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Procurement Memorandum 95-26

INFORMATION

MEMORANDUM FOR Heads of Contracting Offices
FROM: Kenneth J. Buck
Director, Acquisition Policy and Programs
SUBJECT: Reports Under DAO 208-10, Management of Contracted Services

Department Administrative Order (DAO) 208-10, Management of Contracted Services became effective on January 1, 1995. The objectives of the Order are to ensure that all contracted services are managed such that:

- o only services essential to the mission of the Department are acquired;
- o contractors do not perform inherently governmental functions;
- o there is adequate monitoring of contractor cost-effectiveness and accountability for results;
- o appropriate procurement policies are observed, such as emphasis on adequate competition, use of performance-based contracting, mitigation of potential conflicts of interest and diversity in contracting/subcontracting.

As one means to measure management effectiveness, the Order established semi-annual reporting requirements for all contracts over \$100,000. It also required a Summary Report at the end of each fiscal year. Based upon your feedback of the significant resources required to capture and report this data, we have reconsidered the reporting requirements and determined that the objectives of the Order can best be achieved by using a more results oriented approach. Therefore, the existing reporting requirements of DAO 208-10 are eliminated, effective immediately.

Instead of reports, the evaluations of contractor performance required by the Federal Acquisition Regulation (FAR), Subpart 42.15 will become the sole *reporting* requirement under this Order.

In the interest of consolidating reports, we request a copy of only those evaluations required by the FAR which are for service contracts. Under FAR, a performance evaluation is required for all contracts over \$1,000,000 upon completion, or an interim evaluation is required if the contract exceeds one year. The evaluations are phased-in for future years as follows: for contracts over \$500,000 by July 1, 1996; for contracts over \$100,000 by January 1, 1998.

In addition to the evaluations, and to promote a more "results oriented" approach to contract management, we will employ a combination of strategies such as: the Performance Measurement Action Tool (PMAT), selective on-site contract reviews, the sharing of best practices and the implementation of OMB's past performance guidance. DAO 208-10 will be amended to reflect these changes. If you have any questions or suggestions for additional changes, please contact Greg Crider by e-mail or on (202) 482-5751.