



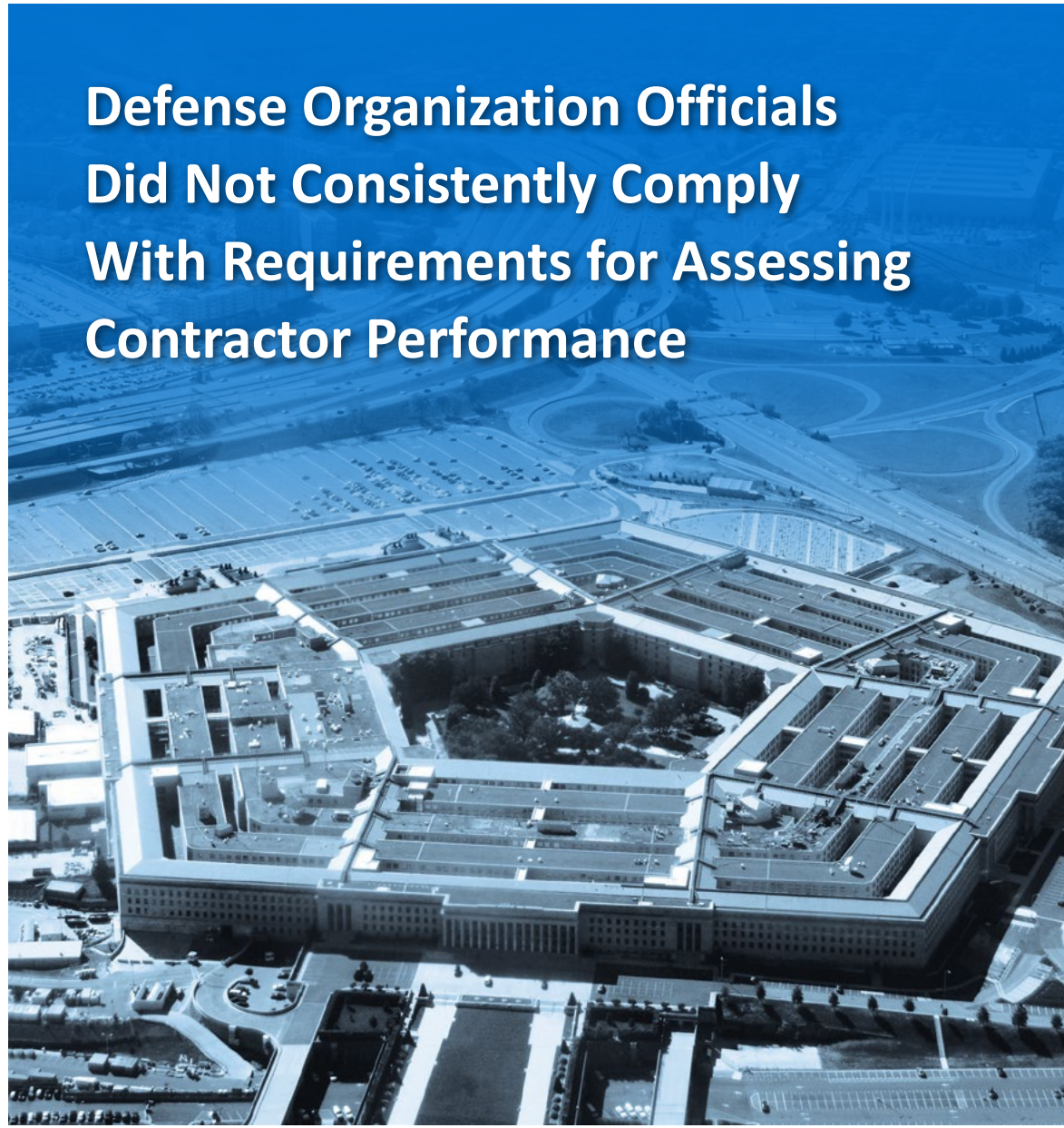
# INSPECTOR GENERAL

*U.S. Department of Defense*

FEBRUARY 1, 2017



## Defense Organization Officials Did Not Consistently Comply With Requirements for Assessing Contractor Performance



INTEGRITY ★ EFFICIENCY ★ ACCOUNTABILITY ★ EXCELLENCE

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# Results in Brief

## *Defense Organization Officials Did Not Consistently Comply With Requirements for Assessing Contractor Performance*

February 1, 2017

### Objective

We determined whether officials from Defense organizations completed comprehensive and timely contractor performance assessment reports (PARs) for nonsystems contracts as required by Federal and DoD policies. Nonsystems contracts include contracts for operations support, services, and information technology. This is the fourth in a series of audits of DoD compliance with policies for evaluating contractor performance.

### Background

The purpose of a PAR is to provide source selection officials with information on contractor past performance. Government officials prepare PARs in the Contractor Performance Assessment Reporting System. The audit universe consisted of 1,622 contracts, valued at \$75.9 billion, for which officials prepared PARs for 684 contracts, valued at \$36.2 billion. We selected a nonstatistical sample of four contracting offices and 150 contracts, valued at \$39.5 billion. Of these 150 contracts, we reviewed 53 PARs, with a total contract value of \$10.7 billion. See Appendix A for a complete discussion of the audit universe and sampling methodology.

### Finding

Officials at the four Defense organizations we audited—U.S. Transportation Command, Defense Information Technology Contracting Organization (contracting office for the Defense Information Systems Agency), Defense Logistics Agency (DLA) Energy, and DLA Troop Support—registered<sup>1</sup> or had a valid reason for not registering 150 contracts and prepared PARs for all contracts that required an evaluation. However, officials did not consistently comply with requirements for evaluating contractor past performance. Specifically, officials at Defense Information Technology Contracting Organization, DLA Energy, and DLA Troop Support did not prepare 13 of 53 PARs within the 120-day required timeframe. Additionally, officials at all four contracting offices also prepared 49 of 53 PARs that did not include sufficient written narratives to justify the ratings given, ratings for all required evaluation factors, or sufficient descriptions of the contract purpose.

These conditions occurred because:

- organization-specific procedures did not have clear guidance for preparing PARs in a timely manner or did not address timeliness;
- assessors did not understand PAR rating definitions or evaluation factors;
- assessors did not take current training or properly implement training; and
- organization-specific procedures did not require reviews of PARs to ensure compliance with the FAR.

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

<sup>1</sup> Registering the contract enables the assessor to prepare the PAR in the Contractor Performance Assessment Reporting System.





# Results in Brief

## *Defense Organization Officials Did Not Consistently Comply With Requirements for Assessing Contractor Performance*

### Recommendations

We recommend that Defense organization officials develop and implement procedures to:

- register contracts,
- prepare PARs within 120 days,
- require that assessors take training for writing PARs, and
- evaluate PARs for quality.

### Management Comments and Our Response

The Chief of Staff, U.S. Transportation Command, responding for the Commander, U.S. Transportation Command; the Chief, Defense Information Technology Contracting Organization, responding for the Director, Defense Information Systems Agency; and the Director, DLA Acquisition, responding for the Director, DLA, agreed with the recommendations, and we do not require additional comments.

We are currently performing a summary audit of DoD compliance with past performance reporting requirements. In the summary audit report, we will identify the status of each recommendation from this report and the previous reports in the series.

## ***Recommendations Table***

| Management                                   | Recommendations<br>Requiring Comment | No Additional<br>Comments Required |
|--|--------------------------------------|------------------------------------|
| Commander, U.S. Transportation Command       | None                                 | 1, 2.a, 2.b, 2.c, 3                |
| Director, Defense Information Systems Agency | None                                 | 2.a, 2.b, 2.c, 4                   |
| Director, Defense Logistics Agency           | None                                 | 2.a, 2.b, 2.c, 3                   |





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

February 1, 2017

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION, TECHNOLOGY,  
AND LOGISTICS  
COMMANDER, U.S. TRANSPORTATION COMMAND  
DIRECTOR, DEFENSE INFORMATION SYSTEMS AGENCY  
DIRECTOR, DEFENSE LOGISTICS AGENCY  
NAVAL INSPECTOR GENERAL

SUBJECT: Defense Organization Officials Did Not Consistently Comply With Requirements for  
Assessing Contractor Performance (Report No. DODIG-2017-052)

We are providing this report for information and use. Defense organization officials did not prepare 13 of 53 performance assessment reports in a timely manner and did not prepare 49 of 53 performance assessment reports in accordance with 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. Comments from the Chief of Staff, U.S. Transportation Command; Chief, Defense Information Technology Contracting Organization; and Director, Defense Logistics Agency Acquisition, conformed to the requirements of DoD Instruction 7650.03; therefore, we do not require additional comments.

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

A handwritten signature in blue ink, appearing to read "M. Roark", is positioned above the printed name.

Michael J. Roark  
Assistant Inspector General  
Contract Management and Payments





# Contents

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## Introduction

|                                   |   |
|-----------------------------------|---|
| Objective .....                   | 1 |
| Background .....                  | 1 |
| Audit Universe and Scope .....    | 5 |
| Review of Internal Controls ..... | 5 |

## **Finding. Defense Organization Officials Compliance With Past Performance Reporting Requirements Needs Improvement**

|  |    |
|--|----|
| Assessors Registered Contracts and Prepared PARs When Required .....                           | 7  |
| Assessors at Three Offices Completed PARs Late .....   | 7  |
| Assessors Prepared Insufficient PARs .....   | 9  |
| Assessors Were Not Adequately Trained and Organizations Lacked Effective Procedures .....      | 15 |
| Officials Did Not Adequately Justify Past Performance With Readily Available Information ..... | 19 |
| Management Comments on the Internal Controls and Our Response .....                            | 19 |
| Recommendations, Management Comments, and Our Responses .....                                  | 20 |

## Appendixes

|  |    |
|--|----|
| Appendix A. Scope and Methodology .....                  | 25 |
| Universe and Sample .....                                | 25 |
| Documentation and Interviews .....                       | 27 |
| Criteria Reviewed .....                                  | 28 |
| Use of Computer-Processed Data .....                     | 29 |
| Use of Technical Assistance .....                        | 29 |
| Appendix B. Prior Coverage .....                         | 30 |
| Appendix C. Improvement in PAR Completion Metrics .....  | 33 |
| Appendix D. Summary of PARs Reviewed .....               | 37 |
| Appendix E. Summary of Evaluation Factors Reviewed ..... | 40 |
| Appendix F. PAR Rating Definitions .....                 | 43 |

# Contents (cont'd)

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## Management Comments

|  |    |
|--|----|
| U.S. Transportation Command .....        | 47 |
| Defense Information Systems Agency ..... | 50 |
| Defense Logistics Agency .....           | 54 |

|   |           |
|---|-----------|
| <b>Acronyms and Abbreviations .....</b> | <b>56</b> |
|---|-----------|

# Introduction

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## Objective

We determined whether officials from Defense organizations completed comprehensive and timely contractor performance assessment reports (PARs) for nonsystems contracts<sup>2</sup> as required by Federal and DoD policies. The Defense organizations we audited were the U.S. Transportation Command (USTRANSCOM), the Defense Information Systems Agency (DISA), and the Defense Logistics Agency (DLA). See Appendix A for a discussion of the scope and methodology. See Appendix B for prior coverage. This is the fourth in a series of audits of DoD compliance with policies for evaluating contractor performance.

## Background

### ***Contractor Performance Assessment Reporting System and Past Performance Information Retrieval System***

The Federal Acquisition Regulation (FAR) requires Government officials to evaluate contractor performance in the Contractor Performance Assessment Reporting System (CPARS), the Government-wide reporting tool for past performance on contracts.<sup>3</sup> 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. Officials evaluate contractors in CPARS by preparing a PAR. When officials submit a completed PAR, it automatically transfers to the Past Performance Information Retrieval System. Government source selection officials obtain PARs from this system.

The evaluation process begins when the Federal Procurement Data System–Next Generation<sup>4</sup> feeds contracts that exceed the dollar-reporting thresholds into CPARS. DoD reporting thresholds are established in an Under Secretary of Defense for Acquisition, Technology, and Logistics (USD[AT&L]) memorandum.<sup>5</sup> CPARS classifies contracts into different business sectors, and each business sector has a different dollar-reporting threshold. Table 1 identifies the CPARS business sectors and the DoD’s dollar-reporting thresholds.

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<sup>2</sup> Nonsystems contracts include contracts, task orders, and delivery orders for operations support, services, information technology, and ship repair and overhaul.

<sup>3</sup> FAR Part 42, “Contract Administration and Audit Services,” Subpart 42.15, “Contractor Performance Information,” 42.1502, “Policy,” 42.1502(a), “General.”

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

<sup>5</sup> USD(AT&L) memorandum, “Class Deviation–Past Performance Evaluation Thresholds and Reporting Requirements,” September 24, 2013.

Table 1. CPARS Business Sectors and DoD Reporting Thresholds

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

Note: FAR 42.1502(e) and 42.1502(f) identify the reporting thresholds for architect-engineer and construction contracts. On October 1, 2015, the Federal Acquisition Regulation raised the reporting thresholds for architect-engineer contracts to \$35,000 and construction contracts to \$700,000.

Source: The Guidance for the Contractor Performance Assessment Reporting System (CPARS), July 2014.

CPARS focal points provide overall support for the CPARS process, including registering contracts, setting up user accounts, and providing user assistance. The focal points log into CPARS and see a list of the contracts that the Federal Procurement Data System–Next Generation fed into the system. Focal points or other CPARS officials review the list of contracts and determine whether they need to register the contracts. Not all contracts require registration. For example, officials choose how to register indefinite-delivery indefinite-quantity contracts based on the “Guidance for the Contractor Performance Assessment Reporting System (CPARS)” (CPARS Guide).<sup>6</sup> When focal points register contracts in CPARS, they assign personnel<sup>7</sup> to complete the assessment of the contractor, which is done by writing a PAR.

The focal point determines who is responsible for preparing the PAR, as directed by the organization’s leadership. The FAR states that agencies must assign responsibility and accountability for the completeness of past performance submissions.<sup>8</sup> The FAR also states, “if agency procedures do not specify the individuals responsible for past performance evaluation duties, the contracting

<sup>6</sup> The CPARS Guide, July 2014, section 2.1, “CPARS for Single-Agency Indefinite-Delivery Contracts,” allows officials to choose how they want to prepare PARs for indefinite-delivery indefinite-quantity contracts and the orders awarded against them. Officials may prepare PARs on the overall indefinite-delivery indefinite-quantity contract or on the individual orders. The CPARS Program Office updated the guide in April 2016. We determined that the update did not include any significant changes that would affect our findings and conclusions.

<sup>7</sup> According to the CPARS Guide, section 3.5, “CPARS Roles and Responsibilities,” focal points assign the assessors (assessing officials and assessing official representatives), reviewing officials, and the contractor representative. Focal points can also assign an alternate focal point.

<sup>8</sup> FAR 42.1503, “Procedures.”

officer is responsible.”<sup>9</sup> Additionally, the FAR states, “Contracting officers are responsible for ensuring performance of all necessary actions for effective contracting, ensuring compliance with the terms of the contract, and safeguarding the interests of the United States in its contractual relationships.”<sup>10</sup> The FAR also states that agency procedures must provide for “input to the evaluations from the technical office, contracting office, program management office, and where appropriate, quality assurance and end users of the product or service.”<sup>11</sup>

Contracts may have one or more PARs prepared over the contract’s period of performance. Because the FAR requires assessors to prepare PARs at least annually and at the time the contractor completes the work,<sup>12</sup> a contract should have at least one PAR for each year of the contract.

### ***Results of FY 2008 DoD Office of Inspector General Report***

The DoD Office of Inspector General issued Report No. D-2008-057 on February 29, 2008.<sup>13</sup> 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 that the 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, the USD(AT&L) issued a memorandum that requires DoD officials to register contracts and complete PARs within 120 days.<sup>14</sup> However, the memorandum did not require formal training for CPARS assessors, as recommended by the FY 2008 report.

<sup>9</sup> FAR 42.1503(a)(2).

<sup>10</sup> FAR Part 1, “Federal Acquisition Regulations System,” subpart 1.6, “Career Development, Contracting Authority, and Responsibilities,” 1.602, “Contracting Officers,” 1.602-2, “Responsibilities.”

<sup>11</sup> FAR 42.1503(a)(1)(i).

<sup>12</sup> FAR 42.1502(a).

<sup>13</sup> Report No. D-2008-057, “Contractor Past Performance Information,” February 29, 2008.

<sup>14</sup> 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, the Committee directed the DoD Office of Inspector General to perform a followup audit to determine whether DoD officials maintained a more complete and useful database of contractor past performance information and improved compliance with past performance requirements.<sup>15</sup> To satisfy the Committee's request, we performed a series of audits on DoD compliance with past performance requirements. This report, on Defense organizations, is the fourth audit in the series. For results for the Army, Navy, and Air Force, see Appendix B.

### ***More Complete and Useful Database of Past Performance Information***

For the series of audits, including this report on Defense organizations, we determined whether DoD officials maintained a more complete and useful database of contractor past performance information. Specifically, we reviewed a nonstatistical sample of PARs for quality and timeliness. We determined whether officials:

- prepared PARs in a timely manner,
- prepared PARs with written narratives sufficient to justify the ratings given,
- registered contracts, and
- prepared PARs as required by guidance.

For our scope and methodology for this audit, see Appendix A. See the Finding for detailed results for the Defense organizations.

### ***Improved Compliance With Past Performance Requirements***

For the series of audits, including this report on Defense organizations, we determined whether DoD officials improved compliance. Specifically, we identified the number of PARs completed and the number of days to complete the PARs from FY 2009 through FY 2016 for the contracting offices in our nonstatistical sample.<sup>16</sup> Appendix C shows that Defense organization officials completed more PARs and reduced the timeframes to prepare PARs.

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<sup>15</sup> Senate Report 111-201, "National Defense Authorization Act for Fiscal Year 2011," June 4, 2010.

<sup>16</sup> For DLA Troop Support we identified the PARs completed and the number of days to complete the PARs from FY 2014 through FY 2016. According to the historical data provided by the CPARS program office, DLA Troop Support did not complete PARs prior to FY 2014 that met our criteria.

## Audit Universe and Scope

The audit universe included contracts that:

- had effective dates from September 1, 2014, through December 31, 2014;
- had a total value greater than \$1 million; and
- were classified as nonsystems contracts.

The audit universe consisted of 1,622 contracts, valued at \$75.9 billion, for which officials prepared PARs for 684 contracts, valued at \$36.2 billion. We selected a nonstatistical sample of four contracting offices:

- USTRANSCOM, Scott Air Force Base, Illinois;
- Defense Information Technology Contracting Organization (DITCO),<sup>17</sup> Scott Air Force Base, Illinois;
- DLA Energy, Fort Belvoir, Virginia; and
- DLA Troop Support, Philadelphia, Pennsylvania.

At these four contracting offices, we reviewed a nonstatistical sample of 150 contracts, valued at \$39.5 billion. Of these 150 contracts, we reviewed a nonstatistical sample of 53 PARs, with a total contract value of \$10.7 billion. See Appendix A for a complete discussion of our audit scope and methodology.

## Review of Internal Controls

DoD Instruction 5010.40 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.<sup>18</sup> We identified internal control weaknesses for the Defense organizations. Specifically, USTRANSCOM, DITCO, DLA Energy, and DLA Troop Support policies and procedures did not contain adequate controls to ensure that officials 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 at USTRANSCOM, DISA, and the DLA.

<sup>17</sup> DITCO is the contracting office for DISA.

<sup>18</sup> DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013.

## Finding

### Defense Organization Officials Compliance With Past Performance Reporting Requirements Needs Improvement

USTRANSCOM, DITCO, DLA Energy, and DLA Troop Support officials registered, or had a valid reason for not registering, 150 contracts and prepared PARs for all contracts that required an evaluation.<sup>19</sup> However, officials did not consistently comply with requirements for evaluating contractor performance when preparing PARs.

Specifically, officials at DITCO, DLA Energy, and DLA Troop Support did not prepare 13 of 53 PARs within the 120-day timeframe required by a USD(AT&L) memorandum.<sup>20</sup> In addition, officials at all four contracting offices did not prepare 49 of 53 PARs in accordance with the FAR and CPARS Guide. Specifically:

- 32 PARs did not have sufficient written narratives to justify the ratings given;
- 42 PARs did not have ratings for all required evaluation factors; and
- 11 PARs did not have sufficient descriptions of the contract purpose.

These conditions occurred because:

- organization-specific procedures did not have clear guidance for preparing PARs in a timely manner or did not address timeliness;
- assessors did not understand PAR rating definitions or evaluation factors;
- assessors did not take current training or properly implement training; and
- organization-specific procedures did not require reviews of PARs to ensure compliance with the FAR.

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

<sup>19</sup> Of the 150 contracts in our sample, 53 had completed PARs that we reviewed for timeliness and to determine whether they complied with the FAR and the CPARS Guide. An additional 10 contracts out of the 150 required an evaluation but did not have one completed when we identified our audit sample. During the audit, officials prepared PARs for those 10 contracts. We did not review the 10 PARs for timeliness or to determine whether they complied with the FAR and the CPARS Guide.

<sup>20</sup> 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.

## Assessors Registered Contracts and Prepared PARs When Required

USTRANSCOM, DITCO, DLA Energy, and DLA Troop Support officials registered or had a valid reason for not registering all 150 contracts we reviewed and prepared PARs for all contracts that required an evaluation.

The CPARS Guide states that the focal point is responsible for registering contracts in CPARS. Registering the contracts enables the assessor to prepare the PAR in CPARS. Specifically, for the 150 contracts we reviewed, officials registered 65 contracts<sup>21</sup> and did not register:

- 84 contracts because they were indefinite-delivery type and
- 1 contract because the only order awarded against the contract was below the CPARS reporting threshold.

DITCO, DLA Energy, and DLA Troop Support had procedures for registering contracts. However, USTRANSCOM did not have procedures for registering contracts. Written procedures are part of an effective internal control system<sup>22</sup> and can help ensure future compliance with registration requirements. The Commander, USTRANSCOM, should develop and implement written procedures for registering contracts in CPARS.

## Assessors at Three Offices Completed PARs Late

DITCO, DLA Energy, and DLA Troop Support assessors did not prepare 13 PARs within the 120-day requirement and prepared the PARs an average of 64 days late. USTRANSCOM assessors prepared seven PARs on time. See Appendix D for a summary of the PARs reviewed and the number of days late for each PAR. Table 2 identifies the number of late PARs and the average number of days they were late at each office.

<sup>21</sup> At the time we identified our sample, 2 of the 65 contracts were not registered. During the audit, officials registered the two contracts. Also, for these 65 registered contracts, assessors prepared 53 PARs, which we reviewed.

<sup>22</sup> 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.

Table 2. Number and Average Days of Late PARs

| Office            | Number of PARs Reviewed | Number of Late PARs | Average Days Late |
|-------------------|-------------------------|---------------------|-------------------|
| USTRANSCOM        | 7                       | 0                   | -                 |
| DITCO             | 29                      | 7                   | 68                |
| DLA Energy        | 8                       | 2                   | 70                |
| DLA Troop Support | 9                       | 4                   | 53                |
| <b>Total</b>      | <b>53</b>               | <b>13</b>           | <b>64*</b>        |

\* The 64 days late is the weighted average of the 13 late PARs rounded to the nearest whole day.

Source: DoD OIG.

Assessors at DITCO, DLA Energy, and DLA Troop Support prepared PARs late. They stated that they prepared PARs late because:

- PAR preparation was not a priority,<sup>23</sup>
- it took longer than expected to coordinate or gather input,
- there was a system error,
- the PAR had the wrong period of performance,
- they [the assessors] did not submit the PAR correctly, or
- they [the assessors] did not understand when the PAR was due.

Also, the organizations' CPARS procedures either did not address timeliness or did not contain specific instructions about how to prepare PARs within the 120-day timeframe.

The FAR states that agencies must evaluate compliance with reporting requirements frequently so they can readily identify delinquent past performance reports.<sup>24</sup>

The FAR also requires officials to prepare PARs at least annually and at the time the contractor completes the work.<sup>25</sup> A USD(AT&L) memorandum requires officials to complete PARs within 120 days of the end of the evaluation period.<sup>26</sup> In addition, the CPARS Guide states that the contracting or requiring office should establish procedures to implement CPARS, including monitoring the timely completion of reports. It also states that the contractor has 60 days to comment on the PAR.

The organizations' CPARS procedures either did not address timeliness or did not contain specific instructions.

<sup>23</sup> Although DITCO assessors stated that PAR preparation was not a priority, the Procurement Services Executive, DITCO, stated that he made CPARS a rating element in performance appraisals after 2013.

<sup>24</sup> FAR 42.1503(e).

<sup>25</sup> FAR 42.1502(a).

<sup>26</sup> USD(AT&L) memorandum, "Past Performance Assessment Reporting," January 9, 2009.



DISA, DLA Energy, and DLA Troop Support CPARS procedures did not contain specific instructions about how to prepare PARs within the 120-day timeframe. For example, DISA's CPARS procedures state, "The evaluation should be completed no later than 120 calendar days after the end of the contract or order performance period." The DISA CPARS procedures do not provide any further direction to ensure that assessors process and submit the PAR in a timely manner.<sup>27</sup> Also, the procedures do not mention the 60-day contractor comment period, which assessors should consider when preparing PARs. Although USTRANSCOM assessors prepared PARs within the 120-day timeframe, the organization did not have procedures to ensure timeliness. Written procedures are part of an effective internal control system. The Commander, USTRANSCOM, and Directors, DISA and DLA, should develop and implement organization-wide procedures that identify specific timeframes and steps for CPARS officials to perform to ensure future compliance with the 120-day requirement in the USD(AT&L) memorandum and ensure the 120 days include the 60-day contractor comment period.

## Assessors Prepared Insufficient PARs

USTRANSCOM, DITCO, DLA Energy, and DLA Troop Support assessors did not complete 49 of 53 PARs in accordance with the FAR<sup>28</sup> and CPARS Guide. Specifically, assessors did not:

- prepare written narratives sufficient to justify the ratings given on 32 PARs;
- rate required evaluation factors on 42 PARs; or
- prepare sufficient descriptions of the contract purpose on 11 PARs.<sup>29</sup>

Table 3 identifies the number of insufficient PARs for each of the four contracting offices. See Appendix D for a complete summary of the PARs we reviewed.

*Table 3. Summary of Insufficient PARs*

| Office                   | Number of PARs Reviewed | Number of Insufficient PARs |
|--------------------------|-------------------------|-----------------------------|
| <b>USTRANSCOM</b>        | 7                       | 7                           |
| <b>DITCO</b>             | 29                      | 26                          |
| <b>DLA Energy</b>        | 8                       | 7                           |
| <b>DLA Troop Support</b> | 9                       | 9                           |
| <b>Total</b>             | <b>53</b>               | <b>49</b>                   |

Source: DoD OIG.

<sup>27</sup> "DISA Contractor Performance Assessment Reporting System (CPARS) Procedures," revised October 29, 2015.

<sup>28</sup> FAR 42.1503(b).

<sup>29</sup> USTRANSCOM officials prepared sufficient descriptions of the contract purpose on their seven PARs.

## ***Assessors Did Not Prepare Written Narratives Sufficient to Justify the Ratings Given***

USTRANSCOM, DITCO, DLA Energy, and DLA Troop Support assessors did not justify the ratings given for 86 of 327 evaluation factors<sup>30</sup> on 32 of 53 PARs, as required by the FAR.<sup>31</sup> The FAR states that the evaluation should include clear, relevant information that accurately depicts the contractor's performance and that the written narrative should be consistent with the rating definitions.<sup>32</sup> According to the CPARS Guide, it is important that the assessor thoroughly describe the rationale for a rating in the written narrative. See Appendix E for a summary of the specific evaluation factors we reviewed. Table 4 identifies the number of evaluation factors that assessors at each contracting office did not justify with sufficient written narratives.

*Table 4. Summary of Evaluation Factors With Insufficient Written Narratives*

| Office                   | Number of Factors | Factors With Insufficient Written Narratives |
|--------------------------|-------------------|--|
| <b>USTRANSCOM</b>        | 42                | 6  |
| <b>DITCO</b>             | 180               | 38   |
| <b>DLA Energy</b>        | 48                | 5  |
| <b>DLA Troop Support</b> | 57                | 37   |
| <b>Total</b>             | <b>327</b>        | <b>86</b>                                    |

Source: DoD OIG.

Tables 42-1 and 42-2 in the FAR define each rating definition and describe what the assessor needs to include in the written narrative to justify the rating.<sup>33</sup> According to the FAR, an "exceptional" rating means that the contractor:

- met the contract requirements;
- exceeded many of the contract requirements to the Government's benefit; and
- corrected minor problems effectively.

<sup>30</sup> Each PAR contains six evaluation factors and assessors may add up to three additional evaluation factors according to the CPARS Guide, section 5.0, "Past Performance Reporting Requirement: Compliance and Quality Information." Assessors added evaluation factors to seven PARs. Specifically, 46 PARs had six evaluation factors each, 5 PARs had seven evaluation factors each, and 2 PARs had eight evaluation factors each, for a total of 327 evaluation factors on 53 PARs.

<sup>31</sup> FAR 42.1503(b).

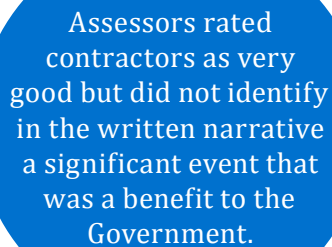
<sup>32</sup> See Appendix F for the rating definitions.

<sup>33</sup> FAR Table 42-1, "Evaluation Rating Definitions," identifies the rating definitions for all evaluation factors except the utilization of small business evaluation factor. Table 42-2, "Evaluation Ratings Definitions (For the Small Business Subcontracting Evaluation Factor, when 52.219-9 is used)," identifies the rating definitions for only the utilization of small business evaluation factor.

The FAR states that, to justify an exceptional rating, the assessor should identify multiple significant events or a singular event of sufficient magnitude and state how the contractor's performance was a benefit to the Government. Assessors rated contractors as exceptional but did not identify in the written narrative multiple significant events or a singular event of sufficient magnitude that were a benefit to the Government. For example, a DITCO assessor rated a contractor as exceptional for the regulatory compliance evaluation factor and stated in the written narrative that the contractor "met all regulatory requirements." The narrative did not meet the requirements of the FAR to justify the exceptional rating.

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
- corrected minor problems effectively.



Assessors rated contractors as very good but did not identify in the written narrative a significant event that was a benefit to the Government.

The FAR states that, to justify a very good rating, the assessor should identify a significant event and state how it was a benefit to the Government. Assessors rated contractors as very good but did not identify in the written narrative a significant event that was a benefit to the Government. For example, a DLA Energy assessor rated a contractor as very good for the schedule evaluation factor and stated in the written narrative that the contractor "is currently meeting the delivery for all requirements." The narrative did not meet the requirements of the FAR to justify the very good rating.

Both of these example narratives support a "satisfactory" rating, which means the contractor met contractual requirements and had only minor problems for which corrective actions taken appeared to be or were satisfactory.

### ***Assessors Did Not Rate Required Evaluation Factors***

USTRANSCOM, DITCO, DLA Energy, and DLA Troop Support assessors did not rate 54 evaluation factors<sup>34</sup> on 42 PARs, as required by the FAR<sup>35</sup> or the CPARS Guide. The FAR 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, the CPARS Guide 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. Furthermore, officials may identify up to three additional evaluation factors on which to rate the contractor. Table 5 identifies the required evaluation factors that assessors at each office did not rate.

*Table 5. Summary of Required Evaluation Factors Not Rated*

| Office                   | Number of Required Factors | Required Factors Not Rated |
|--------------------------|----------------------------|----------------------------|
| <b>USTRANSCOM</b>        | 35                         | 12                         |
| <b>DITCO</b>             | 133                        | 27                         |
| <b>DLA Energy</b>        | 35                         | 8                          |
| <b>DLA Troop Support</b> | 43                         | 7                          |
| <b>Total</b>             | <b>246*</b>                | <b>54</b>                  |

\* Of the 327 total factors on the PARs reviewed, 9 factors were optional evaluation factors added by the assessors, and 72 factors were not required to be rated based on the criteria in the following paragraph. Therefore, a total of 81 evaluation factors were not required, which is why the total evaluation factors in Table 5 (246) do not match the total evaluation factors in Table 4 (327).

Source: DoD OIG.

According to the FAR, "not applicable" should be used if the ratings are not going to be applied to a particular area for evaluation.<sup>36</sup> The CPARS Guide states that the evaluation factors of cost control and utilization of small business may not be applicable.<sup>37</sup> The cost control evaluation factor is not applicable if the contract is fixed price. The utilization of small business evaluation factor is not applicable

<sup>34</sup> The titles of the evaluation factors in CPARS are quality, schedule, management, cost control, utilization of small business, and regulatory compliance.

<sup>35</sup> FAR 42.1503(b)(4).

<sup>36</sup> FAR Table 42-1, "Evaluation Rating Definitions," Note 2.

<sup>37</sup> CPARS Guide, Attachment 3, "Instructions on Completing a CPAR [Contractor Performance Assessment Report]," section A3.28, "Cost Control" and section A3.30, "Utilization of Small Business."

if the contract does not contain contract clause 52.219-8 or 52.219-9, or if the contractor is a small business. However, as shown by the following examples, assessors did not rate evaluation factors that were required.

- An assessor at DLA Troop Support rated the management evaluation factor<sup>38</sup> as not applicable. The assessor stated that she was told the evaluation factor was not required to be rated. However, the management evaluation factor was applicable and required to be rated.
- An assessor at DITCO rated the utilization of small business evaluation factor<sup>39</sup> as not applicable. However, the contract contained both clauses 52.219-8 and 52.219-9. The assessor stated that the contractor used small businesses on the contract, so he was not sure why he rated the evaluation factor as not applicable.
- An assessor at USTRANSCOM rated the regulatory compliance evaluation factor<sup>40</sup> as not applicable. The assessor stated that he did not think he needed to rate this evaluation factor unless issues were identified.

### ***Assessors Did Not Prepare Sufficient Descriptions of the Contract Purpose***

DITCO, DLA Energy, and DLA Troop Support assessors did not adequately describe the contract purpose for 11 PARs, as required by the FAR.<sup>41</sup> The FAR states, “The evaluation should include a clear, non-technical description of the principal purpose of the contract or order.” Furthermore, the CPARS Guide states that the contract effort description should:

Provide a detailed description of the contract/order effort that identifies the key requirements and/or type of effort. This section is of critical importance to future source selection officials. The description should be detailed enough so that it can be used in determining the relevance of this program or project to future source selections . . . a good source for this description can be found in the statement of work.<sup>42</sup>

<sup>38</sup> The CPARS Guide, Attachment 3, “Instructions on Completing a CPAR,” section A3.29, “Management,” states, “Assess the integration and coordination of all activity needed to execute the contract/order, specifically the timeliness, completeness and quality of problem identification, corrective action plans, proposal submittals, the contractor’s history of reasonable and cooperative behavior (to include timely identification of issues in controversy), customer satisfaction, timely award and management of subcontracts.”

<sup>39</sup> The CPARS Guide, Attachment 3, “Instructions on Completing a CPAR,” section A3.30, “Utilization of Small Business,” states, “Assess compliance with all terms and conditions in the contract/order relating to Small Business participation (including FAR 52.219-8, Utilization of Small Business and FAR 52.219-9, Small Business Subcontracting Plan [when required]). Assess any small business participation goals which are stated separately in the contract/order.” The CPARS Guide also states how to evaluate comprehensive subcontracting plans, commercial subcontract plans, small business use for indefinite-delivery contracts, and small business use for other types of contracts.

<sup>40</sup> The CPARS Guide, Attachment 3, “Instructions on Completing a CPAR,” section A3.31, “Regulatory Compliance,” states, “Assess compliance with all terms and conditions in the contract/order relating to applicable regulations and codes. Consider aspects of performance such as compliance with financial, environmental . . . safety, and labor regulations as well as any other reporting requirements in the contract.”

<sup>41</sup> FAR 42.1503(b)(1).

<sup>42</sup> The CPARS Guide, section A3.31.



Table 6 identifies the PARs at each contracting office with insufficient descriptions of the contract purpose.

*Table 6. Summary of PARs With Insufficient Descriptions of the Contract Purpose*

| Office                   | Number of PARs Reviewed | PARs With Insufficient Contract Purpose Descriptions |
|--------------------------|-------------------------|--|
| <b>USTRANSCOM</b>        | 7                       | 0  |
| <b>DITCO</b>             | 29                      | 6  |
| <b>DLA Energy</b>        | 8                       | 1  |
| <b>DLA Troop Support</b> | 9                       | 4  |
| <b>Total</b>             | <b>53</b>               | <b>11</b>  |

Source: DoD OIG.

Source selection officials can use the description of the contract purpose to determine whether the PAR is relevant to their source selection. However, assessors did not always prepare sufficient descriptions. For example, a contract purpose for a PAR at DLA Troop Support stated, “Facilities maintenance.” This stated purpose was vague, and did not provide a detailed description that identified specifics of facilities maintenance, which could include janitorial, landscaping, repair, or other key requirements. Alternatively, a sufficient contract purpose description for a DITCO PAR stated:

Contractor is required to provide reliable, responsive, and cost effective on-demand processor infrastructure services for specified operating environments in both DISA and other DISA-approved processing locations. The contractor supports DISA’s goal to obtain a dynamically scalable processing capability utilizing an on-demand service approach that will adjust to changes in processing and throughput requirements, both increases and decreases, and is priced on a utility or as-used basis. The contractor is required to acquire, install, de-install, transport, configure, and provide maintenance for the necessary hardware, operating system, and services to support the processing infrastructure associated with this contract.

This description provides source selection officials with a clear understanding of the purpose of the contract and contains appropriate detail.

## Assessors Were Not Adequately Trained and Organizations Lacked Effective Procedures

Generally, assessors did not provide sufficient written narratives to justify the ratings given, did not rate required evaluation factors, and did not prepare clear descriptions of the purpose of the contract. These conditions occurred because:

- assessors did not understand PAR rating or evaluation factor definitions;
- assessors did not take current CPARS Quality and Narrative Writing training; or
- organization-specific procedures did not require reviews of PARs to ensure compliance with the FAR.

The contracting or requiring office should establish procedures to implement CPARS across the organization.

The CPARS Guide states that the contracting or requiring office should establish procedures to implement CPARS across the organization including developing training requirements and monitoring the quality of PARs. The CPARS Guide also states that a best practice is for assessors to, “take CPARS web-based training to include the Quality and Narrative Writing web-based training.” The FAR requires organizations to assign responsibility and management accountability for the completeness of past performance submissions. It also states that agency procedures must “address management controls and appropriate management reviews of past performance evaluations.”<sup>43</sup> Furthermore, the FAR states that organizations must require frequent evaluation of agency compliance with past performance reporting requirements so they can monitor PARs for quality control.<sup>44</sup>

### ***Assessors Did Not Understand PAR Rating or Evaluation Factor Definitions***

USTRANSCOM, DITCO, DLA Energy, and DLA Troop Support assessors did not prepare sufficient written narratives to justify the ratings given or rate required evaluation factors because they did not understand the rating or evaluation factor definitions. The FAR provides the rating definitions<sup>45</sup> and the CPARS Guide provides the evaluation factor definitions. Specifically, assessors did not prepare sufficient written narratives to support the ratings given for 86 of 327 evaluation factors.

<sup>43</sup> FAR 42.1503(a)(1).

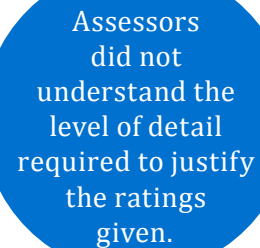
<sup>44</sup> FAR 42.1503(e).

<sup>45</sup> FAR Table 42-1, “Evaluation Rating Definitions.”

For evaluation factors with insufficient written narratives, we asked assessors whether they could provide additional examples or explanations to support the ratings given. Assessors could not provide additional examples or explanations to support the ratings for 60 of the 86 evaluation factors, which resulted in ratings higher than they could support. For example, a DLA Troop Support assessor gave a very good rating for the regulatory compliance evaluation factor and stated in the written narrative that the contractor “meets all regulatory requirements for doing business with the government” and that “reports were received in a timely manner.” The DLA Troop Support assessor’s written narrative for the regulatory compliance evaluation factor did not support the very good rating. The assessor did not provide additional support for the very good rating. Therefore, the assessor rated the contractor higher than she could support and did not understand the PAR rating definitions.

During the audit, assessors provided additional examples or explanations to support the ratings for the other 26 of 86 evaluation factors. If the assessors had written those examples or explanations in the PAR, the narratives would have been sufficient to justify the ratings given.

However, the PARs we reviewed were final. Therefore, when assessors prepared the written narratives for 26 evaluation factors, they did not understand the level of detail required to justify the ratings given. For example, a DLA Energy assessor gave a very good rating for the schedule evaluation factor and stated that the contractor “is currently meeting the delivery for all requirements.” The DLA Energy assessor’s written narrative for the schedule evaluation factor did not support the very good rating, because the assessor did not identify a significant event that was a benefit to the Government, as required by the FAR. The assessor stated that, according to the contract, the contractor had up to 48 hours to make deliveries, but made same-day deliveries to meet the Government’s needs. Had the assessor included this information in his original written narrative, it would have been sufficient to support the very good rating; therefore, at the time he prepared the PAR, he did not understand the level of detail necessary to support a very good rating.



Assessors did not understand the level of detail required to justify the ratings given.

Some assessors also did not understand the evaluation factor definitions. For example, a DITCO assessor rated the schedule evaluation factor<sup>46</sup> as not applicable. The assessor stated that he did not think the evaluation factor was applicable. The FAR and the CPARS Guide identify schedule as a required evaluation factor. Therefore, the assessor did not understand that the evaluation factor was required.

Because assessors did not understand the rating or evaluation factor definitions, the Commander, USTRANSCOM, and Directors, DISA and DLA, should develop and implement procedures that require assessors to take training on the rating and evaluation factor definitions, as outlined in the FAR and CPARS Guide.

### ***Most Assessors Did Not Take CPARS Quality and Narrative Writing Training***

USTRANSCOM, DITCO, DLA Energy, and DLA Troop Support assessors either did not take CPARS Quality and Narrative Writing training,<sup>47</sup> which the CPARS Guide identifies as a best practice, or did not properly implement the training. Specifically, for the 49 insufficient PARs:

- assessors for 36 PARs did not take CPARS Quality and Narrative Writing training; and
- assessors for 13 PARs took CPARS Quality and Narrative Writing training, but still did not prepare sufficient PARs.<sup>48</sup>

Assessors need training to fully understand the role of PARs in source selection decisions and how to write detailed narratives. The FAR<sup>49</sup> generally requires source selection officials to evaluate past performance in making award decisions. According to the CPARS Guide, it is imperative that PARs include detailed, well-written information. The CPARS Quality and Narrative Writing training addresses the purpose of a PAR and the level of detail necessary to justify and describe the contractor's performance. Because assessors who took the training still prepared insufficient PARs, periodic refresher training is needed.

It is imperative that PARs include detailed, well-written information.

<sup>46</sup> The CPARS Guide, Attachment 3, "Instructions on Completing a CPAR," section A3.27, "Schedule," states, "assess the timeliness of the contractor against the completion of the contract, task orders, milestones, delivery schedules, and administrative requirements."

<sup>47</sup> For assessors who took the training after they completed the PAR, we concluded that they did not take the training.

<sup>48</sup> The assessors for these 13 PARs were all at DITCO.

<sup>49</sup> FAR Part 15, "Contracting By Negotiation," Subpart 15.3, "Source Selection," 15.304, "Evaluation Factors and Significant Subfactors," 15.304(c)(3).

USTRANSCOM, DLA Energy, and DLA Troop Support did not require assessors to take CPARS Quality and Narrative Writing training. After our site visit to DLA Troop Support, the Executive Director, Troop Support Contracting and Acquisition Management, issued a memorandum that requires assessors and reviewers to take CPARS Quality and Narrative Writing training.<sup>50</sup> However, the memorandum requires CPARS Quality and Narrative Writing training only for assessors and reviewers involved in contracts exceeding \$5 million.<sup>51</sup> Furthermore, the memorandum does not require periodic refresher CPARS Quality and Narrative Writing training, and does not apply to DLA Troop Support officials who join the organization after January 17, 2017. The Commander, USTRANSCOM, and Director, DLA, should develop and implement procedures that require assessors to take initial and periodic refresher CPARS Quality and Narrative Writing training.

DISA required assessors to take CPARS Quality and Narrative Writing training. However, DITCO assessors on 27 of 29 PARs either did not take the training before preparing the PAR, or did not properly implement the training. Furthermore, DISA did not require periodic refresher CPARS Quality and Narrative Writing training. The Director, DISA, should modify and implement procedures to monitor whether officials take CPARS Quality and Narrative Writing training and to require assessors to take periodic refresher CPARS Quality and Narrative Writing training.

### ***Lack of Procedures to Ensure That Written Narratives Complied With the FAR***

USTRANSCOM, DITCO, DLA Energy, and DLA Troop Support contracting offices did not have procedures for reviewing the written narratives to ensure the written narratives contained information necessary to justify the ratings given, in accordance with the FAR.<sup>52</sup> The CPARS Guide states that 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. The Commander, USTRANSCOM, and Directors, DISA and DLA, should develop and implement organization-wide procedures for performing reviews of PARs and monitor reviews of the PARs to verify compliance with the FAR.

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<sup>50</sup> Executive Director, Troop Support Contracting and Acquisition Management, "Mandatory CPARS Training: Quality and Narrative Writing," undated.

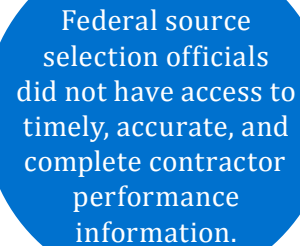
<sup>51</sup> Some CPARS business sectors have lower reporting thresholds, as shown in Table 1 of this report.

<sup>52</sup> FAR 42.1503(a)(1).



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

As a result of contracting officials not complying with requirements for completing PARs, Federal source selection officials did not have access to timely, accurate, and complete contractor performance information needed to make informed decisions related to contract awards or other acquisition matters. The FAR states that a satisfactory performance record is an indication of a responsible contractor.<sup>53</sup> In addition, the FAR 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.<sup>54</sup> 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 future 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 information.

## Management Comments on the Internal Controls and Our Response

### ***Defense Information Systems Agency Comments***

The Chief, DITCO, disagreed with our conclusion that DISA does not have adequate internal controls to ensure PARs are completed within required timeframes. The Chief agreed that the best practices we identified can enhance DISA's internal controls; but, stated that, our conclusion devalued the work done by DISA officials to improve the agency's CPARS completion rate from approximately 75 percent at the beginning of FY 2014 to approximately 98 percent, as of January 2017. DISA's leadership is proud of the workforce for this achievement.

<sup>53</sup> FAR Part 9, "Contractor Qualifications," Subpart 9.1, "Responsible Prospective Contractors," 9.104-1, "General Standards."

<sup>54</sup> FAR 15.304.

DISA also does not fully agree with our results that some of the PARs were not sufficient. However, the Chief stated that discussions with the audit team about the audit results were professional and the organization appreciated the opportunity to discuss it. See the Recommendations, Management Comments, and Our Response section for specifics about DISA's plans for updating its procedures.

### ***Our Response***

We commend DISA on its achievement in improving compliance with the timeliness metrics. We identify that DISA's timeliness compliance metrics improved from FY 2009 through FY 2016, in Appendix C, Figure 2 and Table 10. However, the results of our specific scope of 29 PARs showed that DISA officials prepared 7 PARs an average of 68 days late. Therefore, our statement that the internal controls were not adequate to ensure timeliness is appropriate. We appreciate the Chief's attention to the audit results and the discussion regarding the quality of the PARs.

## **Recommendations, Management Comments, and Our Responses**

### ***Recommendation 1***

**We recommend that the Commander, U.S. Transportation Command, develop and implement written procedures for registering contracts in the Contractor Performance Assessment Reporting System.**

#### ***U.S. Transportation Command Comments***

The Chief of Staff, USTRANSCOM, responding for the Commander, USTRANSCOM, agreed. The Chief of Staff stated that USTRANSCOM will draft and implement an operating instruction for registering contracts and stated that the instruction will be completed by October 31, 2017.

#### ***Our Response***

Comments from the Chief of Staff, USTRANSCOM, addressed all specifics of the recommendation, and no further comments are required.

## **Recommendation 2**

**We recommend that the Commander, U.S. Transportation Command, and Directors, Defense Information Systems Agency and Defense Logistics Agency, develop and implement organization-wide procedures:**

- a. that identify specific timeframes and steps for Contractor Performance Assessment Reporting System officials to perform to ensure future compliance with the 120-day requirement in the Under Secretary of Defense for Acquisition, Technology, and Logistics memorandum and ensure the 120 days include the 60-day contractor comment period;**
- b. that require assessors to take training on the rating and evaluation factor definitions, as outlined in the Federal Acquisition Regulation and Contractor Performance Assessment Reporting System Guide; and**
- c. for performing reviews of performance assessment reports and monitor reviews of the performance assessment reports to verify compliance with the FAR.**

### *U.S. Transportation Command Comments*

The Chief of Staff, USTRANSCOM, responding for the Commander, USTRANSCOM, agreed. The Chief of Staff stated that USTRANSCOM will draft and implement an operating instruction that:

- identifies specific timeframes and steps to ensure timely completion of PARs;
- requires assessors to take training on the rating and evaluation factor definitions; and
- provides guidance for performing reviews of PARs and monitoring the reviews.

The Chief of Staff stated that the instruction will be completed by October 31, 2017.

### *Defense Information Systems Agency Comments*

The Chief, DITCO, responding for the Director, DISA, agreed. The Chief stated that DISA is updating its CPARS procedures to identify timeframes for completing PARs by each CPARS role. The Chief stated that the procedures will be updated in January 2017.

The Chief stated that DISA provides quarterly contracting officers' representatives<sup>55</sup> training that provides information about the evaluation factors. DISA is also developing training to reinforce the CPARS Overview and Quality and Narrative Writing training that DISA already requires CPARS officials to take. The Chief stated that the training will be provided on March 14, 2017.

The Chief stated that DISA will initiate quarterly compliance checks of a random sample of PARs. The intent of the reviews will be to verify that the PARs are accurate, timely, and comply with the FAR and CPARS Guide. The Chief will receive the results of the reviews, and officials will identify lessons learned and best practices to provide during the quarterly training sessions. The Chief stated that the quarterly compliance checks will begin in the second quarter of FY 2017.

### *Defense Logistics Agency Comments*

The Director, DLA Acquisition, responding for the Director, DLA, agreed. The Director stated that DLA achieved over 97 percent for on-time CPARS reporting. He also stated that in a March 23, 2015, memorandum he instructed the heads of contracting activities to ensure performance issues are addressed at the right level and in a timely manner.<sup>56</sup> The Director stated that the DLA will issue a memorandum to the heads of contracting activities instructing them to review their procedures and implement processes and procedures to ensure full compliance with the timeliness requirement, require narrative writing training, and monitor PARs for compliance with the FAR. The Director stated that the memorandum will be issued by February 28, 2017.

### *Our Response*

Comments from the Chief of Staff, USTRANSCOM; Chief, DITCO; and Director, DLA Acquisition, addressed all specifics of the recommendation, and no further comments are required. We commend the DLA on 97 percent on-time CPARS reporting.

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<sup>55</sup> DISA contracting officers' representatives are assessors in CPARS.

<sup>56</sup> Director, DLA Acquisition, "Quality of Contractor Performance Assessment Reporting System (CPARS) Ratings," March 23, 2015.

### **Recommendation 3**

**We recommend that the Commander, U.S. Transportation Command, and Director, Defense Logistics Agency, develop and implement procedures that require assessors to take initial and periodic refresher Contractor Performance Assessment Reporting System Quality and Narrative Writing training.**

#### *U.S. Transportation Command Comments*

The Chief of Staff, USTRANSCOM, responding for the Commander, USTRANSCOM, agreed. The Chief of Staff stated that USTRANSCOM will draft and implement an operating instruction that will require assessors to take initial and periodic refresher CPARS Quality and Narrative Writing training. The Chief of Staff stated that the instruction will be completed by October 31, 2017.

#### *Defense Logistics Agency Comments*

The Director, DLA Acquisition, responding for the Director, DLA, agreed. The Director stated that DLA will issue a memorandum to the heads of contracting activities instructing them to review their procedures and implement processes and procedures to require narrative writing training. The Director stated that the memorandum will be issued by February 28, 2017.

#### *Our Response*

Comments from the Chief of Staff, USTRANSCOM, and Director, DLA Acquisition, addressed all specifics of the recommendation, and no further comments are required.

### **Recommendation 4**

**We recommend that the Director, Defense Information Systems Agency, modify and implement procedures to monitor whether officials take Contractor Performance Assessment Reporting System Quality and Narrative Writing training and to require assessors to take periodic refresher Contractor Performance Assessment Reporting System Quality and Narrative Writing training.**

#### *Defense Information Systems Agency Comments*

The Chief, DITCO, responding for the Director, DISA, agreed. The Chief stated that DISA is updating its procedures to require officials to take CPARS Overview and Quality and Narrative Writing Training every 3 years. To track compliance, the contracting officer will review the training records of the contracting officer's

representatives to verify that the representatives took training. If the training was not taken, the contracting officer will direct the representative to take the training and follow up with the representative's leadership. The Chief stated that the procedures will be updated in January 2017.

### *Our Response*

Comments from the Chief, DITCO, addressed all specifics of the recommendation, and no further comments are required.

### ***Summary Audit Report and Status of Recommendations***

We are currently performing a summary audit of DoD compliance with past performance reporting requirements. In the summary audit report, we will identify the status of each recommendation from this report and the previous reports in the series.

## Appendix A

### Scope and Methodology

We conducted this performance audit from June 2016 through December 2016 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 Defense organization<sup>57</sup> contracts with effective dates from September 1, 2014, through December 31, 2014, with a total value greater than \$1 million<sup>58</sup> that were classified as nonsystems contracts.<sup>59</sup> The universe consisted of 1,622 contracts, valued at \$75.9 billion, awarded by contracting offices with 108 unique DoD activity address codes.<sup>60</sup> Of the 1,622 contracts, officials prepared PARs for 684 contracts, valued at \$36.2 billion. We identified the top 14 DoD activity address codes based on the total number and dollar value of contracts awarded. The 14 DoD activity address codes corresponded to 10 contracting offices. These 10 contracting offices awarded a total of 1,095 contracts, valued at \$62.9 billion, of which officials prepared PARs for 361 contracts, valued at \$25.6 billion. We summarized the data for each contracting office and identified the location of the office. We selected a nonstatistical sample of four contracting offices based on the number of contracts awarded, the number of PARs completed, the contract value of the contracts awarded, the contract value of the contracts with completed PARs, and the co-location of offices. The four Defense organization contracting offices were:

1. USTRANSCOM, Scott Air Force Base, Illinois;
2. DITCO, Scott Air Force Base, Illinois;

<sup>57</sup> Defense organization contracts include contracts awarded by the Office of the Secretary of Defense, Defense agencies, DoD field activities, the Joint Chiefs of Staff, and combatant commands. Defense organization contracts exclude contracts awarded by the Army, Navy (Marines), and Air Force.

<sup>58</sup> The reporting threshold for nonsystems services contracts is greater than \$1 million.

<sup>59</sup> 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.

<sup>60</sup> A contracting office may have more than one DoD activity address code.



3. DLA Energy, Fort Belvoir, Virginia; and
4. DLA Troop Support, Philadelphia, Pennsylvania.

At these four contracting offices, Defense organization officials awarded 760 contracts, valued at \$54.8 billion, from September 1, 2014, through December 31, 2014. As of May 19, 2016, officials completed PARs for 274 contracts, valued at \$22.3 billion, out of the 760 contracts.

### ***Methodology for Selecting Nonstatistical Sample Size***

We decided to review 20 percent of the total number of contracts (760) and PARs (274) at each of the four contracting offices. This reduced our sample to 152 contracts with 55 completed PARs. Table 7 identifies the nonstatistical sample size at each contracting office.

*Table 7. Audit Universe and Sample Size for Selected Contracting Offices*

| Office            | Total Number of Contracts Awarded | 20 percent of the Total Number of Contracts Awarded | Total Number of Completed PARs | 20 Percent of the Total Number of Completed PARs |
|-------------------|-----------------------------------|---|--------------------------------|--|
| USTRANSCOM        | 254                               | 51  | 45                             | 9  |
| DITCO             | 166                               | 33  | 145                            | 29   |
| DLA Energy        | 255                               | 51  | 39                             | 8  |
| DLA Troop Support | 85                                | 17  | 45                             | 9  |
| <b>Total</b>      | <b>760</b>                        | <b>152</b>  | <b>274</b>                     | <b>55</b>  |

Source: DoD OIG.

### ***Specific Nonstatistical Sample Selection***

To select the 152 contracts with 55 completed PARs for review, we sorted the list of contracts at each contracting office by dollar value. First, we identified the contracts with completed PARs that had the highest dollar value.<sup>61</sup> Then, we identified the contracts without completed PARs that had the highest dollar value.<sup>62</sup> The 152 contracts we selected had a total contract value of \$40.7 billion, with 55 completed PARs, valued at \$12.0 billion.

<sup>61</sup> For example, for DLA Troop Support, we determined that we would review 20 percent, or 9 of 45 PARs. We sorted the list of contracts at the site by dollar value in descending order and chose the top nine contracts with completed PARs.

<sup>62</sup> For example, for DLA Troop Support, we determined that we would review 20 percent, or 17 of 85 contracts. Because we decided to review nine contracts with completed PARs, we subtracted those from the total contracts we needed to review. Therefore, we needed to choose eight contracts without completed PARs. We sorted the list of contracts at the site by dollar value in descending order and chose the top eight contracts without completed PARs.

After conducting our site visit to USTRANSCOM, we decided to remove two PARs from our review. We removed the PARs because they were not required and rated only one evaluation factor. Therefore, our final sample consisted of 150 contracts, valued at \$39.5 billion, with 53 completed PARs, valued at \$10.7 billion. Table 8 identifies the number and dollar value of contracts and PARs in our sample.

*Table 8. Audit Sample*

| Office                   | Number of Contracts | Dollar Value of Contracts (in billions) | Number of PARs | Dollar Value of PARs (in billions) |
|--------------------------|---------------------|---|----------------|------------------------------------|
| <b>USTRANSCOM</b>        | 49                  | \$4.4                                   | 7              | \$3.7                              |
| <b>DITCO</b>             | 33                  | 1.9                                     | 29             | 1.2                                |
| <b>DLA Energy</b>        | 51                  | 4.1                                     | 8              | 2.6                                |
| <b>DLA Troop Support</b> | 17                  | 29.1                                    | 9              | 3.2                                |
| <b>Total</b>             | <b>150</b>          | <b>\$39.5</b>                           | <b>53</b>      | <b>\$10.7</b>                      |

Source: DoD OIG.

## Documentation and Interviews

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

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

Specifically, we reviewed the following procedures.

- USTRANSCOM—“Responsibility for Completing Contractor Performance Assessment Reporting System (CPARS) Reports, TCAQ-P [Transportation Command Acquisition Directorate-Business Support/Policy Division] Policy Memorandum #13-01,” May 22, 2013.
- DITCO—“DISA Contractor Performance Assessment Reporting System (CPARS) Procedures,” revised October 29, 2015.

- DLA Energy:
  - Director, Acquisition Policy and Oversight, Contracting Instruction 12-43, “Contractor Performance Assessment Reporting System (CPARS) Registration Assessments,” July 31, 2012;
  - Director, Procurement Process Support, Contracting Instruction 13-61, “Streamlining, Documenting Compliance with the Contractor Performance Assessment Reporting System (CPARS),” July 22, 2013;
  - Director, DLA Acquisition, “Quality of Contractor Performance Assessment Reporting System (CPARS) Ratings,” March 23, 2015; and
  - “CPARS Training Manual: Contractor Performance Assessment Reporting System (CPARS) Training Manual for Bulk Fuels,” October 2013.
- DLA Troop Support:
  - DLA Troop Support Guiding Principles for Acquisition Part 1, “Federal Acquisition Regulations System,” February 2016;
  - DLA Troop Support Guiding Principles for Acquisition Part 42, “Contract Administration,” May 7, 2014;
  - DLA Troop Support Guiding Principles for Acquisition Part 91, “DLA Troop Support Supplemental Procedures,” May 2015; and
  - Executive Director, Troop Support Contracting and Acquisition Management, “Mandatory CPARS Training: Quality and Narrative Writing,” undated.

In addition, we 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 the CPARS Guide. 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 within 120 days of the end of the evaluation period; and
- Guidance for Contractor Performance Assessment Reporting System (CPARS), July 2014, which provides guidance on procedures, responsibilities, and training for completing PARs.<sup>63</sup>

We reviewed documentation dated from January 1994 through November 2016.

## 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 whether officials registered contracts;
- determine which contracts had complete or incomplete PARs; and
- determine whether officials prepared PARs late and, if so, the number of days late.

We verified whether officials registered contracts during interviews with USTRANSCOM, DISA, and DLA personnel. We verified whether officials completed PARs by querying PPIRS and comparing the results to the CPARS data. We also contacted officials to determine why they did not complete PARs. We 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 reviewed the audit team’s methodology for selecting the nonstatistical sample.

<sup>63</sup> The CPARS Program Office updated the Guidance for Contractor Performance Assessment Reporting System in April 2016. We determined that the update did not include any significant changes that would affect our findings and conclusions.

## Appendix B

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### Prior Coverage

During the last 9 years, the Government Accountability Office (GAO), the DoD Office of Inspector General (DoD OIG), and the Air Force Audit Agency issued eight 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 Air Force Audit Agency report is restricted.

### GAO

Report No. GAO-14-707, “Contractor Performance: Actions Taken to Improve Reporting of Past Performance Information,” August 7, 2014

Section 853 of the National Defense Authorization Act for Fiscal Year 2013 requires the development of a strategy to ensure that timely, accurate, and complete information on contractor performance is included in past performance databases. The GAO identified that agencies generally improved their compliance with past performance requirements from April 2013 to April 2014. Specifically, DoD compliance increased from 76 to 83 percent.

Report No. GAO-13-589, “Contractor Performance: DoD Actions to Improve the Reporting of Past Performance Information,” June 27, 2013

Section 806 of the National Defense Authorization Act for Fiscal Year 2012 required the GAO to report on the effectiveness of DoD strategies to ensure complete, timely, and accurate contractor performance assessments. The GAO identified that the number of personnel trained more than doubled from 2010 and that the number of submitted assessments increased from 56 to 74 percent from October 2011 to April 2013.

Report No. GAO-09-374, “Federal Contractors: Better Performance Information Needed to Support Agency Contract Award Decisions,” April 23, 2009

The GAO determined that agencies considered past performance in making award decisions, but past performance was not the primary factor considered. Officials told the GAO that they were reluctant to rely more on past performance because, in part, they were skeptical about the reliability of the information and whether the information was relevant.

**DoD OIG**

Report No. DODIG-2016-112, "Army Officials Did Not Consistently Comply With Requirements for Assessing Contractor Performance," July 25, 2016

Army officials did not consistently comply with requirements for evaluating contractor past performance when they registered contracts and prepared PARs. Specifically, Army officials prepared:

- 21 of 56 PARs an average of 59 days late; and
- 52 of 56 PARs without sufficient written narratives to justify the ratings given.

The report recommended that Army officials develop, implement, or update procedures for preparing PARs within the required timeframe, require initial and periodic refresher training for writing PARs, and evaluate PARs for quality.

Report No. DODIG-2016-043, "Air Force Officials Did Not Consistently Comply With Requirements for Assessing Contractor Performance," January 29, 2016

Air Force officials did not consistently comply with requirements for evaluating contractor past performance when they registered contracts and prepared PARs. Specifically, Air Force officials prepared:

- 7 of 48 PARs an average of 65 days late; and
- 37 of 48 PARs without sufficient written narratives to justify the ratings given.

The report recommended that Air Force officials develop or improve procedures for preparing PARs within the required timeframe, require initial and periodic refresher training for writing PARs, and evaluate PARs for quality.

Report No. DODIG-2015-114, "Navy Officials Did Not Consistently Comply With Requirements for Assessing Contractor Performance," May 1, 2015

Navy officials did not consistently comply with requirements for evaluating contractor past performance when they registered contracts and prepared PARs. Specifically, Navy officials prepared:

- 42 of 81 PARs an average of 84 days late; and
- 61 of 81 PARs without sufficient written narratives to justify the ratings given.

Also Navy officials did not register 88 of 797 contracts. The report recommended that Navy officials develop or improve procedures for preparing PARs within the required timeframe, require initial and periodic refresher training for writing PARs, evaluate PARs for quality, and register contracts.

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

CPARS did not contain all active system contracts that met the reporting threshold of \$5 million. In addition:

- 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 that the 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.

### ***Air Force***

Report No. F2011-0007-FC1000, "Contractor Performance Assessment Reporting Program," August 13, 2011

Air Force personnel did not timely register contracts, timely prepare supportable and consistent contractor performance evaluations, or maintain a current and accurate CPARS database.

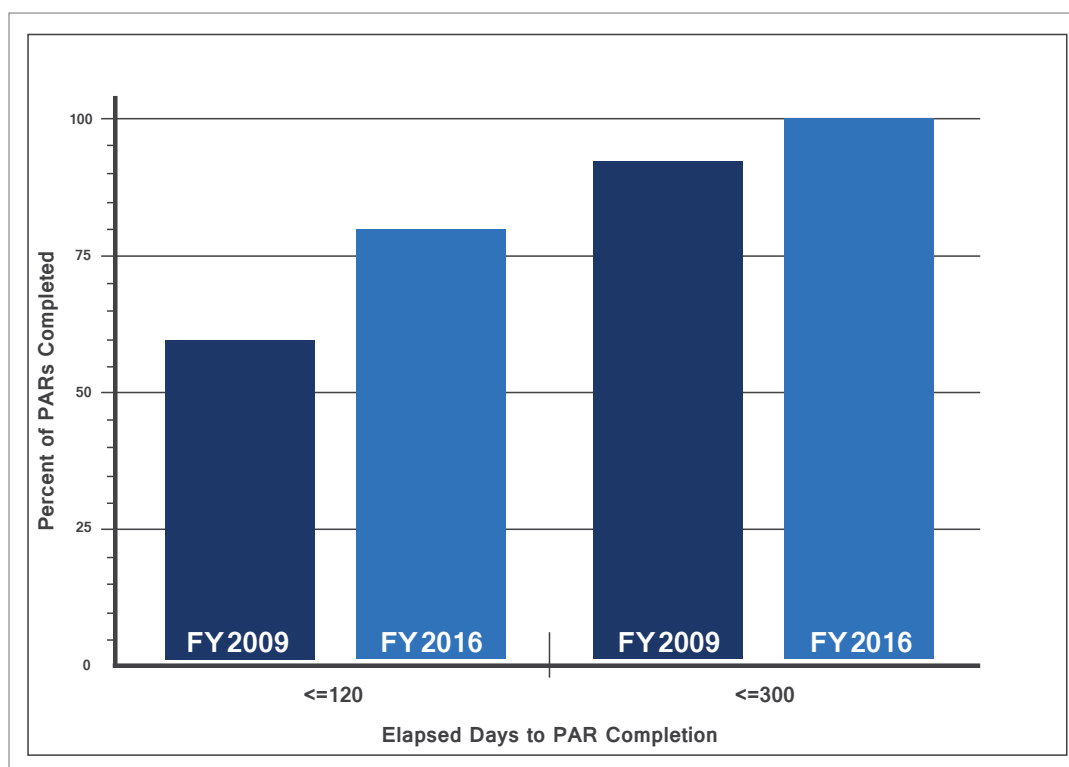


## Appendix C

### Improvement in PAR Completion Metrics

The Senate Armed Services Committee directed us to determine whether DoD officials improved compliance with past performance requirements. These charts show that USTRANSCOM, DITCO, DLA Energy, and DLA Troop Support officials prepared more PARs in a more timely manner from FY 2009 through FY 2015. Therefore, DoD officials' compliance improved.

Figure 1. USTRANSCOM PAR Completion Metrics



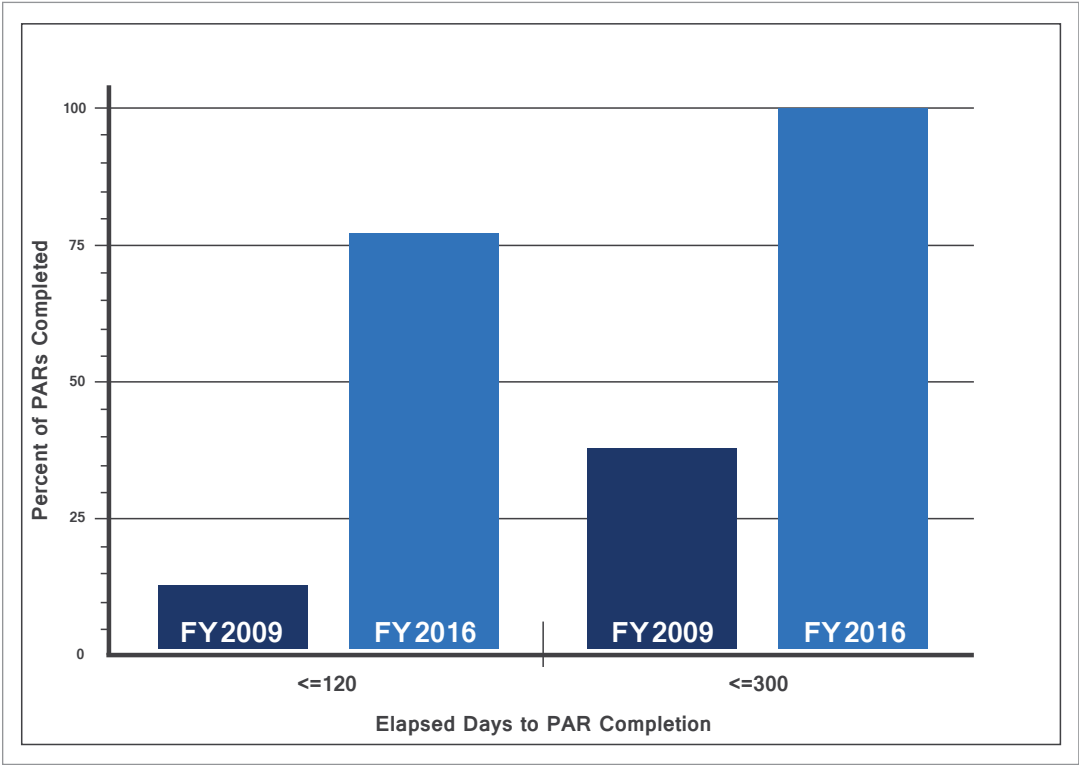
Source: The CPARS Program Office and DoD OIG.

Table 9. USTRANSCOM PAR Completion Metrics

| Elapsed Days             | FY 2009                  |                          |                              | FY 2016                  |                          |                              |
|--------------------------|--------------------------|--------------------------|------------------------------|--------------------------|--------------------------|------------------------------|
|                          | Number of PARs Completed | Cumulative               |                              | Number of PARs Completed | Cumulative               |                              |
|                          |                          | Number of PARs Completed | Percentage of PARs Completed |                          | Number of PARs Completed | Percentage of PARs Completed |
| <=120 Days               | 36                       | 36                       | 60.0%                        | 88                       | 88                       | 80.7%                        |
| >120 Days and <=300 Days | 20                       | 56                       | 93.3%                        | 21                       | 109                      | 100.0%                       |
| >300 Days                | 4                        | 60                       |                              | 0                        | 109                      |                              |

Source: The CPARS Program Office and DoD OIG.

Figure 2. DITCO PAR Completion Metrics



Source: The CPARS Program Office and DoD OIG.

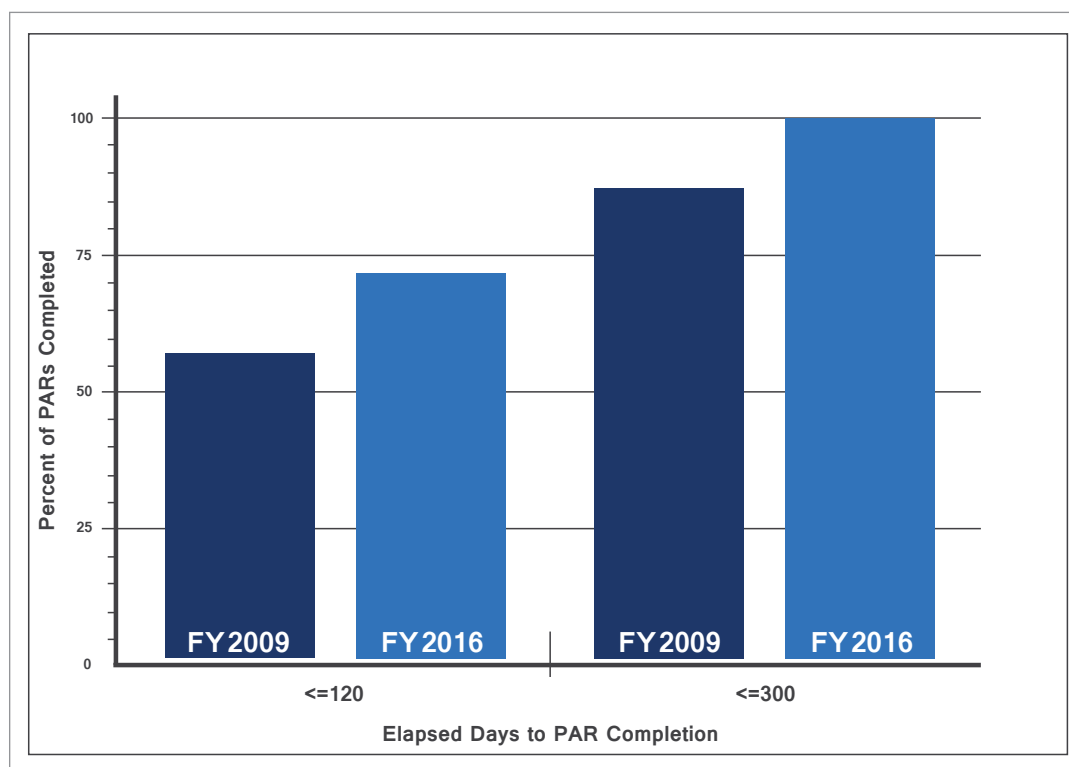
Table 10. DITCO PAR Completion Metrics

| Elapsed Days             | FY 2009                  |                          |                              | FY 2016                  |                          |                              |
|--------------------------|--------------------------|--------------------------|------------------------------|--------------------------|--------------------------|------------------------------|
|                          | Number of PARs Completed | Cumulative               |                              | Number of PARs Completed | Cumulative               |                              |
|                          |                          | Number of PARs Completed | Percentage of PARs Completed |                          | Number of PARs Completed | Percentage of PARs Completed |
| <=120 Days               | 19                       | 19                       | 13.1%                        | 225                      | 225                      | 77.1%                        |
| >120 Days and <=300 Days | 37                       | 56                       | 38.6%                        | 67                       | 292                      | 100.0%                       |
| >300 Days                | 89                       | 145                      |                              | 0                        | 292                      |                              |

Note: The Procurement Services Executive, DITCO, stated that he made CPARS a rating element in performance appraisals after 2013.

Source: The CPARS Program Office and DoD OIG.

Figure 3. DLA Energy PAR Completion Metrics



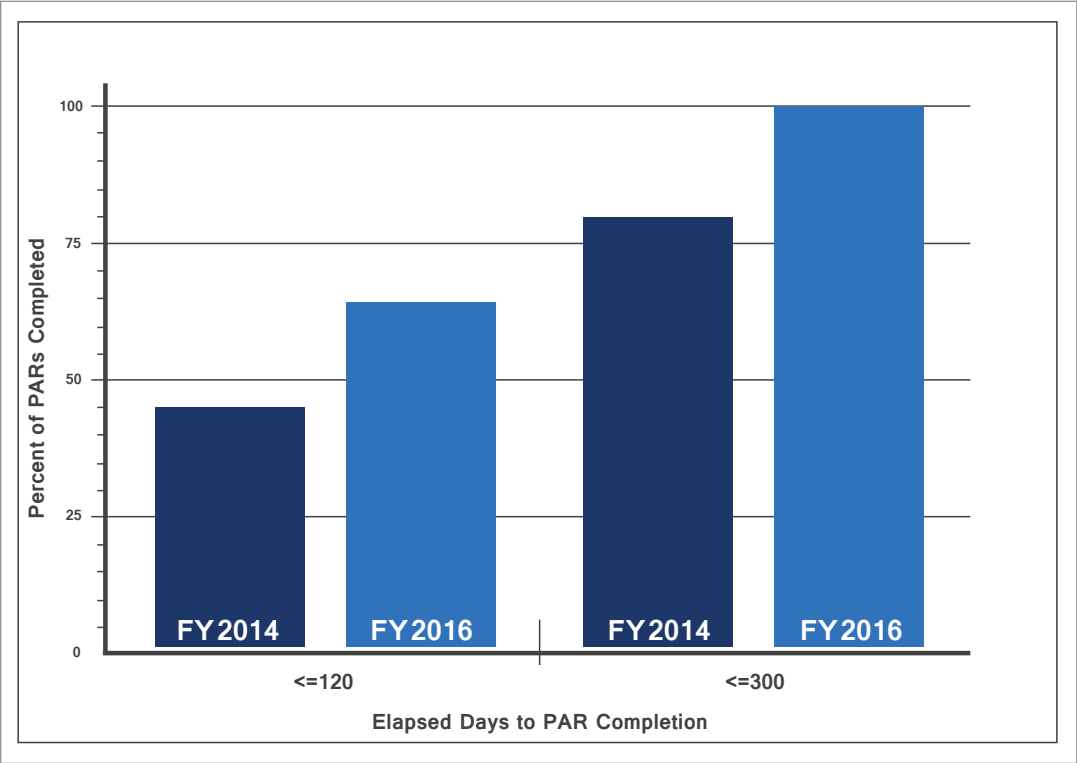
Source: The CPARS Program Office and DoD OIG.

Table 11. DLA Energy PAR Completion Metrics

| Elapsed Days             | FY 2009                  |                          |                              | FY 2016                  |                          |                              |
|--------------------------|--------------------------|--------------------------|------------------------------|--------------------------|--------------------------|------------------------------|
|                          | Number of PARs Completed | Cumulative               |                              | Number of PARs Completed | Cumulative               |                              |
|                          |                          | Number of PARs Completed | Percentage of PARs Completed |                          | Number of PARs Completed | Percentage of PARs Completed |
| <=120 Days               | 38                       | 38                       | 57.6%                        | 217                      | 217                      | 72.8%                        |
| >120 Days and <=300 Days | 20                       | 58                       | 87.9%                        | 81                       | 298                      | 100.0%                       |
| >300 Days                | 8                        | 66                       |                              | 0                        | 298                      |                              |

Source: The CPARS Program Office and DoD OIG.

Figure 4. DLA Troop Support PAR Completion Metrics



Source: The CPARS Program Office and DoD OIG.

Table 12. DLA Troop Support PAR Completion Metrics

| Elapsed Days             | FY 2014                  |                          |                              | FY 2016                  |                          |                              |
|--------------------------|--------------------------|--------------------------|------------------------------|--------------------------|--------------------------|------------------------------|
|                          | Number of PARs Completed | Cumulative               |                              | Number of PARs Completed | Cumulative               |                              |
|                          |                          | Number of PARs Completed | Percentage of PARs Completed |                          | Number of PARs Completed | Percentage of PARs Completed |
| <=120 Days               | 9                        | 9                        | 45.0%                        | 189                      | 189                      | 63.9%                        |
| >120 Days and <=300 Days | 7                        | 16                       | 80.0%                        | 107                      | 296                      | 100.0%                       |
| >300 Days                | 4                        | 20                       |                              | 0                        | 296                      |                              |

Note: For DLA Troop Support, we reviewed completed PARs from FY 2014 through FY 2016, because historic data provided by the CPARS program office did not include PARs completed before FY 2014.

Source: The CPARS Program Office and DoD OIG.

## Appendix D

### Summary of PARs Reviewed

This table summarizes the 53 PARs we reviewed.

Table 13. PARs Reviewed

| Contract Office | Contract Number  | Order Number     | Late | Number of Days Late | Sufficient Contract Effort Description | All Factors Complied With Requirements | Assessor Took CPARS Quality and Narrative Writing Training Before PAR Completion |
|-----------------|------------------|------------------|------|---------------------|--|--|--|
| USTRANSCOM      | HTC711-14-D-CC05 |                  | No   |                     | Yes                                    | No                                     | No   |
| USTRANSCOM      | HTC711-14-D-CC06 |                  | No   |                     | Yes                                    | No                                     | No   |
| USTRANSCOM      | HTC711-14-D-CC07 |                  | No   |                     | Yes                                    | No                                     | No   |
| USTRANSCOM      | HTC711-14-D-CC08 |                  | No   |                     | Yes                                    | No                                     | No   |
| USTRANSCOM      | HTC711-14-D-CC09 |                  | No   |                     | Yes                                    | No                                     | No   |
| USTRANSCOM      | HTC711-15-D-C002 |                  | No   |                     | Yes                                    | No                                     | No   |
| USTRANSCOM      | HTC711-15-D-C005 |                  | No   |                     | Yes                                    | No                                     | No   |
| DITCO           | GS06F0603Z       | HC1028-15-F-0050 | No   |                     | Yes                                    | Yes                                    | Yes  |
| DITCO           | GS35F0092M       | HC1028-15-F-0061 | No   |                     | Yes                                    | No                                     | Yes  |
| DITCO           | GS35F0156V       | HC1028-15-F-0001 | Yes  | 22                  | Yes                                    | No                                     | Yes  |
| DITCO           | GS35F0439Y       | HC1028-15-F-0031 | No   |                     | Yes                                    | No                                     | Yes  |
| DITCO           | GS35F0482L       | HC1028-15-F-0055 | No   |                     | Yes                                    | No                                     | No   |
| DITCO           | GS35F4958H       | HC1028-14-F-0429 | No   |                     | Yes                                    | No                                     | No   |
| DITCO           | HC1013-07-D-2004 | 0010             | No   |                     | Yes                                    | No                                     | No   |
| DITCO           | HC1013-07-D-2009 | 0034             | Yes  | 22                  | No                                     | No                                     | No   |
| DITCO           | HC1028-08-D-2006 | 0015             | Yes  | 36                  | Yes                                    | No                                     | Yes  |
| DITCO           | HC1028-08-D-2018 | 0022             | Yes  | 264                 | Yes                                    | No                                     | Yes  |

Table 13. PARs Reviewed (cont'd)

| Contract Office | Contract Number   | Order Number     | Late | Number of Days Late | Sufficient Contract Effort Description | All Factors Complied With Requirements | Assessor Took CPARS Quality and Narrative Writing Training Before PAR Completion |
|-----------------|-------------------|------------------|------|---------------------|--|--|--|
| DITCO           | HC1028-08-D-2023  | 0063             | Yes  | 26                  | Yes                                    | No                                     | Yes  |
| DITCO           | HC1028-08-D-2023  | 0064             | No   |                     | Yes                                    | No                                     | No   |
| DITCO           | HC1028-11-D-0102  | 0006             | No   |                     | Yes                                    | No                                     | No   |
| DITCO           | HC1028-12-D-0021  | 0013             | Yes  | 58                  | Yes                                    | No                                     | Yes  |
| DITCO           | HC1028-13-A-0013  | 0004             | Yes  | 49                  | Yes                                    | No                                     | Yes  |
| DITCO           | HC1028-13-D-0001  | 0003             | No   |                     | No                                     | No                                     | No   |
| DITCO           | HC1028-13-D-0002  | 0003             | No   |                     | Yes                                    | No                                     | No   |
| DITCO           | HC1028-13-D-0003  | 0003             | No   |                     | Yes                                    | No                                     | No   |
| DITCO           | HC1028-13-D-0004  | 0003             | No   |                     | Yes                                    | No                                     | No   |
| DITCO           | HC1028-13-D-0013  | 0075             | No   |                     | Yes                                    | No                                     | No   |
| DITCO           | HC1028-13-D-0013  | 0078             | No   |                     | Yes                                    | No                                     | No   |
| DITCO           | HC1028-14-D-0003  | 0003             | No   |                     | No                                     | No                                     | Yes  |
| DITCO           | HC1028-14-D-0003  | 0004             | No   |                     | No                                     | No                                     | Yes  |
| DITCO           | HC1028-15-C-0001  |                  | No   |                     | Yes                                    | No                                     | No   |
| DITCO           | HC1028-15-D-0003  | 0001             | No   |                     | Yes                                    | Yes                                    | Yes  |
| DITCO           | HHSN316201200002W | HC1028-15-F-0005 | No   |                     | Yes                                    | Yes                                    | No   |
| DITCO           | NNG07DA45B        | HC1028-14-F-0548 | No   |                     | No                                     | No                                     | Yes  |
| DITCO           | W91QUZ-06-A-0002  | KH40             | No   |                     | No                                     | Yes                                    | Yes  |
| DITCO           | W91QUZ-13-A-0002  | 0171             | No   |                     | Yes                                    | No                                     | Yes  |
| DLA Energy      | SP0600-14-D-0507  |                  | No   |                     | Yes                                    | Yes                                    | No   |
| DLA Energy      | SP0600-14-D-8003  |                  | Yes  | 87                  | Yes                                    | No                                     | No   |
| DLA Energy      | SP0600-14-D-8509  |                  | No   |                     | No                                     | No                                     | No   |
| DLA Energy      | SP0600-15-D-0450  |                  | No   |                     | Yes                                    | No                                     | No   |

Table 13. PARs Reviewed (cont'd)

| Contract Office   | Contract Number  | Order Number | Late | Number of Days Late | Sufficient Contract Effort Description | All Factors Complied With Requirements | Assessor Took CPARS Quality and Narrative Writing Training Before PAR Completion |
|-------------------|------------------|--------------|------|---------------------|--|--|--|
| DLA Energy        | SP0600-15-D-0451 |              | Yes  | 52                  | Yes                                    | No                                     | No   |
| DLA Energy        | SP0600-15-D-0453 |              | No   |                     | Yes                                    | No                                     | No   |
| DLA Energy        | SP0600-15-D-0455 |              | No   |                     | Yes                                    | No                                     | No   |
| DLA Energy        | SP0600-15-D-0457 |              | No   |                     | Yes                                    | No                                     | No   |
| DLA Troop Support | SPE1C1-14-D-1068 |              | Yes  | 107                 | Yes                                    | No                                     | No   |
| DLA Troop Support | SPE1C1-14-D-1078 |              | No   |                     | No                                     | No                                     | No   |
| DLA Troop Support | SPE300-14-D-3041 |              | Yes  | 70                  | Yes                                    | No                                     | No   |
| DLA Troop Support | SPE300-15-D-3109 |              | No   |                     | Yes                                    | No                                     | No   |
| DLA Troop Support | SPE300-15-D-3118 |              | No   |                     | Yes                                    | No                                     | No   |
| DLA Troop Support | SPE300-15-D-3119 |              | Yes  | 30                  | Yes                                    | No                                     | No   |
| DLA Troop Support | SPE8E3-15-D-0002 |              | No   |                     | No                                     | No                                     | No   |
| DLA Troop Support | SPE8E3-15-D-0007 |              | No   |                     | No                                     | No                                     | No   |
| DLA Troop Support | SPE8E3-15-D-0008 |              | Yes  | 5                   | No                                     | No                                     | No   |

Source: DoD OIG.



## Appendix E

### Summary of Evaluation Factors Reviewed

This table summarizes the evaluation factors for the 53 PARs we reviewed.

Table 14. Evaluation Factors Reviewed

| Contract Office | Contract Number  | Order Number     | Completed in Accordance With Requirements |          |              |            |                               |                       |       |
|-----------------|------------------|------------------|---|----------|--------------|------------|-------------------------------|-----------------------|-------|
|                 |                  |                  | Quality                                   | Schedule | Cost Control | Management | Utilization of Small Business | Regulatory Compliance | Other |
| USTRANSCOM      | HTC711-14-D-CC05 |                  | Yes                                       | Yes      | Yes          | No         | No                            | No                    |       |
| USTRANSCOM      | HTC711-14-D-CC06 |                  | Yes                                       | Yes      | Yes          | No         | No                            | No                    |       |
| USTRANSCOM      | HTC711-14-D-CC07 |                  | No  | Yes      | Yes          | No         | No                            | No                    |       |
| USTRANSCOM      | HTC711-14-D-CC08 |                  | Yes                                       | Yes      | Yes          | No         | No                            | No                    |       |
| USTRANSCOM      | HTC711-14-D-CC09 |                  | Yes                                       | Yes      | Yes          | No         | No                            | No                    |       |
| USTRANSCOM      | HTC711-15-D-C002 |                  | Yes                                       | Yes      | Yes          | Yes        | Yes                           | No                    |       |
| USTRANSCOM      | HTC711-15-D-C005 |                  | Yes                                       | Yes      | Yes          | Yes        | Yes                           | No                    |       |
| DITCO           | GS06F0603Z       | HC1028-15-F-0050 | Yes                                       | Yes      | Yes          | Yes        | Yes                           | Yes                   |       |
| DITCO           | GS35F0092M       | HC1028-15-F-0061 | Yes                                       | Yes      | Yes          | No         | Yes                           | No                    | Yes   |
| DITCO           | GS35F0156V       | HC1028-15-F-0001 | No  | Yes      | Yes          | No         | Yes                           | No                    |       |
| DITCO           | GS35F0439Y       | HC1028-15-F-0031 | Yes                                       | Yes      | Yes          | Yes        | Yes                           | No                    | Yes*  |
| DITCO           | GS35F0482L       | HC1028-15-F-0055 | Yes                                       | Yes      | Yes          | Yes        | Yes                           | No                    |       |
| DITCO           | GS35F4958H       | HC1028-14-F-0429 | Yes                                       | No       | Yes          | No         | Yes                           | No                    |       |
| DITCO           | HC1013-07-D-2004 | 0010             | No  | Yes      | Yes          | Yes        | No                            | No                    |       |
| DITCO           | HC1013-07-D-2009 | 0034             | No  | No       | No           | No         | Yes                           | No                    |       |
| DITCO           | HC1028-08-D-2006 | 0015             | Yes                                       | Yes      | Yes          | Yes        | Yes                           | No                    |       |

Table 14. Evaluation Factors Reviewed (cont'd)

| Contract Office | Contract Number   | Order Number     | Completed in Accordance With Requirements |          |              |            |                               |                       |       |
|-----------------|-------------------|------------------|---|----------|--------------|------------|-------------------------------|-----------------------|-------|
|                 |                   |                  | Quality                                   | Schedule | Cost Control | Management | Utilization of Small Business | Regulatory Compliance | Other |
| DITCO           | HC1028-08-D-2018  | 0022             | Yes                                       | No       | Yes          | Yes        | Yes                           | Yes                   |       |
| DITCO           | HC1028-08-D-2023  | 0063             | Yes                                       | Yes      | Yes          | Yes        | No                            | Yes                   |       |
| DITCO           | HC1028-08-D-2023  | 0064             | Yes                                       | No       | Yes          | Yes        | Yes                           | No                    |       |
| DITCO           | HC1028-11-D-0102  | 0006             | Yes                                       | Yes      | Yes          | Yes        | Yes                           | No                    | Yes   |
| DITCO           | HC1028-12-D-0021  | 0013             | Yes                                       | Yes      | Yes          | Yes        | No                            | No                    |       |
| DITCO           | HC1028-13-A-0013  | 0004             | Yes                                       | Yes      | Yes          | No         | Yes                           | No                    | No    |
| DITCO           | HC1028-13-D-0001  | 0003             | No  | No       | Yes          | No         | No                            | No                    |       |
| DITCO           | HC1028-13-D-0002  | 0003             | No  | No       | Yes          | No         | No                            | No                    |       |
| DITCO           | HC1028-13-D-0003  | 0003             | No  | No       | Yes          | No         | No                            | No                    |       |
| DITCO           | HC1028-13-D-0004  | 0003             | No  | No       | Yes          | Yes        | No                            | No                    | No    |
| DITCO           | HC1028-13-D-0013  | 0075             | No  | No       | Yes          | No         | Yes                           | No                    |       |
| DITCO           | HC1028-13-D-0013  | 0078             | No  | No       | Yes          | No         | Yes                           | No                    |       |
| DITCO           | HC1028-14-D-0003  | 0003             | Yes                                       | Yes      | Yes          | Yes        | Yes                           | No                    |       |
| DITCO           | HC1028-14-D-0003  | 0004             | Yes                                       | Yes      | Yes          | Yes        | Yes                           | No                    |       |
| DITCO           | HC1028-15-C-0001  |                  | Yes                                       | Yes      | No           | No         | No                            | No                    |       |
| DITCO           | HC1028-15-D-0003  | 0001             | Yes                                       | Yes      | Yes          | Yes        | Yes                           | Yes                   |       |
| DITCO           | HHSN316201200002W | HC1028-15-F-0005 | Yes                                       | Yes      | Yes          | Yes        | Yes                           | Yes                   |       |
| DITCO           | NNG07DA45B        | HC1028-14-F-0548 | Yes                                       | Yes      | Yes          | Yes        | Yes                           | No                    |       |
| DITCO           | W91QUZ-06-A-0002  | KH40             | Yes                                       | Yes      | Yes          | Yes        | Yes                           | Yes                   |       |
| DITCO           | W91QUZ-13-A-0002  | 0171             | Yes                                       | Yes      | Yes          | No         | Yes                           | Yes                   |       |
| DLA Energy      | SP0600-14-D-0507  |                  | Yes                                       | Yes      | Yes          | Yes        | Yes                           | Yes                   |       |
| DLA Energy      | SP0600-14-D-8003  |                  | Yes                                       | Yes      | Yes          | Yes        | Yes                           | No                    |       |

Table 14. Evaluation Factors Reviewed (cont'd)

| Contract Office   | Contract Number  | Order Number | Completed in Accordance With Requirements |          |              |            |                               |                       |       |
|-------------------|------------------|--------------|---|----------|--------------|------------|-------------------------------|-----------------------|-------|
|                   |                  |              | Quality                                   | Schedule | Cost Control | Management | Utilization of Small Business | Regulatory Compliance | Other |
| DLA Energy        | SP0600-14-D-8509 |              | No  | No       | Yes          | No         | No                            | No                    |       |
| DLA Energy        | SP0600-15-D-0450 |              | Yes                                       | Yes      | Yes          | No         | Yes                           | No                    |       |
| DLA Energy        | SP0600-15-D-0451 |              | Yes                                       | Yes      | Yes          | Yes        | Yes                           | No                    |       |
| DLA Energy        | SP0600-15-D-0453 |              | Yes                                       | Yes      | Yes          | No         | Yes                           | No                    |       |
| DLA Energy        | SP0600-15-D-0455 |              | Yes                                       | Yes      | Yes          | Yes        | Yes                           | No                    |       |
| DLA Energy        | SP0600-15-D-0457 |              | Yes                                       | Yes      | Yes          | Yes        | Yes                           | No                    |       |
| DLA Troop Support | SPE1C1-14-D-1068 |              | No  | Yes      | Yes          | Yes        | Yes                           | No                    |       |
| DLA Troop Support | SPE1C1-14-D-1078 |              | No  | No       | Yes          | No         | No                            | No                    |       |
| DLA Troop Support | SPE300-14-D-3041 |              | No  | No       | No           | No         | Yes                           | No                    |       |
| DLA Troop Support | SPE300-15-D-3109 |              | No  | No       | No           | No         | Yes                           | No                    |       |
| DLA Troop Support | SPE300-15-D-3118 |              | No  | Yes      | No           | No         | Yes                           | No                    |       |
| DLA Troop Support | SPE300-15-D-3119 |              | No  | No       | No           | No         | No                            | No                    | No    |
| DLA Troop Support | SPE8E3-15-D-0002 |              | No  | No       | Yes          | No         | Yes                           | No                    |       |
| DLA Troop Support | SPE8E3-15-D-0007 |              | Yes                                       | Yes      | No           | No         | No                            | No                    |       |
| DLA Troop Support | SPE8E3-15-D-0008 |              | No  | No       | No           | No         | No                            | No                    | No*   |

\* Includes two evaluation factors

Source: DoD OIG.

## Appendix F

### PAR Rating Definitions

Table 42-1 in the FAR provides each rating, the definition of the ratings, and what the assessor needs to include in the written narrative to justify the rating given.<sup>64</sup> CPARS has six evaluation factors. The definitions in Table 15 apply to the quality, schedule, cost control, management, and regulatory compliance evaluation factors. Table 42-1 was added to the FAR on September 3, 2013.

*Table 15. 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. |

<sup>64</sup> FAR Table 42-1, "Evaluation Rating Definitions."

Table 15. 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 (for example, 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 (for example, management, quality, safety, or environmental deficiency reports, or letters). |

Source: FAR.

Table 42-2 in the FAR 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.<sup>65</sup> Table 42-2 was added to the FAR on September 3, 2013.

*Table 16. 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.  |

<sup>65</sup> FAR Table 42-2, "Evaluation Ratings Definitions (for the Small Business Subcontracting Evaluation Factor, when 52.219-9 is used)."

Table 16. 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. |

Source: FAR.



# Management Comments

## U.S. Transportation Command



UNITED STATES TRANSPORTATION COMMAND  
608 SCOTT DRIVE  
SCOTT AIR FORCE BASE, ILLINOIS 62225-6357

11 Jan 17

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (ACQUISITION  
TECHNOLOGY AND LOGISTICS)

FROM: TCCS

SUBJECT: DODIG Draft Report for Defense Organization Officials Did Not Consistently  
Comply With Requirements for Assessing Contractor Performance, Project No.  
D2016-D000CF-0165.000

1. The United States Transportation Command (USTRANSCOM) staff has reviewed subject  
report and provides the attached responses to the recommendations found in report.

2. For additional information or assistance, please contact [REDACTED], TCIG, at [REDACTED]  
or email: [REDACTED] or [REDACTED].

DAVID G. CLARKSON  
Major General, U.S. Army  
Chief of Staff

2 Attachments:

1. USTRANSCOM response
2. GAO Draft Report

cc:  
TCAQ

## U.S. Transportation Command (cont'd)

### DODIG Draft Report Dated December 16, 2016 D2016-D000CF-0165.000

#### “Defense Organization Officials Did Not Consistently Comply With Requirements for Assessing Contractor Performances”

##### USTRANSCOM COMMENTS TO THE DODIG RECOMMENDATIONS

1. RECOMMENDATION: We recommend that the Commander, U.S. Transportation Command, develop and implement written procedures for registering contracts in the Contractor Performance Assessment Reporting System.

USTRANSCOM RESPONSE: USTRANSCOM concurs with the recommendation and will draft and implement an Operating Instruction containing guidance for registering contracts in the Contractor Performance Assessment Reporting System. Estimated completion date (ECD) 31 October 2017.

2. a. RECOMMENDATION: We recommend that the Commander, U.S. Transportation Command, and Directors, Defense Information Systems Agency and Defense Logistics Agency, develop and implement organization-wide procedures that identify specific timeframes and steps for Contractor Performance Assessment Reporting System officials to perform to ensure future compliance with the 120-day requirement in the Under Secretary of Defense for Acquisition, Technology, and Logistics memorandum and ensure the 120 days include the 60-day contractor comment period.

USTRANSCOM RESPONSE: USTRANSCOM concurs with the recommendation and will draft and implement an Operating Instruction containing guidance which identifies specific timeframes and steps for Contractor Performance Assessment Reporting System officials to perform to ensure future compliance with the 120 day requirement in the Under Secretary of Defense for Acquisition, Technology, and Logistics memorandum and ensure the 120 days includes the 60-day contractor comment period. ECD 31 October 2017.

- b. RECOMMENDATION: We recommend that the Commander, U.S. Transportation Command, and Directors, Defense Information Systems Agency and Defense Logistics Agency, develop and implement organization-wide procedures that require assessors to take training on the rating and evaluation factor definitions, as outlined in the Federal Acquisition Regulation and Contractor Performance Assessment Reporting System Guide.

USTRANSCOM RESPONSE: USTRANSCOM concurs with the recommendation and will draft and implement an Operating Instruction containing guidance that requires assessors to take training on the rating and evaluation factor definitions, as outlined in the Federal Acquisition Regulation and Contractor Performance Assessment Reporting System Guide. ECD 31 October 2017.

## U.S. Transportation Command (cont'd)

c. RECOMMENDATION: We recommend that the Commander, U.S. Transportation Command, and Directors, Defense Information Systems Agency and Defense Logistics Agency, develop and implement organization-wide procedures for performing reviews of performance assessment reports and monitor reviews of the performance assessment reports to verify compliance with the FAR.

USTRANSCOM RESPONSE: USTRANSCOM concurs with the recommendation and will draft and implement an Operating Instruction containing guidance for performing reviews of performance assessment reports and monitoring reviews of the performance assessment reports to verify compliance with the FAR. ECD 31 October 2017.

3. RECOMMENDATION: We recommend that the Commander, U.S. Transportation Command, and Director, Defense Logistics Agency, develop and implement procedures that require assessors to take initial and periodic refresher Contractor Performance Assessment Reporting System Quality and Narrative Writing training.

USTRANSCOM RESPONSE: USTRANSCOM concurs with the recommendation and will draft and implement an Operating Instruction containing guidance that require assessors to take initial and periodic refresher Contractor Performance Assessment Reporting System Quality and Narrative Writing training. ECD 31 October 2017.

## Defense Information Systems Agency



DEFENSE INFORMATION SYSTEMS AGENCY  
P. O. BOX 548  
FORT MEADE, MARYLAND 20755-0549

JAN 11 2017

MEMORANDUM FOR THE DEPARTMENT OF DEFENSE, OFFICE OF INSPECTOR  
GENERAL

SUBJECT: Response to DODIG Draft Report Project No. D2016-D000CF-0165.000,  
16 December 2016

I concur with the recommendations in the referenced DODIG Draft Report. I do not fully concur with the conclusions regarding lack of adequate internal controls. The DISA Procurement Services Directorate responses to each of the DODIG recommendations is enclosed.

The Directorate found the audit to be productive and conducted very professionally. We appreciate the Best Practices shared by the Inspector General team.

The point of contact for this matter is [REDACTED] who may be reached at [REDACTED] or via email at [REDACTED].

Enclosure: as stated

DOUGLAS W. PACKARD  
Procurement Services Executive  
Chief, Defense Information Technology  
Contracting Organization

## Defense Information Systems Agency (cont'd)

**SUBJECT: Defense Information Systems Agency's (DISA) response to recommendations from U.S. Department of Defense Inspector General's proposed report "Defense Organization Officials Did Not Consistently Comply With Requirements for Assessing Contractor Performance (Project No. D2016-D000CF-0165.000)"**

**Recommendation #2a: Develop and implement organization-wide procedures that identify specific timeframes and steps for CPARS officials to perform to ensure they prepare Performance Assessment Reports (PARs) within the 120-day requirement in the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD (AT&L)) memorandum and include the 60-day contractor comment period.**

Response #2a: Concur. DISA is taking the following actions: The DISA Procurement Services Directorate (PSD) is updating the DISA CPARS Procedures to adopt the Best Practice to identify timeframes for completion of CPARS amongst the various officials (i.e., Reviewing Officials, Assessing Official, Assessing Official Representative, and Contractor Representative; referred to in this response as "account holders"). The Department of Defense (DOD) Inspector General (IG) identified this Best Practice to DISA during the course of the audit based on experiences at other Defense Agencies and Military Departments. DISA believes identifying timeframes for CPARS completion this will enable CPARS to be issued more timely to the Contractors. The procedures will be updated in January 2017.

**Recommendation # 2b: Develop and implement organization-wide procedures that require assessors to take training on the rating and evaluation factor definitions, as outlined in the Federal Acquisition Regulation and Contractor Performance Assessment Reporting System Guide.**

Response # 2b: Concur. DISA is taking the following actions: The DISA PSD currently requires Government CPARS account holders to take CPARS Overview and CPARS Quality & Narrative Writing training. This CPARS Overview training (provided by the Navy) discusses ratings and narratives as discussed in FAR 42.1503, Table 42-1, Evaluation Ratings Definitions, and Table 4-2, Evaluation Ratings Definitions (For the Small Business Subcontracting Evaluation Factor). Further information concerning evaluation factors are currently included as part of the quarterly DISA Contracting Officer's Representatives (CORs) training and provided by the PSD Contract Policy/Compliance Division CPARS Point of Contact. DISA CORs hold the CPARS role of AORs. Additionally, DISA PSD is developing targeted CPARS training to reinforce the above training. The training will be provided to the DISA contracting workforce on March 14, 2017.

**Recommendation # 2c: Develop and implement organization-wide procedures for performing reviews of PARs and monitor reviews of the PARs to verify compliance with the FAR.**

## Defense Information Systems Agency (cont'd)

Response # 2c: Concur. DISA is taking the following actions: Beginning in the second quarter of FY 2017, the DISA PSD, Contract Policy/Compliance Division, will initiate quarterly compliance checks via random sampling of Performance Assessment Reports (PAR). The purpose of the reviews are to verify that the PARs are in compliance with the FAR and CPARS Guide; that they are accurate, timely, and are a quality product. The Procurement Services Executive will be provided the results of the reviews. Lessons Learned and Best Practices will be provided during quarterly COR training sessions and to contracting personnel at least annually.

**Recommendation # 4: Modify and implement organization-wide procedures to monitor whether officials take CPARS Quality and Narrative Writing training and to require periodic refresher CPARS Quality and Narrative Writing training and to require assessors to take periodic refresher Contractor Performance Assessment Reporting System Quality and Narrative Writing training.**

Response # 4: Concur. DISA is taking the following actions: The DISA PSD is updating the DISA CPARS Procedures in January 2017. CPARS account holders will be required to take CPARS Overview and CPARS Quality & Narrative Writing Training every three years. To track compliance, when the Contracting Officer (KO) receives a new requirements package or an option exercise package from the requirements office, the KO will review the CORs training records in the CORT Tool to verify the COR has completed the CPARS training. If the training has not been completed, the COR will be directed to complete the training; follow-up with the COR's leadership will occur, as needed. PSD CPARS account holders will be responsible for maintaining a copy of their CPARS training certificates. Annually, PSD supervisors will verify that initial training (new personnel) and refresher training (every 3 years) has been completed.

The DISA COR Handbook, dated December 2016, has been updated and requires CORs to complete CPARS Overview and CPARS Quality & Narrative Writing training every three years after the initial training. This requirement is applicable to CORs for contracts/orders that meet the CPARS reporting threshold in accordance with FAR 42.1502, and are assigned the CPARS role of Assessing Official Representative.

**Review of Internal Controls. Internal control weaknesses were identified. Policies and procedures did not contain adequate controls to ensure that officials completed PARs within required timeframes or completed PARs with sufficient written narratives.**

Response: DISA does not concur with the IG's conclusion that the Agency does not have adequate controls to ensure PARs are completed within required time frames. We agree the Best Practice provided by the IG team can enhance our internal controls. However, the conclusion devalues the hard work and tenacity by so many in DISA to improve the Agencies CPARS completion rate from approximately 75% at the beginning of FY14 to approximately 92% at the end of the fiscal year, and the current 98% timely completion rate. This has been a great team effort and the DISA Procurement Services Executive (PSE) is extremely proud of the workforce.

## Defense Information Systems Agency (cont'd)

The PSD, Contract Policy/Compliance Division, has a Standard Operating Procedure (SOP) that is used by the Division's CPARS Points of Contact (POC) to ensure consistent oversight. The POC regularly reviews CPARS/PPIRS metrics reports to ensure performance assessments are completed for eligible contracts/orders in accordance with the FAR established thresholds. Monthly compliance checks include reviewing the contracts eligible for registration in CPARS; reviewing the CPARS Status (Due/Overdue) Report; and review of the PPIRS Compliance Metrics Report. The data received from the compliance checks are provided to PSD personnel for action. It was not unusual for the PSE to take personal time to reach out directly to GS-12 employees and SES colleagues to compel completion of CPARS. Other Senior PSD leaders likewise made direct contacts to compel completion of PARs.

The SOP includes guidance on how PSD will provide a quality assurance review of completed evaluations. DISA is committed to quality written narratives. DISA PSD does not fully concur the IG determination that some assessments were insufficient. Rationale was provided during the conduct of the audit. Discussions in this regard were very professional and DISA PSD appreciates the opportunity for the healthy debate and the mutual opportunity to learn.

In summary, DISA is taking the following actions: In order to enhance internal controls the updated DISA CPARS Procedures (January 2017) provides a timeline for completing the evaluation process and the requirements for the CPARS account holders AOs and AORs to complete the CPARS Overview and CPARS Quality and Narrative Writing training every three years. New to FY 2017 is a quality assurance review of completed evaluations that will be accomplished quarterly to ensure compliance with the FAR. The reviews will focus on accuracy, quality and timeliness of the evaluations.

## Defense Logistics Agency




DEFENSE LOGISTICS AGENCY  
HEADQUARTERS  
8725 JOHN J. KINGMAN ROAD  
FORT BELVOIR, VIRGINIA 22060-6221

JAN 17 2017

MEMORANDUM FOR THE DEPARTMENT OF DEFENSE INSPECTOR GENERAL

SUBJECT: Response to DoD IG Draft Report "Defense Organization Officials Did Not Consistently Comply with Requirements Assessing Contractor Performance" (Project No. D2016-D000CF-0165.000)

Attached is the DLA's response to the subject Draft Report. We appreciate the opportunity to review and comment on the finding and recommendations. The point of contact for this audit is [REDACTED], DLA Office of the Inspector General, [REDACTED], or email: [REDACTED]

  
MATTHEW R. BEEBE  
Director, DLA Acquisition

Attachment:  
As stated



## Defense Logistics Agency (cont'd)

For Recommendation 2, The Department of Defense Inspector General recommends that the Commander, U.S. Transportation Command, and Directors, Defense Information Systems Agency and Defense Logistics Agency, develop and implement organization-wide procedures:

Recommendation 2.a: that identify specific timeframes and steps for Contractor Performance Assessment Reporting System officials to perform to ensure future compliance with the 120-day requirement in the Under Secretary of Defense for Acquisition, Technology, and Logistics memorandum and ensure the 120 days include the 60-day contractor comment period.

Recommendation 2.b: that require assessors to take training on the rating and evaluation factor definitions, as outlined in the Federal Acquisition Regulation and Contractor Performance Assessment Reporting System Guide.

Recommendation 2.c: for performing reviews of performance assessment reports and monitor reviews of the performance assessment reports to verify compliance with the FAR.

For Recommendation 3, The Department of Defense Inspector General recommends that:

Recommendation 3: The Commander, U.S. Transportation Command, and Director, Defense Logistics Agency, develop and implement procedures that require assessors to take initial and periodic refresher Contractor Performance Assessment Reporting System Quality and Narrative Writing training.

DLA's Response Recommendation 2 a., 2.b., 2.c. and 3: Concur. I agree timely input and quality PARs are essential roles to the success of the CPARS program. Over the past year DLA has consistently achieved over 97% for on time CPARS reporting. On March 23, 2015 I sent a memorandum instructing my Heads of Contracting Activities (HCAs) to ensure performance issues are addressed at the appropriate level and in a timely manner. DLA Troop Support and DLA Energy have already implemented processes and procedures and established training requirements for CPARS.

To ensure processes and procedures are in place, I will issue an additional memorandum to our HCAs instructing them to review their procedures and implement processes and procedures as needed to be in full compliance with the Federal Acquisition Regulation (FAR), Defense FAR Supplement, AT&L Memorandum and the Contractor Performance Assessment Reporting System Guide for the 120-day requirement and for performing and monitoring performance assessment reports. In addition, the memorandum will include a requirement to implement assessor and narrative writing training. The memorandum will be issued by February 28<sup>th</sup>, 2017.

DODIG PROJECT NO. D2016-D000CF-0165.000

## Acronyms and Abbreviations

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|                      |   |
|----------------------|---|
| <b>CPARS</b>         | Contractor Performance Assessment Reporting System                    |
| <b>DISA</b>          | Defense Information Systems Agency                                    |
| <b>DITCO</b>         | Defense Information Technology Contracting Organization               |
| <b>DLA</b>           | Defense Logistics Agency  |
| <b>FAR</b>           | Federal Acquisition Regulation  |
| <b>PAR</b>           | Performance Assessment Report   |
| <b>USD(AT&amp;L)</b> | Under Secretary of Defense for Acquisition, Technology, and Logistics |
| <b>USTRANSCOM</b>    | United States Transportation Command                                  |

# **Whistleblower Protection**

## **U.S. DEPARTMENT OF DEFENSE**

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