# United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

February 18, 1997

Department of the Interior Acquisition Policy Release (DIAPR) 1997 - 5

Subject: **Temporary Suspension of Past Performance Implementation Thresholds**

1. **Purpose:** To implement the Office of Federal Procurement Policy's (OFPP) suspension of certain past performance thresholds in Federal Acquisition Regulation (FAR) 15.605 and 42.1502.

2. **Effective Date:** The suspensions are effective on the date of this policy release.

3. **Expiration Date:** Until superseded or canceled.

4. **Background and Explanation:** Prior to the suspension, the dates and thresholds for implementation of past performance policies were as follows:

**FAR 15.605(b)(1) (Source Selection)**

| Date | Solicitation Threshold (In excess of) |
|---|---|
| July 1, 1995 | $1 Million |
| July 1, 1997 | $500,000 |
| January 1, 1999 | $100,000 |

**FAR 42.1502(a) (Contract Performance Reports)**

| Date | Contract Threshold (In excess of) |
|---|---|
| July 1, 1995 | $1 Million |
| July 1, 1996 | $500,000 |
| January 1, 1998 | $100,000 |

By letter dated December 18, 1996, copy attached, OFPP revised the policy on these schedules to move both thresholds back to $1 million as shown below. The suspension was caused by concern about the burden and cost of using past performance data on smaller contracts.

**FAR 15.605(b)(1)**[1]

| Date | Solicitation Threshold (In excess of) |
|---|---|
| This date | $1 million |

**FAR 42.1502(a)**

| Date | Contract Threshold (In excess of) |
|---|---|
| This date | $1 Million |

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[1] Despite this suspension, past performance may be evaluated in negotiated acquisitions below $1 million at the discretion of the contracting officer. Since this has proven to help select quality contractors, contracting officers are encouraged to evaluate past performance at lower dollar values as long as it is not too burdensome to do so.

While OFFP has authority to change procurement policy, it may not unilaterally change the FAR. Therefore, the Civilian Agency Acquisition Council encouraged agencies to implement the policy changes through a FAR class deviation. The class deviation has been approved for the Department of the Interior, Attachment 2, and is effective with the date of this policy release.

**Action required**: Distribute to contracting officers at the earliest possible date.

Paul A. Denett, Director
Office of Acquisition and Property
Management

Attachments

Attachment 1

OFFICE OF FEDERAL
PROCUREMENT POLICY

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

December 18, 1996

MEMORANDUM FOR AGENCY SENIOR PROCUREMENT EXECUTIVES AND THE DEPUTY UNDER SECRETARY OF DEFENSE (ACQUISITION REFORM)

FROM: Steven Kelman
Administrator

SUBJECT: Temporary Suspension of Past Performance Implementation Thresholds

The Federal Acquisition Regulation (FAR) at sections 15.605 and 42.1502 requires the use of past performance information in source selection and the evaluation of current performance on a periodic basis at specified thresholds over the next two years. Currently, FAR requires the use of past performance as a source selection factor in all procurements of $1 million or more and the preparation of past performance evaluations for contracts at or above $500,000. Feedback from agencies indicates that our concerted efforts to increase the use of past performance is motivating contractors to improve their performance and is enabling source selection officials to make better determinations of what constitutes "best value". However, there has been discussion among the agencies on the amount and type of information that should be collected, and on the cost effectiveness of collecting and using past performance data on smaller dollar contracts.

As a result of these discussions, I am temporarily suspending mandatory implementation of the requirement to use past performance information in source selections on contracts below $1 million and the requirement to provide past performance evaluations on contracts of less than $1 million while we work together to revisit the threshold timing and amount, and the type of data to collect in various business areas.

Training and other management efforts to ensure that past performance is effectively and economically used to help achieve best value source selections remains a top priority. I hope this matter remains a priority for your management attention and urge you to actively participate in this important discussion.

Attachment 2

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**Class Deviations to Certain FAR Sections**

In accordance with the Federal Acquisition Regulation 1.404(a), this document authorizes class deviations from FAR sections 15.605(b)(1)(ii) and 42.1502(a).

The deviations allow the Department of the Interior to implement the Office of Federal Procurement Policy's temporary suspension of mandatory implementation of the requirement to use past performance information in source selections on contracts below $1 million (FAR 15.605(b) (1)(ii)), and the requirement to provide past performance evaluations on contracts of less than $1 million (FAR 42.1502(a)).

The Chairman of the Civilian Agency Acquisition Council has provided advance coordination for these FAR deviations.

APPROVED: Paul A. Denett, Director
Office of Acquisition and Property Management