How Do I Monitor Performance?
COR Monitoring Overview

- The Post Award Conference
- Contract Performance Monitoring
  - Progress Reports
  - Performance Assessment
  - Security
  - Safety & Compliance
  - Property
- Additional Tools, Tips, Techniques for
  - Invoice Evaluation (contract payment)
  - Contract Closeout
Why Monitor Performance


Confirm item/services have been delivered
- Time *(Schedule)* and Location
- *Inspection & Acceptance*

Determine if item/services meet contract requirements
- Conform or Non-Conform to contract standards and specifications
- *Inspection & Acceptance*

Authorize contractor payment of invoices or vouchers
- *Contract Payment*

Identify/document trends (positive and/or negative)
- Corrective Action & Continuous Improvement
- Periodic Performance Documentation

Document and communicate to contractor and stakeholders - contractor’s performance
- Recurring (program reviews, status meetings, etc.)
- *Formal Past Performance Documentation*

Ensure Government Receives What it Contracted for
How Much Contract/Task Order Monitoring?

- Varies with complexity considering
  - Type of contract
  - Complexity of work
  - Scope of work
  - Contractor’s experience
  - Contractor performance
  - Contracting environment
  - Supplies vs. services
Monitoring and Surveillance Activities

• Monitoring may involve:
  – Review of progress reports
  – Inspection and acceptance
    • Random sampling/Trend Analysis/Deliverable review
  – Meetings with contractor personnel
    • Site visits
  – Coordinating Security and Safety reviews
  – Property administration
  – Invoice/Voucher review
    • Payroll, time card checks
FYI: Quality and Surveillance

• As we learned in Lessons 9 and 10; the contractor has primary responsibility for ensuring the quality and timeliness of their goods or services in meeting contract performance standards.

• Your job will be to assess the contractor’s performance to ensure it conforms to contract performance requirements.
  – Unsatisfactory performance may jeopardize a project or may directly impact an organization’s ability to perform its mission.

• **Practice insight...not oversight.**
  – Your role is to validate the contractor’s quality system, not duplicate it.
Where Should the COR Begin?

Start with Post Award Orientation Meeting

- Are “WE” on the same page:
  - “We” the government team
  - “We” the government and contractor
- Review contract requirements
- Decide how to resolve problems
- Identify and resolve oversights
Typical Topics/Agenda

- Communication practices
  - Problem escalation
- Roles & responsibilities
- Processes and plans for contract administration and monitoring
- Delivery, acceptance, and payment process and procedures
  - Deliverable review process
- Process to mitigate risks

COR Post-Award Orientation Strategy

- Read and gain familiarity with your contract
  - Know milestones & deliverables
  - Understand any incentive features
- Research your contractor
  - Review their proposal
- Develop a plan for monitoring the contract
- Complete assigned action items from the meetings

Begin Monitoring
FYI: No Such Thing as a Free Meeting

Holding meetings with the contractor is not a bad idea, but remember that these meetings aren’t always “free”.

What Am I Monitoring?

- Progress
  - Performance
  - Security
  - Safety & compliance
  - Property
  - Acceptance & Payment
Progress Reports

An excellent source for schedule, progress and cost status determination

• Provides the first early warning of potential changes, delays, or any other problems in contractor performance

• Does not relieve the contractor of a separate obligation to report anticipated or actual delays to the COR and KO
What is a Progress Report?

- Vary in form from a single page memo or letter to several hundred pages of detail by task with supporting graphs and tables
- Summarize progress since preceding report, so earlier reports are summarized, subsumed and superseded by the new report

<table>
<thead>
<tr>
<th>Typical Progress Reports Focus On</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project status</strong></td>
</tr>
<tr>
<td><strong>Measurement of achievements against objectives</strong></td>
</tr>
<tr>
<td><strong>Problems encountered</strong></td>
</tr>
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<td></td>
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</tbody>
</table>
FYI: Understanding CDRLs

DD Form 1423 – Contract Data Requirement List

- Documents and communicates data requirements and delivery information
- Provides a standardized method to clearly and unambiguously delineate the Government's minimum essential data needs in one spot
- Together, constitute the data requirements for a specific procurement (contract) to include all reports

**CONTRACT DATA REQUIREMENTS LIST**

- **Form Approved**
  - OMB No. 0704-0188

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1. **DATA ITEM NO.**
   - **A005**

2. **TITLE OF DATA ITEM**
   - Progress Reports

3. **AUTHORITY (Data Acquisition Document No.)**
   - LT

4. **DIST STATEMENT REQUIRED**
   - MTHLY

5. **FREQUENCY**
   - 30 DAC

6. **DATE OF FIRST SUBMISSION**
   - 20 DARP

7. **REQUIREING OFFICE**
   - Naval Research Laboratory

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**DISTRIBUTION**

- **a. ADDRESSEE**
  - Draft: NRL Code 8124
  - Final: ACO (trx. ltr. only)

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**REMARKS**

- Blocks 12 & 13: As required under each Task Order in accordance with the Task Order Statement of Work.

The Contractor shall provide Program Progress Reports in the form of Monthly Status Reports. The format for all deliverables under this CDRL shall be the Contractor's format as reviewed and approved by the COR. Monthly Status Reports shall be provided on a monthly basis beginning 30 DAC and by the 20th day of each month thereafter.
How to Check a Progress Report

<table>
<thead>
<tr>
<th>The progress report should be checked for the following:</th>
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<tbody>
<tr>
<td>• Will contractor meet delivery dates; do you foresee a problem?</td>
</tr>
<tr>
<td>– Does the contractor foresee problems or risks?</td>
</tr>
<tr>
<td>• Are expenditures in line with the work performed; with the work planned?</td>
</tr>
<tr>
<td>• How does percentage of work completed compare to funds expended?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Additional Reviewing Techniques</th>
</tr>
</thead>
<tbody>
<tr>
<td>• How does status of deliverables (reports, designs, texts, etc.) compare to the progress report?</td>
</tr>
<tr>
<td>• Review invoices and compare to the progress report.</td>
</tr>
<tr>
<td>• Perform site visits &amp; compare to progress reports.</td>
</tr>
<tr>
<td>• Discuss with contractor any ambiguities or discrepancies.</td>
</tr>
</tbody>
</table>
FYI: Progress Report vs. Invoice

Do not expect a **one-to-one correlation** between the Funds ($$$) expended as documented in progress reports and total invoiced to date

- Coverage dates may be different
- Invoice may reflect lag-time in contractor’s accounting system:
  - May be as much as a two-week lag in labor time reporting
  - ODCs depend on when travel vouchers are filed and subcontractors and vendors invoice
Schedule/Delivery - Documentation

As a COR, it is critical to document:

- Is the contractor on schedule to meet contractual requirements?
- Did contractor meet contractual delivery requirements?
  - Is there a reward for early delivery?
  - Is there a penalty for late delivery?

Best Practice:

- As soon as information or status is known, or
- On a recurring/routine interval

Do not wait to document schedule concerns
What Am I Monitoring?

- Progress
- **Performance**
- Security
- Safety & compliance
- Property
- Acceptance & Payment
The contractor’s performance should be assessed and documented on an ongoing basis throughout the life of the contract.
- Formal correspondence
- Less formal correspondence

It must also be done at contract completion i.e. documenting past performance.
Why and What to Assess?

Purpose is to determine and document:
- How well the contractor is doing
- If performance, quality, schedule and cost requirements are being met
- If the customers are satisfied
- If processes are working
- If and where improvements are necessary

Assessment Factors:
- Quality of performance and deliverables
- Business Relations
- Management of Key Personnel
- Customer satisfaction
- Timeliness
- Compliance (e.g. OSHA, EPA, DOL)
- Invoicing/cost control
Deliverable/Document Reviews

The contract may require delivery/submittal of numerous reports from the contractor

- Examples could include:
  - Special Studies
  - Technical reports
  - Test plans, etc.

- There is always a timeline for the government reviewers to provide comments and/or approval of any reports

- The COR must manage the review process
Review Process

- Receive and log deliverables
- Conduct a preliminary review
- Confirm the list of reviewers and distribute
- Set deadline for comments/edits
  - Based on specific area of expertise, reviewers provide comments
- Collect and consolidate comments/edits
  - COR may arrange a review meeting with reviewers to consolidate comments
- KO and COR discuss comments and determine if deliverable should be accepted or rejected
- COR prepares Letter Acceptance or Rejection indicating required corrections and next steps
  - Copies of letter placed in the COR file
  - Acceptance may be authority for contractor to submit invoice
Service Quality

• Does service meet requirements?
• Conforms/Adheres to:
  o Specifications and Standards
  o PWS/SOW/SOO
  o Quality Control Plan – Contractor
  o Quality Assurance Surveillance Plan - Government
Business Relations

• Tends to be a “subjective” analysis
• Encompasses matters such as the contractor’s:
  – Responsiveness
  – Professionalism
  – Cooperativeness

*Note: this is also required for Past Performance Ratings in CPARS*
Management of Key Personnel

Are technical experts highly qualified and effective in performing the required services?

• Do they meet the skill level stated in the contract?
• Are an appropriate number of personnel assigned to the project?
• Do delivered products reflect skill and standardization required by the customer?
## Remember: Personal Service Contract Limits

### It is not an Employer Relationship

- Determining who should perform tasks or how it is done
- Pressuring/influencing contractor to use “favorite” employees, or insist on particular personnel actions
- Use government and contractor personnel interchangeably
- Rating individual contractor employee performance
- Require “out of scope” work or “inherently governmental functions.”

### Preventing Personal Service Contracts

- Develop well-defined PWS or SOW
- Work effort should **not** require your “supervision”
- Liaison with the contractor POC not with employees
- Monitor the contract -- don’t supervise the employees
- Notify KO if contract has problems -- don’t fix it by supervision
- Document problems, discuss with POC and KO

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The goal is to prevent the creation of an improper personal service contract
Customer Satisfaction

• Satisfy your customer in terms of cost, quality and timeliness of the delivered product or service.
  – Percent of product that meets customer expectations
  – Time to answer customer complaints
  – Number of customer complaints
Inspection Techniques - Services

• Trend Analysis
  – Monitor contractors ongoing performance
  – Joint Gov’t and contractor data base is very effective way to monitor

• Customer Feedback
  – Actual user feedback
  – Can be very subjective
  – Users don’t know the contract requirements
  – Negative is plentiful, positive is limited
  – How will you collect the information

• Third Party Audits
  – Independent reviews by a third party
  – Other Government Agency or Contracted Inspection
What Am I Monitoring?

- Progress
- Performance
- Security
- Safety & compliance
- Property
- Acceptance & Payment
Security Monitoring

- Review contract security clauses and DD 254 Contract Security Classification Specification
- Be aware of any security requirements that apply
  - Facilities, storage containers, and personnel
- Process clearance and visit requests promptly
- Report any violations
The DD 254

What is addressed in the DD254:

• Security Requirements **not** addressed in the National Industrial Security Program Operating Manual (NISPOM)

• **What level** of information can be accessed for this effort

• **Where** the contractor can have access

• Distribution Statements required on technical documents created by the contractor
What Am I Monitoring?

- Progress
- Performance
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Safety & Compliance Monitoring

Standards, regulations and activity examples

- OSHA
- EPA
- Labor qualifications
- Licensing
- HAZMAT
What Am I Monitoring?

- Progress
- Performance
- Security
- Safety & Compliance
- \textit{Property}
- Acceptance & Payment
We learned about Government Property in Lesson Three. The use of government property requires:

- Advance planning
- Adequate oversight
- Accountability

The COR may have a substantial role in the administration and oversight of government property use by the contractor.
The Government generally assumes the risk of loss for Government Property while in the contractor’s possession:
FYI: Liability

Again, the Government generally assumes the risk of loss of Government Property while in the contractor’s possession on most contract types:

Government Property Administration

Property administration is often delegated to DCMA

- Ensure contractor receives Government property authorized under the contract
- Oversee the contractor’s management of Government property
- Provide disposition instructions to the contractor
- Help perform Governmental screening prior to directing disposition of GP
- Verify the preparation, shipment, transfer and/or disposal of excess and surplus GP

A COR may be delegated some property administration activities for contracts not delegated to DCMA and/or take place on a Government installation.

The Contractor shall have a **System** of internal controls to manage:

- Control, use, preserve, protect, repair and maintain government property in its possession
- Maintain processes systems, records; etc.
- **Basic Stewardship Requirement:**
  
  “Contractor’s responsibility extends from initial acquisition and receipt of property, through stewardship, custody, and use until formally relieved of responsibility by authorized means, including delivery, consumption, expending, sale (as surplus property), or other disposition, or via a completed investigation, evaluation, and final determination for lost, damaged, destroyed, or stolen property.”

What makes a good system?

“**Auditability**”

- Up-to-date
- Strong internal controls
- Clear lines of authority
- Outlines organizational accountability
- Describes methods for performing tasks
- Addresses (additional) contract terms and conditions

FAR 52.245-1
Where Does the COR Start?

- Read your letter of designation for specific property related duties
- Become familiar with provisions of the contract concerning property
  - FAR/DFARS Part 45/245 explain contractor and government responsibilities
  - The Government Property Clause(s) will detail contractor’s Responsibilities (FAR 52.245-1, -2 & -9)
- Document the files with anything related to property
- Notify the KO immediately if there are any problems
COR Property Administration – the Process

• Help ensure GFP inventory is accurate prior to providing to contractor
• Ensure contractor receives GFP in a *timely* manner, in accordance with the terms and conditions of the contract
  – Coordinate property book receipt when applicable
• Help perform the necessary Governmental screening prior to directing disposition of GP
• Verify instructions to the contractor for disposition have been communicated
  – Normally, when the COR is assigned government property administration tasks, the disposition instructions to the contractor are to RETURN the government property in their position back to the organization who owns the property.
• Verify preparation, shipment, transfer and/or disposal of excess and surplus GP paperwork.
What Am I Monitoring?

- Progress
- Performance
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CORs are often the designated official authorized to accept supplies/services for the Govt. This means signing a DD 250 or completing acceptance in Procurement Integrated Enterprise Environment (PIEE)

https://wawf.eb.mil/piee-landing/
Material Inspection Receiving Report

“The DD250”

- The DD Form 250 is a Government multipurpose report used as:
  - Acceptance of equipment/data by the Government
  - The Contractor's invoice for payment
  - A packing list for shipping and receiving
  - Evidence of Government Quality inspection

- DD 250 acceptance authority (signature) is designated in Section E - Inspection and Acceptance
DoD developed system for Contractors and authorized DoD users to **generate, capture, and process** receipt and payment documentation

- Interactive web-based application
- Eliminates paper from contracting life cycle
- Electronic receipt/acceptance process
- Electronic invoice/payments process
- Provides complete transaction visibility
- Reduces interest penalties

**Contractors must submit invoices electronically**

- Mandated by Public Law: NDAA FY 2001
- DFAS is Compliant
- DFARS Clause 252.232-7003
  - Requires electronic invoicing.
  - Requires electronic supporting documentation.
  - Identifies three acceptable electronic forms for transmission of invoices (WlNS, PIEE and EDI).
  - Identifies situations where EC is not required.
How Does It Work? - PIEE Process

1. **Vendor INPUT**
   - Creates and submits shipping notices and invoices by web entry or computer to computer. Includes RFID and IUID.

2. **Inspecting Activity**
   - Receives email notification of awaiting actions.
   - Inspects / rejects online in PIEE.

3. **Accepting / Receiving Activity**
   - Receives email notification of awaiting actions.
   - Accepts / rejects online in PIEE or in local system.

4. **Local Processing Office**
   - Receives email notification of awaiting actions.
   - Views invoices online in PIEE.
   - Certifies invoices ready for payment in PIEE.

5. **Payment Office**
   - Receives email notification of awaiting actions.
   - Views invoices online in PIEE.

6. **DoD Pay Systems**
   - Authorize transfer of funds via EFT to Vendor's bank.

   **PIEE**
   - Transmits invoice and acceptance to DoD entitlement systems.

   **View Only:**
   - Contracting Officers
   - Payment Clerks
   - Information provided to:
     - Property Mgt Systems
     - Transportation
     - IUID Registry

   **Credit**
   - Local Processing Office
   - Receives email notification of awaiting actions.
   - Views invoices online in PIEE.

   **Outgoing**
   - PIEE - RA Application
   - PIEE transmits payment actions via DEBX to DoD pay systems.

   **INPUT**
   - Creates and submits shipping notices and invoices by web entry or computer to computer. Includes RFID and IUID.

   **Receiving Activity**
   - Accepts / rejects online in PIEE or in local system.

   **DoD Pay Systems**
   - Authorize transfer of funds via EFT to Vendor's bank.

   **Bank**

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• iRAPT – Invoicing, Receipt, Acceptance, and Property Transfer
• Joint Appointment Module (JAM)
• Surveillance and Performance Monitoring (SPM)
• Module.myInvoice – ContractorTool

Invoice Review & Approval

- Compare progress reports with invoices
- Review timecards, when applicable
- Use inspection reports to verify actual usage (e.g. equipment on the site)
- Maintaining an Invoice Log
- Notifying KO of discrepancies **ASAP**

- CORs can approve invoices on Fixed Price contracts
- CORs can review, but **cannot** approve vouchers (invoices) on CR, T&M and Labor Hour contracts
  - DCAA has sole authority for verifying claimed costs and approving interim payment requests
  - Only KO can approve final payment requests
Typical Invoice Problems

- Math errors
- Wrong contract/task order number
- Wrong price (proposed vs negotiated)
- Wrong CLIN or SubCLIN
- No POC for defective invoices
- No date
- Incorrect/missing shipment info
- No remittance address
- Negotiated prompt pay discounts not offered
Additional Invoice Problems

• Inflated/unrealistic labor hours
• Unsupported ODCs (poor description, can’t tie to specific task) e.g. unsupported travel costs
• Unauthorized overtime charges
• Incorrect/unrealistic labor category
• “Management” hours disproportionate to “worker bee” hours
• Duplicate invoice, or wrong invoice
• Other “pitfalls” – e.g., competing workload demands, contractor UNDER charges for something
Travel as an ODC

• The proposed travel is essential to the effective performance of the contract
• The contractor has:
  – Screened reimbursement travel to avoid nonessential participation in conferences, meetings, or conventions
  – Limited the mode of travel to the most economical method and are relating travel to production time
  – Used any Government contracted carrier, or is making reservations for air travel sufficiently in advance to obtain business class or coach rates
  – Limited the cost of travel to federal per diem rates
What About Overtime?

- Overtime (OT) must be specifically allowed on the contract
- Only the KO can authorize the use of OT
- COR review of Contractor overtime may include:
  - Is the OT necessary?
  - If the OT is necessary, can additional funds be obtained to fund the OT?
  - Was the OT accomplished?
What Am I Monitoring?

- Progress
- Performance
- Security
- Safety & Compliance
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Are we finished being a COR?
Coming to the End of Monitoring

- Documenting Past Performance
- Contract Closeout

DONE!
Documenting Past Performance

• Capturing how well a contractor performs on each contract is a very important part of performance the assessment process.

• This information goes into an automated system called the Contractor Performance Assessment Reporting System (CPARS).

• The Government uses this information as one of the factors when selecting future contractors during the source selection process.
Closeout Actions

- The KO with the help of the COR ensures the following actions have been accomplished:
  - Services have been rendered
  - Articles have been delivered and accepted
  - Payments and collections have been made
  - Disposition of property and classified information
  - Releases from liabilities, obligations, claims have been obtained from the contractor
  - Assignments of refunds, credits, etc., have been executed by the contractor
  - Administrative actions have been accomplished
  - Excess funds de-obligated
  - Contract file is properly documented
Exercise: The Grass Isn’t Greener

1. List the assumptions that you have about the case.

3. Why did the contracting officer send a copy of this letter to the COR?

4. What is the COR’s responsibility in this situation?

5. Are the number and length of breaks taken by the contractor’s employees of concern to the COR?

6. Should the COR or contracting officer respond to Mr. Herb Layoff?
Summary

- Contract Monitoring
  - Progress Reports
  - Performance Assessment
  - Security
  - Safety & Compliance
  - Property
  - Acceptance & Payment