



THE ASSISTANT SECRETARY OF THE NAVY

Research Development and Acquisition

1000 Navy Pentagon

Washington DC 20350-1000

JAN 19 2001

MEMORANDUM FOR DISTRIBUTION

Subj: IMPROVING CONSISTENCY OF DEPARTMENT OF THE NAVY CONTRACTOR PERFORMANCE ASSESSMENTS

Ref: (a) ASN(RD&A) memo of 5 October 2000, subject: Earned Value Management Reporting for ACAT I & II Program Contracts
(b) PDUSD(A&T) memo of 24 August 1999, subject: Contractor Performance Assessments

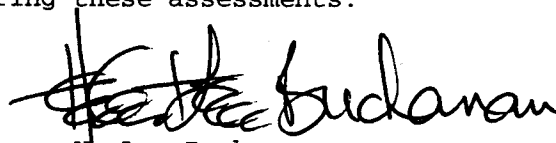
Reference (a) provides guidance for Earned Value Management (EVM) reporting for ACAT I and II Program contracts, including quantitative thresholds for the color ratings used. Reference (b) requires annual reporting under the Contractor Performance Assessment Reporting System (CPARS) and in quarterly reports (referred to in the Department of the Navy (DoN) as the Informal Performance Assessment Report (IPAR)). While the colors in references (a) and (b) are the same, reference (b) guidance for color ratings is only qualitative. One outcome of this difference, qualitative versus quantitative, is apparent inconsistencies in reports generated under CPARS, IPAR, and EVM guidance, which results in inconsistent contract assessments being provided to senior management in both industry and government. Therefore, within DoN we are more closely aligning the guidelines for these reports, as follows:

- **IPAR:** This now applies to all contracts over \$50 million. Use the Attachment 1 format. In writing an IPAR for contracts with EVM reporting, especially for cost control, schedule and management, reporting officials must take into account the contractor's EVM cumulative cost performance index (CPI) and schedule performance index (SPI) achieved at the end of the rating period, as well as the CPI and SPI trends during the period. Also, the amount of risk inherent in the effort should be recognized as a significant factor and taken into account when assessing performance.
- **CPAR:** In writing a CPAR, the reporting official should take into account the aggregation of quarterly (IPAR) assessments, if any, including, for those contracts with EVM reporting, the cumulative CPI and SPI achieved at the end of the CPAR rating period, as well as the CPI and SPI trends during the period; and note this consideration in the report. In a CPAR, the reporting official should also comment on the contractor's performance trends over the life of the contract.

Any apparent inconsistencies between the IPAR, CPAR, and EVM reports for the same contract should be addressed in the respective IPAR or CPAR, so that we don't send mixed signals to industry or Navy senior management.

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Please share this direction with all your Program Managers and other personnel responsible for preparing these assessments.



H. Lee Buchanan

Attachment:

1. Revised IPAR Format and Example Report

Distribution:
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**INFORMAL PERFORMANCE ASSESSMENT REPORT
DEPARTMENT OF THE NAVY**

(NOT TO BE USED FOR SOURCE SELECTION)

1. NAME/ADDRESS OF CONTRACTOR		2. _____	1st QTR	2nd QTR	3rd QTR	4th QTR
		3. PERIOD OF PERFORMANCE BEING ASSESSED				
CAGE CODE	DUNS+4 NUMBER	4. CONTRACT NUMBER				
FSC OR SERVICE CODE	SIC COE	5. CONTRACTING OFFICE (ORGANIZATION AND CODE)				
LOCATION OF CONTRACT PERFORMANCE (If not in item 1)		6a. PROGRAM MANAGER			6b. PHONE NUMBER	
		7. CONTRACT AWARD DATE			8. CONTRACT COMPLETION DATE	
		9. CONTRACT PERCENT COMPLETE/DELIVERY ORDER STATUS				
		10. AWARD VALUE			11. CURRENT CONTRACT DOLLAR VALUE	

12. CONTRACT TYPE														
FFP		FPI		FPR		CPFF		CPIF		CPAF		MIXED		OTHER

13. KEY SUBCONTRACTORS AND DESCRIPTION OF EFFORT PERFORMED

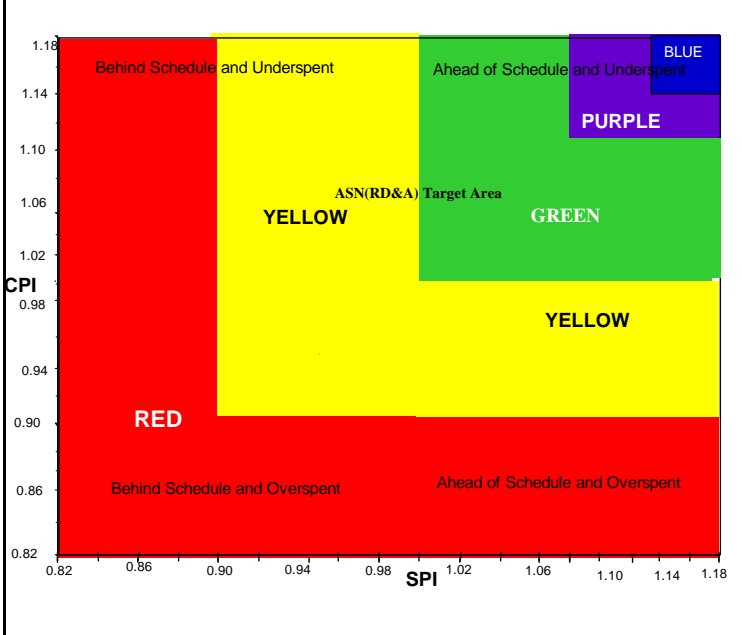
14. PROGRAM TITLE AND PHASE OF ACQUISITION (If applicable)

15. CONTRACT REPORT DESCRIPTION (Highlight key components, technologies and requirements; key milestone events and major modifications to contract during this period.)

16. EVALUATE THE FOLLOWING AREAS (Also show evaluation in blocks to right of EVM chart, repeating 16.a., b., & c.)	Previous Quarter (-3)	Previous Quarter (-2)	Previous Quarter (-1)	RATING & TREND THIS REPORT
a. TECHNICAL (QUALITY OF PRODUCT)				
b. PERFORMANCE (EVM SCHEDULE AND COST)				
c. MANAGEMENT				

EXPLANATORY COMMENTS

17. a. Plot the cumulative CPI and SPI for each month of the current period and for the previous 9 months. See ASN(RD&A) Memo of 5 OCT 00 for overall EVM guidance on this chart.	16. (continued) For a., b., and c., repeat the ratings from above.	RATING & TREND THIS REPORT
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16. a. TECHNICAL (QUALITY OF PRODUCT)	
(1) PRODUCT PERFORMANCE	
(2) SYSTEMS ENGINEERING	
(3) SOFTWARE ENGINEERING	
(4) LOGISTIC SUPPORT/ SUSTAINMENT	
(5) PRODUCT ASSURANCE	
(6) OTHER TECHNICAL PERFORMANCE	
16. b. PERFORMANCE	
(1) SCHEDULE	
(2) COST CONTROL	
16. c. MANAGEMENT	
(1) MANAGEMENT RESPONSIVENESS	
(2) SUBCONTRACT MANAGEMENT	
(3) PROGRAM MANAGEMENT AND OTHER MANAGEMENT	
16. d. OTHER AREAS	
(2)	
(3)	

**Additional Guidance For Filling Out The
Department of the Navy Informal Performance Assessment Report (IPAR)**

BLOCKS 16. a., b., c., & d. and related numbered blocks below these	Indicate the color rating by typing in "B" for Blue, "P" for Purple, "G" for Green, "Y" for Yellow, and "R" for Red, Show trend over the period reported by adding "^" (or insert an arrow) for improving, "V" (or insert an arrow) for declining, and ">" (or insert an arrow) for remaining the same.
BLOCKS 16. a., b., & c.	Note that Blocks 16.a., b., and c. are intentionally repeated in the column to the right of the EVM chart, and are to have the same information as shown in the same numbered blocks above..
BLOCK FOR EXPLANATORY COMMENTS	Any apparent inconsistencies that might be perceived by comparing the IPAR, CPAR, and EVM reports for the same contract should be addressed in the Explanatory Comments, so that we don't send mixed signals to industry or Navy senior management.

ILLUSTRATIVE EXAMPLE
INFORMAL PERFORMANCE ASSESSMENT REPORT

(NOT TO BE USED FOR SOURCE SELECTION)

1. NAME/ADDRESS OF CONTRACTOR AXYB Systems, Inc., 4th Street NW, Coronado, SC 12345		2.	1st QTR	2nd QTR	3rd QTR	X	4th QTR
		3. PERIOD OF PERFORMANCE BEING ASSESSED OCT - DEC 2000					
CAGE CODE 3A123	DUNS+4 NUMBER 00011122233	4. CONTRACT NUMBER N54321-99-C4321					
FSC OR SERVICE CODE 3A123	SIC COE 3812	5. CONTRACTING OFFICE (ORGANIZATION AND CODE) NAVSEASYSKOM (Code 022CR)					
LOCATION OF CONTRACT PERFORMANCE (If not in item 1)		6a. PROGRAM MANAGER Dr. Patricia Manger			6b. PHONE NUMBER (123) 456-789		
		7. CONTRACT AWARD DATE 30 JUN 2000			8. CONTRACT COMPLETION DATE 6/30/03		
		9. CONTRACT PERCENT COMPLETE/DELIVERY ORDER STATUS Contract is 20% complete.					
		10. AWARD VALUE \$400 million			11. CURRENT CONTRACT DOLLAR VALUE \$400		

12. CONTRACT TYPE											
FFP		FPI	FPR	X	CPFF	CPIF		CPAF		MIXED	OTHER

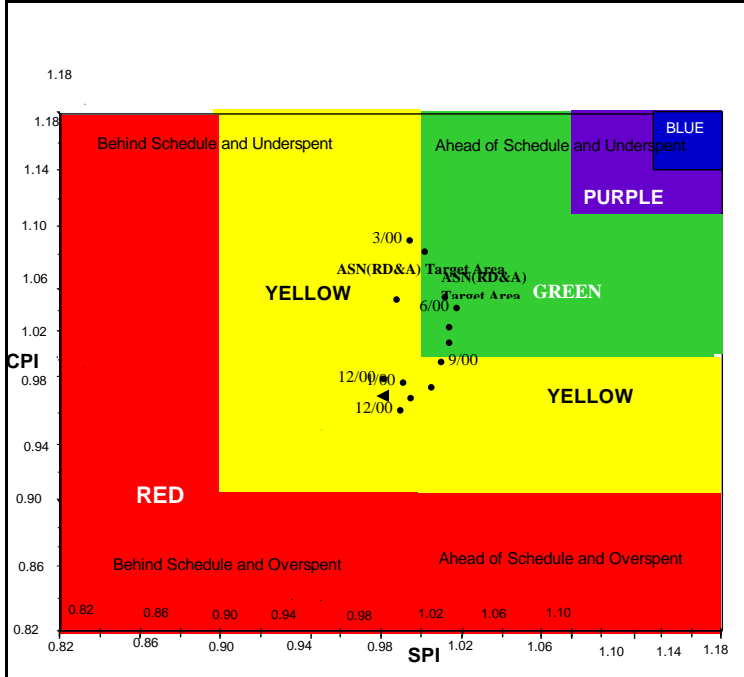
13. KEY SUBCONTRACTORS AND DESCRIPTION OF EFFORT PERFORMED
 QUICK FIX Contractors are responsible for backup support on all systems and have the lead on development of the wing design.

14. PROGRAM TITLE AND PHASE OF ACQUISITION (If applicable)
 ACAT II for Warp Speed Control (WSC). Contract is in EMD phase.

15. CONTRACT REPORT DESCRIPTION (Highlight key components, technologies and requirements; key milestone events and major modifications to contract during this period.)
 The primary engine design is underway and is acceptable. The booster engine design has been delayed. There has been no major modification to the contract this period.

16. EVALUATE THE FOLLOWING AREAS (Also show evaluation in blocks to right of EVM chart, repeating 16.a., b., and c..)	Previous Quarter (-3)	Previous Quarter (-2)	Previous Quarter (-1)	RATING & TREND THIS REPORT
a. TECHNICAL (QUALITY OF PRODUCT)	R \wedge	Y \wedge	G $>$	G $>$
b. PERFORMANCE (EVM SCHEDULE AND COST)	G \wedge	G \vee	Y \wedge	R \vee
c. MANAGEMENT	Y \wedge	Y $>$	Y \wedge	Y \vee

EXPLANATORY COMMENTS
 Although the cumulative EVM color rating is Yellow for this period, the IPAR overall performance rating is Red because the EVM performance shows a continuing precipitous decline in cost performance.



16. a. TECHNICAL (QUALITY OF PRODUCT)	G $>$
(1) PRODUCT PERFORMANCE	G $>$
(2) SYSTEMS ENGINEERING	P $>$
(3) SOFTWARE ENGINEERING	B \vee
(4) LOGISTIC SUPPORT/SUSTAINMENT	Y \wedge
(5) PRODUCT ASSURANCE	G $>$
(6) OTHER TECHNICAL PERFORMANCE	Y \wedge
16. b. PERFORMANCE	R \vee
(1) SCHEDULE	Y \vee
(2) COST CONTROL	R \vee
16. c. MANAGEMENT	Y \vee
(1) MANAGEMENT RESPONSIVENESS	Y \vee
(2) SUBCONTRACT MANAGEMENT	G $>$
(3) PROGRAM MANAGEMENT AND OTHER MANAGEMENT	Y \vee
16. d. OTHER AREAS	
(1)	
(2)	