



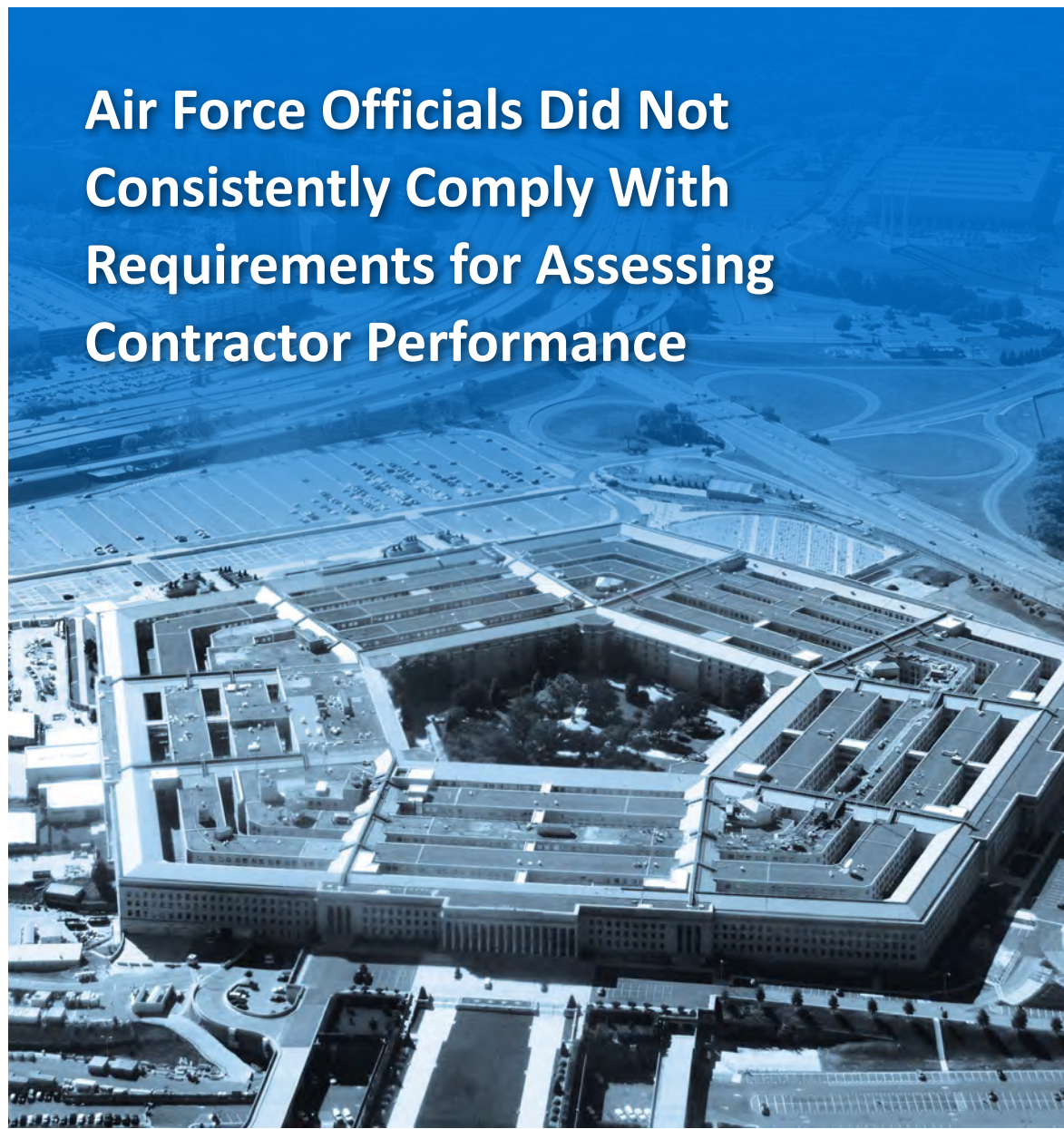
INSPECTOR GENERAL

U.S. Department of Defense

JANUARY 29, 2016



Air Force Officials Did Not Consistently Comply With Requirements for Assessing Contractor Performance



INTEGRITY ★ EFFICIENCY ★ ACCOUNTABILITY ★ EXCELLENCE

INTEGRITY ★ EFFICIENCY ★ ACCOUNTABILITY ★ EXCELLENCE

Mission

Our mission is to provide independent, relevant, and timely oversight of the Department of Defense that supports the warfighter; promotes accountability, integrity, and efficiency; advises the Secretary of Defense and Congress; and informs the public.

Vision

Our vision is to be a model oversight organization in the Federal Government by leading change, speaking truth, and promoting excellence—a diverse organization, working together as one professional team, recognized as leaders in our field.



For more information about whistleblower protection, please see the inside back cover.



Results in Brief

Air Force Officials Did Not Consistently Comply With Requirements for Assessing Contractor Performance

January 29, 2016

Objective

We determined whether Air Force officials completed comprehensive and timely contractor performance assessment reports (PARs) for nonsystems contracts as required by Federal and DoD policies. The purpose of a PAR is to provide source selection officials with information on contractor past performance. This is the second in a series of audits of DoD compliance with policies for evaluating contractor performance. We selected a nonstatistical sample of four commands that prepared 48 PARs with a contract value of \$2.4 billion.

Finding

Air Force Life Cycle Management Center (AFLCMC); Headquarters Space and Missile Systems Center (HQ SMC); Air Combat Command, Acquisition Management Integration Center (ACC AMIC); and 338th Specialized Contracting Squadron (SCONS) officials did not consistently comply with requirements for evaluating contractor past performance when preparing 48 PARs.

Specifically, HQ SMC and ACC AMIC assessors did not prepare 7 of 48 PARs within the 120-day required timeframe. In addition, Air Force officials at all four commands prepared 37 of 48 PARs without sufficient written narratives to justify the ratings given or without sufficient descriptions of the contract purpose.

These conditions occurred because:

- Air Force command-specific procedures did not consistently ensure timeliness or did not address timeliness;
- assessors did not understand PAR rating definitions or evaluation factors;

Finding (cont'd)

- assessors did not take, or properly implement, training; or
- Air Force officials did not consistently perform adequate reviews of the written narrative.

AFLCMC, HQ SMC, and 338th SCONS did not have written procedures to register contracts; however, Air Force officials properly registered or had a valid reason for not registering 161 contracts. Written procedures are necessary to ensure continued compliance with registration requirements.

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 AFLCMC, HQ SMC, and 338th SCONS and the Director of ACC AMIC develop or improve procedures for preparing PARs within 120 days; ensuring assessors take initial and periodic refresher training for writing PARs; evaluating PARs for quality; or registering contracts.

Management Comments and Our Response

On behalf of AFLCMC, we received comments from the Senior Materiel Leader, AFLCMC Command and Control, Intelligence, Surveillance, and Reconnaissance (C2ISR) and the Deputy Chief, AFLCMC Medium Altitude Unmanned Aircraft Systems (MA-UAS). We also received comments from the Commanders, HQ SMC and 338th SCONS, and the Deputy Director, ACC AMIC. The Commander, HQ SMC; Deputy Director, ACC AMIC; and Senior Materiel Leader, AFLCMC C2ISR addressed all specifics of the recommendations and no further comments are required. Comments from the Commander, 338th SCONS, and Deputy Chief, AFLCMC MA-UAS did not address all specifics of the recommendations and we request that they provide comments on this report by February 28, 2016. Please see the Recommendations Table on the next page.

Recommendations Table

Management	Recommendations Requiring Comment	No Additional Comments Required
Senior Materiel Leader, Air Force Life Cycle Management Center Command and Control, Intelligence, Surveillance, and Reconnaissance		2.a, 2.b, 2.c, 2.d, 3
Deputy Chief, Air Force Life Cycle Management Center Medium Altitude Unmanned Aircraft Systems	2.d	2.a, 2.b, 2.c, 3
Commander, Headquarters Space and Missile Systems Center		2.a, 2.b, 2.c, 2.d, 3
Deputy Director, Air Combat Command, Acquisition Management and Integration Center		1.a, 1.b, 1.c, 3
Commander, 338th Specialized Contracting Squadron	2.a, 2.b, 2.c, 2.d	3

Please provide Management Comments by February 28, 2016.



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

January 29, 2016

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION, TECHNOLOGY,
AND LOGISTICS.
ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL MANAGEMENT
AND COMPTROLLER)
NAVAL INSPECTOR GENERAL

SUBJECT: Air Force Officials Did Not Consistently Comply With Requirements for Assessing Contractor
Performance (Report No. DODIG-2016-043)

We are providing this report for review and comment. Air Force officials registered contracts in the Contractor Performance Assessment Reporting System, but they did not prepare 7 of 48 performance assessment reports in a timely manner and they did not provide sufficient written narratives to justify the ratings given, as required by the Federal Acquisition Regulation. We conducted this audit in accordance with generally accepted government auditing standards.

We considered management comments on a draft of this report when preparing the final report. DoD Instruction 7650.03 requires that recommendations be resolved promptly. Comments from the Commander, Headquarters Space and Missile Systems Center; Deputy Director, Air Combat Command, Acquisition Management Integration Center; and Senior Materiel Leader, Air Force Life Cycle Management Center Command and Control, Intelligence, Surveillance, and Reconnaissance, fully addressed all specifics of the recommendations. Comments from the Commander, 338th Specialized Contracting Squadron addressed all specifics of Recommendation 3, partially addressed Recommendations 2.b and 2.d, but did not address Recommendations 2.a and 2.c. Comments from the Deputy Chief, Air Force Life Cycle Management Center Medium Altitude Unmanned Aircraft Systems, addressed all specifics of Recommendations 2.a, 2.b, and 2.c and partially addressed Recommendations 2.d and 3. Comments from the Deputy Chief, Air Force Life Cycle Management Center Medium Altitude Unmanned Aircraft Systems to Recommendation 3 met the intent of that recommendation and we will not request additional comments. Therefore, we request that the Commander, 338th Specialized Contracting Squadron, provide additional comments to Recommendations 2.a, 2.b, 2.c, and 2.d and the Deputy Chief, Air Force Life Cycle Management Center Medium Altitude Unmanned Aircraft Systems, provide additional comments to Recommendation 2.d by February 28, 2016.

Please provide comments that conform to the requirements of DoD Instruction 7650.03. 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 black ink, reading "Michael J. Roark".

Michael J. Roark
Assistant Inspector General
Contract Management and Payments



Contents

Introduction

Objective	1
Background	1
Audit Scope	4
Review of Internal Controls	5

Finding. Air Force Officials' Compliance With Past Performance Reporting Requirements Needs Improvement

HQ SMC and ACC AMIC Assessors Prepared PARs Late, and Some Commands Did Not Have Procedures to Ensure Timeliness	7
Assessors Did Not Adequately Justify PAR Ratings	9
Air Force Officials Reviews of Written Narratives Did Not Consistently Identify Noncompliance With the FAR	15
Assessors Complied With Registration Requirements, but Written Procedures Needed	16
Air Force Officials Did Not Adequately Justify Past Performance With Readily Available Information	17
ACC AMIC Management Actions Taken	17
Management Comments on the Findings and Our Response	18
Recommendations, Management Comments, and Our Response	19

Appendixes

Appendix A. Scope and Methodology	29
Universe and Sample	29
Documentation and Interviews	30
Criteria Reviewed	30
Use of Computer-Processed Data	31
Use of Technical Assistance	31
Prior Coverage	31
Appendix B. Improvement in PAR Completion Statistics	33

Contents (cont'd)

Appendix C. Summary of PARs Reviewed	37
Appendix D. Summary of Evaluation Factors Not Supported	40
Appendix E. PAR Rating Definitions	43

Management Comments

Air Force Life Cycle Management Center Command and Control, Intelligence, Surveillance, and Reconnaissance	47
Air Force Life Cycle Management Center Medium Altitude Unmanned Aircraft Systems	52
Headquarters Space and Missile Systems Center	55
Air Combat Command, Acquisition Management and Integration Center	57
338th Specialized Contracting Squadron	59

Acronyms and Abbreviations	61
----------------------------	----

Introduction

Objective

We determined whether Air Force officials completed comprehensive and timely contractor performance assessment reports (PARs) for nonsystems contracts¹ as required by Federal and DoD policies. This is the second in a series of audits of DoD compliance with policies for evaluating contractor performance. See Appendix A for a discussion of the scope, 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. Federal Government source selection officials obtain PARs from the Past Performance Information Retrieval System.

The process begins when the Federal Procurement Data System-Next Generation⁴ feeds contracts that exceed the reporting thresholds established by the FAR and Defense Federal Acquisition Regulation Supplement⁵ into CPARS. CPARS classifies contracts into different business sectors and the Defense Federal Acquisition

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," 42.1502(a), "General."

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

⁴ The Federal Procurement Data System-Next Generation is a web-based tool for agencies to report contract actions.

⁵ FAR Part 42, "Contract Administration and Audit Services," Subpart 42.15, "Contract Performance Information," 42.1502, "Policy," 42.1502(b), "Contracts," requires officials to prepare evaluations of contractor performance for contracts that exceed the simplified acquisition threshold; however, the Defense Federal Acquisition Regulation Supplement deviates from the FAR and raises the reporting thresholds. See Table 1.

Regulation Supplement⁶ establishes a specific dollar reporting threshold for each business sector. Table 1 identifies the CPARS business sectors and DoD's dollar reporting thresholds.

Table 1. CPARS Business Sectors and DoD Reporting Thresholds

Business Sector	Dollar Threshold
Systems	> \$5,000,000
Non-Systems	
Operations Support	> \$5,000,000
Services	> \$1,000,000
Information Technology	> \$1,000,000
Ship Repair and Overhaul	> \$500,000
Architect-Engineer	≥ \$30,000
Construction	≥ \$650,000

Officials access CPARS and review the contracts that the Federal Procurement Data System-Next Generation fed into the system. The officials determine whether they need to register the contract.⁷ When officials register contracts in CPARS, they assign personnel to complete the assessment of the contractor, which is done by writing a PAR. Contracts may have one or more PARs prepared over the contract's period of performance. Because the FAR⁸ requires assessors to prepare PARs at least annually and at the time the contractor completes the work, each contract should have at least one PAR for each year of the contract.

Results of Previous DoD Office of the Inspector General Reports

The DoD Office of the Inspector General (OIG) issued two previous reports addressing DoD officials' preparation and use of contractor past performance information.

⁶ Defense Federal Acquisition Regulation Supplement Part 242, "Contractor Performance Information," 242.1502, "Policy," states that past performance evaluation thresholds are contained in a DoD class deviation. The Under Secretary of Defense for Acquisition, Technology, and Logistics issued, "Class Deviation—Past Performance Evaluation Thresholds and Reporting Requirements," September 24, 2013, which identifies DoD's reporting thresholds for CPARS.

⁷ The Guidance for the Contractor Performance Assessment Reporting System (CPARS), July 2014, allows officials to choose how they want to prepare PARs for indefinite-delivery contracts and the orders awarded against them. Officials may prepare PARs on the overall indefinite-delivery contract or on the individual orders.

⁸ FAR Part 42, "Contract Administration and Audit Services," Subpart 42.15, "Contract Performance Information," 42.1502, "Policy," 42.1502(a), "General."

FY 2015 DoD OIG Report

DoD OIG issued Report No. DODIG-2015-114, “Navy Officials Did Not Consistently Comply With Requirements for Assessing Contractor Performance,” on May 1, 2015. We reported that Navy officials did not consistently comply with requirements for evaluating contractor past performance when they registered contracts and prepared PARs. Specifically, the audit team reported that:

- 88 of 797 contracts were not registered,
- 42 of 81 PARs were prepared an average of 84 days late, and
- 61 of 81 PARs were prepared without sufficient written narratives to justify the ratings given.

The report recommended that Navy officials develop or improve procedures for registering contracts, preparing PARs within the required timeframe, requiring initial and periodic refresher training for writing PARs, and evaluating PARs for quality.

FY 2008 DoD OIG Report

DoD OIG issued Report No. D-2008-057, “Contractor Past Performance Information,” on February 29, 2008. 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
- 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 on writing PAR narratives and the corresponding ratings for the assessors who prepare and review PARs.

In response to the report recommendations, USD(AT&L) issued a memorandum⁹ that requires DoD officials to register contracts and complete PARs within 120 days. However, the memorandum did not require formal training for CPARS assessors, as recommended by the FY 2008 report.

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

Senate Armed Services Committee Request for Audit

In a June 4, 2010, Senate Armed Services Committee report,¹⁰ the Committee directed DoD OIG to perform a follow-up audit to determine whether DoD officials improved compliance with past performance requirements and maintained a more complete and useful database of contractor past performance information. Appendix B shows that Air Force officials at the commands in our scope reduced the timeframes to prepare PARs from FY 2010 through FY 2015; therefore, Air Force officials' compliance with past performance requirements improved.

This is the second in a series of audits; the first audit, as previously discussed, reported on the Navy.¹¹ We reported on the Navy first because the Navy is the executive agent for CPARS.

Audit Scope

We selected a nonstatistical sample of four Air Force commands:

- Air Force Life Cycle Management Center (AFLCMC), Robins Air Force Base (AFB), Warner Robins, Georgia;
- Headquarters Space and Missile Systems Center (HQ SMC), Los Angeles AFB, El Segundo, California;
- Air Combat Command, Acquisition Management and Integration Center (ACC AMIC), Newport News, Virginia; and
- 338th Specialized Contracting Squadron (SCONS), Joint Base San Antonio-Randolph, San Antonio, Texas.

These four commands awarded a total of 161 contracts valued at \$5.4 billion. We determined that assessors completed PARs for 58 of the 161 contracts, as of September 2, 2015. We reviewed 48 of the 58 PARs. The 48 PARs had a total contract value of \$2.4 billion. See Appendix A for a complete discussion of our audit scope and methodology.

¹⁰ Senate Report 111-201, "National Defense Authorization Act for Fiscal Year 2011," published June 4, 2010.

¹¹ DoD OIG Report No. DoDIG-2015-114, "Navy Officials Did Not Consistently Comply With Requirements For Assessing Contractor Performance," May 1, 2015.

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 Air Force. Specifically, AFLCMC, HQ SMC, ACC AMIC, and 338th SCONS policies and procedures did not contain adequate controls to ensure assessors completed PARs within required timeframes or completed PARs with sufficient written narratives. We will provide a copy of the report to the senior official responsible for internal controls in the Department of the Air Force.

Finding

Air Force Officials' Compliance With Past Performance Reporting Requirements Needs Improvement

Air Force officials at four nonstatistically selected commands—AFLCMC, HQ SMC, ACC AMIC, and 338th SCONS—did not consistently comply with requirements for evaluating contractor past performance when preparing 48 PARs. Specifically, HQ SMC and ACC AMIC assessors did not prepare 7 of 48 PARs within the 120-day timeframe required by a USD(AT&L) memorandum.¹² In addition, Air Force officials at all four commands prepared 37 of 48 PARs without sufficient written narratives to justify the ratings given, and 6 of the 37 PARs also did not have sufficient descriptions of the contract purpose.

These conditions occurred because:

- Air Force command-specific procedures did not consistently ensure timeliness or did not address timeliness;
- assessors did not understand PAR rating definitions or evaluation factors;
- assessors did not take, or properly implement, training; or
- Air Force officials did not consistently perform adequate reviews of the written narrative.

AFLCMC, HQ SMC, and 338th SCONS did not have written procedures to register contracts; however, Air Force officials properly registered or had a valid reason for not registering all 161 contracts¹³ in CPARS. Written procedures are necessary to ensure continued compliance with registration requirements.

As a result, Federal 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.

¹² USD(AT&L) memorandum, "Past Performance Assessment Reporting," January 9, 2009. For details on the late PARs and number of days late, see Table 2.

¹³ The four commands awarded a total of 161 contracts valued at \$5.4 billion. We determined that assessors completed PARs for 58 of the 161 contracts, as of September 2, 2015. We reviewed 48 of the 58 PARs.

HQ SMC and ACC AMIC Assessors Prepared PARs Late, and Some Commands Did Not Have Procedures to Ensure Timeliness

HQ SMC and ACC AMIC assessors did not prepare 7 of 48¹⁴ PARs within the 120-day requirement and prepared the 7 PARs an average of 65 days late. See Appendix C for a summary of the PARs reviewed and the number of days late for each of the seven PARs. Table 2 identifies the number of late PARs and the average number of days they were late at the two commands.

Table 2. Number and Average Days of Late PARs

Command	Number of Late PARs	Average Days Late
HQ SMC	3	88
ACC AMIC	4	47
Total	7	65*

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

Generally, assessors prepared PARs late because their command did not have written procedures to ensure timeliness of PARs or the written procedures were ineffective. The FAR¹⁵ states that agencies must perform frequent evaluation of compliance with reporting requirements so they can readily identify delinquent past performance efforts. The FAR¹⁶ also requires officials to prepare PARs at least annually and at the time the contractor completes the work. The USD(AT&L) memorandum¹⁷ requires officials to complete PARs within 120 days of the end of the evaluation period. In addition, guidance for CPARS¹⁸ states that the contracting or requiring office should establish procedures to implement CPARS, including monitoring the timely completion of reports. Furthermore, the contractor has 60 days to respond to the PAR. Although the commands tracked the status of PARs, HQ SMC and ACC AMIC assessors still prepared PARs late.

¹⁴ From the universe of 161 contracts, 58 had completed PARs as of September 2, 2015. We reviewed a nonstatistical sample of 48 of 58 PARs. See Appendix A for a complete discussion of our scope.

¹⁵ FAR Part 42, "Contract Administration and Audit Services," Subpart 42.15, "Contract Performance Information," 42.1503, "Procedures," 42.1503(e).

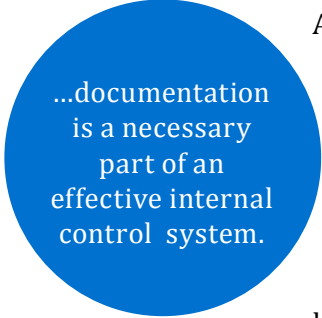
¹⁶ FAR Part 42, "Contract Administration and Audit Services," Subpart 42.15, "Contractor Performance Information," 42.1502, "Policy," 42.1502(a), "General."

¹⁷ USD(AT&L) memorandum, "Past Performance Assessment Reporting," January 9, 2009.

¹⁸ Guidance for the Contractor Performance Assessment Reporting System (CPARS), July 2014.

ACC AMIC had some procedures to ensure timeliness. The ACC AMIC Guide for CPARS Reporting states that the program manager or contracting officer's representative has 45 days to write the PAR and send it to the contracting officer for review and validation before the contracting officer sends the PAR to the contractor. However, the procedures do not provide a timeframe for the contracting officer to review and validate the PAR before it is sent to the contractor. For example, an ACC AMIC assessor completed two PARs 5 and 36 days late. The assessor stated that before he could prepare the PAR, the incentive board¹⁹ needed to determine the incentive fee to award the contractor. The FAR²⁰ requires assessors to evaluate incentive fees in the PAR; therefore, the assessor could not submit the PAR until the board determined the incentive fee. The Director of ACC AMIC issued a memorandum²¹ on October 15, 2015, which provides specific timeliness procedures to ensure assessors prepare PARs within the 120-day requirement. The Director of ACC AMIC should monitor compliance with the revised procedures to ensure assessors prepare PARs that meet the 120-day requirement in the USD(AT&L) memorandum.

HQ SMC and 338th SCONS did not have procedures to ensure timeliness. Two divisions within AFLCMC had written procedures to ensure timeliness, but the overall command did not have procedures to ensure timeliness.



...documentation is a necessary part of an effective internal control system.

Although 338th SCONS and AFLCMC did not prepare PARs late, as stated in the Standards for Internal Control in the Federal Government,²² documentation is a necessary part of an effective internal control system. Furthermore, written procedures are needed to ensure continued future compliance with timeliness requirements. The Commanders of AFLCMC, HQ SMC, and 338th SCONS should develop and implement command-wide written procedures that require assessors to prepare PARs that meet the 120-day requirement in the USD(AT&L) memorandum and build in the 60 days for the contractor's response.

¹⁹ The team of individuals who determine the incentive fee to pay the contractor, based on the contractor's performance.

²⁰ FAR Part 42, "Contract Administration and Audit Services," Subpart 42.15, "Contract Performance Information," 42.1503, "Procedures," 42.1503(c)(1).

²¹ Director of ACC AMIC, "Contractor Performance Assessment Report System (CPARS) Roles and Responsibilities," October 15, 2015.

²² Government Accountability Office Guide GAO-14-704G, "Standards for Internal Control in the Federal Government," September 2014, section OV4.08, states that documentation is a necessary part of an effective internal control system.

Assessors Did Not Adequately Justify PAR Ratings

Air Force assessors at the four commands did not justify the ratings given for 37 of 48 PARs with sufficient written narratives, as required by the FAR. In addition, HQ SMC, ACC AMIC, and 338th SCONS assessors did not prepare clear descriptions of the purpose of the contract for 6 of 37 PARs, as required by the FAR. The FAR²³ states:

The evaluation should include a clear, non-technical description of the principal purpose of the contract or order. 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 the assessor submits a rating consistent with the definitions and that thoroughly describes the rationale for a rating. See Appendix C for a complete summary of the PARs we reviewed. See Appendix D for a summary of the specific evaluation factors that assessors did not support. Table 3 identifies the number of PARs without written narratives to support the ratings given at each of the commands we visited.

It is important that the assessor submits a rating consistent with the definitions and that thoroughly describes the rationale for a rating.

Table 3. Summary of Evaluation Factors With Insufficient Written Narratives

Command	Number of PARs Reviewed	PARs With Insufficient Written Narratives
AFLCMC	10	5
HQ SMC	9	8
ACC AMIC	14	11
338th SCONS	15	13
Total	48	37

Table 42-1 in the FAR²⁴ defines each rating definition and describes what the assessor needs to include in the written narrative to justify the rating. See Appendix E for FAR Table 42-1.

²³ FAR Part 42, "Contract Administration and Audit Services," Subpart 42.15, "Contract Performance Information," 42.1503, "Procedures," 42.1503(b)(1).

²⁴ FAR Part 42, "Contract Administration and Audit Services," Subpart 42.15, "Contract Performance Information," 42.1503, "Procedures," Table 42-1, "Evaluation Rating Definition."

According to the FAR, a “very good” rating means that the contractor met the contract requirements, exceeded some of the contract requirements to the Government’s benefit, and effectively corrected minor problems. The FAR further 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 ACC AMIC assessor rated a contractor very good for the management evaluation factor on a PAR. The written narrative stated:

The one exception to the contractor’s reasonable and cooperative behavior was the ISSO [Information System Security Officer] who was argumentative when dealing with outside agencies, leading to problems to coordination for the unit and delays in accomplishing tasks that required outside coordination.

The narrative did not describe how the contractor met contractual requirements or 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 that the contractor met contract requirements, exceeded many of the contract requirements to the Government’s benefit, and effectively corrected minor problems. The FAR further states that, to justify an exceptional rating, the assessor should identify multiple significant events or a singular event of sufficient magnitude and state how they were a benefit to the Government. For example, a 338th SCONS assessor rated a contractor exceptional for four evaluation factors—quality, schedule, management, and regulatory compliance—but the assessor wrote just one sentence for each evaluation factor that stated that the contractor complied with requirements or performed exceptionally. The assessor did not describe multiple events or a singular event of sufficient magnitude that were a benefit to the Government; therefore, the narratives did not justify the exceptional ratings.

In addition to the narratives, it is important for assessors to prepare clear descriptions of the purpose of the contract for use by source selection officials. Table 4 demonstrates that PARs at three of the commands we visited had inadequate contract purpose descriptions.

Table 4. Insufficient Description of the Contract Purpose

Command	Number of PARs Reviewed	Insufficient Contract Purpose
ACC AMIC	14	3
HQ SMC	9	1
AFLCMC	10	0
338th SCONS	15	2
Total	48	6

For example, at 338th SCONS, one description of the contract purpose stated, “Support AFSAT [Air Force Security Assistance Squadron] training program managers.” This description did not provide a clear understanding of the principal purpose of the contract. Alternatively, a sufficient contract purpose description for an AFLCMC PAR stated:

This effort provides a full range of U-2 weapon system program and support management, acquisition and oversight, program security, integrated logistics, associated support systems and equipment. The contractor performs research, development, test, and evaluation, initial integration, and all other task utilizing programmed funds. Included in this effort are (1) spares, (2) bonded stock spares to support depot overhauls, (3) scheduled overhauls and unscheduled repairs, (4) engineering support, (5) technical data sustainment, and (6) program depot maintenance (PDM).

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

As the CPARS guidance²⁵ states, 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. These conditions occurred because:

Generally, assessors did not provide sufficient written narratives to justify the rating given.

- assessors did not understand PAR rating definitions or evaluation factors,
- assessors did not take training or periodic refresher training or did not properly implement training when they did take it, or
- Air Force officials did not consistently perform adequate reviews of the written narratives.

Assessors Gave Ratings Higher Than They Could Support and Did Not Rate Required Evaluation Factors

Assessors gave ratings that were higher than they could support or assessors rated required evaluation factors as “not applicable.” See Appendix E for the CPARS rating definitions.

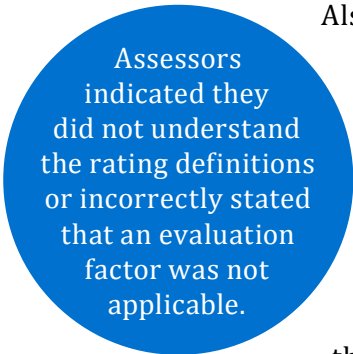
²⁵ Guidance for the Contractor Performance Assessment Reporting System (CPARS), July 2014.

Assessors Gave Ratings Higher Than They Could Support

Assessors did not provide sufficient written narratives to support ratings for 98 evaluation factors on 37 PARs. Specifically, for:

- One PAR, an assessor for ACC AMIC rated the contractor as “satisfactory” in two evaluation factors; however, the written narrative for each evaluation factor did not describe how performance met contractual requirements without any significant weaknesses, which the FAR requires to justify a satisfactory rating.
- 17 PARs, assessors for all four commands rated contractors as “very good” in 34 evaluation factors; however, the written narrative for each evaluation factor did not provide an example of a significant event that exceeded contractual requirements and benefitted the government, which the FAR requires to justify a very good rating.
- 24 PARs, assessors for all four commands rated contractors as “exceptional” in 62 evaluation factors; however, the written narratives did not provide examples of multiple significant events or a singular event of sufficient magnitude that exceeded contractual requirements and benefitted the government, which the FAR requires to justify an exceptional rating.

For example, an assessor at ACC AMIC rated a contractor as exceptional for the quality evaluation factor without describing multiple significant events or a singular event of sufficient magnitude that were a benefit to the Government. The assessor stated that he did not support the rating because he generalized important information. Also, he did not provide evidence that he took Quality and Narrative Writing training. Therefore, he did not understand the amount of support he needed to include in the PAR narrative to justify an “exceptional” rating.



Assessors indicated they did not understand the rating definitions or incorrectly stated that an evaluation factor was not applicable.

Also, assessors for 14 PARs provided examples and explanations that, if written in the narrative, would have been sufficient to justify the ratings given for 26 evaluation factors. 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. Assessors indicated they did not understand the rating definitions or incorrectly stated that an evaluation factor was not applicable.

Required Evaluation Factors Not Rated

Assessors at all four commands did not rate 27 required evaluation factors. The FAR²⁶ requires assessors to evaluate the contractor's performance on the following:

- Technical (quality of product or service),
- Cost control,
- Schedule and timeliness,
- Management or business relations, and
- Small business subcontracting.

In addition, CPARS guidance²⁷ states that assessors will assess compliance with all terms and conditions in the contract relating to applicable regulations and codes under the regulatory compliance evaluation factor.

An ACC AMIC assessor stated that she did not think she had to rate the schedule evaluation factor because the contract did not have a delivery schedule. However, under another evaluation factor, the ACC AMIC assessor stated that the contractor delivered trip reports and other mandated information within the contractually mandated timeframe. This information directly related to the schedule evaluation factor.

In another example, an HQ SMC assessor stated that he did not complete the regulatory compliance evaluation factor because the contract did not contain clauses related to regulatory compliance. However, the contract contained clauses including anti-kickback procedures, security requirements, drug-free workplace, and prompt payment; therefore, the assessor should have rated the regulatory compliance evaluation factor.

Because assessors did not understand the rating definitions or required evaluation factors, the Commanders of AFLCMC, HQ SMC, and 338th SCONS and the Director of ACC AMIC should train assessors on the PAR evaluation factors and PAR rating definitions, as outlined in the FAR and CPARS guidance.

²⁶ FAR Part 42, "Contract Administration and Audit Services," Subpart 42.15, "Contract Performance Information," 42.1503, "Procedures," 42.1503(b)(2).

²⁷ Guidance for the Contractor Performance Assessment Reporting System (CPARS), July 2014.

Assessors Did Not Take or Properly Implement CPARS Training

Air Force assessors did not consistently take Quality and Narrative Writing training, which CPARS guidance²⁸ identifies as a best practice, or did not take periodic refresher training. Specifically, assessors for:

- 30 PARs did not take Quality and Narrative Writing training and did not prepare sufficient written narratives to justify the ratings given;²⁹ and
- 5 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. The FAR³⁰

Assessors need training to fully understand the role of PARs in source selection decisions and how to write detailed narratives.

requires source selection officials to evaluate past performance in making award decisions. According to CPARS Guidance³¹ it is imperative that PARs include detailed, quality-written information. Although Air Force memoranda³² require officials with roles in CPARS to take CPARS training within 30 days of role appointment, the memoranda do not specifically require officials to take Quality and Narrative Writing training.

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.

AFLCMC, HQ SMC, ACC AMIC, and 338th SCONS officials did not require assessors to take Quality and Narrative Writing training for CPARS. Some assessors took the training, but did not properly implement it. The Director of ACC AMIC issued a memorandum³³ on October 15, 2015, that requires assessors and reviewers to take Quality and Narrative Writing training and assessors to take periodic refresher training every 3 years. Therefore, the Commanders of AFLCMC, HQ SMC, and 338th SCONS should ensure assessors take initial and periodic refresher CPARS Quality and Narrative Writing Training and the Director of ACC AMIC should monitor compliance with the October 15, 2015, memorandum that requires assessors to take initial and periodic refresher Quality and Narrative Writing training.

²⁸ Guidance for the Contractor Performance Assessment Reporting System (CPARS), July 2014.

²⁹ We were unable to determine whether ACC AMIC assessors who prepared two PARs took Quality and Narrative Writing training because they were on long-term leave and we could not interview them.

³⁰ FAR Part 15, "Contracting by Negotiation," Subpart 15.3, "Source Selection," 15.304, "Evaluation Factors and Significant Subfactors."

³¹ Guidance for the Contractor Performance Assessment Reporting System (CPARS), July 2014.

³² Office of the Assistant Secretary of the Air Force for Acquisition memoranda, "Past Performance Assessment Reporting (supersedes SAF/AQ Memorandum, *Past Performance Assessment Reporting*, dated 1 July 2009)," March 4, 2012, and superseding memoranda dated September 3, 2014, and September 15, 2015.

³³ Director of ACC AMIC, "Contractor Performance Assessment Report System (CPARS) Roles and Responsibilities," October 15, 2015.

Air Force Officials Reviews of Written Narratives Did Not Consistently Identify Noncompliance With the FAR

The reviews of written narratives performed by AFLCMC, HQ SMC, and ACC AMIC officials did not identify noncompliance with the FAR.³⁴ Specifically, the reviews did not identify 71 evaluation factors for which the assessor did not support the rating given. Also, the reviews did not identify four contract effort descriptions that did not provide source selection officials with a clear understanding of the purpose of the contract. The Standards for Internal Control in the Federal Government³⁵ state that documentation is a necessary part of an effective internal control system. Written procedures ensure uniformity of PARs; however, commands had inconsistent procedures for reviewing the written narratives.

- AFLCMC had written procedures for two divisions and unwritten procedures overall, but no command-wide written procedures.
- HQ SMC written procedures required a management review, but did not include details regarding the reviews.
- ACC AMIC had command-wide written procedures.
- 338th SCONS did not have procedures.

At AFLCMC, we identified best practices to ensure written narratives complied with FAR rating definitions. Although AFLCMC did not have command-wide written procedures, the U-2 branch of the Command and Control, Intelligence, Surveillance, and Reconnaissance (C2ISR) division and the Medium Altitude Unmanned Aircraft Surveillance (MA-UAS) division within AFLCMC had written procedures for preparing and reviewing PARs. In addition, the CPARS Focal Point at AFLCMC C2ISR ensured assessors coordinated the PAR with personnel from the program office, contracting office, and other functional areas, and documented their review using a PAR coordination sheet. AFLCMC MA-UAS officials used a quality rating matrix to support each evaluation factor in the PAR narrative.

At
AFLCMC,
we identified
best practices
to ensure written
narratives complied
with FAR rating
definitions.

Although ACC AMIC had command-wide procedures to review written narratives, the reviews performed by ACC AMIC officials did not identify 33 evaluation factors for which the written narrative did not support the rating given, and three contract

³⁴ FAR Part 42, "Contract Administration and Audit Services," Subpart 42.15, "Contract Performance Information," 42.1503, "Procedures," 42.1503(b)(1).

³⁵ Government Accountability Office Guide GAO-14-704G, "Standards for Internal Control in the Federal Government," September 2014, section OV4.08, states that documentation is a necessary part of an effective internal control system.

effort descriptions that did not clearly describe the purpose of the contract. Therefore, the review procedures at ACC AMIC were not consistently effective. The Director of ACC AMIC should improve procedures for reviewing the written narratives and monitor compliance with those procedures. AFLCMC, HQ SMC, and 338th SCONS did not have command-wide descriptive written procedures to review written narratives. The Commanders of AFLCMC, HQ SMC, and 338th SCONS should establish command-wide written procedures for reviewing PARs and monitor reviews of the written narratives to verify compliance.

Assessors Complied With Registration Requirements, but Written Procedures Needed

Air Force officials properly registered or had a valid reason for not registering³⁶ 161 contracts, in accordance with CPARS Guidance.³⁷ Specifically, officials registered 60 contracts and did not register:

- 89 contracts or orders because they were indefinite-delivery type,
- 9 contracts because they were consolidated in the PAR for 1 contract,
- 1 contract because it was transferred to a different Air Force command, and
- 2 contracts because they were cancelled.

CPARS Guidance requires officials to register all contracts that meet the reporting thresholds, as previously discussed. CPARS Guidance also allows officials to choose how they register indefinite-delivery contracts and the orders awarded against them. Officials may choose to register the base contract or the orders. The assessors provided valid rationales for not registering the remaining contracts. Although Air Force officials complied with CPARS Guidance, AFLCMC, HQ SMC, and 338th SCONS did not have written procedures to register contracts. Written procedures are needed to ensure continued compliance with registration requirements. Furthermore, CPARS Guidance states, “the contracting or requiring office should: establish procedures to implement CPARS across the organization.” Therefore, Commanders at AFLCMC, HQ SMC, and 338th SCONS should develop and implement written procedures to register contracts.

³⁶ Registering the contracts enables the assessor to write PARs in CPARS.

³⁷ Guidance for the Contractor Performance Assessment Reporting System (CPARS), July 2014.

Air Force Officials Did Not Adequately Justify Past Performance With Readily Available Information

As a result of Air Force officials not complying with requirements for completing PARs, Federal 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. The FAR³⁸ states that a satisfactory performance record is an indication of a responsible contractor. In addition, the FAR³⁹ 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 program or project to their source selection.

...Federal 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.

ACC AMIC Management Actions Taken

The Director, ACC AMIC, issued a memorandum⁴⁰ on October 15, 2015, that requires personnel with assessor and reviewer roles in CPARS to complete Quality and Narrative Writing training within four weeks of assignment to CPARS and assessors to take refresher training every 3 years. Furthermore, the memorandum provides specific timelines for each role and stage in the preparation process of a PAR and builds in the 60 days for the contractor's response. For example, the memorandum states that the assessor should prepare the PAR within 20 days of the end of the contract period of performance and have it reviewed within 40 days of the end of the contract period of performance.

³⁸ FAR Part 9, "Contractor Qualifications," Subpart 9.1, "Responsible Prospective Contractors," 9.104-1, "General Standards."

³⁹ FAR Part 15, "Contracting by Negotiation," Subpart 15.3, "Source Selection," 15.304, "Evaluation Factors and Significant Subfactors."

⁴⁰ Director of ACC AMIC, "Contractor Performance Assessment Report System (CPARS) Roles and Responsibilities," October 15, 2015.

Management Comments on the Findings and Our Response

338th Specialized Contracting Squadron Comments

The Commander, 338th SCONS, agreed with the report statement that 338th SCONS assessors did not prepare clear descriptions of the purpose of the contract for 6 of 37 PARs, as required by the FAR. The Commander stated that 338th SCONS personnel will enforce training requirements for assessors and maintain a database of completed training. The Commander disagreed with our determination that the contract effort description, “Support AFSAT [Air Force Security Assistance Squadron] training program managers” was not sufficient. The Commander stated that the clarity of the description is subjective and that the report compares advisory and assistance services to a weapons system program. The Commander further stated that, for a nonsystems contracting activity, the assessor provided a concise description of the program’s purpose.

Our Response

The Commander stated that the contract was for advisory and assistance services. However, the contract purpose description only states “support” not “advisory and assistance services.” That the support was for advisory and assistance services was a detail that 338th SCONS officials should have included in the contract purpose description. In addition, the contract purpose description is unclear as to whether the contractor is supporting or training program managers.

Also, the CPARS Quality and Narrative Writing training uses a similar example as a contract purpose description that is not sufficient. The example used in the training is: “The contractor provides maintenance and support of VFED⁴¹ for the General Services Administration.” The training specifically states that this description is not sufficient because it is missing:

- detail of scope,
- complexity of contract,
- key technologies, and
- definitions of acronyms and technical terms.

The 338th SCONS description of the contract purpose lacks similar items, such as scope detail and contract complexity. Therefore, the contract purpose description was not sufficient.

⁴¹ This is an acronym made up for training purposes to demonstrate that acronyms should be defined in the contract effort description.

AFLCMC MA–UAS Comments

The Deputy Chief, MA–UAS, requested that the paragraph identifying best practices at AFLCMC specify which best practices were performed by the AFLCMC MA–UAS Division.

Our Response

We updated the report to specify which best practices were implemented at the AFLCMC MA–UAS division and which were implemented at the AFLCMC C2ISR division.

Recommendations, Management Comments, and Our Response

Recommendation 1

We recommend that the Director of Air Combat Command, Acquisition Management and Integration Center:

- a. **monitor compliance with the Director's October 15, 2015, memorandum that described timeframes to ensure assessors prepare performance assessment reports that meet the 120-day requirement in the Under Secretary of Defense for Acquisition, Technology, and Logistics memorandum;**
- b. **monitor compliance with the Director's October 15, 2015, memorandum that requires assessors take initial and periodic refresher Quality and Narrative Writing training; and**
- c. **improve procedures for performing reviews of the written narratives and then monitor compliance with those procedures.**

Air Combat Command, Acquisition Management and Integration Center Comments

The Deputy Director, ACC AMIC, agreed. The Deputy Director stated that ACC AMIC CPARS Focal Points will:

- monitor PAR statuses daily and send notification letters to assessors and reviewers for PARs exceeding the timeframes outlined in the Director's October 15, 2015, memorandum;
- e-mail a PAR status report to contracting officers weekly and submit a monthly status report to organization leadership;
- maintain assessor and reviewer names, training certificates, and training dates in its contract management system;

- monitor training status monthly and include the status in a report to organization leadership;
- perform a 100 percent review of PARs through February 2016 and report nonconforming PARs to the lead assessor; and
- perform monthly random sampling of completed PARs after February 2016.

Our Response

Comments from the Deputy Director, ACC AMIC, addressed all specifics of the recommendation and no further comments are required.

Recommendation 2

We recommend that the Commanders of Air Force Life Cycle Management Center, Headquarters Space and Missile Systems Center, and 338th Specialized Contracting Squadron:

- develop and implement command-wide written 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 memorandum and build in the 60 days for the contractor's response;**

Air Force Life Cycle Management Center Command and Control, Intelligence, Surveillance, and Reconnaissance Comments

The Senior Materiel Leader, AFLCMC C2ISR⁴²—one of two organizations⁴³ responding on behalf of AFLCMC—agreed. The Senior Materiel Leader stated that AFLCMC C2ISR currently has two policies to enforce CPARS guidelines and processes: a Program Executive Officer for Battle Management Policy memorandum⁴⁴ and C2ISR Division CPARS Policy memorandum.⁴⁵ He also stated that the C2ISR Division CPARS Policy requires officials to comply with the reporting guidelines established in Aerospace Sustainment Directorate Operating Instruction 63-002.⁴⁶ Furthermore, the Senior Materiel Leader, AFLCMC C2ISR, stated that the organization distributed the C2ISR Division CPARS Policy to

⁴² The AFLCMC organizational code for C2ISR is HBG.

⁴³ The other organization at AFLCMC that provided comments is the MA-UAS division, which has the organizational code WII.

⁴⁴ Program Executive Officer for Battle Management memorandum, "Contractor Performance Assessment Reporting System (CPARS) (PEO [Program Executive Office] Policy #003, Amend 2)," August 3, 2015.

⁴⁵ C2ISR Division Deputy Chief memorandum, "C2ISR Division Contractor Performance Assessment Reporting System (CPARS) Policy," December 17, 2015.

⁴⁶ Aerospace Sustainment Directorate Operating Instruction 63-002, "Contractor Performance Assessment Reporting System (CPARS)," December 8, 2010.

the entire workforce to reinforce the 120-day requirement and will conduct refresher training sessions for all program managers to emphasize the timeframe requirement. He also stated that the status of PARs will continue to be briefed at both the branch and division levels on a weekly basis.

Our Response

Comments from the Senior Materiel Leader, AFLCMC C2ISR, addressed all specifics of the recommendation and no further comments are required. The Program Executive Officer for Battle Management Policy memorandum⁴⁷ and Aerospace Sustainment Directorate Operating Instruction 63-002⁴⁸ include specific timeliness procedures.

Air Force Life Cycle Management Center Medium Altitude Unmanned Aircraft Systems Comments

The Deputy Chief, AFLCMC MA-UAS⁴⁹—one of two organizations⁵⁰ responding on behalf of AFLCMC—agreed. The Deputy Chief stated that AFLCMC MA-UAS has written procedures that detail a robust process beginning 34 weeks before the assessment period of performance ends and include multiple rounds of reviews with the contractor, including the mandatory 60 days for contractor review. She also stated that AFLCMC MA-UAS currently completes 100 percent of PARs within 120 days.

Our Response

Comments from the Deputy Chief, AFLCMC MA-UAS, addressed all specifics of the recommendation and no further comments are required. AFLCMC MA-UAS has extensive written procedures for timeliness, which we identified as a best practice in this report.

Headquarters Space and Missile Systems Center Comments

The Commander, HQ SMC, agreed. The Commander stated that HQ SMC will implement an organization-wide CPARS policy guide that provides a 120-day PAR preparation and approval timeline, including 60 days for the contractor's response. The estimated completion date for the guide is February 29, 2016.

⁴⁷ Program Executive Officer for Battle Management memorandum, "Contractor Performance Assessment Reporting System (CPARS) (PEO [Program Executive Office] Policy #003, Amend 2)," August 3, 2015.

⁴⁸ Aerospace Sustainment Directorate Operating Instruction 63-002, "Contractor Performance Assessment Reporting System (CPARS)," December 8, 2010.

⁴⁹ The AFLCMC organizational code for MA-UAS is WII.

⁵⁰ The other organization at AFLCMC that provided comments is the C2ISR division, which has the organizational code HBG.

Our Response

Comments from the Commander, HQ SMC, addressed all specifics of the recommendation and no further comments are required.

338th Specialized Contracting Squadron Comments

The Commander, 338th SCONS, disagreed. The Commander stated that command-level procedures are written by Air Force Installation and Mission Support Center or Headquarters Air Force Installation Contracting Agency.

Our Response

Comments from the Commander, 338th SCONS, did not address the recommendation. Our recommendation is directed to the 338th SCONS organization to develop and implement command-wide written procedures that require assessors to prepare PARs that meet the 120-day requirement in the USD(AT&L) memorandum. We used command as a general term synonymous with organization, component, or unit. Therefore, we request that the Commander, 338th SCONS, provide additional comments to the final report describing the organization's plan to develop and implement 338th SCONS-specific timeliness procedures. Also, if there are PAR timeliness procedures at Air Force Installation and Mission Support Center or Headquarters Air Force Installation Contracting Agency, we request that the Commander provide those procedures.

- b. ensure assessors take initial and periodic refresher Contractor Performance Assessment Reporting System Quality and Narrative Writing Training;**

Air Force Life Cycle Management Center Command and Control, Intelligence, Surveillance, and Reconnaissance Comments

The Senior Materiel Leader, AFLCMC C2ISR—one of two organizations responding on behalf of AFLCMC—agreed. The Senior Materiel Leader stated that 100 percent of the personnel associated with the sampled AFLCMC PARs completed the Quality and Narrative Writing training. The Senior Materiel Leader also stated that AFLCMC C2ISR personnel will distribute the most current training guidance to the entire workforce via email. He also stated that AFLCMC C2ISR personnel will discuss additional CPARS training opportunities.

Our Response

Comments from the Senior Materiel Leader, AFLCMC C2ISR, addressed all specifics of the recommendation and no further comments are required.

Air Force Life Cycle Management Center Medium Altitude Unmanned Aircraft Systems Comments

The Deputy Chief, AFLCMC MA-UAS—one of two organizations responding on behalf of AFLCMC—agreed. The Deputy Chief stated that the CPARS Focal Point for the Intelligence, Surveillance, Reconnaissance, and Special Operations Force (ISR & SOF) Directorate⁵¹ conducts initial and recurring training for AFLCMC MA-UAS assessors and other key individuals within the division.

Our Response

Comments from the Deputy Chief, AFLCMC MA-UAS, addressed all specifics of the recommendation and no further comments are required. The AFLCMC ISR & SOF Directorate training slides address what to write in the contract effort description, provide examples of the level of detail needed to justify a rating, and provide general narrative guidelines. Therefore, the training slides cover the topics in the CPARS Quality and Narrative Writing training.

Headquarters Space and Missile Systems Center Comments

The Commander, HQ SMC, agreed. The Commander stated that HQ SMC will implement an organization-wide CPARS policy guide that will require all CPARS officials to take initial and refresher CPARS web-based training appropriate to their roles. The estimated completion date is February 29, 2016.

Our Response

Comments from the Commander, HQ SMC, addressed all specifics of the recommendation and no further comments are required.

338th Specialized Contracting Squadron Comments

The Commander, 338th SCONS, agreed. The Commander stated that 338th SCONS conducts annual CPARS training in the third quarter of each calendar year and that 338th SCONS CPARS Focal Points will enforce training requirements and maintain a database of who completed training.

Our Response

Comments from the Commander, 338th SCONS, partially addressed the recommendation. The Commander stated that 338th SCONS conducts annual CPARS training. However, the Commander should ensure that the CPARS training provides similar content to the CPARS Quality and Narrative Writing training,⁵²

⁵¹ The AFLCMC organizational code for ISR & SOF is WI.

⁵² The CPARS Quality and Narrative Writing training slides can be obtained through the CPARS website.

which includes specific examples of adequately detailed contract purpose descriptions and written narratives. Therefore, we request that the Commander, 338th SCONS, provide comments on the final report that state whether the 338th SCONS CPARS training will cover the same content as the CPARS Quality and Narrative Writing training.

- c. establish command-wide written procedures for performing reviews of performance assessment reports and monitor reviews of the written narratives to verify compliance; and**

Air Force Life Cycle Management Center Command and Control, Intelligence, Surveillance, and Reconnaissance Comments

The Senior Materiel Leader, AFLCMC C2ISR—one of two organizations responding on behalf of AFLCMC—agreed. The Senior Materiel Leader stated that the C2ISR Program Integration branch is drafting a PAR User Guide for the division that will document the process it uses to review PARs. The estimated completion date is May 30, 2016.

Our Response

Comments from the Senior Materiel Leader, AFLCMC C2ISR, addressed all specifics of the recommendation and no further comments are required. We identified the AFLCMC C2ISR review process as a best practice in this report.

Air Force Life Cycle Management Center Medium Altitude Unmanned Aircraft Systems Comments

The Deputy Chief, AFLCMC MA-UAS—one of two organizations responding on behalf of AFLCMC—agreed. The Deputy Chief stated that the AFLCMC MA-UAS CPARS process requires several rounds of reviews by personnel from various functional areas. She also stated that AFLCMC MA-UAS uses a quality matrix to review the written narratives in PARs, which this report identifies as a best practice.

Our Response

Comments from the Deputy Chief, AFLCMC MA-UAS, addressed all specifics of the recommendation and no further comments are required.

Headquarters Space and Missile Systems Center Comments

The Commander, HQ SMC, agreed. The Commander stated that HQ SMC will develop an organization-wide CPARS policy guide that will implement PAR compliance reviews that ensure appropriate and consistent application of evaluation factors, rating definitions, and a description of the contractor purpose in accordance with the FAR and CPARS guidance. The estimated completion date is July 31, 2016.

Our Response

Comments from the Commander, HQ SMC, addressed all specifics of the recommendation and no further comments are required.

338th Specialized Contracting Squadron Comments

The Commander, 338th SCONS, disagreed. The Commander stated that command-level procedures are written by Air Force Installation and Mission Support Center or Headquarters Air Force Installation Contracting Agency.

Our Response

Comments from the Commander, 338th SCONS, did not address the recommendation. Our recommendation is directed to the 338th SCONS organization to establish command-wide procedures for performing reviews of PARs and monitor reviews of the written narratives to verify compliance. We used command as a general term synonymous with organization, component, or unit. Therefore, we request that the Commander, 338th SCONS, provide additional comments to the final report describing the organization's plan to develop procedures for reviewing PARs. Also, if there are procedures for reviewing PARs at Air Force Installation Mission Support Center or Headquarters Air Force Installation Contracting Activity, we request that the Commander provide those procedures.

d. develop and implement written procedures to register contracts.

Air Force Life Cycle Management Center Command and Control, Intelligence, Surveillance, and Reconnaissance Comments

The Senior Materiel Leader, AFLCMC C2ISR—responding as one of two organizations on behalf of the Commander, AFLCMC—agreed. The Senior Materiel Leader stated that AFLCMC C2ISR personnel are required to comply with the Aerospace Sustainment Directorate Operating Instruction 63-002,⁵³ which describes the CPARS registration process. The Senior Materiel Leader stated that AFLCMC C2ISR will distribute a copy of the instruction to all personnel via email and that the registration process will be briefed during CPARS training sessions.

Our Response

Comments from the Senior Materiel Leader, AFLCMC C2ISR, addressed all specifics of the recommendation and no further comments are required.

⁵³ Aerospace Sustainment Directorate Operating Instruction 63-002, "Contractor Performance Assessment Reporting System (CPARS)," December 8, 2010.

Air Force Life Cycle Management Center Medium Altitude Unmanned Aircraft Systems Comments

The Deputy Chief, AFLCMC MA-UAS—one of two organizations responding on behalf of AFLCMC—agreed. The Deputy Chief stated that the AFLCMC ISR & SOF Directorate CPARS procedures include contract registration.

Our Response

Comments from the Deputy Chief, AFLCMC MA-UAS, partially addressed the recommendation. AFLCMC MA-UAS officials provided us an excerpt from the AFLCMC ISR & SOF Directorate training slides; however, the training slides are not authoritative and do not state that the procedures are mandatory. The Deputy Chief should develop and implement written procedures, per the recommendation, to formalize the registration process described in the training slides. Therefore, we request that the Deputy Chief, AFLCMC MA-UAS provide additional comments on the final report.

Headquarters Space and Missile Systems Center Comments

The Commander, HQ SMC, agreed. The Commander stated that HQ SMC will implement an organization-wide CPARS policy guide that will define new contract registration input timelines. The estimated completion date is February 29, 2016.

Our Response

Comments from the Commander, HQ SMC, addressed all specifics of the recommendation and no further comments are required.

338th Specialized Contracting Squadron Comments

The Commander, 338th SCONS, disagreed. The Commander stated that, because 338th SCONS personnel properly register contracts and follow established CPARS procedures, additional procedures would be duplicative.

Our Response

Comments from the Commander, 338th SCONS, partially addressed the recommendation. Our recommendation is directed to the 338th SCONS organization to develop and implement procedures to register contracts. 338th SCONS did not have any procedures for CPARS, such as directing its staff to comply with the Guidance for CPARS. Therefore, we request that the Commander, 338th SCONS, provide additional comments to the final report describing the organization's plan to develop and implement procedures to register contracts. Also, if there are procedures at Air Force Installation Mission Support Center or Headquarters Air Force Installation Contracting Activity that direct officials to comply with the Guidance for CPARS, we request that the Commander provide those procedures.

Recommendation 3

We recommend that the Commanders of Air Force Life Cycle Management Center, Headquarters Space and Missile Systems Center, and 338th Specialized Contracting Squadron and the Director of Air Combat Command, Acquisition Management and Integration Center train assessors on the performance assessment report evaluation factors and performance assessment report rating definitions, as outlined in the Federal Acquisition Regulation and Contractor Performance Assessment Reporting System guidance.

Air Force Life Cycle Management Center Command and Control, Intelligence, Surveillance, and Reconnaissance Comments

The Senior Materiel Leader, AFLCMC C2ISR—responding as one of two organizations on behalf of the Commander, AFLCMC—agreed with the recommendation. The Senior Materiel Leader stated that the AFLCMC C2ISR Program Integration branch is drafting a PAR User Guide that will provide guidance on how to ensure that narratives comply with the rating definitions and that narratives contain sufficient evidence to support the ratings given. AFLCMC C2ISR will also conduct refresher training sessions to emphasize the requirement of writing quality narratives that support the rating. The estimated completion date is May 30, 2016.

Our Response

Comments from the Senior Materiel Leader, AFLCMC C2ISR, addressed all specifics of the recommendation and no further comments are required.

Air Force Life Cycle Management Center Medium Altitude Unmanned Aircraft Systems Comments

The Deputy Chief, AFLCMC MA-UAS—one of two organizations responding on behalf of AFLCMC—agreed with the recommendation. The Deputy Chief stated that AFLCMC ISR & SOF Directorate CPARS training covers evaluation factors and rating definitions. Also, the Deputy Chief, AFLCMC MA-UAS, stated in her response to Recommendation 2.b that the CPARS Focal Point for the ISR & SOF Directorate conducts initial and recurring training for AFLCMC MA-UAS assessors and other key individual within the division.

Our Response

Comments from the Deputy Chief, AFLCMC MA-UAS, partially addressed the recommendation. The training slides contain the rating definitions but do not address the meaning of the evaluation factors. However, the training slides in conjunction with the best practices we identified at AFLCMC MA-UAS meet the intent of the recommendation. Therefore, no further comments are required.

Headquarters Space and Missile Systems Center Comments

The Commander, HQ SMC, agreed with the recommendation. The Commander stated that HQ SMC will implement an organization-wide CPARS policy guide to ensure assessors are trained on PAR evaluation factors and rating definitions in accordance with the FAR and CPARS guidance. The estimated completion date is June 30, 2016.

Our Response

Comments from the Commander, HQ SMC, addressed all specifics of the recommendation and no further comments are required.

Air Combat Command, Acquisition Management and Integration Center Comments

The Deputy Director, ACC AMIC, agreed with the recommendation. The Deputy Director stated that ACC AMIC will offer three training sessions in January 2016 for CPARS Overview/Quality and Narrative Writing training led via telecom by CPARS Program Office personnel. The Deputy Director stated that the CPARS automated online training module is not yet operational and the online instructor-led classes fill up shortly after opening. He stated that until the CPARS automated online training is operational, ACC AMIC Focal Points will conduct training for new assessors and reviewers using the CPARS training slides.

Our Response

Comments from the Deputy Director, ACC AMIC, addressed all specifics of the recommendation and no further comments are required.

338th Specialized Contracting Squadron Comments

The Commander, 338th SCONS, agreed with the recommendation. The Commander stated that 338th SCONS had training on October 23, 2015, and will offer refresher training on February 2, 2016.

Our Response

Comments from the Commander, 338th SCONS, addressed all specifics of the recommendation and no further comments are required.

Appendix A

Scope and Methodology

We conducted this performance audit from April through November 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, Naval Sea Logistics Center Portsmouth, Portsmouth Naval Shipyard, Maine, provided us with our audit universe. Naval Sea Logistics Center Portsmouth personnel queried the CPARS database for Air Force contracts with effective dates from September 3, 2013, through March 31, 2014, with a total value greater than \$1 million⁵⁴ that were classified as nonsystems contracts.⁵⁵ The universe consisted of 1,411 contracts totaling \$85.3 billion.⁵⁶ We selected a nonstatistical sample of four Air Force commands that awarded a total of 161 contracts valued at \$5.4 billion. We chose these sites based on the quantity of contracts awarded, dollar value of contracts awarded, and the variety of commands. The four Air Force Commands were:

1. AFLCMC, Robins AFB, Warner Robins, Georgia;
2. HQ SMC, Los Angeles AFB, El Segundo, California;
3. ACC AMIC, Newport News, Virginia; and
4. 338th SCONS, Joint Base San Antonio-Randolph, San Antonio, Texas.

We determined that 58 of 161 contracts had completed PARs as of September 2, 2015. We did not review 5 of the 58 PARs because assessors completed the PARs before July 1, 2014, which is when the Naval Sea Logistics Center released the updated version of CPARS. We did not review another 3 of 58 PARs because officials completed them after we conducted our visit to the site. We did not review 1 of 58 PARs because the contract for that PAR was awarded prior to our requested audit universe of September 3, 2013. We did not review the

⁵⁴ The reporting threshold for nonsystems services contracts is greater than \$1 million.

⁵⁵ 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.

⁵⁶ We excluded the largest Air Force contracts totaling \$62.2 billion because the PARs were for the base multiple award indefinite-delivery indefinite-quantity contracts and did not evaluate performance on individual orders.

remaining 1 of 58 PARs because the PAR was not due until after our site visit and we later determined that officials completed the PAR on the base contract, which Air Force officials awarded outside of our audit scope. Therefore, we reviewed 48 of 58 PARs. The 48 PARs had a total contract value of \$2.4 billion.

Documentation and Interviews

We obtained and reviewed PARs by querying the Past Performance Information Retrieval System; contracts by querying the Electronic Document Access System; command policies and procedures by requesting them from Air Force personnel; and small business records by querying the System for Award Management. We also interviewed Air Force officials with CPARS roles at each of the four commands. Specifically, we obtained:

- PARs,
- contracts,
- CPARS training records,
- CPARS training slides,
- System for Award Management records for small business, and
- command policies and procedures for CPARS.

In addition, the audit team received a demonstration of CPARS and the Past Performance Information Retrieval System and took the Quality and Narrative Writing training for CPARS.

Criteria Reviewed

We compared documentation and interview responses to the requirements identified in the FAR, a 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 that require assessments within 120 days of the end of the evaluation period; and
- Guidance for CPARS, July 2014, which provides guidance on procedures, responsibilities, and training for completing PARs.

We reviewed documentation dated from January 1994 through October 2015.

Use of Computer-Processed Data

We relied on computer-processed data from CPARS provided by CPARS program officials. 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, if so, the number of days late.

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 Air Force personnel. We also interviewed officials to verify whether they prepared PARs late. The actual date the assessor or reviewer submitted the PAR is not documented on the PAR itself; therefore, we had to rely on the date provided in the CPARS data. 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), the DoD OIG, and the Air Force Audit Agency (AFAA) issued six 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>. Access to the AFAA report is restricted.

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. DODIG-2015-114, "Navy Officials Did Not Consistently Comply With Requirements for Assessing Contractor Performance," May 1, 2015

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

AFAA

AFAA F2011-0007-FC1000, "Contractor Performance Assessment Reporting Program," August 13, 2011

Appendix B

Improvement in PAR Completion Statistics

The Senate Armed Services Committee directed us to determine whether DoD officials maintained a more complete database of contractor past performance information. These charts show the improvement in PAR completion statistics for each of the four Air Force commands in our audit sample, from FY 2010 through FY 2015.

Figure 1. AFLCMC PAR Completion Statistics

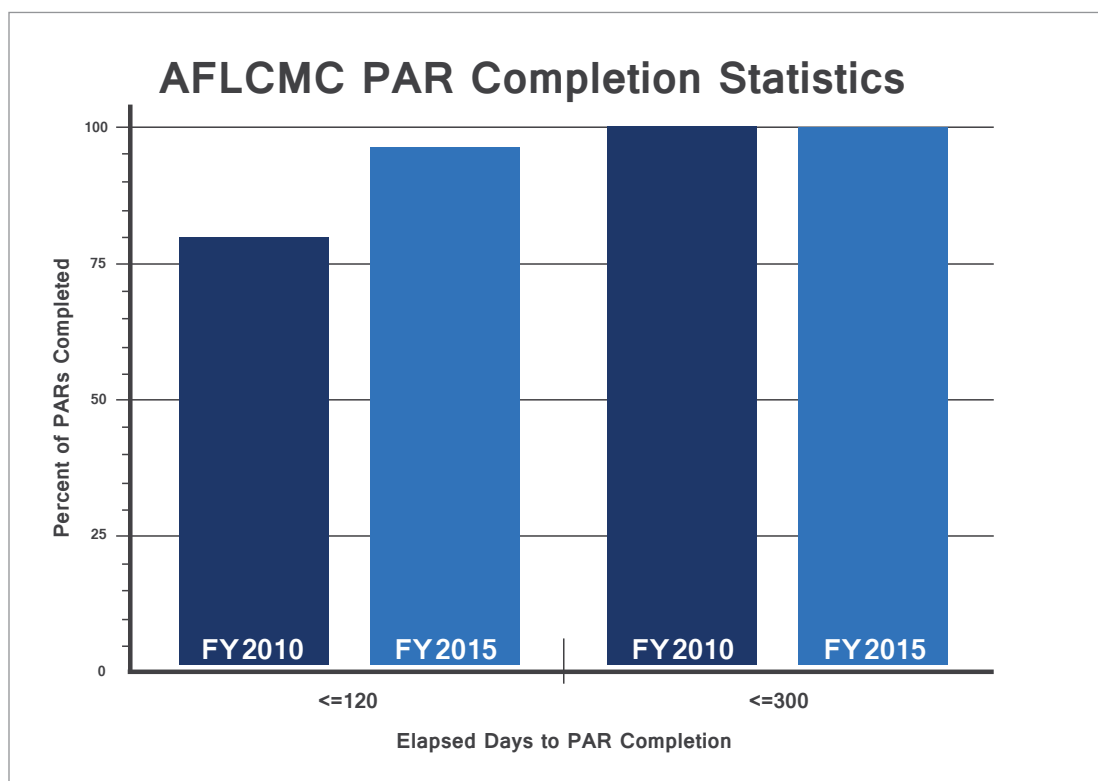


Table 5. AFLCMC PAR Completion Statistics

AFLCMC PAR Completion Statistics				
Elapsed Days	FY 2010		FY 2015	
	Number of PARs Completed	Percentage of PARs Completed	Number of PARs Completed	Percentage of PARs Completed
<=120 Days	8	80.0%	25	96.2%
<=300 Days	10	100.0%	26	100.0%
Cumulative Total	10	100.0%	26	100.0%

Figure 2. HQ SMC PAR Completion Statistics

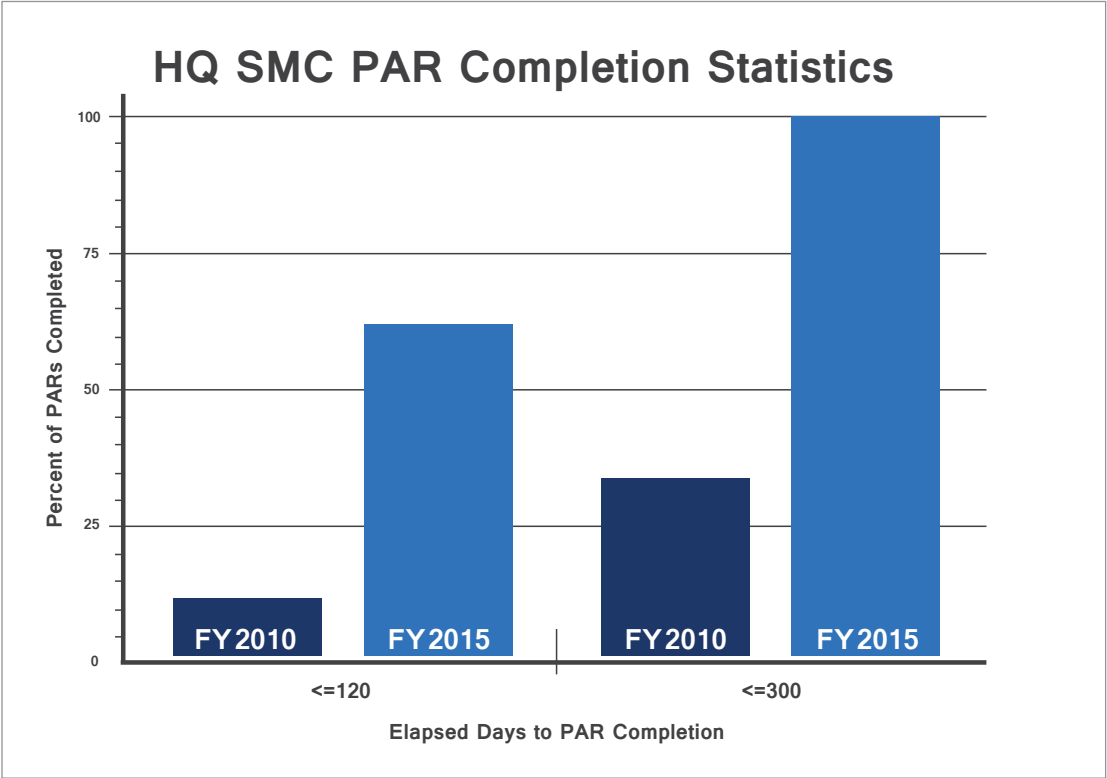


Table 6. HQ SMC PAR Completion Statistics

HQ SMC PAR Completion Statistics				
Elapsed Days	FY 2010		FY 2015	
	Number of PARs Completed	Percentage of PARs Completed	Number of PARs Completed	Percentage of PARs Completed
<=120 Days	1	12.5%	28	68.3%
<=300 Days	3	37.5%	41	100.0%
Cumulative Total	8	100.0%	41	100.0%

Figure 3. ACC AMIC PAR Completion Statistics

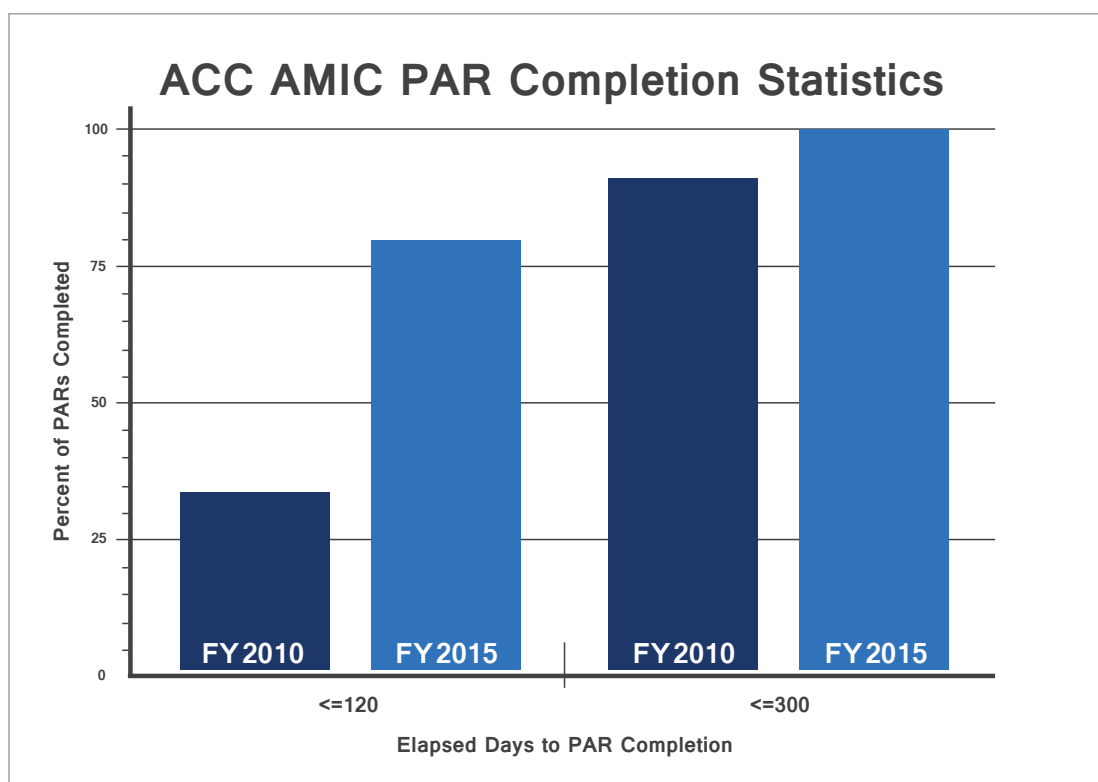


Table 7. ACC AMIC PAR Completion Statistics

ACC AMIC PAR Completion Statistics				
Elapsed Days	FY 2010		FY 2015	
	Number of PARs Completed	Percentage of PARs Completed	Number of PARs Completed	Percentage of PARs Completed
<=120 Days	8	34.8%	42	80.8%
<=300 Days	21	91.3%	52	100.0%
Cumulative Total	23	100.0%	52	100.0%

Figure 4. 338th SCONS PAR Completion Statistics

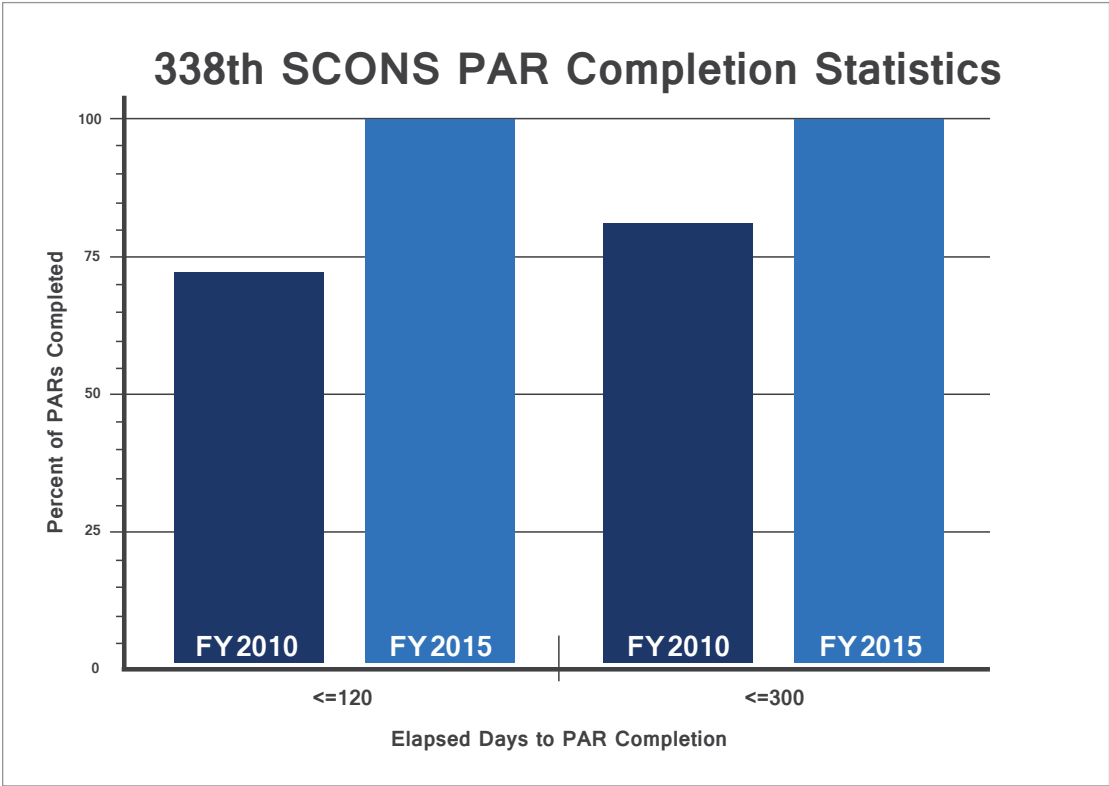


Table 8. 338th SCONS PAR Completion Statistics

338th SCONS PAR Completion Statistics				
Elapsed Days	FY 2010		FY 2015	
	Number of PARs Completed	Percentage of PARs Completed	Number of PARs Completed	Percentage of PARs Completed
<=120 Days	8	72.7%	44	100.0%
<=300 Days	9	81.8%	44	100.0%
Cumulative Total	11	100.0%	44	100.0%

Appendix C

Summary of PARs Reviewed

This table summarizes the 48 PARs we reviewed.

Table 9. PARs Reviewed

Contract Office	Contract Number	Order Number	PAR Late	Number of Days Late	Sufficient Written Narratives	Sufficient Contract Effort Description	Assessor took CPARS Quality and Narrative Writing Training
AFLCMC	FA8527-11-G-0101	0010	No		No	Yes	Yes
AFLCMC	FA8527-12-G-0007	1002	No		No	Yes	Yes
AFLCMC	FA8527-12-G-0022	2009	No		Yes	Yes	Yes
AFLCMC	FA8527-13-C-0001		No		No	Yes	No
AFLCMC	FA8527-14-D-0033		No		No	Yes	Yes
AFLCMC	FA8528-14-C-0001		No		Yes	Yes	Yes
AFLCMC	FA8528-14-D-0015		No		Yes	Yes	Yes
AFLCMC	FA8555-14-C-0001		No		No	Yes	Yes
AFLCMC	GS-06F-0643Z	FA8527-14-F-0001	No		Yes	Yes	Yes
AFLCMC	GS-35F-0209R	FA8527-13-F-1229	No		Yes	Yes	Yes
HQ SMC	FA8807-13-D-0001		Yes	166	No	Yes	No
HQ SMC	FA8807-14-C-0002		Yes	69	No	Yes	No
HQ SMC	FA8811-14-C-0003		No		No	Yes	No
HQ SMC	GS-06F-0651Z	FA8806-14-F-0001	No		Yes	Yes	No
HQ SMC	GS-23F-0105K	FA8802-13-F-0013	Yes	28	No	Yes	No
HQ SMC	GS-23F-0105K	FA8802-14-F-0006	No		No	Yes	No

Table 9. PARs Reviewed (cont'd)

Contract Office	Contract Number	Order Number	PAR Late	Number of Days Late	Sufficient Written Narratives	Sufficient Contract Effort Description	Assessor took CPARS Quality and Narrative Writing Training
HQ SMC	GS-23F-0174S	FA8802-14-F-3020	No		No	Yes	No
HQ SMC	GS-23F-0432P	FA8802-14-F-0001	No		No	Yes	No
HQ SMC	GS-23F-0432P	FA8802-14-F-2024	No		No	No	No
ACC AMIC	FA4890-12-D-0007	0060	No		Yes	Yes	No
ACC AMIC	FA4890-12-D-0012	0055	No		No	Yes	No
ACC AMIC	FA4890-12-D-0031	0004	Yes	20	Yes	Yes	No
ACC AMIC	FA4890-12-D-0031	0006	Yes	128	Yes	Yes	No
ACC AMIC	FA4890-13-C-0010		No		No	Yes	No
ACC AMIC	FA4890-13-C-0108		No		No	Yes	No
ACC AMIC	FA4890-14-C-0001		No		No	Yes	No
ACC AMIC	FA4890-14-C-0005		No		No	Yes	No
ACC AMIC	FA4890-14-D-0001	0002	Yes	5	No	No	No
ACC AMIC	FA4890-14-D-0004	0002	Yes	36	No	No	No
ACC AMIC	GS-06F-0675Z	FA4890-13-F-0004	No		No	No	N/A*
ACC AMIC	GS-06F-0952Z	FA4890-14-F-0001	No		No	Yes	N/A*
ACC AMIC	GS-10F-0057N	FA4890-14-F-0025	No		No	Yes	No
ACC AMIC	GS-35F-0069L	FA4890-14-F-0028	No		No	Yes	No
338th SCONS	FA3002-13-C-0015		No		No	Yes	No
338th SCONS	FA3002-13-C-0024		No		No	Yes	No
338th SCONS	FA3002-13-D-0011		No		No	Yes	No
338th SCONS	FA3002-13-D-0013		No		No	No	No

Table 9. PARs Reviewed (cont'd)

Contract Office	Contract Number	Order Number	PAR Late	Number of Days Late	Sufficient Written Narratives	Sufficient Contract Effort Description	Assessor took CPARS Quality and Narrative Writing Training
338th SCONS	FA3002-14-C-0001		No		No	Yes	No
338th SCONS	FA3002-14-C-0002		No		No	Yes	No
338th SCONS	FA3002-14-C-0003		No		No	Yes	No
338th SCONS	FA3002-14-C-0004		No		No	No	No
338th SCONS	FA3002-14-C-0005		No		Yes	Yes	No
338th SCONS	FA3002-14-C-0008		No		No	Yes	No
338th SCONS	FA3002-14-D-0001		No		No	Yes	No
338th SCONS	FA3002-14-D-0002		No		Yes	Yes	No
338th SCONS	FA3002-14-D-0003		No		No	Yes	No
338th SCONS	FA3002-14-D-0004		No		No	Yes	No
338th SCONS	FA8771-12-D-1004	SK01	No		No	Yes	Yes

* The assessors who prepared these PARs were both on long-term leave, so the audit team could not interview them to determine whether they took the training.

Appendix D

Summary of Evaluation Factors Not Supported

This table summarizes the 37 PARs with evaluation factors that assessors did not support with sufficient written narratives.

Table 10. Evaluation Factors Not Supported

Contract Office	Contract Number	Order Number	Written Narrative Supported Rating						
			Quality	Schedule	Cost Control	Management	Utilization of Small Business	Regulatory Compliance	Other
AFLCMC	FA8527-11-G-0101	0010	No	Yes	Yes	Yes	Yes	Yes	
AFLCMC	FA8527-12-G-0007	1002	Yes	Yes	Yes	No	Yes	Yes	
AFLCMC	FA8527-13-C-0001		No	Yes	No	No	N/A	No	
AFLCMC	FA8527-14-D-0033		Yes	Yes	Yes	Yes	No	Yes	
AFLCMC	FA8555-14-C-0001		Yes	Yes	Yes	No	No	Yes	
HQ SMC	FA8807-13-D-0001		Yes	No	Yes	Yes	No	No	
HQ SMC	FA8807-14-C-0002		No	No	Yes	No	No	No	
HQ SMC	FA8811-14-C-0003		No	No	Yes	No	N/A	No	
HQ SMC	GS-23F-0105K	FA8802-13-F-0013	Yes	No	Yes	No	N/A	No	Yes
HQ SMC	GS-23F-0105K	FA8802-14-F-0006	Yes	Yes	Yes	No	N/A	No	Yes
HQ SMC	GS-23F-0174S	FA8802-14-F-3020	No	No	Yes	Yes	No	No	Yes
HQ SMC	GS-23F-0432P	FA8802-14-F-0001	No	Yes	Yes	Yes	N/A	No	No
HQ SMC	GS-23F-0432P	FA8802-14-F-2024	No	No	Yes	No	N/A	No	No
ACC AMIC	FA4890-12-D-0012	0055	Yes	No	No	No	N/A	No	No
ACC AMIC	FA4890-13-C-0010		Yes	Yes	Yes	No	N/A	No	

Table 10. Evaluation Factors Not Supported (cont'd)

Contract Office	Contract Number	Order Number	Written Narrative Supported Rating						
			Quality	Schedule	Cost Control	Management	Utilization of Small Business	Regulatory Compliance	Other
ACC AMIC	FA4890-13-C-0108		No	Yes	Yes	Yes	N/A	No	No
ACC AMIC	FA4890-14-C-0001		Yes	Yes	Yes	No	Yes	Yes	
ACC AMIC	FA4890-14-C-0005		No	No	No	No	N/A	No	
ACC AMIC	FA4890-14-D-0001	0002	Yes	No	Yes	Yes	N/A	No	No
ACC AMIC	FA4890-14-D-0004	0002	Yes	No	Yes	Yes	N/A	No	No
ACC AMIC	GS-06F-0675Z	FA4890-13-F-0004	No	Yes	Yes	No	N/A	No	
ACC AMIC	GS-06F-0952Z	FA4890-14-F-0001	No	Yes	Yes	Yes	N/A	Yes	
ACC AMIC	GS-10F-0057N	FA4890-14-F-0025	No	Yes	Yes	No	No	Yes	
ACC AMIC	GS-35F-0069L	FA4890-14-F-0028	No	No	Yes	No	N/A	No	
338th SCONS	FA3002-13-C-0015		No	No	Yes	No	N/A	No	
338th SCONS	FA3002-13-C-0024		No	No	Yes	No	N/A	No	
338th SCONS	FA3002-13-D-0011		No	No	No	No	N/A	No	
338th SCONS	FA3002-13-D-0013		No	No	Yes	No	N/A	No	
338th SCONS	FA3002-14-C-0001		No	No	Yes	No	N/A	No	
338th SCONS	FA3002-14-C-0002		No	No	No	No	N/A	No	
338th SCONS	FA3002-14-C-0003		No	No	No	No	N/A	No	
338th SCONS	FA3002-14-C-0004		Yes	Yes	No	Yes	No	No	
338th SCONS	FA3002-14-C-0008		No	No	No	No	No	No	
338th SCONS	FA3002-14-D-0001		No	No	No	No	N/A	No	

Table 10. Evaluation Factors Not Supported (cont'd)

Contract Office	Contract Number	Order Number	Written Narrative Supported Rating						
			Quality	Schedule	Cost Control	Management	Utilization of Small Business	Regulatory Compliance	Other
338th SCONS	FA3002-14-D-0003		No	Yes	Yes	No	N/A	No	Yes
338th SCONS	FA3002-14-D-0004		No	No	No	No	N/A	No	
338th SCONS	FA8771-12-D-1004	SK01	Yes	Yes	Yes	Yes	N/A	No	
Total Number of Unsupported Elements			24	21	10	26	8	30	6

Legend

N/A Not Applicable

Appendix E

PAR Rating Definitions

Table 42-1 in the FAR⁵⁷ provides each rating, the definition of the ratings, and what the assessor needs to include in the written narrative to justify the rating given for the quality, schedule, cost control, and regulatory compliance evaluation factors.

Table 42-1 was added to the FAR on September 3, 2013.

Table 11. FAR Table 42-1 - Rating Definitions

Rating	Definition	Note
(a) 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 were of benefit to the Government. A singular benefit, however, could be of such magnitude that it alone constitutes an Exceptional rating. Also, there should have been NO significant weaknesses identified.
(b) 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 was a benefit to the Government. There should have been no significant weaknesses identified.
(c) 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 have been only minor problems, or major problems the contractor recovered from without impact to the contract/order. There should have been 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/order.

⁵⁷ FAR Part 42, "Contract Administration and Audit Services," Subpart 42.15, "Contract Performance Information," 42.1503, "Procedures," Table 42-1, "Evaluation Rating Definitions."

Table 11. FAR Table 42-1 - Rating Definitions (cont'd)

Rating	Definition	Note
(d) 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 (e.g., management, quality, safety, or environmental deficiency report or letter).
(e) 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 (e.g., management, quality, safety, or environmental deficiency reports, or letters).

Table 42-2 in the FAR⁵⁸ provides each rating, the definition of the ratings, and what the assessor needs to include in the written narrative to justify the rating given for the utilization of small business evaluation factor. Table 42-2 was added to the FAR on September 3, 2013.

Table 12. FAR Table 42-2 - Rating Definitions for Utilization of Small Business

Rating	Definition	Note
(a) Exceptional	Exceeded all statutory goals or goals as negotiated. Had exceptional success with initiatives to assist, promote, and utilize small business (SB), small disadvantaged business (SDB), women-owned small business (WOSB), HUBZone small business, veteran-owned small business (VOSB) and service disabled veteran owned small business (SDVOSB). Complied with FAR 52.219-8, Utilization of Small Business Concerns. Exceeded any other small business participation requirements incorporated in the contract/order, including the use of small businesses in mission critical aspects of the program. Went above and beyond the required elements of the subcontracting plan and other small business requirements of the contract/ order. Completed and submitted Individual Subcontract Reports and/or Summary Subcontract Reports in an accurate and timely manner.	To justify an Exceptional rating, identify multiple significant events and state how they were a benefit to small business utilization. A singular benefit, however, could be of such magnitude that it constitutes an Exceptional rating. Small businesses should be given meaningful and innovative work directly related to the contract, and opportunities should not be limited to indirect work such as cleaning offices, supplies, landscaping, etc. Also, there should have been no significant weaknesses identified.
(b) Very Good	Met all of the statutory goals or goals as negotiated. Had significant success with initiatives to assist, promote and utilize SB, SDB, WOSB, HUBZone, VOSB, and SDVOSB. Complied with FAR 52.219-8, Utilization of Small Business Concerns. Met or exceeded any other small business participation requirements incorporated in the contract/order, including the use of small businesses in mission critical aspects of the program. Endeavored to go above and beyond the required elements of the subcontracting plan. Completed and submitted Individual Subcontract Reports and/or Summary Subcontract Reports in an accurate and timely manner.	To justify a Very Good rating, identify a significant event and state how it was a benefit to small business utilization. Small businesses should be given meaningful and innovative opportunities to participate as subcontractors for work directly related to the contract, and opportunities should not be limited to indirect work such as cleaning offices, supplies, landscaping, etc. There should be no significant weaknesses identified.

⁵⁸ FAR Part 42, "Contract Administration and Audit Services," Subpart 42.15, "Contract Performance Information," 42.1503, "Procedures," Table 42-2, "Evaluation Rating Definitions (for the Small Business Subcontracting Evaluation Factor, when 52.219-9 is used."

Table 12. FAR Table 42-2 - Rating Definitions for Utilization of Small Business (cont'd)

Rating	Definition	Note
(c) Satisfactory	Demonstrated a good faith effort to meet all of the negotiated subcontracting goals in the various socio-economic categories for the current period. Complied with FAR 52.219-8, Utilization of Small Business Concerns. Met any other small business participation requirements included in the contract/order. Fulfilled the requirements of the subcontracting plan included in the contract/order. Completed and submitted Individual Subcontract Reports and/or Summary Subcontract Reports in an accurate and timely manner.	To justify a Satisfactory rating, there should have been only minor problems, or major problems the contractor has addressed or taken corrective action. There should have been no significant weaknesses identified. A fundamental principle of assigning ratings is that contractors will not be assessed a rating lower than Satisfactory solely for not performing beyond the requirements of the contract/order.
(d) Marginal	Deficient in meeting key subcontracting plan elements. Deficient in complying with FAR 52.219-8, Utilization of Small Business Concerns, and any other small business participation requirements in the contract/order. Did not submit Individual Subcontract Reports and/or Summary Subcontract Reports in an accurate or timely manner. Failed to satisfy one or more requirements of a corrective action plan currently in place; however, does show an interest in bringing performance to a satisfactory level and has demonstrated a commitment to apply the necessary resources to do so. Required a corrective action plan.	To justify Marginal performance, identify a significant event that the contractor had trouble overcoming and how it impacted small business utilization. A Marginal rating should be supported by referencing the actions taken by the government that notified the contractor of the contractual deficiency.
(e) Unsatisfactory	Noncompliant with FAR 52.219-8 and 52.219-9, and any other small business participation requirements in the contract/order. Did not submit Individual Subcontract Reports and/or Summary Subcontract Reports in an accurate or timely manner. Showed little interest in bringing performance to a satisfactory level or is generally uncooperative. Required a corrective action plan.	To justify an Unsatisfactory rating, identify multiple significant events that the contractor had trouble overcoming and state how it impacted small business utilization. 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 actions taken by the government to notify the contractor of the deficiencies. When an Unsatisfactory rating is justified, the contracting officer must consider whether the contractor made a good faith effort to comply with the requirements of the subcontracting plan required by FAR 52.219-9 and follow the procedures outlined in FAR 52.219-16, Liquidated Damages Subcontracting Plan.

Management Comments

Air Force Life Cycle Management Center Command and Control, Intelligence, Surveillance, and Reconnaissance



DEPARTMENT OF THE AIR FORCE
AIR FORCE LIFE CYCLE MANAGEMENT CENTER
ROBINS AIR FORCE BASE GEORGIA

MEMORANDUM FOR AFLCMC/HB AUDIT FOCAL POINT
5 EGLIN ST (BLDG 1624, 2ND FLR)
HANSCOM AFB MA 01731-2100

DEC 21 2015

HQ AFLCMC/FZQF AUDIT FOCAL POINT
BLDG 14 ROOM 240
1865 4TH ST
WRIGHT-PATTERSON AFB OH 45433-7114

HQ AF/FMP/AQ/AG
PENTAGON
WASHINGTON DC 20330-1130

IN TURN

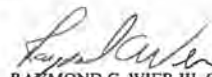
FROM: AFLCMC/HBG
235 Byron St, Suite 19A
Robins AFB GA 31098-1670

SUBJECT: Management Comments, DoD-IG Draft Report Of Audit (ROA), *Air Force Officials Did Not Consistently Comply With Requirements for Assessing Contractor Performance*, Project D2015-D000CF-0177.000.

1. Subject audit reviewed several Air Force (AF) units, two within the AF Life Cycle Management Center (AFLCMC), HBG and WII. We concur with the *results* and *findings* stipulated in subject ROA which were based upon Performance Assessment Report (PAR) samples taken from the C2ISR Division (HBG). Management comments addressing related *recommendations* (2a, 2b, 2c, 2d and 3) and appropriate *corrective actions* are attached. The Battle Management Directorate Contracting OSF (HBK) reviewed and concurs with the corrective actions.

2. Report clarification provided by [REDACTED] DoD-IG Project Manager, via email to [REDACTED] HB Audit Focal Point (AFP), on 8 Dec 2015 (copy available) and HQ AFLCMC/FZQF determination provided that references to "Commander, AFLCMC" and "Command-wide" in the Recommendations Table on page ii and Recommendations 2 and 3 on pages 18 and 19 will be interpreted to mean "Division Chief" and "Division-wide".

3. Direct questions to the C2ISR Program Integration Branch (PIB), [REDACTED] HBG, [REDACTED] or the Battle Management (HB) Directorate AFP, [REDACTED] AFLCMC/HBF, COM [REDACTED]


RAYMOND C. WIER III, Colonel, USAF
Senior Materiel Leader
C2ISR Division

Attachment:
AFLCMC/HBG Management Comments (4 pages)

cc: [REDACTED]
HBG Division Official File Clerk

Air Force Life Cycle Management Center Command and Control, Intelligence, Surveillance, and Reconnaissance (cont'd)

DoD-IG
Report Of Audit (ROA)
C2ISR Division (AFLCMC/HBG)
*Air Force Officials Did Not Consistently Comply
with Requirements for Assessing Contractor Performance*
(Project D2015-D000CF-0177.000)

MANAGEMENT COMMENTS

Per DoD-IG draft ROA "Recommendations Table" on page ii, recommendations 2a, 2b, 2c, 2d and 3 apply to AFLCMC/HBG.

Recommendation 2:

We recommend that the Commander of Air Force Life Cycle Management Center (AFLCMC) [specifically, the C2ISR (HBG) Division Chief]:

- a. Develop and implement command-wide [C2ISR Division-wide] written 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 memorandum and build in the 60 days for the contractor's response;

1. Concur with recommendation 2a.

2. CLOSED.

3. HBG currently has 2 policies in place enforcing CPAR guidelines and processes: PEO Policy #003 signed by Air Force Program Executive Officer of Battle Management (AFPEO BM), [REDACTED] on 03 August 2015, and a C2ISR Division Policy signed by C2ISR Deputy Chief, [REDACTED] on 17 December 2015. The current C2ISR Division policy mandates compliance with the Aerospace Sustainment Directorate (ASD) Operating Instruction (OI) 63-002, *CONTRACTOR PERFORMANCE ASSESSMENT REPORTING SYSTEM (CPARS)*, dated 7 December 2011. Prior to the Air Force 5 Center reorganization that occurred in 01 October 2012, the C2ISR Division fell under the ASD's portfolio. ASD OI 63-002 provides overall guidance and procedures on CPARs and permits Divisions to publish an addendum to the Directorate OI as long as it is more restrictive in nature. Per ASD OI 63-002 Chapter 4, all CPAR requirements must be completed within the 120-day requirement per the Under Secretary of Defense for Acquisition, Technology, and Logistics memorandum. However to further reinforce the 120-day requirement, to include a 60-day Contractor Review period, AFLCMC/HBG will refresh the current C2ISR Division policy and distribute the updated guidance to the entire workforce via email. In addition to the redistribution of Division CPAR guidance, the Division will conduct refresher training sessions for all Program Managers to emphasize the CPAR timeline requirement. Lastly CPAR status is, and will continue to be, briefed at both the Branch and Division levels on a weekly basis during Staff Meetings to ensure appropriate supervision is aware of both on time and any potential late CPAR activity.

4. Actual Completion Date (ACD): 18 December 2015

- b. Ensure assessors take initial and periodic refresher Contractor Performance Assessment Reporting System Quality and Narrative Writing Training;

1. Concur with recommendation 2b.

Air Force Life Cycle Management Center Command and Control, Intelligence, Surveillance, and Reconnaissance (cont'd)

DoD-IG
Report Of Audit (ROA)
C2ISR Division (AFLCMC/HBG)
*Air Force Officials Did Not Consistently Comply
with Requirements for Assessing Contractor Performance*
(Project D2015-D000CF-0177.000)

MANAGEMENT COMMENTS

2. CLOSED.

3. IAW the "Guidance for the Contractor Performance Assessment Reporting System (CPARS)", dated July 2014, the referenced Quality and Narrative Writing training is recommended as a best practice. Today, 100% of the personnel associated with the sampled AFLCMC PARs have completed the training [REDACTED] the Program Manager of FA8527-13-C-0001, has since completed the training.) However to reinforce the mandate to write quality PARs, AFLCMC/HBG will refresh the current C2ISR Division policy and distribute the most current training guidance to the entire workforce via email. In addition to the redistribution of Division CPAR guidance and CPAR training material, the Division will discuss CPAR training opportunities during the refresher training sessions for all Government AFLCMC/HBG Program Managers and other Multi-Functional Team (MFT) members.

4. Actual Completion Date (ACD): 26 June 2015

c. Establish command-wide [C2ISR Division-wide] written procedures for performing reviews of performance assessment reports and monitor reviews of the written narratives to verify compliance;

1. Concur with recommendation 2c.

2. OPEN

3. HBG currently has 2 policies in place enforcing CPAR guidelines and processes: PEO Policy #003 signed by Air Force Program Executive Officer of Battle Management (AFPEO BM) [REDACTED] on 03 August 2015, and a C2ISR Division Policy signed by C2ISR Deputy Chief, [REDACTED] on 17 December 2015. The current C2ISR Division policy mandates compliance with the Aerospace Sustainment Directorate (ASD) Operating Instruction (OI) 63-002, *CONTRACTOR PERFORMANCE ASSESSMENT REPORTING SYSTEM (CPARS)*, dated 7 December 2011. Prior to the Air Force 5 Center reorganization that occurred in 01 October 2012, the C2ISR Division fell under the ASD's portfolio. ASD OI 63-002 provides overall guidance and procedures on CPARs and permits Divisions to publish an addendum to the Directorate OI as long as it is more restrictive in nature. ASD OI 63-002 Chapter 4 instructs Divisions to conduct CPAR Review Boards within 15 days past the Period of Performance to review the proposed PAR narratives and ratings and attain coordination and approval from the Division Chief prior to submission within the CPAR system. Due to the high volume of CPAR requirements, the C2ISR Division policy permits deviation from the CPAR Review Board process and allows for the draft CPAR narratives to be coordinated through a definitized list of reviewers via a CPAR Review Folder prior to submission in the CPAR System. Although this practice is currently utilized today, it is undocumented. As a result, the C2ISR Program Integration Branch (PIB) is currently drafting a specific CPAR User Guide for the Division that documents this process, as well as other Division specific nuances that pertain to CPAR

Air Force Life Cycle Management Center Command and Control, Intelligence, Surveillance, and Reconnaissance (cont'd)

DoD-IG
Report Of Audit (ROA)
C2ISR Division (AFLCMC/HBG)
*Air Force Officials Did Not Consistently Comply
with Requirements for Assessing Contractor Performance*
(Project D2015-D000CF-0177.000)

MANAGEMENT COMMENTS

activity. The C2ISR CPAR User Guide, once complete, will provide MFTs with the guidance on how to coordinate a draft CPAR through each reviewer. The coordination process will, in turn, ensure that PARs receive the appropriate review from leadership and narratives are reviewed to verify compliance with the published guidance. The C2ISR Division CPAR Focal Point (FP) is part of the review process and is responsible for tracking the status of all CPARs from initiation through completion, as well as informing Division and Branch leadership of this status on a weekly basis during Staff Meetings. This CPAR reporting will assist in monitoring the status of PAR reviews. Once the C2ISR CPAR User Guide is finalized, it will be distributed via email to the entire Division. In addition to the distribution of the Division CPAR User Guide, the Division will conduct refresher training sessions for all Government Program Managers to emphasize the newly documented CPAR coordination process. Lastly CPAR status is, and will continue to be, briefed at both the Branch and Division levels on a weekly basis during Staff Meetings to ensure appropriate supervision is aware of both on-time and any potential late CPAR reviews.

4. Estimated Completion Date (ECD): 30 May 2016.

d. Develop and implement written procedures to register contracts.

1. Concur with recommendation 2d.

2. CLOSED.

3. HBG currently has 2 policies in place enforcing CPAR guidelines and processes: PEO Policy #003 signed by Air Force Program Executive Officer of Battle Management (AFPEO BM) [REDACTED] on 03 August 2015, and a C2ISR Division Policy signed by C2ISR Deputy Chief, [REDACTED] on 17 December 2015. The current C2ISR Division policy mandates compliance with the Aerospace Sustainment Directorate (ASD) Operating Instruction (OI) 63-002, *CONTRACTOR PERFORMANCE ASSESSMENT REPORTING SYSTEM (CPARS)*, dated 7 December 2011. Prior to the Air Force 5 Center reorganization that occurred in 01 October 2012, the C2ISR Division fell under the ASD's portfolio. ASD OI 63-002 provides overall guidance and procedures on CPARs and permits Divisions to publish an addendum to the Directorate OI as long as it is more restrictive in nature. ASD 63-002 Chapter 2 documents the CPAR Registration Process. C2ISR complies with this chapter. However to further reinforce the CPAR Registration Process; AFLCMC/HBG will redistribute the Division CPAR policy, to include a copy of ASD OI 63-002, to the entire Division via email. In addition the Registration Process will be briefed during the CPAR training sessions for all Government AFLCMC/HBG Program Managers and other members of the MFT.

4. Actual Completion Date (ACD): 18 December 2015.

Recommendation 3.

Air Force Life Cycle Management Center Command and Control, Intelligence, Surveillance, and Reconnaissance (cont'd)

DoD-IG
Report Of Audit (ROA)
C2ISR Division (AFLCMC/HBG)
*Air Force Officials Did Not Consistently Comply
with Requirements for Assessing Contractor Performance*
(Project D2015-D000CF-0177.000)

MANAGEMENT COMMENTS

We recommend that the Commander of the Air Force Life Cycle Management Center (AFLCMC) [specifically, the C2ISR (HBG) Division Chief] train assessors on the performance assessment report evaluation factors and performance assessment report rating definitions, as outlined in the Federal Acquisition Regulation and Contractor Performance Assessment Reporting System guidance.

a. Concur with recommendation 3.

b. OPEN.

c. HBG currently has 2 policies in place enforcing CPAR guidelines and processes: PEO Policy #003 signed by Air Force Program Executive Officer of Battle Management (AFPEO BM), [REDACTED] on 03 August 2015, and a C2ISR Division Policy signed by C2ISR Deputy Chief, [REDACTED] on 17 December 2015. The current C2ISR Division policy mandates compliance with the Aerospace Sustainment Directorate (ASD) Operating Instruction (OI) 63-002, *CONTRACTOR PERFORMANCE ASSESSMENT REPORTING SYSTEM (CPARS)*, dated 7 December 2011. Prior to the Air Force 5 Center reorganization that occurred in 01 October 2012, the C2ISR Division fell under the ASD's portfolio. ASD OI 63-002 provides overall guidance and procedures on CPARs and permits Divisions to publish an addendum to the Directorate OI as long as it is more restrictive in nature. ASD OI 63-002 instructs Divisions on how to process CPARs from initiation to completion. To aid in the development of quality PAR narratives that comply with the published rating definitions as outlined in the Federal Acquisition Regulation and Contractor Performance Assessment Reporting System guidance, the C2ISR Program Integration Branch (PIB) is currently drafting a specific CPAR User Guide for the Division that provides explicit guidance to ensure strict conformance with the rating definitions. The C2ISR CPAR User Guide, once complete, will also provide Government MFTs with the guidance on how to coordinate a draft CPAR through each reviewer. The coordination process will, in turn, ensure that PARs receive the appropriate review from leadership and narratives are reviewed to verify compliance. Per the C2ISR CPAR User Guide, every reviewer that is part of this process is charged with assessing the quality of the narrative to ensure sufficient evidence is provided to correlate to the rating provided. Once the C2ISR CPAR User Guide is finalized, it will be distributed via email to the entire Division. In addition to the distribution of the Division CPAR User Guide, the Division will conduct refresher training sessions for all Government Program Managers and other MFT members to emphasize the requirement of writing quality narratives that support the rating.

d. Estimated Completion Date (ECD): 30 May 2016.

Air Force Life Cycle Management Center Medium Altitude Unmanned Aircraft Systems



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS AIR FORCE LIFE CYCLE MANAGEMENT CENTER
WRIGHT-PATTERSON AIR FORCE BASE OHIO

22 December 2015

MEMORANDUM FOR DoD-IG

FROM: AFLCMC/WII
2530 Loop Road West, Bldg 560
Wright-Patterson, AFB, OH 45433-7106

SUBJECT: Management Comments, DoD-IG Draft Report of Audit (ROA), *Air Force Officials Did Not Consistently Comply with Requirements for Assessing Contractor Performance*, Project D2015-D000CF-0177,000.

AFLCMC/WII *concurs* with the audit results, recommendations, findings, and management corrective actions as noted. AFLCMC/WII Management Comments in response to the recommendations are attached.

If you have any questions or concerns with our comments, please contact [REDACTED]
AFLCMC/WIIW, [REDACTED]

A handwritten signature in blue ink, reading "Michelle Grace", is positioned above the typed name and title.

MICHELLE H. GRACE, USAF
Deputy Chief
Medium Altitude UAS Division

Attachment:
AFLCMC/WII Management Comments

Air Force Life Cycle Management Center Medium Altitude Unmanned Aircraft Systems (cont'd)

DoD-IG
Report Of Audit (ROA)
Medium Altitude UAS Division (AFLCMC/WII)
*Air Force Officials Did Not Consistently Comply
with Requirements for Assessing Contractor Performance*
(Project D2015-DOOOCF-0177.000)

AFLCMC/WII Management Comments

Per DoD-IG draft ROA "Recommendations Table" on page ii, recommendations 2a, 2b, 2c, 2d and 3 apply to AFLCMC/WII.

Recommendation 2:

We recommend that the Commander of Air Force Life Cycle Management Center (AFLCMC) [specifically, the Medium Altitude UAS (WII) Division Chief]:

- a. Develop and implement command-wide [WII Division-wide] written 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 memorandum and build in the 60 days for the contractor's response;
 1. AFLCMC/WII concurs with recommendation 2a.
 2. Closed.
 3. WII currently has a detailed internal written process enforcing Contractor Performance Assessment Reporting (CPAR) guidelines and procedures. This robust process begins 34 weeks before the assessment period of performance ends and includes multiple rounds of reviews with the contractor, including the mandatory 60 day review. Since its employment, the WII process has effectively managed each contract's reporting schedule, resulting in 100% timely reports (i.e., CPARs are closed out in 120 days or less).
 4. The written process and corresponding schedule tracker were provided to the DoD-IG as part of the audit.
 5. The internal written process was referenced on page 15 of the Draft Report as a best practice.
- b. Ensure assessors take initial and periodic refresher Contractor Performance Assessment Reporting System Quality and Narrative Writing Training;
 1. AFLCMC/WII concurs with recommendation 2b.
 2. Closed.
 3. The AFLCM/WI directorate CPAR focal point conducts both initial and recurring training for WII's Assessing Official as well as other key individuals within the division.
 4. During the audit interview, the DoD-IG confirmed the WII Assessing Official had the requisite CPAR training.
- c. Establish command-wide [WII Division-wide] written procedures for performing reviews of performance assessment reports and monitor reviews of the written narratives to verify compliance;
 1. AFLCMC/WII concurs with recommendation 2c.
 2. Closed.
 3. For each applicable contract, WII's CPAR process requires several rounds of internal reviews of the written report. To ensure quality narratives, reviews include administrative, contracting and finance reviews, division-wide reviews with all branch chiefs/key input providers, and follow-up reviews with the Assessing Official. This practice has resulted in quality written narratives for WII reports, as demonstrated in Appendix C's assessment of

Air Force Life Cycle Management Center Medium Altitude Unmanned Aircraft Systems (cont'd)

FA8528-14-C-0001 (i.e., WII's only CPAR included in this audit). Additionally, WII has used a Quality Rating Matrix to support each evaluation factor's rating.

4. The Quality Rating Matrix was provided to the DoD-IG as part of the audit.
5. The Quality Rating Matrix was referenced on page 15 of the Draft Report as a best practice.

d. Develop and implement written procedures to register contracts.

1. AFLCMC/WII concurs with recommendation 2d.
2. Closed.
3. WI has written procedures for contract registration. Per the WI CPAR procedure, PMs are responsible for registering any contract that meets the dollar threshold. If the contract does not auto register, the PM is required to complete a CPAR Registration Form and coordinate with their division CPAR POC. The division POC then forwards the completed CPAR Registration Form to the directorate POC who loads the contract in the directorate CPAR tracker and official CPAR system.

Recommendation 3:

We recommend that the Commander of the Air Force Life Cycle Management Center (AFLCMC) [specifically, the Medium Altitude UAS (WII) Division Chief] train assessors on the performance assessment report evaluation factors and performance assessment report rating definitions, as outlined in the Federal Acquisition Regulation and Contractor Performance Assessment Reporting System guidance.

- a. AFLCMC/WII concurs with recommendation 3.
- b. Closed.
- c. The WI CPAR training covers evaluation factors and rating definitions.

AFLCMC/WII Management Request

Per 2a(5) and 2c(5) above, WII's written process and Quality Rating Matrix were referenced as best practices in the Draft Report; however, these best practices were not directly attributed to WII. Request WII be documented as the source for these best practices.

**Final Report
Reference**

**Added
attribution for
AFLCMC best
practices.**

Headquarters Space and Missile Systems Center



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS SPACE AND MISSILE SYSTEMS CENTER (AFSPC)
LOS ANGELES AIR FORCE BASE, CALIFORNIA

DEC 23 2015

MEMORANDUM FOR THE DOD OFFICE OF THE INSPECTOR GENERAL

FROM: SMC/CC
483 N. Aviation Blvd
El Segundo, CA 90245

SUBJECT: Management Comments to Draft Report, Air Force Officials Did Not Consistently Comply with Requirements for Assessing Contractor Performance, D2015-D000CF-0177.000, dated 23 November 2015

1. In accordance with AFI 65-402, Relations with the Department of Defense, Office of the Assistant Inspector General for Auditing and Analysis and Follow Up, para 3.3, Air Force comments, I am providing the following management comments to draft report referenced in the subject line.

Recommendations. The Commander, Space and Missile Systems Center:

Recommendation 2.a Develop and implement command-wide written 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 memorandum and build in the 60 days for the contractor's response.

- **Management Comments:** Concur. Will implement an SMC-wide Contractor Performance Assessment Reporting System (CPARS) policy guide that identifies the following: 1) 120-day Performance Assessment Reports (PAR) preparation and approval timeline (including 60 days for contractor response), 2) mandated initial and refresher CPARS web-based training requirements appropriate to the designated CPARS official's role, 3) implement PAR compliance reviews that ensure appropriate and consistent application of evaluation factors, rating definitions and contract purpose description in accordance with the FAR and CPARS guidance, 4) defines new contract registration input timelines, and 5) ensures assessors are trained on use of PAR evaluation factors and rating definitions in accordance with the FAR and CPARS guidance.
Estimated Completion date: 29 Feb 16 (OPEN)

Recommendation 2.b Ensure assessors take initial and periodic refresher Contractor Performance Assessment Reporting System Quality and Narrative Writing Training.

- **Management Comments:** Concur. The SMC CPAR policy guidance referenced above will mandate all CPARS Officials take initial and refresher CPARS web-based training appropriate to their roles.
Estimated Completion Date: 29 Feb 16 (OPEN)

INTEGRITY, SERVICE, EXCELLENCE

Headquarters Space and Missile Systems Center (cont'd)

Recommendation 2.c Establish command-wide written procedures for performing reviews of performance assessment reports and monitor reviews of the written narratives to verify compliance.

- **Management Comments:** Concur. The SMC CPAR policy guidance referenced above will implement PAR compliance reviews that ensure appropriate and consistent application of evaluation factors, rating definitions and a description of contract purpose in accordance with the FAR and CPARS guidance.
Estimated Completion date: 31 July 16 (**OPEN**)


Recommendation 2.d Develop and implement written procedures to register contracts

- **Management Comments:** Concur. The SMC CPAR policy guidance referenced above will define new contract registration input timelines.
Estimated Completion Date: 29 Feb16 (**OPEN**)

Recommendation 3. Train assessors on the performance assessment report evaluation factors and performance assessment report rating definitions, as outlined in the Federal Acquisition Regulation and Contractor Performance Assessment Reporting Systems guidance.

- **Management Comments:** Concur. The SMC CPAR policy guidance referenced above will ensure assessors are trained on use of PAR evaluation factors and rating definitions in accordance with the FAR and CPARS guidance.
Estimated Completion Date: 30 Jun 16 (**OPEN**)

2. For questions, please contact [REDACTED] SMC CPARs Agency POC, SMC/PID [REDACTED]
[REDACTED] or [REDACTED] SMC Audits Manager, SMC/FMR [REDACTED]


SAMUEL A. GREAVES
Lieutenant General, USAF
Commander

12/23/15

Air Combat Command, Acquisition Management and Integration Center



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS AIR COMBAT COMMAND
ACQUISITION MANAGEMENT AND INTEGRATION CENTER
JOINT BASE LANGLEY-EUSTIS VA

MEMORANDUM FOR DOD IG

FROM: HQ ACC AMIC/DR

SUBJECT: ACC AMIC Response to DoDIG Draft Report for Project No. D2015-D000CF-0177.000, "Air Force Officials Did Not Consistently Comply With Requirements for Assessing Contractor Performance"

1. Air Combat Command, Acquisition Management and Integration Center (AMIC) reviewed Project No. D2015-D000CF-0177.000, "Air Force Officials Did Not Consistently Comply With Requirements for Assessing Contractor Performance" and agrees with the DOD IG findings.
2. Our response to the DOD IG recommendations on pages 24 and 25 are as follows:

DOD IG Recommendation 1

- a. monitor compliance with the Director's October 15, 2015, memorandum that described timeframes to ensure assessors prepare performance assessment reports that meet the 120 day requirement in the Under Secretary of Defense for Acquisition, Technology, and Logistics memorandum
 - i. Corrective Action for Recommendation 1 a:
 - ACC AMIC CPAR Focal Points (FPs) monitor CPARS statuses daily; notification letters will be sent to AOR, AO, or RO exceeding memorandum timeframes.
 - ACC AMIC FP emails CPAR Status Report (on schedule, behind schedule or overdue) to AMIC Contracting Officers weekly
 - ACC AMIC FP submits CPAR Status via Executive Summary to AMIC Leadership monthly
- b. monitor compliance with the Director's October 15, 2015, memorandum that requires assessors take initial and periodic refresher Quality and Narrative Writing training;
 - i. Corrective Action for Recommendation 1 b:
 - ACC AMIC FPs load AOR, AO, and RO names, "CPARS Overview," and "Quality & Narrative Writing" training dates/certificates into AMIC's Contract Management System (CMS)
 - ACC AMIC FPs monitor AOR, AO, or RO training status monthly and will include status in Executive Summary to AMIC Leadership
- c. improve procedures for performing reviews of the written narratives and then monitor compliance with those procedures.
 - i. Corrective Action for Recommendation 1 c:
 - ACC AMIC FPs will perform 100% review of drafted CPARs' contract efforts and rating narratives through Feb 2016; nonconforming CPARs will be reported to the AO

Agile Combat Power

Air Combat Command, Acquisition Management and Integration Center (cont'd)

- ACC AMIC FPs will perform monthly random sampling of completed CPAR's contract efforts and rating narratives after Feb 2016 and revise self-inspection checklist to ensure internal management controls are being tested

DOD IG Recommendation 3

- d. train assessors on the performance assessment report evaluation factors and performance assessment report rating definitions, as outlined in the Federal Acquisition Regulation and Contractor Performance Assessment Reporting System guidance.
 - i. Corrective Action for Recommendation 3:
 - External CPAR Issue: CPARS Automated Online is under development with no projected completion date and Online Instructor Led classes are filled shortly after opening.
 - ACC AMIC FP coordinated CPARS Overview/Quality & Narrative Writing class (telecom by CPAR Help Desk) at Langley AFB auditorium for the ~140 AO/AOR/RO currently assigned in CPARS. The dates/times are:
0800 - 1200, 7 Jan 16
0800 - 1200, 21 Jan 16
1200 - 1600, 28 Jan 16
 - ACC AMIC FPs will conduct CPAR training (using CPARS Helpdesk training PPT slides) for new AORs, AOs, and ROs until CPARS Automated Online modules activation. Establishing action plan for determining guidelines to assist CPARS raters in aligning color ratings with assessment definitions

3. My POC for the corrective actions is [REDACTED], AMIC/DRQQ, [REDACTED]. For additional concerns, please contact Colonel Michael P. Mahar, HQ ACC Acquisition Management and Integration Center Deputy Director (HQ ACC AMIC/DD), [REDACTED]

MAHAR.MICHAEL
L.P. [REDACTED]

MICHAEL P. MAHAR, Colonel, USAF
Deputy Director

338th Specialized Contracting Squadron



DEPARTMENT OF THE AIR FORCE AIR FORCE INSTALLATION CONTRACTING AGENCY

MEMORANDUM FOR DoD IG

15 Dec 2015

FROM: 338 SCONS/CC

SUBJECT: DoD Inspector General, Project No. D2015-D000CF-0177.000

1. This letter is in response to the DoD IG draft report, dated 23 Nov 2015. This report proposes the 338th Specialized Contracting Squadron (SCONS) did not comply with various aspects of the Contractor Performance Assessment Reporting System (CPARS). IAW DoDI 7650.03 comments are provided to resolve disputes on audit findings and recommendations.

2. DoD IG Findings/Recommendations and 338 SCONS Response:

(a) FINDING: 338th SCONS did not have procedures to ensure timeliness.

RECOMMENDATION 2.a: Develop and implement command-wide written 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 memorandum and build in the 60 days for the contractor's response.

RESPONSE: Disagree. Command-level procedures are written by AFIMSC or HQ AFICA, not 338 SCONS.

(b) FINDING: 338th SCONS assessors did not prepare clear descriptions of the purpose of the contract for 6 of 37 PARs, as required by the FAR.

RESPONSE: Agree.

CORRECTIVE ACTION: AFFARS 5342.150 requires individuals appointed to a CPAR role complete training within 30 days of appointment. 338 SCONS Focal Points will enforce training requirements for assessors of our contracts and will maintain a database of completed training. Refresher CPARS training is scheduled for 2 Feb 2016.

(c) FINDING: 338th SCONS assessors did not provide a clear description of the contract purpose.

Example: 338th SCONS, one description of the contract purpose stated, "Support AFSAT [Air Force Security Assistance Squadron] training program managers."

RESPONSE: Disagree. This is subjective and addresses only one description of contract purpose. It compares A&AS support services to a U-2 Weapon system program. As a non-systems contracting activity, the assessor provided a concise description of the program's purpose.

(d) FINDING: Assessors at all four commands did not rate 27 required evaluation factors.

RECOMMENDATION 3: The Commander of the 338 SCONS train assessors on the performance assessment report evaluation factors and performance assessment report rating definitions, as outlined in the FAR and CPARS guidance.

RESPONSE: Agree.

338th Specialized Contracting Squadron (cont'd)

CURRENT/CORRECTIVE ACTION: Subsequent to this inspection, 338 SCONS facilitated CPARS training on 23 Oct 2015 and will continue to ensure Focal Points are enforcing training requirements. Refresher CPARS training is scheduled for 2 Feb 2016.

- (e) FINDING: 338th SCONS officials did not require assessors to take Quality and Narrative Writing training for CPARS.

RECOMMENDATION 2.b: Ensure assessors take initial and periodic refresher Contractor Performance Assessment Reporting System Quality and Narrative Writing Training.

RESPONSE: Agree.

CURRENT/CORRECTIVE ACTION: As a best practice, our organization conducts annual CPARS training (3rd Qtr of CY) and LAW AFFARS 5342.1503; Focal Points will enforce training requirements and will maintain a database of completed training.

- (f) FINDING: 338th SCONS did not have command-wide descriptive written procedures to perform reviews of the written narratives.

RECOMMENDATION 2.c: The Commander of 338th SCONS should establish command-wide written procedures for performing reviews of PARs and monitor reviews of the written narratives to verify compliance.

RESPONSE: Disagree. Command-level procedures are written by AFIMSC or HQ AFICA, not 338 SCONS.

- (g) FINDING: 338th SCONS did not have written procedures to register contracts.

RECOMMENDATION 2.d: Develop and implement written procedures to register contracts.

RESPONSE: Disagree. 338 SCONS is 100% compliant with on-time registration procedures. Our organization follows established CPARS procedures and performs annual CPARS refresher training. Additional written procedures would be duplicative.



VICTORIA L. NEMMERS, Lt Col, USAF
Commander, 338 SCONS

Acronyms and Abbreviations

ACC AMIC	Air Force Combat Command, Acquisition Management and Integration Center
AFB	Air Force Base
AFLCMC	Air Force Life Cycle Management Center
C2ISR	Command and Control, Intelligence, Surveillance, and Reconnaissance
CPARS	Contractor Performance Assessment Reporting System
FAR	Federal Acquisition Regulation
HQ SMC	Headquarters Space and Missile Systems Center
ISR & SOF	Intelligence, Surveillance, Reconnaissance, and Special Operations Force
MA-UAS	Medium Altitude Unmanned Aircraft Systems
PAR	Performance Assessment Report
SCONS	Specialized Contracting Squadron
USD(AT&L)	Under Secretary of Defense for Acquisition, Technology, and Logistics



Whistleblower Protection

U.S. DEPARTMENT OF DEFENSE

The Whistleblower Protection Enhancement Act of 2012 requires the Inspector General to designate a Whistleblower Protection Ombudsman to educate agency employees about prohibitions on retaliation, and rights and remedies against retaliation for protected disclosures. The designated ombudsman is the DoD Hotline Director. For more information on your rights and remedies against retaliation, visit www.dodig.mil/programs/whistleblower.

For more information about DoD IG reports or activities, please contact us:

Congressional Liaison

congressional@dodig.mil; 703.604.8324

Media Contact

public.affairs@dodig.mil; 703.604.8324

For Report Notifications

http://www.dodig.mil/pubs/email_update.cfm

Twitter

twitter.com/DoD_IG

DoD Hotline

dodig.mil/hotline



DEPARTMENT OF DEFENSE | INSPECTOR GENERAL

4800 Mark Center Drive
Alexandria, VA 22350-1500
www.dodig.mil
Defense Hotline 1.800.424.9098

