

# PERFORMANCE BASED SERVICE CONTRACTING



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*Procurement Sensitive*



- Performance based services acquisition involves acquisition strategies, methods and techniques that describe and communicate measurable outcomes rather than direct performance processes
- In order to maximize performance, innovation and competition, performance based strategies for the acquisition of services are to be used wherever possible

- To be considered performance based, an acquisition should contain, at a minimum, the following elements:
  - Performance work statements
  - Measurable performance standards
  - Remedies
  - Performance Assessment Plan

- Incentives are an essential element of performance based services acquisition
- To the maximum extent practicable, positive and negative performance incentives shall be considered in connection with service contracts for performance of objectively measurable tasks when quality of performance is critical and incentives are likely to motivate the contractor

● Incentives may be monetary, non-monetary, positive or negative. They can be based on cost, schedule or on quality of performance. Several examples of incentives are as follows:

- Cost based incentives
- Award fee contract arrangements
- Award term contract arrangements
- Schedule incentives
- Past performance

- Two basic categories of incentive contracts are fixed price and cost reimbursement
- Cost reimbursement incentive contracts are subject to the overall limitations in FAR Part 16.301 that apply to all cost reimbursement contracts
- Award fee contracts are a type of incentive contract

- ◆ FAR Part 16.4 describes a cost plus award fee contract as a cost reimbursement contract that provides for a fee consisting of:
  - A base amount fixed at inception of the contract; and
  - An award amount that the contractor may earn in whole or in part during performance and that is sufficient to provide motivation for excellence in such areas as quality, timeliness, technical ingenuity and cost effective management

- The amount of the award fee to be paid is determined by the Government's judgmental evaluation of the contractor's performance in terms of the criteria stated in the contract
- This determination and the methodology for determining the award fee are unilateral decisions made solely at the discretion of the Government
- Cost Plus Award Fee contracts shall provide for evaluation at stated intervals during performance, so that the contractor will periodically be informed of the quality of their performance and the areas in which improvement is expected

# ONLINE REPRESENTATIONS AND CERTIFICATIONS APPLICATION (ORCA)

## FAC 01-26 MANDATED THE USE OF ORCA

- ORCA is an e-Government initiative that was designed to replace most of the paper based representations and certifications process known as Section K
- Prior to ORCA, vendors were required to submit representations and certifications for each individual large purchase contract award
- Now, using ORCA, a vendor can enter their representations and certifications information once for use on all Federal contracts

- You must be registered in ORCA if the solicitation you are responding to requires that you have an active registration in the Central Contractor Registration (CCR)
- ORCA is an on-line system that is located on the Internet. The ORCA site may be found by going to: <http://orca.bpn.gov>

- The following two items are necessary prior to registration:
  - An active record in the Central Contractor Registration (CCR); and
  - A Marketing Partner Identification Number (MPIN) from the active CCR record
- Visit [www.ccr.gov](http://www.ccr.gov) to complete these tasks
- For additional assistance contact the ORCA help desk at <http://orca.bpn.gov/help.aspx>