

MWI 5116.1

REVISION E

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MARSHALL WORK INSTRUCTION

PS01

EVALUATION OF CONTRACTOR PERFORMANCE UNDER CONTRACTS WITH AWARD FEE PROVISIONS

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DOCUMENT HISTORY LOG

Status (Baseline/ Revision/ Canceled)	Document Revision	Effective Date	Description
Baseline		5/14/99	Document converted from MSFC-P06.1-C04 to a Directive. Previous history retained in system as part of canceled or superseded ISO Document files.
Revision	A	8/18/99	Changes made to reflect new organizational codes. Replaced "chief engineer" with "chief engineer or systems engineer" at 1.5.1 and 7.2.14.
Revision	B	11/19/01	Document renumbered to comply with format required by MPG 1410.2. Section 2, Applicability, changed from "award fee contracts" to "incentive contractual instruments with award fee provisions." Section 3, Applicable Documents, deleted specific FAR/NFS references; added NPG 1441.1. Section 5, paragraphs 5.1, 5.3, 5.4, 5.5, 5.6, and 5.8, deleted responsibilities and clarified definitions; paragraph 5.2, deleted responsibilities and added definition. Section 6, 2d line, deleted "procedures" and added "provisions." Section 9, paragraph 9.1, revised to require disposition in accordance with NPG 1441.1; paragraph 9.2, deleted "Forms". Section 10, last sentence, added "Management" before "Department". Appendix A, 1.1 (now A.1.1), deleted "CPAF" and added "with award fee provisions" after "contract"; 1.6.1 (now A.1.6.1), added the statement that the FDO reviews the PEB's assessment and makes the final determination of the award fee to be paid to the contractor; 2.3 (now A.2.3) added the Web site address for the NASA Headquarters Award Fee Guide; 3.2 (now A.3.2), changed title to "REPORT SUBMITTAL", added requirement for original and 10 copies of the report; added requirement that reports be hand carried to the PEB Executive Secretary in an envelope marked "To be opened by the Addressee only"; deleted the disks and CD-ROM as a method of submitting reports; , deleted "3.3 Reports" and renumbered subsequent paragraphs; paragraph 4.2 (now A.4.2), added the requirement for original and 10 copies of the report; added requirement that the report be packaged in an envelop marked "To be opened by addressee only" and mailed or hand carried to the PEB Secretary; deleted the disks and CD-ROM as a method of submitting report; 5.2.2 (now A.5.2.2) deleted "Division" and added "Department", 5.3.2 (now A.5.3.2) deleted "Finance" and added "MSFC Accounting Operations Office (AOO). New A.10, added PEB responsibilities; New A.11, added Program/ Project Manager responsibilities;
Revision	C	5/13/02	Appendix A.3.2.2, added font size for written reports and changed number of pages to 10-12; A.4.2.1, added font size and page limitation; A.5.3.1 revised to reflect that the Procurement Office representative to whom the file is forwarded is the Director or Deputy Director; A.6.3.7.2 deleted "distribute copies" and added that after the D&F is approved by the FDO, a copy is forwarded to the CO for preparation of a

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			<p>modification; deleted A.10 and A.11 and included Responsibilities of the PEB and PM in A.9. Appendix A Table of Contents also revised to reflect this change. Changed A.9.2.5 to reflect that performance evaluation periods must be coordinated with the PEB Executive Secretary in order to be included on the PEB calendar. Section A.12 deleted. Appendix B, Note 2, corrected "criterion" to read "subcriterion". Revised the Example, Coordinator's Work Sheet, to reflect calculations which changed the Numerical Score and Adjective Rating, and to reflect Award Fee Earned. Appendix D, revised the order of Appendix D charts; changed title of "Pre-Award Fee Evaluation Meeting Activities" chart by deleting the word "meeting", changed format and made editorial changes; changed format of "Performance Evaluation Process Major Steps", changed "Major Steps" to "Events", and made editorial revisions; changed title of "Performance Evaluation Scheduled Milestones" to "Performance Evaluation Process Time Line" and in last sentence deleted "Finance" and added "Accounting Operations Office."</p>
Revision	D	5/10/03	<p>Updated Master List URL in footers. Section 3. Applicable Documents, and Section 10. Changed title of MWI 5100.1 Procurement Initiators Guide to read "Procurement Requisitioners Guide. A.1.5.1., deleted 2nd & 3rd sentences; A.1.5.2., added "and monitors" to the last sentence; A.5.2.2, deleted "Department" and deleted second sentence; Appendix D (continued), Performance Evaluation Process Time Line, changed last Event to read "..... & forward to PS14/Data Entry (hand-carry is the preferred method)."; Changed "quality records" to "records in Section 9. Fixed some paragraph numbering in Appendix A.</p>
Revision	E	6/28/2004	<p>Throughout the document, revised NPG to reflect NPR. Paragraph 5.4 Fee Determination Official (FDO), revised to identify the FDO for Space Shuttle and Space Station contracts as the Deputy Associate Administrator for ISS and Shuttle Programs. Paragraph 12 Cancellation, revised from MWI 5116.1C dated May 13, 2002 to MWI 5116.1D dated May 10, 2003 and revised the Director's name from A.G. Stephenson to David King.</p>

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1. PURPOSE

This Marshall Work Instruction (MWI) is prepared to provide guidance in accomplishing the award fee performance evaluation process in an equitable and timely manner. It establishes the process for evaluating award fee contracts to meet ISO 9000 documentation requirements generally described in MPG 5000.1, "Purchasing."

2. APPLICABILITY

This MWI applies to all persons involved in the evaluation process for incentive contractual instruments with award fee provisions.

3. APPLICABLE DOCUMENTS

- 3.1 Federal Acquisition Regulation (FAR)
- 3.2 NASA Federal Acquisition Regulation Supplement (NFS)
- 3.3 NASA Award Fee Contracting Guide
- 3.4 NPR 1441.1, "NASA Records Retention Schedules"
- 3.5 MPG 5000.1, "Purchasing"
- 3.6 MWI 5100.1, "Procurement Requisitioners Guide"
- 3.7 PS-OWI-13, "Transfer of Procurement Files to Closeout"

4. REFERENCES

None

5. DEFINITIONS

- 5.1 Attorney/Advisor. The Chief Counsel, or a designee, appointed as advisor to the Performance Evaluation Board (PEB).
- 5.2 Contracting Officer (CO). A person, appointed in accordance with the FAR, with the sole authority to enter into, administer, and/or terminate Government contracts and make related determinations and findings.
- 5.3 Coordinator. An individual appointed to provide continuous evaluation of a contractor's performance and is also appointed as the Contracting Officer's Technical Representative (COTR).

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5.4 Fee Determination Official (FDO). An individual, senior to the PEB membership, appointed by the Center Director. For Space Shuttle and International Space Station contracts, the FDO is the Deputy Associate Administrator for the International Space Station and Space Shuttle Programs (Headquarters Code M).

5.5 Monitor. An individual appointed to provide continuous evaluation of the contractor's performance in specifically assigned areas of responsibility.

5.6 Performance Evaluation Board (PEB). A group of senior MSFC officials appointed by the Center Director to evaluate a contractor's overall performance for the award fee evaluation period which leads to a recommended award fee amount to the FDO and recommend changes, if any, to the FDO. The PEB is composed of a Chairperson, Alternate Chairperson, members and their alternates, and one ad hoc (nonvoting) member, i.e., the executive secretary. PEB voting members shall not be appointed as a coordinator or monitor.

5.7 PEB Executive Secretary. An individual appointed to coordinate the overall administrative operations of the PEB in all phases of the award fee process.

5.8 Program or Project Manager (PM). An official with overall management responsibilities of a project(s).

5.9 Systemic Weaknesses. Weaknesses that indicate an inconsistency in the contractor's processes or a flawed approach that, left uncorrected, could cause future problems of a similar nature. Systemic problems are not "one time" or "isolated" problems that, while they must be corrected, are not expected to pose a significant risk to future contract performance.

6. INSTRUCTIONS

This MWI establishes the procedures for evaluating contracts which contain award fee provisions. Application of the instructions outlined in this manual will assure consistency in the evaluation mechanics employed with the MSFC program/project and mission services award fee process.

7. NOTES

None

8. SAFETY PRECAUTIONS AND WARNING NOTES

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None

9. RECORDS/FORMATS

9.1 Records. The PEB Report and Fee Determination are records and are maintained by the PEB Executive Secretary until contract closeout is initiated. See PS-OWI-13 and MPG 5000.1, "Purchasing." Disposition shall be in accordance with the FAR, NFS, and NPR 1441.1.

9.2 Formats. The blank formats listed below are not records.

Performance Evaluation Plan
Government Evaluation Report
PEB Report
Determination & Findings (D&F)

10. PERSONNEL TRAINING AND CERTIFICATION

Award fee training is on an as required/as needed basis. COTR training is required as described in MWI 5100.1, "Procurement Requisitioners Guide." Training requests should be coordinated with PS10/Policy and Information Management Department.

11. FLOW DIAGRAM

See Appendix D.

12. CANCELLATION

MWI 5116.1D dated May 10, 2003

Original signed by
Axel Roth for

David King
Director

Appendix A Performance Evaluation Manual
Appendix B Definition of Ratings and Nomogram
Appendix C Typical PEB Organization Chart
Appendix D Pre-Award Fee Evaluation Activities Flowchart,
Performance Evaluation Process Events Flowchart, and
Performance Evaluation Process Time Line
Appendix E Corrective Action Process for Contracts with Award
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**APPENDIX A
PERFORMANCE EVALUATION MANUAL**

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A.1 PERFORMANCE EVALUATION PROCEDURES

A.1.1 PURPOSE

This section outlines the procedures for evaluating the performance of a contractor for award fee under a contract with award fee provisions.

A.1.2 GENERAL

The evaluation of contractor performance shall be expedited wherever feasible. However, thoroughness and quality of documentation shall not be sacrificed.

A.1.3 EVENTS

A.1.3.1 Appendix D sets forth the individual events and total time for accomplishment of the performance evaluation process.

A.1.3.2 COs shall coordinate proposed contract award fee periodic performance evaluation periods with, and obtain the concurrence of, the PEB Executive Secretary prior to the finalization of such dates with the contractor.

A.1.3.3 The PEB Executive Secretary shall schedule the PEB meeting date and provide the Chairperson(s), MSFC PEB(s), with recommended courses of action when potential or actual problems are encountered which may affect the scheduled events.

A.1.3.4 The coordinator shall identify to the PEB Executive Secretary any problems in meeting the standard time spans identified in this manual and shall recommend a course of action for correction.

A.1.4 CONVENING OF THE PEB

The PEB shall be convened at the direction of the Chairperson. The PEB Executive Secretary shall, 3 working days prior to the convening of the PEB, provide each member a portfolio containing the evaluation material. Each member of the PEB is responsible for studying the documents and preparing questions that require answers during the PEB session.

A.1.5 PEB SESSIONS

The PEB normally will have three specific sessions each time a contractor's performance is evaluated. These are:

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A.1.5.1 Government Performance Evaluation Presentation. The responsible coordinator shall make this presentation and may bring monitors to the presentation as deemed necessary so questions by the PEB members can be expeditiously answered; however, attendees should be kept to the minimum. Contractor representatives shall not be present during this session.

A.1.5.2 Contractor's Self-Evaluation Presentation. The contractor shall make an oral self-evaluation report to the PEB. The contractor is encouraged to have those contractor personnel in attendance who are knowledgeable and capable of answering questions in an expeditious manner; however, attendees should be kept to the minimum. Government coordinators and monitors shall not be present during this session.

A.1.5.3 Executive Session. This session shall be a closed meeting conducted by the PEB Chairperson and restricted to appointed voting and nonvoting PEB members.

A.1.6 PEB EVALUATION PROCESS

A.1.6.1 The PEB shall determine the award fee score, i.e., the numerical score, award fee percentage, and adjective rating for recommendation to the Fee Determination Official (FDO). This score shall be assigned during the Executive Session by PEB consensus. Each PEB member shall be given the opportunity to orally state his/her recommended award fee score. In the event inordinately high or low scores are registered, the PEB member expressing the extreme(s) shall explain his/her rationale for the score. If consensus cannot be reached, the Chairperson shall make the final decision. In those cases where consensus cannot be reached, the major differences in scoring shall be recorded in the minutes. The PEB shall convert the numerical score to the award fee percentage and determine the award fee dollars. The FDO reviews the PEB's assessment and makes the final determination of the amount of award fee to be paid to the contractor.

A.1.6.2 The Executive Secretary shall report to the coordinator the findings of the PEB concerning the format, quality, and realism of the contractor's self-evaluation for the coordinator's consideration in developing future award fee period evaluations.

A.1.7 PEB MINUTES

PEB minutes shall be in three parts to coincide with the three PEB sessions. The minutes shall reflect the results of the evaluation process outlined above including any significant discussion points or questions and answers arising during deliberations. The

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minutes shall include the rationale used in arriving at the award fee score. It is not necessary for the minutes to reflect the major strengths and weaknesses considered by the PEB since these will be included in the PEB's Performance Evaluation Report. The minutes shall include action items assigned by the PEB Chairperson.

A.1.8 PEB REPORT

Following each evaluation, the contractor shall be notified of the results derived by the PEB. The results shall be conveyed via a PEB report. (See A.5, PEB Report).

A.2 PERFORMANCE EVALUATION PLAN

A.2.1 PURPOSE

The Performance Evaluation Plan identifies the procurement, the measurable criteria, sub-criteria, and factors, as applicable, against which the contractor's performance will be evaluated, the scoring system, and the organization.

A.2.2 REQUIREMENT

Performance Evaluation Plans must be tailored to meet specific mission service or program/project objectives, yet be flexible to accommodate changes in emphasis or concerns during the contract period of performance. The evaluation criteria (sub-criteria and factors, if applicable) should be selected based on those areas where high levels of performance are desired and attainable.

A.2.2.1 PREPARATION

The preparation of the Performance Evaluation Plan is the responsibility of the coordinator who shall develop the plan in accordance with the provisions of this MWI. Preparation of the plan shall be completed in coordination with the PEB Executive Secretary, CO, and others as appropriate before submitting the proposed plan for review and approval.

A.2.2.2 SUBMISSION

The proposed plan shall be delivered (through the Program Manager for program/project contracts) to the PEB Executive Secretary for coordination and approval of the PEB before the contract is definitized or immediately thereafter. The plan shall be incorporated into the contract by reference. The contract shall contain sufficient language to permit the Government to make

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unilateral changes, as appropriate.

A.2.2.3 CHANGES

In the event there is a change(s) to the plan, the change(s) shall be presented to the PEB Executive Secretary no less than 30 days in advance of the effective date of the change(s) to permit approval by the PEB and receipt by the contractor prior to the effective date.

A.2.3 GENERAL

See NASA Award Fee Contracting Guide (<http://www.hq.nasa.gov/office/procurement/regs/afguidee.html>) for general guidance. Implementation will be tailored for each contract with award fee provisions to meet MSFC's award fee organization structure and to incorporate the MSFC-specific requirements noted below. (See Performance Evaluation Plan format).

- An organizational chart of the areas/activities to be monitored shall be appended to the plan. No names will be shown. (See Appendix C).
- A letter appointing the coordinator(s) and the monitors shall be appended to the Performance Evaluation Plan. All persons providing evaluation information shall be named in the appointment letter. The PEB Executive Secretary shall be notified by memorandum immediately of any change(s) in appointment(s).

A.2.3.1 AREAS OF EMPHASIS

Program/project PEBs may use areas of emphasis, which are established by the coordinator without PEB approval. However, evaluations are to be based on the established criteria contained in the Performance Evaluation Plan. A copy of all correspondence dealing with areas of emphasis shall be provided to the PEB Executive Secretary. Areas of emphasis do not take precedence over the evaluation criteria, but are used to more specifically define an area/activity within the criteria that requires emphasis during an evaluation period due to its importance or due to its possible adverse impact. The number of areas of emphasis for each period shall be kept to an absolute minimum, and only significant events/activities/problem areas shall be selected. Each area of emphasis shall be addressed in the Government Evaluation Report and Contractor Self-Evaluation Report and oral presentations, to

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the PEB, and designated by the symbol (E) in the left margin of the page and presentation visual.

A.2.3.2 COORDINATOR AND MONITOR FUNCTIONS

This section provides specific instructions on the procedure to be followed by the coordinator and the monitors in evaluating the contractor.

a. A letter (signed by the COTR) listing names of the individuals appointed as monitors and their area(s) of responsibility shall be included. The appointing official shall ensure that each individual appointed has filed an annual financial disclosure statement. Each individual is required to report financial or other interests that could disqualify him/her for reasons of conflict of interest and to ensure that the COTR is aware of any such potential conflicts.

b. The detailed instructions for the coordinator(s) and monitors shall be appended to the Performance Evaluation Plan. The instructions shall include, but not be limited to, the following:

- (1) Areas to be assessed.
- (2) Sources of information to be used.
- (3) Application of the scoring method to be used.

c. The detailed procedure that is to be followed by the coordinator, including frequency and type of meetings to be held with the contractor, shall be included.

d. The coordinator and monitors shall be responsible for establishing plans/approaches for evaluating contractor performance during each award fee period, fully documenting all areas of the contractor's performance during each award fee period, and maintaining work files for the life of the contract. This will provide an audit trail from the monitor through the FDO. Included in this work file shall be all documentation used in evaluating the contractor's performance. There shall be no deviation from this requirement.

A.2.3.3 REPORTING

This section describes the report to be submitted by the monitors to the coordinator for use in preparing the evaluation report to the PEB, and the Government Evaluation Report to be submitted to the PEB.

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a. NARRATIVE REPORT

(1) Specific instructions shall be issued to the monitors by the coordinator detailing structure of the report, specific supporting documents required as referenced, frequency of reports, and the type of reporting required. See Section 8.

(2) The requirements and preparation for the Government Evaluation Report by the coordinator are detailed in Section 3.

b. ORAL PRESENTATION

(1) Oral presentations by the monitors are required only when requested by the coordinator.

(2) An oral presentation, based on the narrative report, shall be presented to the PEB by the coordinator summarizing the contractor's performance strengths and weaknesses and any unusual actions/activities on the part of the Government and/or contractor that affected performance. See Section 3.

A.3 GOVERNMENT EVALUATION REPORT

A.3.1 PURPOSE

This section provides guidance for the preparation of the Government Evaluation Report and oral presentation.

A.3.2 REPORT SUBMITTAL

The appointed coordinator shall prepare an evaluation report of the contractor's performance after completion of each evaluation period. Written reports (original and 10 copies) shall be hand carried to the PEB Executive Secretary, packaged in an envelope marked "To be opened by addressee only." Written reports and oral presentations shall be prepared and shall comply with the requirements of this MWI; the PEB-approved Performance Evaluation Plan and the criteria, sub-criteria, and factors established for the specific period. The written report and oral presentation shall be prepared for use of the PEB in formally evaluating the contractor's performance and establishing a recommendation to the FDO.

A.3.2.1 The coordinator, using the monitors' inputs, shall prepare the Government Evaluation Report which shall address the contractor's performance under each of the criteria and areas of emphasis. The report shall be at the criteria level, unless sub-criteria have been approved by the PEB and furnished to the

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contractor.

A.3.2.2 Written reports shall be prepared in hardcopy using font size 10 or larger and shall be limited to 10-12 typewritten standard size pages. The report shall include a summary section and a section for each of the evaluation criteria. Photos, appendices, etc., are not desired; however, in the event the coordinator deems it necessary, six additional pages of charts and/or graphical data may be included. The oral presentation shall summarize the written report, follow the same format and sequence as the written report, and be limited to not more than 40 minutes with an additional 20 minutes for discussion. (See Government Evaluation Report format).

A.3.2.3 The coordinator shall include his/her personal assessment of the contractor's performance under the evaluation criteria from the perspective of total contract management objectives. The coordinator's responsibility shall inherently include direct surveillance and evaluation of the contractor. The presentation and written report shall include significant strengths and weaknesses in order of importance, along with narratives for each criterion (sub-criterion and factor, if used), and a proposed adjective and numerical rating of the contractor's performance.

A.3.2.4 The Government Evaluation Report, routed through the PM for concurrence, shall be furnished to the PEB Executive Secretary as promptly as possible but no later than the 10th calendar day following completion of the period to be evaluated. Ten copies of the oral presentation charts shall be furnished to the PEB Executive Secretary at the PEB meeting prior to the presentation to the PEB.

A.3.2.5 The report shall be results-oriented, contain specifics, and avoid generalities (e.g., milestones planned versus milestones accomplished, tests and dates planned versus tests and dates accomplished, and test results versus specifications or requirements). The report shall not address activities a contractor is expected to accomplish as part of minimal acceptable performance. For example, timely submittal of information is no measure of performance unless quality and usefulness are addressed. Both the report and oral presentation must address all criteria, sub-criteria, factors, and areas of emphasis, as applicable, as approved by the PEB for each evaluation period.

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A.4 CONTRACTOR SELF-EVALUATION REPORT

A.4.1 PURPOSE

The Contractor Self-Evaluation Report shall adhere to the same requirements as the Government Evaluation Report; except the report shall include only an overall adjective rating (no recommended score).

A.4.2 REPORT SUBMITTAL

A.4.2.1 Written reports (original and 10 copies) shall be prepared in hardcopy using font size 10 or larger, with a page limitation of 10-12 standard size pages. The reports shall be delivered to the PEB Executive Secretary no later than the tenth (10th) calendar day after completion of the evaluation period. The reports shall be packaged in an envelope marked "To be opened by addressee only" and may be either mailed or hand carried. Ten copies of the oral presentation charts shall be furnished to the PEB Executive Secretary at the PEB meeting prior to the contractor's oral presentation to the PEB. Covers for the oral presentation charts are not required; assembly and binding of both the written report and the presentation charts should be prepared by the most economical method available which can, subsequently, be shredded.

A.4.2.2 A copy of the report may be made available by the PEB Executive Secretary to the Government coordinator prior to the oral presentation to the PEB, but only after the PEB Executive Secretary has received the Government Evaluation Report.

A.5 PERFORMANCE EVALUATION BOARD (PEB) REPORT

A.5.1 PURPOSE

The PEB Report provides the contractor the PEB's assessment of its performance and the award fee adjective recommendation of the PEB.

A.5.2 REQUIREMENTS

The PEB shall prepare a report after a formal assessment of the Government Evaluation Report and oral presentation and the Contractor's Self Evaluation Report and oral presentation. The PEB Report shall provide the official adjective recommendation as to the fee earned and shall include a brief narrative on the contractor's performance for the period. The report shall be prepared in accordance with these requirements and the PEB Report format.

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A.5.2.1 Content. The report shall consist of a sufficient number of concise statements of strengths and weaknesses against each evaluation criterion or sub-criterion to substantiate the award fee position.

A.5.2.2 Transmittal Letter. A brief letter for transmitting the report to the contractor shall be prepared and executed by the CO. The letter shall reference the period of evaluation, the report, and the number of days (5 calendar days) allocated for review and reply. Only when there is extraordinary accomplishment and/or performance of grave concern or at the direction of the PEB shall specific reference be made to performance. The original letter, signed but undated, shall be furnished to the PEB Executive Secretary within 1 working day following the evaluation of a contractor.

A.5.3 PROCESSING OF PERFORMANCE EVALUATION FILE

A.5.3.1 The PEB evaluation file shall include the PEB Report; a copy of the Government Evaluation Report and oral presentation charts; a copy of the Contractor's Self-Evaluation Report and oral presentation charts; the original, signed but undated, CO letter transmitting the PEB Report to the contractor; and other material germane to the PEB's evaluation. The file shall be forwarded to PEB Chairperson, Procurement Office representative (Director or Deputy Director) on the PEB, the responsible Program or Project Manager (if a voting member of the PEB), and the FDO for review before transmittal to the contractor by the CO.

A.5.3.2 The CO shall furnish the PEB Executive Secretary a signed and dated copy of the transmittal letter when it is forwarded to the contractor. The contractor's reply shall be furnished to the PEB Executive Secretary immediately upon receipt. Further, the PEB Executive Secretary shall be provided a copy of the contract modification reflecting the earned award fee and copies of any correspondence pertinent to each evaluation. Award Fee contract modifications shall be prepared and forwarded to the MSFC Accounting Operations Office (A00) for payment 1 day after receipt of approved D&F. (See Determination and Findings (D&F) format).

A.5.4 CONTRACTOR EXCEPTION TO PEB ASSESSED RATING

A.5.4.1 Should a contractor take exception to the PEB adjective rating, the contractor shall:

a. State in writing unequivocally its exception to the adjective rating. The exception shall be signed by a manager at a level above the contractor's Program or Project Manager.

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b. Identify the specific area(s) of contention.

c. Furnish additional information in writing pointing out the alleged discrepancies.

d. Appear before the PEB, if requested, to present the additional information and answer questions.

A.5.4.2 Upon receipt of the contractor's written exception to the rating, the following actions shall be taken:

a. The CO shall furnish a copy of the contractor's exception to the PEB Executive Secretary who will distribute copies to the PEB Chairperson and the responsible coordinator.

b. The coordinator will review the PEB Report and the contractor's exception and prepare a reply to the PEB Executive Secretary (electronically).

c. The PEB Executive Secretary shall distribute to each PEB member a copy of the PEB Report, the contractor's exception and the coordinator's reply to the exception, and shall schedule an executive session of the PEB to assess the additional information from both parties.

d. The PEB shall review information furnished by both parties. If necessary, the PEB shall request additional information or clarification, or presentations, from one or both parties. The PEB shall revise its report as necessary.

A.5.4.3 Should a contractor submit additional information or take issue in its reply to the PEB Report without stating specifically an exception to the assessed rating, the D&F shall be processed without further consideration. However, the PEB Chairperson shall review the contractor's comments and the coordinator's reply to the comments, and relay the information to the FDO at the time the D&F is forwarded to the FDO for execution. Contractor comments without a stated exception to the assessed rating do not constitute a requirement to reconvene the PEB to further consider the rating and/or hear arguments by the contractor and the responsible coordinator.

A.5.5 CORRECTIVE ACTION

A.5.5.1 MSFC has traditionally implemented corrective action of systemic weaknesses under the award fee system via the assessment of weaknesses. In keeping with MSFC's ISO 9000 initiative, effective with all award fee periods beginning on or after

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February 1, 1998, a more formal method for closing systemic weaknesses is to be implemented. For all weaknesses set forth in the PEB report, which are determined by the Government or the Contractor, to involve a systemic problem and a potential violation of an ISO element, the transmittal letter referenced in paragraph A.5.2.2 shall include a requirement for the contractor to submit a corrective action plan. The corrective action plan shall, for all such weaknesses, include:

- a. A description of each weakness.
- b. Determination of the root cause of the weakness.
- c. Action required to correct the weakness.
- d. How recurrences will be prevented.
- e. The schedule for completion of the action.

A.5.5.2 The corrective action plan shall be submitted to the COTR within 30 days of the date of the transmittal letter. The COTR shall provide the PEB Executive Secretary a copy of the acceptable corrective action plan.

A.5.5.3 The COTR shall maintain oversight of each corrective action to verify compliance, implementation, and completion and shall coordinate all activities related to such weaknesses with the cognizant S&MA representative.

A.5.5.4 Upon completion of all corrective action(s) set forth in the plan, the COTR shall document the completion and effectiveness of the corrective action. A copy of this documentation shall be furnished to the PEB Executive Secretary.

A.6 RESPONSIBILITIES OF THE PERFORMANCE EVALUATION BOARD EXECUTIVE SECRETARY

A.6.1 PURPOSE

This section delineates the responsibilities and authority assigned to the PEB Executive Secretary.

A.6.2 MANAGEMENT RELATIONSHIPS

The PEB Executive Secretary is assigned to the Procurement Office and is responsive to the Chairperson, FDO, and PEB for the responsibilities assigned herein.

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A.6.3 RESPONSIBILITIES

A.6.3.1 Overall Operations

- a. Provide guidance and assistance to the Chairperson and members of the PEB and to all Center elements involved in the award fee process.
- b. Issue guidelines and instructions to Center elements involved in the award fee evaluation process.
- c. Provide feedback of decisions and policies resulting from PEB proceedings to all coordinators.
- d. Arrange for meetings of the PEB.
- e. Conduct training sessions for all persons involved in the award fee evaluation process.
- f. Recommend procedures and changes to enhance effectiveness.

A.6.3.2 PEBs and Membership

- a. Take action to establish a PEB when a contract with award fee provisions is awarded.
- b. Prepare and submit to the PEB Chairperson a prospective list of members for each PEB.
- c. Prepare the management announcement on each PEB for review and approval by the Center Director.
- d. Update/revise PEB memberships as required.
- e. Ensure that each individual to be appointed to a PEB (except the Chairperson, who is cleared on an annual review basis) has been cleared to serve from a conflict of interest standpoint.

A.6.3.3 PEB Schedule

- a. Establish dates for accomplishment of events in the award fee process.
- b. Provide status of progress to the PEB Chairperson(s), including recommended courses of action when potential or actual problems arise.

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A.6.3.4 Performance Evaluation Plans

- a. Participate in the development of award fee criteria for each contract containing award fee provisions.
- b. Review the Performance Evaluation Plans for conformity with current policies and procedures. Take action with the originator to change/amend the Performance Evaluation Plans as necessary.
- c. Review and analyze the Government Evaluation Report to ensure the evaluation is adequately substantiated and documented and in conformance with the Performance Evaluation Plan. Take action with the coordinator to change/amend the report as necessary.

A.6.3.5 Periodic Evaluation Criteria (Program/Project Contracts Only)

- a. Establish timeframe for submission of proposed criteria, weights, and areas of emphasis prior to each evaluation period.
- b. Review the proposed criteria and weights for compatibility with the approved Performance Evaluation Plan.
- c. Obtain the approval of the PEB members; resolve any problems that arise with the proposed criteria and/or weights.
- d. Furnish the coordinator a copy of the PEB-approved criteria and weights. Weights are not furnished to the contractor.

A.6.3.6 PEB Meetings and Documentation

- a. Schedule PEB meetings for evaluation of contractor performance.
- b. Resolve schedule conflicts and reschedule evaluations with minimum impact to the evaluation process.
- c. Prepare minutes of each PEB meeting.
- d. Prepare PEB Report.

A.6.3.7 Determination and Findings (D&F)

- a. Review contractor's reply to PEB Report.
- b. Prepare the D&F and after approval by the FDO, forward a copy to the Contracting Officer for issuance of a contract modification.

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A.6.3.8 Performance Evaluation Review and Analysis

- a. Ensure this MWI remains in compliance with FAR/NFS requirements.
- b. Interpret policies and procedures governing award fee activities.
- c. Maintain current policies, procedures, and instructions on the award fee process and ensure prompt dissemination to ongoing PEBs and newly appointed PEBs.
- d. Plan, create, and develop briefings, special studies and presentations concerning contractor performance evaluations for use by Center management or higher authority.

A.6.3.9 Information System for Management

Develop and maintain a database for a management information system.

A.7 RESPONSIBILITIES OF THE COORDINATOR

A.7.1 PURPOSE

This section outlines the responsibilities of the coordinator and alternate coordinator. An alternate may serve only in the required absence of the coordinator.

A.7.2 RESPONSIBILITIES OF THE COORDINATOR

A.7.2.1 Establish objectives to be included in the Performance Evaluation Plan.

A.7.2.2 Prepare a Performance Evaluation Plan prior to contract award, or immediately thereafter.

A.7.2.3 Furnish the Performance Evaluation Plan through the Program Manager to the PEB Executive Secretary for review and approval of the PEB.

A.7.2.4 After PEB approval, the coordinator will implement the Performance Evaluation Plan.

A.7.2.5 Issue appointment letters to monitors and additional coordinators when used (with approval of the responsible Program Manager). Verify that each individual nominated to serve as monitors or alternate coordinators have filed an annual financial disclosure statement.

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A.7.2.6 For program/project contracts, prior to each evaluation period, prepare and submit to the PEB Executive Secretary through the Program/Project Manager the proposed criteria and weights for review and approval of the PEB. Following approval, the coordinator in conjunction with the CO shall furnish the contractor the criteria minus the weights and the areas of emphasis, if applicable, for the designated evaluation period. Weights are not furnished to the contractor. A copy of the correspondence shall be provided to the PEB Executive Secretary. PEB approval of the areas of emphasis is not required. Discussion of the evaluation criteria and areas of emphasis should be held with the contractor at the beginning and during each evaluation period, as appropriate.

A.7.2.7 Establish, publish, and disseminate to monitors the procedures and formats necessary for obtaining and evaluating data pertaining to contractor performance.

A.7.2.8 Maintain close liaison with monitors and ensure that the evaluation process is equitable and systematically performed.

A.7.2.9 Establish a system of periodic, at least quarterly, performance reviews wherein the contractor's performance is evaluated by monitors and, as necessary, by the CO and other appropriate persons.

A.7.2.10 Document award fee performance meetings with contractor.

A.7.2.11 Prepare the periodic Government Evaluation Report, furnish it to the PEB Executive Secretary for distribution to the PEB, and make the oral presentation to the PEB.

A.7.2.12 Reserve a conference room within the 4200 Complex (Building 4200, 4201, 4202, or 4203) for conduct of the PEB meeting.

A.7.2.13 Notify the PEB Executive Secretary of the room number and location.

A.7.2.14 The Program/Project Coordinator is responsible for having the chief engineer or systems engineer of his/her program or project attend the Government's presentation to the PEB. He/she may also appoint the chief engineer or systems engineer as a monitor.

A.7.2.15 Retain all documents to substantiate the evaluation of the contractor and the proposed score for each performance period.

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A.7.3 REPORTS

A.7.3.1 The coordinator shall provide the monitors with instructions related to reporting as outlined in Section 2 of this instruction.

A.7.3.2 Monitor reports on contractor performance shall be submitted as scheduled by the coordinator. Only adjective ratings of the contractor's performance shall be applied by the monitors unless otherwise instructed.

A.7.3.3 The coordinator shall consider the monitors' inputs in the preparation of his/her report.

A.7.3.4 The coordinator shall prepare and submit the Government Evaluation Report and make the oral presentation to the PEB for its use in evaluating the contractor's performance.

A.8 APPOINTMENT AND RESPONSIBILITIES OF MONITORS

A.8.1 PURPOSE

This section outlines the responsibilities of the monitors.

A.8.2 APPOINTMENTS

A.8.2.1 The coordinator (with approval of the responsible program manager) shall issue appointment letters to as many monitors and additional coordinators as deemed necessary to provide full coverage in evaluating contractor performance. The PEB Executive Secretary shall be furnished copies of all appointment letters.

A.8.2.2 The appointed monitor's input in the evaluation of the contractor's performance is of prime importance and shall be reflected in the resulting report to the PEB and amount of award fee awarded the contractor.

A.8.2.3 Each monitor shall immediately bring to the attention of the coordinator any interest or involvement, financial or otherwise, that could result in or create the appearance of a conflict of interest in carrying out his/her responsibilities as a monitor.

A.8.3 RESPONSIBILITIES

The monitor is responsible for providing a factual evaluation of each criterion, sub-criterion, and factor, if used, in the respective areas assigned. The monitor shall apply an adjective rating only, unless otherwise instructed by the coordinator. (See

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Appendix B.) The adjective rating must be supported with clearly defined examples of strengths and weaknesses. These examples should be based on continual evaluation and documentation throughout the evaluation period.

A.8.4 SUPPORT TO COORDINATOR

The monitor shall participate, as required by the coordinator, in periodic discussions and in presentations of the Government's Evaluation Report to the PEB.

A.8.5 REPORTS

A.8.5.1 The types and frequency of reports to be submitted by the monitor to the coordinator shall be contained in the specific instructions issued by the coordinator for each contract. Reports shall be submitted directly to the coordinator and not through organizational channels.

A.8.5.2 In all cases, the reports by the monitor(s) shall be substantiated by attaching supporting documentation as may be appropriate. In addition to providing an evaluation based on the specific criteria (sub-criteria and factors, if used) indicated by the coordinator, the monitor's report should indicate where the contractor has taken initiative in such areas as problem identification, implementation of corrective action, and identification of new requirements, any of which should result in benefits to the Government.

A.9 RESPONSIBILITIES OF THE CONTRACTING OFFICER (CO), PERFORMANCE EVALUATION BOARD (PEB), and PROGRAM/PROJECT MANAGER (PM)

A.9.1 PURPOSE

This section outlines in general the responsibilities of the Contracting Officer, Performance Evaluation Board, and Program/Project Manager.

A.9.2 CONTRACTING OFFICER (CO) RESPONSIBILITIES

A.9.2.1 Advise the PEB on procurement matters pertinent to the performance of a contractor under a contract with award fee provisions.

A.9.2.2 Ensure negotiated award fee is distributed by period in keeping with the amount of work to be completed and/or the complexity of the work or event. For program/project contracts, consideration should be given to withholding a percent of the total award fee available until the end of the contract. The fee

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withheld would be available for successful mission performance, overall contract cost, and schedule performance as appropriate.

A.9.2.3 Prepare for the Procurement Officer's signature all COTR delegations which include award fee coordinator responsibilities.

A.9.2.4 Assist the coordinator with the preparation of the Performance Evaluation Plan. Following PEB approval of the plan, provide the contractor a copy of the plan and a copy of this MWI.

A.9.2.5 Coordinate with the PEB Executive Secretary the number and timeframe of the performance evaluation periods required to be conducted so that they may be included on the PEB calendar.

A.9.2.6 Assist in the timely selection of and the notification to the contractor of the PEB approved criteria, sub-criteria/factors, if used, and, when appropriate, the areas of emphasis applicable to each evaluation period prior to the beginning of each period.

A.9.2.7 Advise the contractor of the date set for the PEB evaluation meeting and obtain for the PEB Executive Secretary the names and titles of the contractor representatives who plan to attend the PEB meeting.

A.9.2.8 Prepare the letter for transmitting the PEB Report to the contractor and furnish the letter, signed but undated, to the PEB Executive Secretary 1 day after the PEB evaluation. Forward the PEB Report to the contractor upon receipt from the PEB Executive Secretary.

A.9.2.9 Provide the PEB Executive Secretary the contractor's reply to the PEB Report, a copy of the award fee modification, after the execution of the D&F, and a copy of all correspondence pertinent to each evaluation of a contractor's performance. A copy of the approved D&F shall be attached to the Award Fee modification prior to submittal to the contractor.

A.9.2.10 Assure timely administration of the award fee process for which the CO has responsibility.

A.9.3 PERFORMANCE EVALUATION BOARD (PEB) RESPONSIBILITIES

A.9.3.1 Responsibilities of the PEB members are to approve an overall Performance Evaluation Plan for each contract which contains award fee provisions, approve periodic or milestone criteria/sub-criteria to be used to assess a contractor's performance, review periodic evaluations and recommendations of the coordinator, recommend to the FDO award fees commensurate with

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contractor performance, and for other functions as dictated by applicable regulations and procedures.

A.9.4 PROGRAM/PROJECT MANAGER (PM) RESPONSIBILITIES

A.9.4.1 The PM reviews the Performance Evaluation Plan and criteria and weights memo prior to submission to the PEB. Also, the PM verifies that Government Evaluation Reports comply with the Performance Evaluation Plan prior to submission to the PEB.

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**APPENDIX B
DEFINITION OF RATINGS AND NOMOGRAM**

ADJECTIVE RATING	DEFINITION	EFFICIENCY RATING AND AWARD FEE PERCENTAGE
<u>Excellent</u>	Of exceptional merit; exemplary performance in a timely, efficient, and economical manner; very minor (if any) deficiencies with no adverse effect on overall performance.	91.0 - 100
<u>Very Good</u>	Very effective performance, fully responsive to contract requirements accomplished in a timely, efficient, and economical manner for the most part; only minor deficiencies.	81.0 - 90.0
<u>Good</u>	Effective performance; fully responsive to contract requirements; reportable deficiencies, but with little identifiable effect on overall performance.	71.0 - 80.0
<u>Satisfactory</u>	Meets or slightly exceeds minimum acceptable standards; adequate results; reportable deficiencies with identifiable, but not substantial, effects on overall performance.	61.0 - 70.0
<u>Poor/ Unsatisfactory</u>	Does not meet minimum acceptable standards in one or more areas; remedial action required in one or more areas; deficiencies in one or more areas which adversely affect overall performance.	LESS THAN 61.0

NOTES:

1. As a benchmark for evaluation, in order to be rated Excellent, the contractor must be under cost, on or ahead of schedule, and have provided excellent technical performance.

2. If a significant weakness is identified under a subcriterion, that subcriterion shall not receive a score higher than 80 with a rating of Good. However, an Excellent or Very Good rating may still be assigned the overall rating provided the scores in the other criteria add up to 81 or higher.

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3. Any factor/subfactor receiving a grade of Poor/Unsatisfactory (less than 61) will be assigned zero performance points for purposes of calculating the award fee amount. The contractor will not be paid any award fee when the total award fee score is "Poor/Unsatisfactory" (less than 61).

EXAMPLE

COORDINATOR'S WORK SHEET
CRITERIA RATING COMPUTATIONS
CONTRACTOR _____
CONTRACT _____

PERIOD OF PERFORMANCE _____

<u>EVALUATION CRITERIA</u>	<u>WEIGHT</u>		<u>NUMERICAL RATING</u>		<u>NUMERICAL SCORE</u>
<u>TECHNICAL PERFORMANCE</u>	20%	X	90	=	18.0
<u>S&MA PERFORMANCE</u>	20%	X	88	=	17.6
<u>SCHEDULE PERFORMANCE</u>	20%	X	83	=	16.6
<u>PROJECT MANAGEMENT</u>	15%	X	95	=	14.3
<u>COST CONTROL</u>	25%	X	86	=	21.5
TOTAL WEIGHT:	100%		TOTAL NUMERICAL SCORE:		88.0
			ADJECTIVE RATING:		VERY GOOD

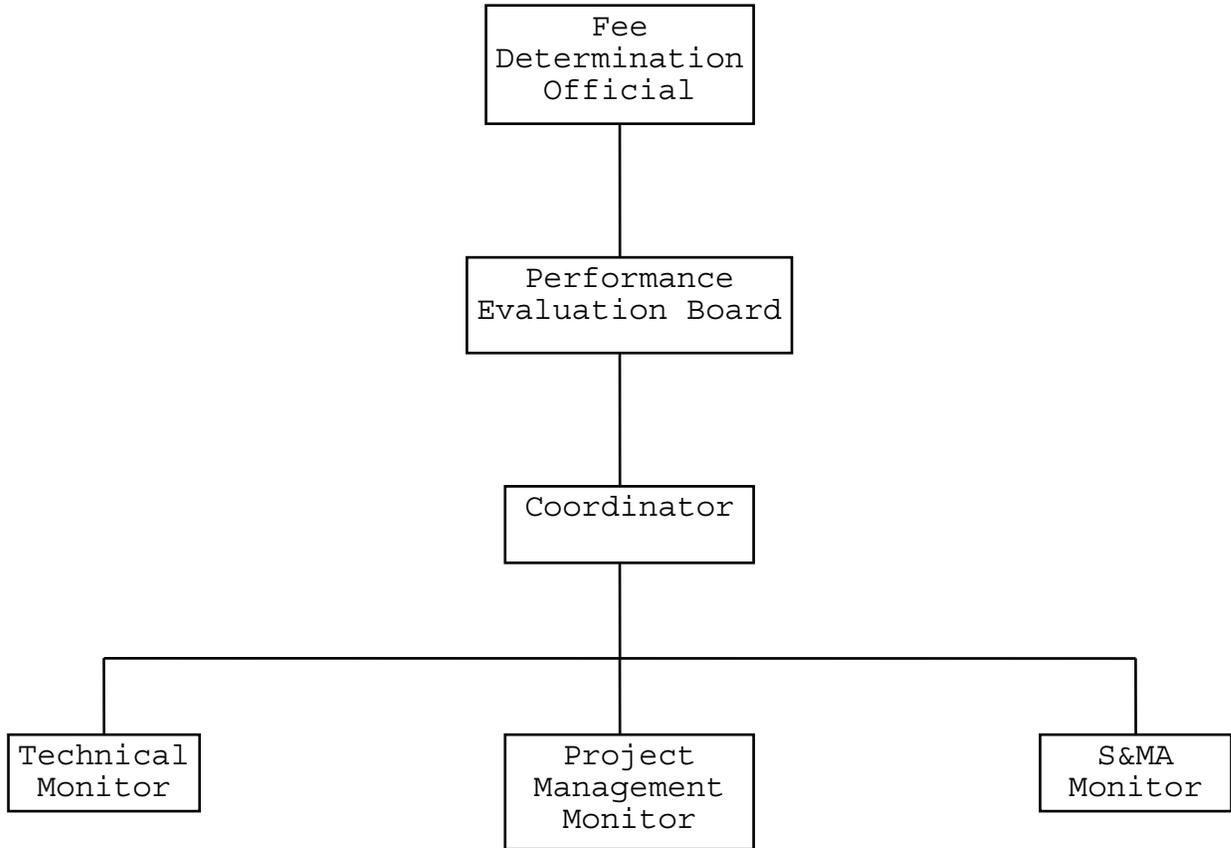
AWARD FEE DOLLARS AVAILABLE THIS PERIOD: \$130,000

<u>AWARD FEE DOLLARS EARNED</u>	\$130,000
<u>THIS PERIOD</u>	x 88.0
	\$114,000

NOTE: WEIGHT PERCENTAGES DO NOT REPRESENT A PERCENTAGE OF THE AVAILABLE FEE DOLLARS. THE PERCENT OF AVAILABLE AWARD FEE FOR PAYMENT CANNOT BE DETERMINED UNTIL THE NUMERICAL SCORE FOR TOTAL PERFORMANCE IS CALCULATED AND APPLIED AGAINST THE PEB-APPROVED NOMOGRAM.

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**APPENDIX C
TYPICAL PEB ORGANIZATION CHART**

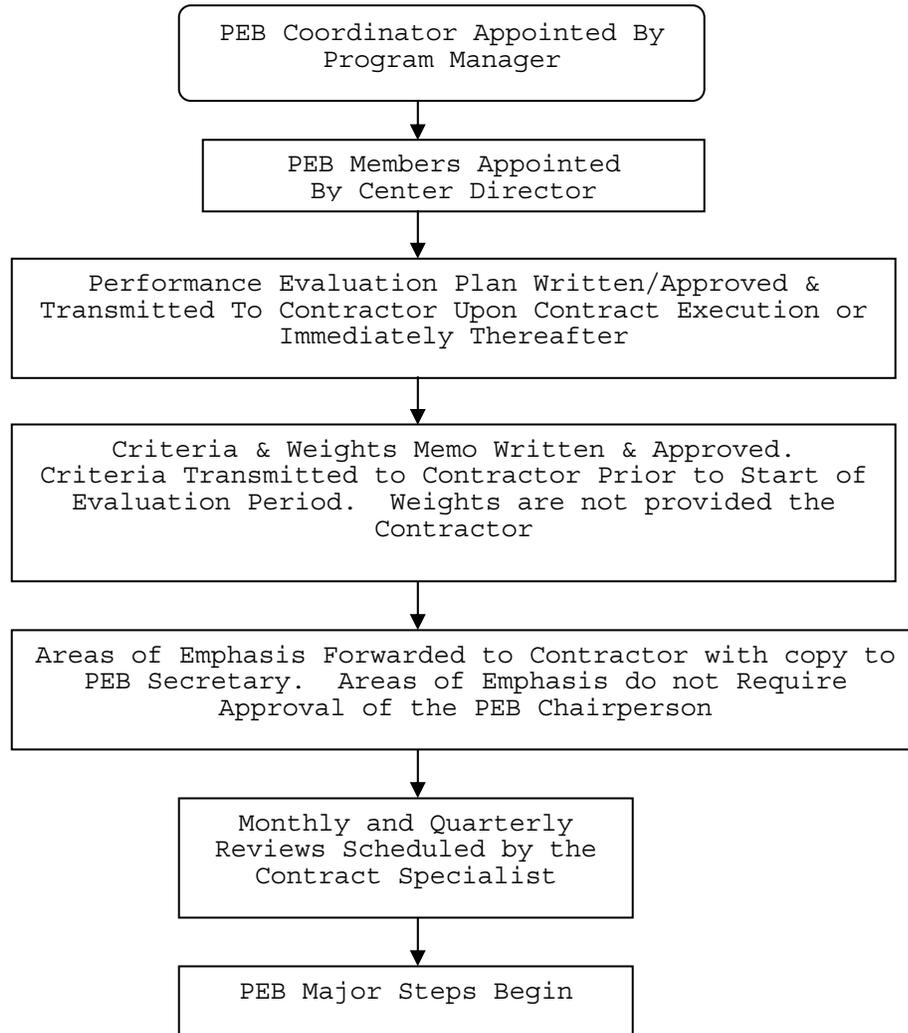


Note: Monitor blocks will vary according to criteria selected.

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APPENDIX D

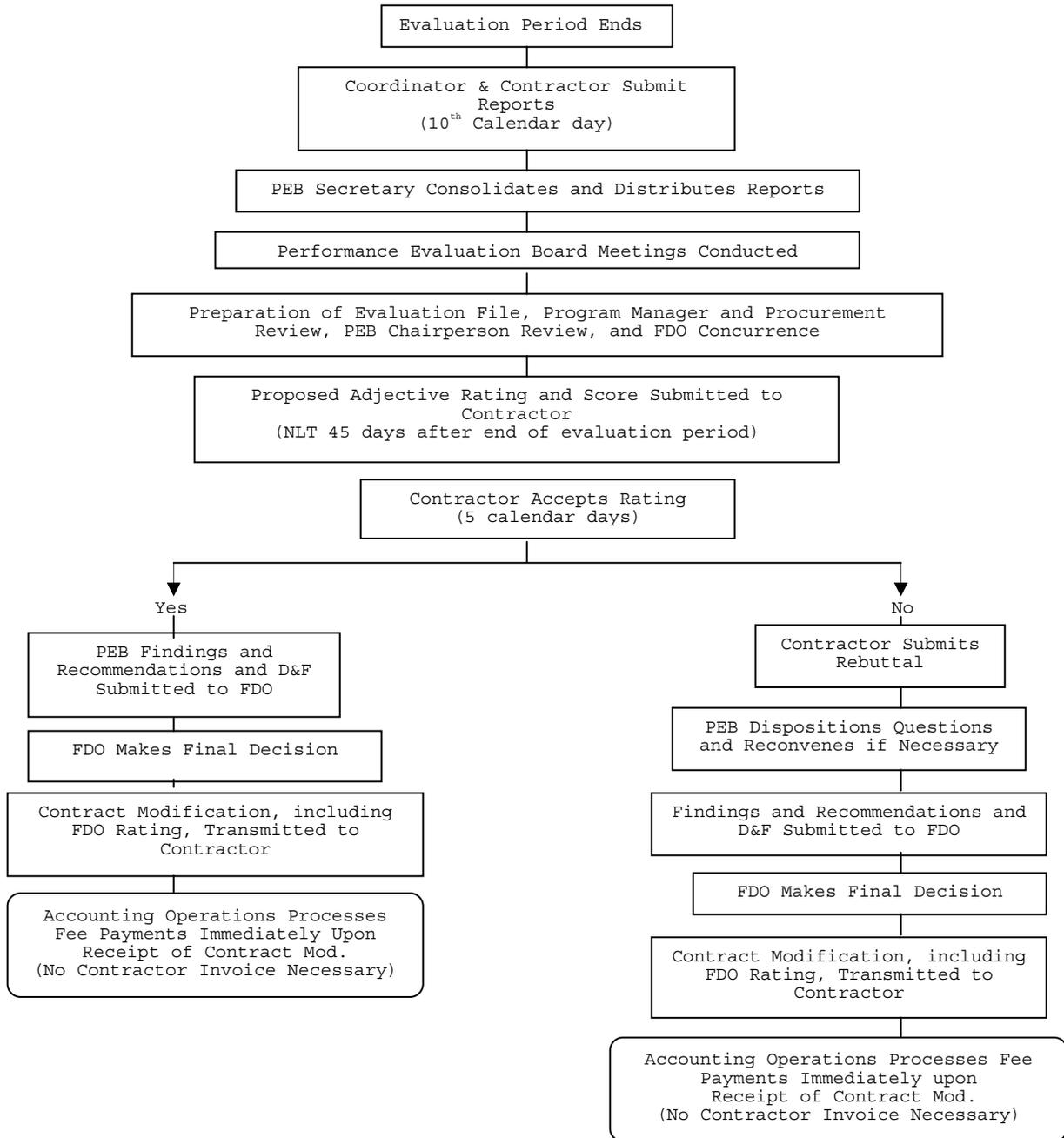
PRE-AWARD FEE EVALUATION ACTIVITIES



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APPENDIX D (Continued)

PERFORMANCE EVALUATION PROCESS EVENTS



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APPENDIX D (Continued)
PERFORMANCE EVALUATION PROCESS TIME LINE

<u>Calendar Days</u>	<u>Event</u>
10	Submission of Contractor Self-Evaluation and Government Evaluation Reports
2	Consolidate and Distribute Evaluation Reports
2	PEB Member Review of Evaluation Reports
1	PEB Meeting
2	Preparation of Evaluation File
1	Program Manager & Procurement Review
2	PEB Chairperson Review & FDO Concurrence
5	Contractor's Review & Acceptance of/Exception to PEB Report
½	Preparation of Determination and Findings
2	FDO Approval & Execution of D&F
½	Approved D&F Received/Forwarded to Contract Specialist
1	Prepare Contract Modification & forward to PS14/Data Entry (hand-carry is the preferred method) .

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**APPENDIX E
CORRECTIVE ACTION PROCESS FOR CONTRACTS
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