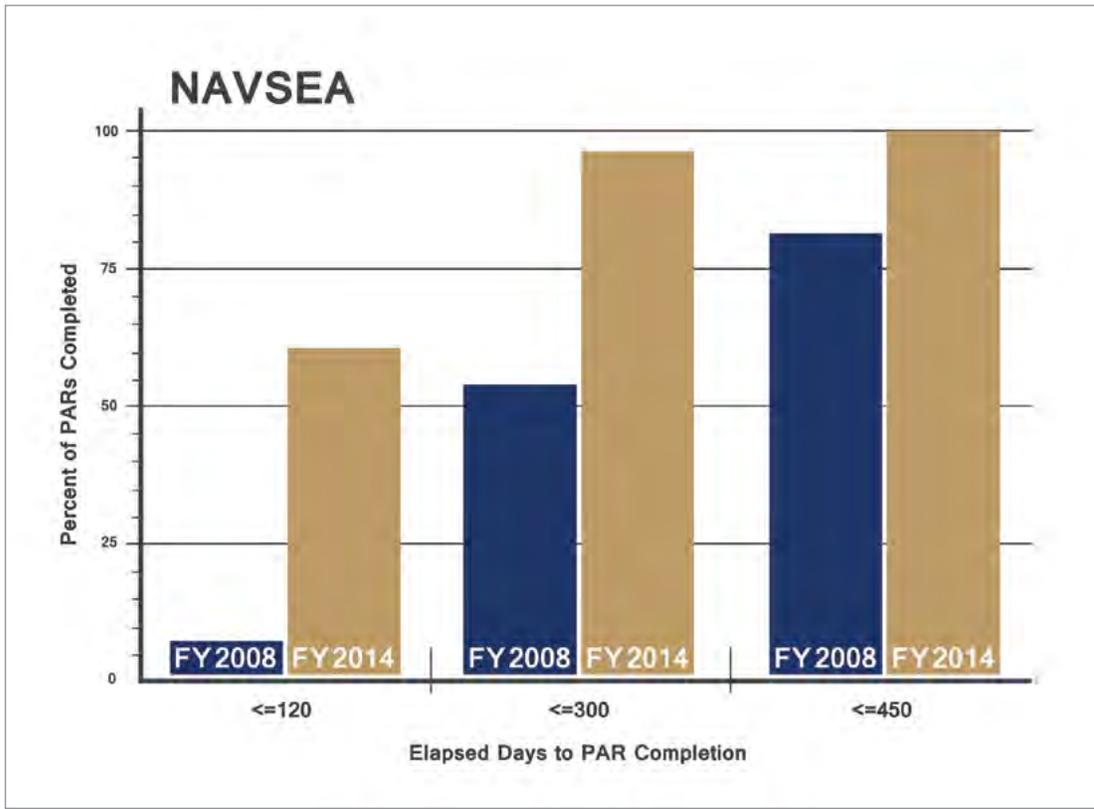


Table B2. NAVSEA PAR Completion Statistics

NAVSEA Data				
Elapsed Days	FY 2008		Third Quarter FY 2014	
	Number of PARs Completed	Percentage of PARs Completed	Number of PARs Completed	Percentage of PARs Completed
<=120 Days	3	8.1%	86	61.9%
<=300 Days	20	54.1%	136	97.8%
<=450 Days	31	83.8%	139	100.0%
Cumulative Total	37	100.0%	139	100.0%

Figure B3. FLC Norfolk PAR Completion Statistics

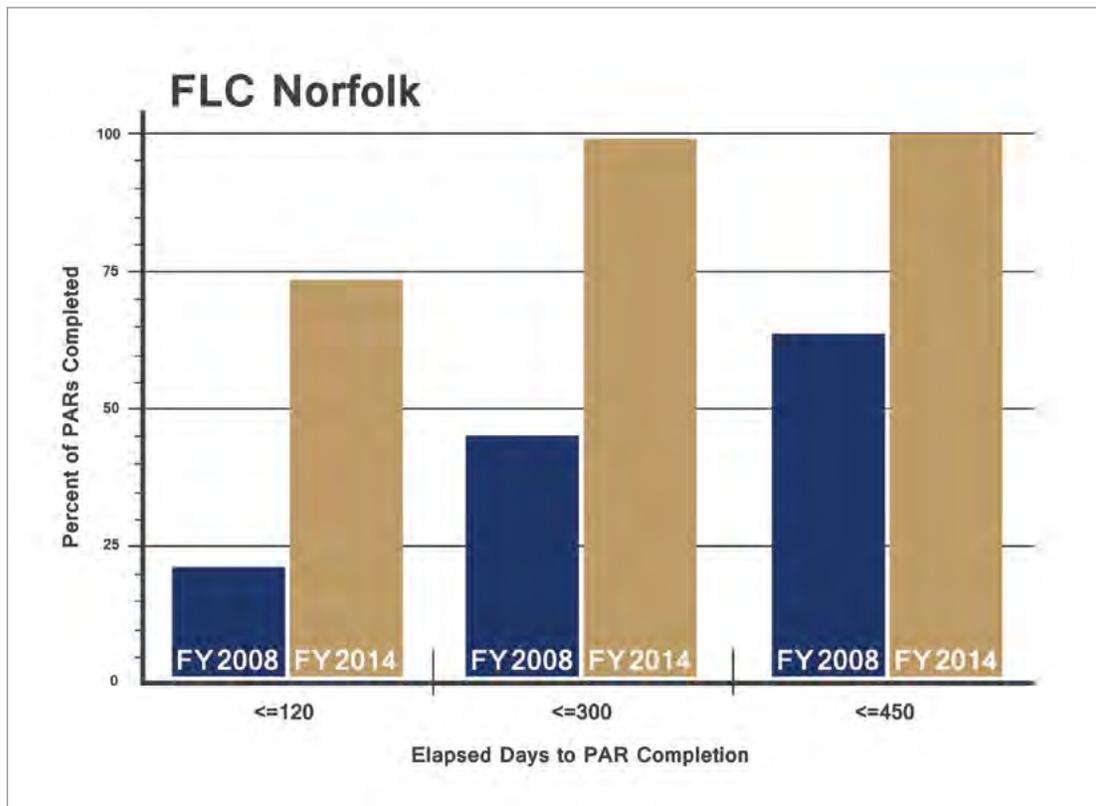


Table B3. FLC Norfolk PAR Completion Statistics

FLC Norfolk Data				
Elapsed Days	FY 2008		Third Quarter FY 2014	
	Number of PARs Completed	Percentage of PARs Completed	Number of PARs Completed	Percentage of PARs Completed
<=120 Days	8	21.6%	122	74.8%
<=300 Days	17	45.9%	162	99.4%
<=450 Days	24	64.9%	163	100.0%
Cumulative Total	37	100.0%	163	100.0%

Figure B4. SSC Atlantic PAR Completion Statistics

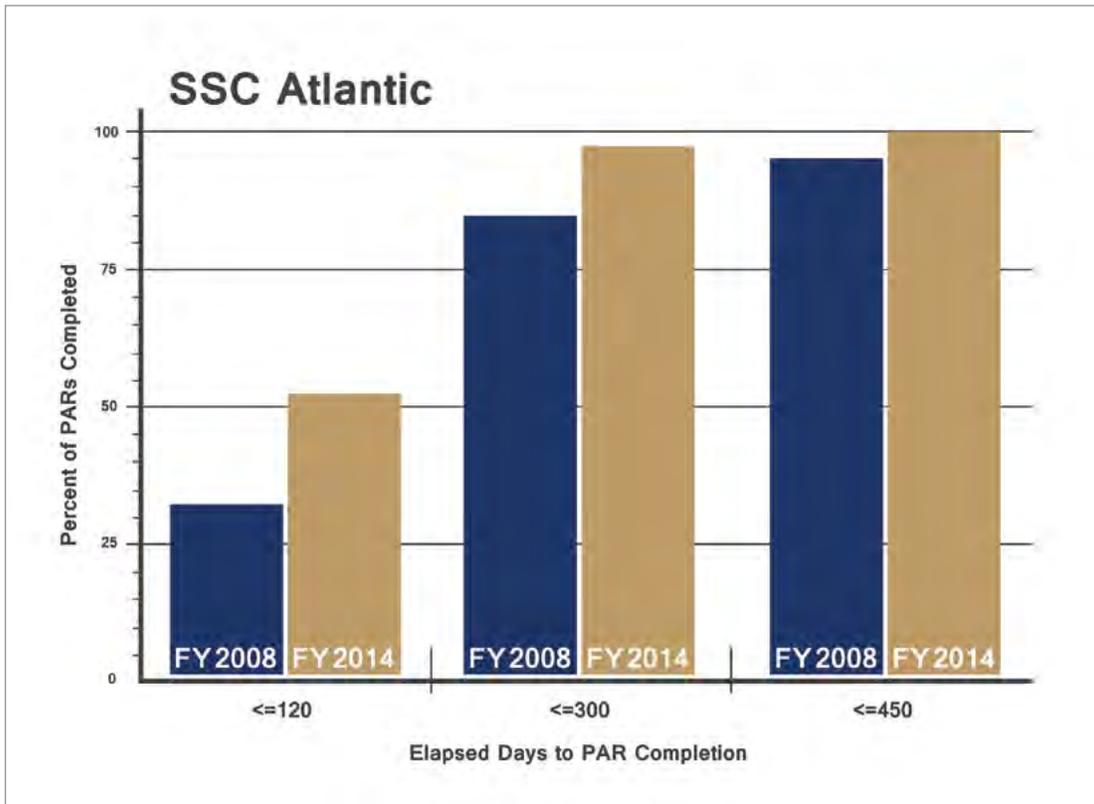


Table B4. SSC Atlantic PAR Completion Statistics

SSC Atlantic Data				
Elapsed Days	FY 2008		Third Quarter FY 2014	
	Number of PARs Completed	Percentage of PARs Completed	Number of PARs Completed	Percentage of PARs Completed
<=120 Days	16	33.3%	112	53.8%
<=300 Days	41	85.4%	205	98.6%
<=450 Days	46	95.8%	208	100.0%
Cumulative Total	48	100.0%	208	100.0%

Figure B5. SSC Pacific PAR Completion Statistics

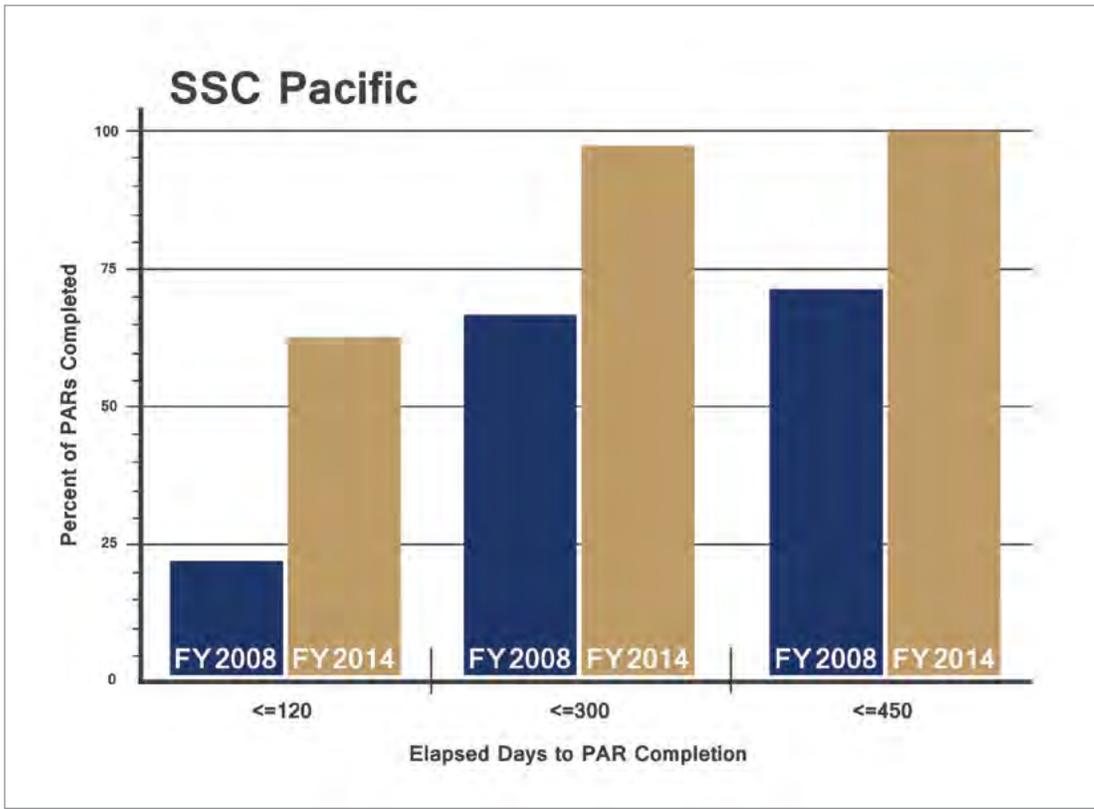


Table B5. SSC Pacific PAR Completion Statistics

SSC Pacific Data				
Elapsed Days	FY 2008		Third Quarter FY 2014	
	Number of PARs Completed	Percentage of PARs Completed	Number of PARs Completed	Percentage of PARs Completed
<=120 Days	4	22.2%	60	63.2%
<=300 Days	12	66.7%	94	98.9%
<=450 Days	13	72.2%	95	100.0%
Cumulative Total	18	100.0%	95	100.0%

Appendix C

Unregistered Contracts

This table shows the remaining 57 contracts that FLC Norfolk and SSC Atlantic officials need to register, as of January 6, 2015.

Command	Contract Number	Order Number	Registered
FLC Norfolk	GS-23F-9755H	N00189-12-F-Z374	No
FLC Norfolk	GS-35F-0196M	N00189-12-F-Z424	No
FLC Norfolk	GS-35F-0265X	N00104-13-F-QA51	No
FLC Norfolk	N00104-08-D-Q151	0043	No
FLC Norfolk	N00104-11-D-Q002	0016	No
FLC Norfolk	N00104-11-D-Q257	EX02	No
FLC Norfolk	N00104-11-D-Q257	EX03	No
FLC Norfolk	N00140-06-D-0002	2035	No
FLC Norfolk	N00140-06-D-0003	3040	No
FLC Norfolk	N00178-05-D-4242	EX02	No
FLC Norfolk	N00178-07-D-5151	EX01	No
FLC Norfolk	N00178-10-D-6089	EX01	No
FLC Norfolk	N00178-12-D-7019	EX01	No
FLC Norfolk	N00189-07-D-Z027	0089	No
FLC Norfolk	N00189-07-D-Z027	0087	No
FLC Norfolk	N00189-12-C-0047		No
FLC Norfolk	N00189-12-C-P025		No
FLC Norfolk	N00189-12-C-Z112		No
FLC Norfolk	N00189-12-C-Z118		No
FLC Norfolk	N00189-12-C-Z160		No
FLC Norfolk	N00189-12-D-0049		No
FLC Norfolk	N00189-12-D-0051		No
FLC Norfolk	N00189-12-D-Z039		No
FLC Norfolk	N00189-12-D-Z040		No
FLC Norfolk	N00189-12-D-Z041		No
FLC Norfolk	N00189-12-D-Z042		No
FLC Norfolk	N00189-12-D-Z043		No
FLC Norfolk	N00189-12-D-Z045		No

Unregistered Contracts (cont'd)

Command	Contract Number	Order Number	Registered
FLC Norfolk	N00189-13-D-0002		No
FLC Norfolk	N00189-13-D-Z003		No
FLC Norfolk	N00244-12-D-0014	EX03	No
FLC Norfolk	N00244-12-D-0015	EX08	No
FLC Norfolk	N00244-12-D-0015	EX09	No
FLC Norfolk	N00244-12-D-0015	EX07	No
FLC Norfolk	N00244-12-D-0015	EX18	No
FLC Norfolk	N00244-12-D-0016	FJ01	No
FLC Norfolk	N00244-12-D-0016	EX05	No
FLC Norfolk	N00244-12-D-0016	EX08	No
SSC Atlantic	GS-35F-0438T	N65236-12-F-2804	No
SSC Atlantic	N65236-07-D-6875	0119	No
SSC Atlantic	N65236-07-D-6880	0321	No
SSC Atlantic	N65236-08-D-2837	0081	No
SSC Atlantic	N65236-08-D-2837	0077	No
SSC Atlantic	N65236-09-D-5171	0085	No
SSC Atlantic	N65236-09-D-5176	0237	No
SSC Atlantic	N65236-09-D-5178	0066	No
SSC Atlantic	N65236-10-D-3823	0007	No
SSC Atlantic	N65236-11-D-3845	0008	No
SSC Atlantic	N65236-11-D-3848	0012	No
SSC Atlantic	N65236-12-D-3295	0001	No
SSC Atlantic	N65236-12-D-4123	0009	No
SSC Atlantic	N65236-12-D-4127	0001	No
SSC Atlantic	N65236-12-D-4802	0007	No
SSC Atlantic	N65236-12-D-4802	0008	No
SSC Atlantic	N65236-12-D-4804	0001	No
SSC Atlantic	N65236-12-D-4804	0002	No
SSC Atlantic	W91QUZ-09-A-0003	V787	No

Appendix D

Summary of PARs Reviewed

This table summarizes the 81 PARs we reviewed.

Command	Contract Number	Order Number	Timely (Yes/No)	# Days Late	Sufficient Written Narratives (Yes/No)	Sufficient Contract Effort Description (Yes/No)	Assessor Took CPARS Quality & Narrative Writing Training (Yes/No)
NAVAIR	N00019-09-D-0010	0036	Yes	-	No	Yes	No
NAVAIR	N00019-10-G-0003	0018	No	78	No	No	No
NAVAIR	N00019-10-G-0004	0030	No	33	No	Yes	No
NAVAIR	N00019-10-G-0004	0047	Yes	-	No	Yes	No
NAVAIR	N00019-10-G-0006	0022	Yes	-	Yes	Yes	No
NAVAIR	N00019-11-G-0001	0114	Yes	-	Yes	Yes	No
NAVAIR	N00019-11-G-0001	0116	Yes	-	No	Yes	No
NAVAIR	N00019-11-G-0018	0008	No	13	Yes	Yes	No
NAVAIR	N00019-12-C-0116		No	120	Yes	Yes	No
NAVAIR	N00019-12-C-2024		No	37	Yes	Yes	No
NAVAIR	N00019-12-D-0003		Yes	-	No	Yes	No
NAVAIR	N00019-12-D-0009	0003	No	89	No	Yes	No
NAVAIR	N00019-12-D-0011	0004	No	19	No	Yes	No
NAVAIR	N00019-12-D-0016		Yes	-	Yes	Yes	No
NAVAIR	N00019-13-C-0007		No	16	No	Yes	No
NAVAIR	N00019-13-C-0015		No	154	No	Yes	No
NAVAIR	N00019-13-C-0022		Yes	-	No	Yes	No
NAVAIR	N00383-06-D-001J	0016	No	21	No	Yes	No

Summary of PARs Reviewed (cont'd)

Command	Contract Number	Order Number	Timely (Yes/No)	# Days Late	Sufficient Written Narratives (Yes/No)	Sufficient Contract Effort Description (Yes/No)	Assessor Took CPARS Quality & Narrative Writing Training (Yes/No)
NAVAIR	N00421-13-C-0002		Yes	-	No	Yes	No
NAVSEA	N00189-13-D-PC07		No	332	Yes	No	No
NAVSEA	N00244-12-D-0016	EN01	No	182	Yes	Yes	No
NAVSEA	GS-35F-0067X	N00024-13-F-2320	No	105	No	No	No
NAVSEA	N00024-10-D-5227	0011	Yes	-	Yes	Yes	No
NAVSEA	N00024-12-C-4232		No	13	No	Yes	No
NAVSEA	N00024-12-C-5231		Yes	-	No	Yes	No
NAVSEA	N00024-12-C-6309		No	80	No	Yes	Yes
NAVSEA	N00024-13-A-0001	0001	Yes	-	No	No	No
NAVSEA	N00024-13-C-4205		Yes	-	No	Yes	No
NAVSEA	N00024-13-C-5207		Yes	-	Yes	Yes	No
NAVSEA	N00024-13-D-4209		No	1	No	Yes	Yes
NAVSEA	N00104-08-G-0001	EH01	Yes	-	No	Yes	No
NAVSEA	N00178-07-D-5288	EH02	Yes	-	No	Yes	No
NAVSEA	N61331-12-G-0001	EH01	No	111	Yes	Yes	No
FLC Norfolk	N00189-13-C-G002		Yes	-	No	Yes	No
FLC Norfolk	N00178-05-D-4663	FK01	Yes	-	No	No	N/A*
FLC Norfolk	N00189-04-D-0040	0059	No	47	No	Yes	No
FLC Norfolk	N00189-12-C-0060		No	114	No	No	No
FLC Norfolk	N00189-12-D-0024	0003	No	84	No	Yes	No
FLC Norfolk	N00189-12-D-0052		No	61	No	Yes	No

* The preparer of one PAR at FLC Norfolk was no longer with the Navy; therefore, we could not interview him to determine whether he completed the training.

Summary of PARs Reviewed (cont'd)

Command	Contract Number	Order Number	Timely (Yes/No)	# Days Late	Sufficient Written Narratives (Yes/No)	Sufficient Contract Effort Description (Yes/No)	Assessor Took CPARS Quality & Narrative Writing Training (Yes/No)
FLC Norfolk	N00189-12-D-0055		No	256	No	Yes	No
FLC Norfolk	N00189-13-C-0024		Yes	-	No	Yes	No
FLC Norfolk	N00189-13-D-0001		Yes	-	No	Yes	No
FLC Norfolk	N00189-13-D-0004		No	79	Yes	Yes	No
FLC Norfolk	N00189-13-D-0009		No	144	No	Yes	No
FLC Norfolk	N00189-13-D-0011		Yes	-	No	Yes	No
FLC Norfolk	N00189-13-D-0013		Yes	-	No	No	No
FLC Norfolk	N00189-13-D-0016		Yes	-	No	Yes	No
FLC Norfolk	N00189-13-D-0017		Yes	-	No	Yes	No
FLC Norfolk	N00189-13-D-0018		Yes	-	Yes	Yes	No
SSC Atlantic	GS00Q-09-BGD-0018	N65236-12-F-2107	No	87	Yes	Yes	Yes
SSC Atlantic	GS00Q-09-BGD-0018	N65236-12-F-3131	No	324	No	Yes	Yes
SSC Atlantic	N00178-10-D-6193	V701	No	12	No	Yes	Yes
SSC Atlantic	N65236-07-D-6881	0964	No	63	Yes	Yes	Yes
SSC Atlantic	N65236-07-D-6881	0974	Yes	-	No	Yes	Yes
SSC Atlantic	N65236-07-D-6881	0995	Yes	-	No	Yes	Yes
SSC Atlantic	N65236-08-D-2833	0076	No	48	No	Yes	Yes
SSC Atlantic	N65236-08-D-6805	0936	No	72	No	Yes	Yes
SSC Atlantic	N65236-08-D-6805	0952	No	39	No	Yes	Yes
SSC Atlantic	N65236-09-D-3807	0023	No	139	No	Yes	Yes
SSC Atlantic	N65236-10-D-5830	0027	No	114	Yes	Yes	Yes

Summary of PARs Reviewed (cont'd)

Command	Contract Number	Order Number	Timely (Yes/No)	# Days Late	Sufficient Written Narratives (Yes/No)	Sufficient Contract Effort Description (Yes/No)	Assessor Took CPARS Quality & Narrative Writing Training (Yes/No)
SSC Atlantic	N65236-10-D-6823	0016	No	73	No	Yes	Yes
SSC Atlantic	N65236-10-D-6823	0017	Yes	-	No	Yes	Yes
SSC Atlantic	N65236-11-D-3854	0011	Yes	-	Yes	Yes	Yes
SSC Atlantic	N65236-11-D-4806	0007	Yes	-	No	No	Yes
SSC Atlantic	N65236-12-D-3282	0001	Yes	-	No	No	Yes
SSC Atlantic	N65236-12-D-4804	0003	No	54	No	Yes	Yes
SSC Atlantic	N65236-12-D-4807	0005	No	153	No	Yes	Yes
SSC Atlantic	N65236-12-D-4819	0003	No	55	No	Yes	Yes
SSC Pacific	N00178-04-D-4012	7N09	Yes	-	No	Yes	Yes
SSC Pacific	N00178-05-D-4242	7N01	Yes	-	Yes	Yes	Yes
SSC Pacific	N00244-12-D-0014	7N01	No	18	No	Yes	No
SSC Pacific	N00244-12-D-0015	7N01	No	18	Yes	Yes	No
SSC Pacific	N66001-12-D-0004		Yes	-	No	Yes	Yes
SSC Pacific	N66001-12-D-0148		Yes	-	No	Yes	Yes
SSC Pacific	N66001-12-D-0149		Yes	-	No	Yes	Yes
SSC Pacific	N66001-12-D-0156		No	48	No	Yes	Yes
SSC Pacific	N66001-13-D-0005		No	23	No	Yes	No
SSC Pacific	N66001-13-D-0026		Yes	-	No	Yes	Yes
SSC Pacific	NNG07DA35B	N66001-13-F-7773	Yes	-	Yes	Yes	No
SSC Pacific	NNG07DA46B	N66001-13-F-7614	Yes	-	No	No	No
SSC Pacific	NNG07DA46B	N66001-13-F-8004	No	10	No	No	No

Appendix E

PAR Rating Definitions

Table 42-1 in the FAR²⁶ provides each rating, the definition of the ratings, and what the assessor needs to include in the written narrative to justify the rating given. Table 42-1 was added to the FAR on September 3, 2013. Before the table was added to the FAR, the definitions and justifications were in the Guidance for the Contractor Performance Assessment Reporting Systems (CPARS), November 2012.²⁷

Rating	Definition	Note
Exceptional	Performance meets contractual requirements and exceeds many to the Government's benefit. The contractual performance of the element or sub-element being evaluated was accomplished with few minor problems for which corrective actions taken by the contractor were highly effective.	To justify an exceptional rating, identify multiple significant events and state how they benefitted the Government. A singular benefit, however, could be of such magnitude that it alone constitutes an exceptional rating. Also, there should be NO significant weaknesses identified.
Very Good	Performance meets contractual requirements and exceeds some to the Government's benefit. The contractual performance of the element or sub-element being evaluated was accomplished with some minor problems for which corrective actions taken by the contractor were effective.	To justify a very good rating, identify a significant event and state how it benefitted the Government. There should be no significant weaknesses identified.
Satisfactory	Performance meets contractual requirements. The contractual performance of the element or sub-element contains some minor problems for which corrective actions taken by the contractor appear or were satisfactory.	To justify a satisfactory rating, there should be only minor problems, or major problems, which the contractor recovered from without impact to the contract. There should be NO significant weaknesses identified. A fundamental principle of assigning ratings is that contractors will not be evaluated with a rating lower than satisfactory solely for not performing beyond the requirements of the contract.

²⁶ FAR Part 42, "Contract Administration and Audit Services," Subpart 42.15, "Contract Performance Information," 42.1503, "Procedures," Table 42-1, "Evaluation Rating Definition."

²⁷ In the Guidance for the CPARS, November 2012, the word "evaluated" in the definition column was "assessed."

PAR Rating Definitions (cont'd)

Rating	Definition	Note
Marginal	Performance does not meet some contractual requirements. The contractual performance of the element or sub-element being evaluated reflects a serious problem for which the contractor has not yet identified corrective actions. The contractor's proposed actions appear only marginally effective or were not fully implemented.	To justify marginal performance, identify a significant event in each category that the contractor had trouble overcoming and state how it impacted the Government. A marginal rating should be supported by referencing the management tool that notified the contractor of the contractual deficiency (for example, management, quality, safety, or environmental deficiency report or letter).
Unsatisfactory	Performance does not meet most contractual requirements and recovery is not likely in a timely manner. The contractual performance of the element or sub-element contains a serious problem(s) for which the contractor's corrective actions appear or were ineffective.	To justify an unsatisfactory rating, identify multiple significant events in each category that the contractor had trouble overcoming and state how it impacted the Government. A singular problem, however, could be of such serious magnitude that it alone constitutes an unsatisfactory rating. An unsatisfactory rating should be supported by referencing the management tools used to notify the contractor of the contractual deficiencies (for example, management, quality, safety, or environmental deficiency reports, or letters).

Appendix F

PARs Not Prepared

This table shows the 14 contracts with overdue PARs and their status as of February 9, 2015.

Command	Contract Number	Order Number	Status of PAR
NAVAIR	N00019-12-C-0125		Rated
NAVSEA	N00178-04-D-4026	FK04	Drafted
NAVSEA	N00178-04-D-4026	FK05	Drafted
NAVSEA	N00178-04-D-4026	FK07	Drafted
NAVSEA	N00178-04-D-4026	FK08	Drafted
FLC Norfolk	N00189-12-D-Z044		Not Initiated
FLC Norfolk	N00189-13-C-Z015		Not Initiated
FLC Norfolk	N00189-13-C-Z018		Not Initiated
FLC Norfolk	N00189-13-C-Z037		Not Initiated
FLC Norfolk	N00189-13-D-G003		Initiated
FLC Norfolk	N00189-13-D-Z012		Rated
FLC Norfolk	N00189-13-D-Z013		Not Initiated
SSC Atlantic	N65236-11-D-3844	0005	Not Initiated
SSC Atlantic	N65236-11-D-6854	0003	Reviewed

Drafted	Initiated; waiting for assessing official signature.
Initiated	Initiated; waiting for assessing official representative to send to assessing official.
Not Initiated	The contract is registered, no evaluations have been initiated.
Rated	Signed by assessing official; waiting for contractor comments.
Reviewed	Signed by contractor or contractor comment period expired; waiting for assessing official to finalize.

Acronyms and Abbreviations

CPARS	Contractor Performance Assessment Reporting System
DoDAAC	DoD Activity Address Code
FAR	Federal Acquisition Regulation
FLC	Fleet Logistics Center
NAVAIR	Naval Air Systems Command
NAVSEA	Naval Sea Systems Command
PAR	Performance Assessment Report
PPIRS	Past Performance Information Retrieval System
SSC	Space and Naval Warfare Systems Center
USD(AT&L)	Under Secretary of Defense for Acquisition, Technology, and Logistics



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