FORMAL SOURCE SELECTION

1. Introduction. Source selection is a task that must be performed any time there is competition. When sealed bidding is the contracting method, source selection is quite straightforward—the lowest, responsive, responsible bidder wins. However, when negotiation is the contracting method, the source selection procedure may be quite involved and time consuming. In the vast majority of competitive procurements, the contracting officer determines the successful offeror, and in fact the FAR says the contracting officer is designated as the source selection authority, unless the agency head appoints another individual. Broader management participation in the source selection decision is essential, however, for major defense system acquisitions or other complex requirements, someone at a much higher level than the contracting officer may make the source selection decision. The Army Acquisition Executive is usually the Source Selection Authority for Army major systems, with authority to delegate the responsibility to a lower level if considered appropriate.

2. Objectives: After completion of this unit of instruction, the student should be able to:

a. Explain why the formal source selection procedure is used for major weapon systems.

b. State the role and purpose of the Source Selection Authority (SSA), Source Selection Advisory Council (SSAC), and the Source Selection Evaluation Board (SSEB) in the formal source selection process.

3. Policy. Even with the current climate of downsizing and corporate mergers there are still often a number of qualified sources with the prerequisite experience and facilities for the development and production of major weapon systems and subsystems. Each of these companies has an inherent right to compete for contracts involving an expenditure of public funds. Formal source selection procedures are designed to ensure that these companies receive due consideration in the selection of the best source to perform a Government contract. The process is characterized by an autonomous ad hoc organization established for the sole purpose of choosing the successful offeror(s) for a complex, large, or otherwise important requirement. The procedures followed are designed to:

a. Select contractors that can best meet the Government's needs as described in the solicitation.

b. Ensure the impartial, equitable, and comprehensive evaluation of each offeror's proposal.

c. Maximize efficiency and minimize complexity of the solicitation, evaluation, and final decision.

d. Encourage the use of procedures that are flexible and tailored to the requirements of the specific acquisition so as to minimize the cost of the process to Government and industry.

4. Reasons for Formal Source Selection. The entire process by which the Government examines and evaluates the facts leading up to the award decision in the competitive negotiated acquisition of a product or service is called source selection. A source selection process is considered "formal" when a specific evaluation group structure is established to evaluate proposals and select the source for major weapon system contract awards. The procedures may be used for non-major awards as prescribed in agency regulations.

a. The great technical complexity of weapon systems, the long leadtime required for their development, and their high cost have given extraordinary importance to the sound choice of a successful offeror. This choice has often become for the top management of the Army a key decision that affects not only the ability of our forces to accomplish their missions, but also a significant segment of the economy where the contract work is to be performed.

b. A diverse array of technical, management, and professional skills are required to formulate and express the Government's requirement for a major weapon system in a solicitation and to evaluate the proposals of the competing offerors. These skills are needed because: (1) the hardware to be developed and produced is often an assembly of numerous components that are products of different technologies or engineering disciplines; (2) the technical uncertainties that are characteristic of the effort to develop, produce, and field a new weapon system or equipment require varying degrees of surveillance and control over a contractor's work; (3) many of the weapon systems being acquired today require the participation of other military services and Government agencies whose counsel will be needed to reach the selection decision.

c. Because of the far-reaching consequences of the selection decision, the authority to make it must be retained at a level considered fully accountable and knowledgeable of all the factors necessary to make an enlightened choice. It is essential that the criteria for selection be established at a management level which has the necessary experience and visibility.

d. This complex requirement has given rise to formalized, although not inflexible, methods for evaluating proposals. For major systems, the source selection decision will normally be made by a high level DoD official called **the Source Selection Authority (SSA)**. To prepare the SSA for the selection decision, the basic evaluation tasks are historically accomplished by technical experts assembled in a body called the **Source Selection Evaluation Board (SSEB)**. To the SSEB's evaluation is added the judgment of the senior military and civilian personnel who represent the various functional areas involved in the acquisition. This body of experts is called the **Source Selection Advisory Council (SSAC)**. The SSAC's report to the SSA, if requested, usually forms the basis for the award decision.

5. Personnel and Organization. The grades, number of personnel, and the source selection organization will vary depending on the size, complexity, and visibility of the weapon system. Some teams have exceeded 100 in number, although there seems to be a growing interest in mini-teams of 10 to 15 members. There are no formal guidelines for the number of personnel, but the use of a Work Breakdown Structure is standard for organization of the process.

6. Responsibilities.

a. The Army Acquisition Executive (AAE) or designee is the SSA for major systems and designated Army acquisition programs. These include major information systems selected for review by the DoD or Army Major Automated Information Systems Review Council (MAISRC). The Head of the Contracting Activity (HCA) has been delegated authority to appoint the SSA for Acquisition Category III. Such appointments are coordinated with the Milestone Decision Authority and, if applicable, the Program Executive Officer (PEO). The HCA also has been delegated authority to appoint the SSA for acquisitions not managed in accordance with DoDD 5000.1 for which formal source selection procedures are used.

b. The **SSA** is responsible for the proper conduct of the source selection process and ensures that:

(1) The source selection plan and the evaluation criteria are consistent with the requirements of the solicitation and administrative guidance and policies.

(2) Personnel with the requisite skills and experience to execute the source selection plan are appointed to the SSAC and the SSEB.

(3) Conflicts of interest, or the appearance thereof, are avoided.

(4) Premature or unauthorized disclosure of source selection information is avoided.

(5) The Under Secretary of Defense for Acquisition is informed of the outcome of the source selection after selection, but before public announcement, for Category I and II acquisitions.

(6) The supporting rationale for a final source selection is documented before a contract award is announced.

c. A **SSAC** may be appointed by the SSA to advise the SSA and may be requested to prepare a comparative analysis of the evaluation results.

d. The **SSEB** is responsible for evaluating proposals and reporting the findings to the SSAC or the SSA, as applicable.

e. The **program manager** is responsible for developing and implementing the acquisition strategy, preparing the Source Selection Plan, and for obtaining SSA approval of the plan before issuance of the solicitation.

f. The **contracting officer** is responsible for preparation of solicitation and contract documents, any communications with potential offerors, consistency of the source selection plan with requirements of the FAR, including the DFARS and agency regulations and instructions, award of the contract, and any other functions and requirements specified in the FAR, except for the source selection responsibilities of the SSA.

g. All participants in the source selection process must avoid the appearance of or actual conflicts of interest. Persons participating in the evaluation must avoid any discussions with offerors regarding proposals or any related matters, once the source selection process begins, to preclude even the appearance of favoritism or any other improper action. Independent evaluators who are not part of the SSAC or SSEB may require access to proposal information to fulfill their responsibilities. Independent evaluators who assess specific areas, such as cost or test and evaluation proposals, and who have access to proposal information, are bound by the same rules regarding conflict of interest and information disclosure as members of the source selection organization, whether or not they are designated members of the SSAC or SSEB.

7. Organization. Source selection teams are often organized as shown in **Figure 1**, but slight deviations are common.

8. Release of Information. The effectiveness and integrity of the source selection process requires that all data and information received or developed during the source selection process be handled with the utmost discretion to avoid any compromise. Source selection data typically includes commercial and financial data received in confidence. Any public disclosure must be considered carefully in advance in accordance with DoD Freedom of Information guidance.

9. Characteristics of the Process.

a. A clear separation, but not isolation, of the functions of evaluation and selection is contemplated by the formal source selection procedure. The intent is that the **SSA have maximum latitude** in the selection decision. For this reason, the SSAC does not make selection recommendations to the SSA, unless specifically requested. After the SSEB evaluates the proposals, a comparative analysis of each proposal by the SSAC is presented to the SSA, and the members of both the SSAC and the SSEB thereafter remain available for consultation with the SSA. This arrangement has the advantage of enabling the SSA to:

(1) Make a careful judgment in a situation where there are only narrow differences in the relative merits of competing proposals.

(2) Apply greater experience and visibility than is normally available to the evaluators on the SSEB.

b. **Criteria** used to evaluate proposals and their relative importance are established by the SSAC with the concurrence of the SSA. This allows the evaluation standards to be set by individuals who, in terms of their experience and management responsibility, have the requisite understanding of what the Government wants from the successful offeror.

c. A **segregation of the scoring and weighting functions** is made to minimize bias and realize an optimum measure of objectivity. The amount of importance or emphasis to be given particular criteria or classes of criteria is determined by the SSAC with the concurrence of the SSA. The evaluators then determine the numerical or other values for their assigned segments of the offerors' proposals. The SSEB and SSAC are both involved to some degree with **rating or scoring**. The **SSEB is primarily concerned with a subjective or objective evaluation** of how well each contractor appears to meet the requirements of the RFP. The SSAC is primarily concerned with how each contractor compares to the other, i.e., contractor versus contractor. The **SSAC typically applies finite ratings, scores, and/or weights to the SSEB's efforts** and presents its analysis to the SSA for his use in making a final decision.

d. Another feature of the formal source selection process is the introduction of the SSAC's judgment into the qualitative or quantitative findings of the evaluators. This judgment takes the form of comments relating the members' military and civilian experience in military operations, technology, logistics, acquisition, etc. Such comments are added to and made a part of each proposal analysis.

e. The SSA must be at an organizational level above that of the program manager for the system being acquired. Normally, the SSA is an individual serving in a major executive position who has high-level knowledge of all the factors that may have a bearing on the selection decision.

f. The personnel selected to serve on the SSEB or SSAC must:

(1) Be competent military or civilian personnel or hired private consultants (SSEB.)

(2) Have special skills or knowledge related to the acquisition.

(3) Be selected from organizational levels sufficiently high enough to assure that they have the needed visibility to be effective in their evaluation or advisory assignments.

10. Key Documents. The source selection process really is a product of acquisition strategy. The acquisition strategy is the basis of the overall plan that a program manager follows in program execution. This strategy encompasses the entire acquisition process from concept exploration to post-production support. A new Request for Proposal (RFP), and Source Selection process will be required each time a system moves to the next phase of the Life Cycle Model as long as effective competition is available. The program manager is responsible for developing an acquisition strategy tailored to the particular major system acquisition program. This strategy is the program manager's overall plan for satisfying the mission need in the most effective, economical, and timely manner. The strategy shall be written and prepared in accordance with the requirements of FAR Subpart 7.1, except where inconsistent with this part, and shall qualify as the acquisition plan for the major system acquisition.

a. **The Source Selection Plan (SSP).** A Source Selection Plan must be prepared once a decision has been made to follow formal source selection procedures. The SSP is the written guide for the source selection process. The SSP describes how proposals will be solicited from industry; how they will be evaluated, scored, and summarized after receipt; and how negotiations will be conducted. The SSP should also reflect who will evaluate proposals, composition of the SSEB, functional areas required to be represented, determination of security needs and a timetable for contract execution. In substance, the SSP is the Government's statement to itself as to how it intends to conduct the source selection. It distinguishes what is important and gives the relative importance of criteria. The SSP should cover all essential elements but should be simple and austere. Where appropriate, other acquisition planning documents should be incorporated by reference.

(1) The SSP will be prepared by the program manager, reviewed by the contracting officer, and approved by the SSA before the issuance of the solicitation. While the selection process is formally set in motion by the designation of the SSA, most basic planning and preparation for evaluation must be completed prior to that time. As indicated in **Figure 2**, the SSP will have been in preparation in advance of the appointment of the SSA in order to ensure the timely completion of the selection process. A project engineer will normally do any preliminary work required before the designation of a program manager.

(2) The SSP serves several purposes, including to: (a) translate the objectives stated in the acquisition strategy and the acquisition plan into a specific approach for soliciting and evaluating the proposals of offerors to do the work; (b) communicate this approach as the recommendation of the program manager and associates through the SSEB and SSAC to the SSA.; (c) act as an authorizing document or charter after the SSAC has approved its recommendations, particularly as to the composition of the SSEB and the evaluation criteria to be used, and communicated as a directive or formal order to the SSEB; (d) provide essential guidance to writers of the RFP as to what should be emphasized in the solicitation; and (e) describe the criteria and the techniques to be used to evaluate the proposals.

(3) There is no prescribed format for a SSP, nor should there be. Typically, a SSP consists of two parts. Part one describes the organization, membership, and responsibilities of the source selection team. The second part identifies evaluation criteria and detailed procedures for proposal evaluation.

b. **The Request for Proposal.** The contracting officer and the program manager must ensure that the highest degree of clarity and precision is exercised in communicating the Government's needs to industry. Deficiencies or lack of clarity in solicitation documents result in confusion during proposal preparation, proposals which are unresponsive to the Government's real needs, and a multitude of administrative and legal problems for all parties concerned.

(1) The RFP is a solicitation by the Government of offers from industry to provide a system, equipment, supplies, services, or a combination thereof, under a contract to be awarded using the process of negotiation. The RFP is a comprehensive expression to industry of the requirements and intentions of the Government in an impending acquisition. It is a document of

the utmost importance, not only for the process of proposal evaluation and selection, but for the post-award administration of the contract that is to follow. During the pre-award phase, it sets the stage and lays the ground rules for competition between the offerors. The quality of the RFP ensures that proposals address the Government's objectives. Once a contract has been awarded, the statement of work, specifications, and other conditions cited in the RFP as modified by negotiation are reflected in the contract document. Thereafter, the contract becomes the instrument that ultimately controls the relationship between the parties and prescribes the work to be accomplished. Its discipline and standards permeate all aspects of the contractor's effort.

(2) In evaluation, the quality, scope, and the acceptability of the offerors' proposals dominate the result. The proposals, in turn, reflect how clearly the statement of work and evaluation objectives have been expressed in the RFP. Inadequate description of the statement of work, the critical evaluation criteria, and/or their relative importance in the RFP could result in the submission of proposals that: (a) vary in acceptability from the totally unacceptable to the partially acceptable with significant omissions in substantive areas or with complete acceptability on the wrong issues; (b) contain excessive detail in technical, management, cost, and other areas because the proposal seeks to cover all eventualities due to the lack of definitive guidance; (c) build in costly contingency allowances to cover alternatives not recognized in the RFP; (d) do not present the offeror's capabilities in their best light because the offeror has addressed the wrong issues; or (f) require extensive revisions, negotiations, and delays which may endanger the timing of the proposed acquisition.

11. Preparation of the RFP. The task of writing, assembling, and correlating the components of the RFP can be a formidable one, and varies with the size and complexity of the system being acquired. The expertise of many professions and skills are needed to effectively communicate to industry what the Government needs. The needed scientific and engineering capability comes from the research and development directorate, laboratory, or similar element of the AMC major subordinate command. The other functional directorates and staff elements may be expected to furnish logistics, quality assurance, management, cost, legal, and contract specialists. The representatives of these organizational elements participate as members of the RFP preparation team and work closely with the requiring activity.

a. The SSAC with the concurrence of the SSA establishes the relative importance of the evaluation criteria in a form to be used in the RFP. The SSAC should review and the SSA should approve the RFP before its issuance to assure that: (1) it is compatible with the SSP objectives; (2) all the data necessary for source selection is included and unneeded data is eliminated; and (3) the component parts of the RFP are compatible, clear, and concise.

b. Key members of the SSEB, e.g., committee chairpersons or group chiefs, should participate in reviewing the draft of the RFP. This permits the SSEB to influence the format and content of the RFP and should result in more efficient evaluations. It also assures an interrelationship and flow of requirements between the statement of work, the SSP, and RFP Section L (Instructions, Conditions, and Notices to Offerors), Section M (Evaluation Factors for Award), and the resulting proposals.

c. Each review of the RFP should include a review and comparison with all available key plans and strategies to ensure consistency, accuracy, and completeness. The review should also challenge military specifications and standards, overstated requirements, and unnecessary data.

d. Work on the preparation of an RFP should begin before the time the decision is made to use formal source selection procedures. Preliminary planning of the RFP should precede the actual drafting of the basic solicitation document. Whenever possible, draft RFPs should be distributed to potential contractors for their views and constructive criticism. Discovering and correcting potential problem areas, confusing language, or excess requirements before award is much better than paying for changes or contractor claims later on. Of course extra time must be allowed in the contracting process to distribute draft RFPs (or RFIs), receive responses, and make any changes.

12. Coordination and RFP Preparation. It is important that there be coordination and synchronization between the SSP and RFP efforts. The relative importance of the evaluation factors for award, as well as the other basic tenets of the SSP, should be firm and available to the RFP preparation team before it proceeds with the detailed final composition of the RFP. The drafting of the RFP should start long before it is issued since the detail needed in the specifications, statement of work or statement of objectives, , and other documents requires a substantial investment of effort. As shown in **Figure 3**, the preparation of the RFP is an interrelated process. It is obvious that starting as early as possible should provide a better final product.

13. Evaluation Factors, Criteria, and Standards. Section M of the RFP lists the evaluation factors and criteria which the Government will use in selecting the best proposal(s). The purpose of evaluation factors is to inform offerors of the importance the Government attaches to various aspects of a proposal. Evaluation criteria are a list of how evaluation factors will be evaluated quantitatively and qualitatively to arrive at an integrated assessment as to which proposal can best meet the Government's needs as described in the solicitation. Once evaluation criteria are determined, standards must be written for the evaluators to use in deciding whether or not, and to what degree, an offeror's proposal meets the requirements of the RFP. Standards are measurement guides that must be prepared for each evaluation criteria. They must not exceed specified minimum requirements or address non-specified requirements. They may be quantitative or qualitative. They are written statements or questions of conditions necessary to achieve minimum acceptable performance. They should be prepared before release of the RFP, but must be prepared before receipt of proposals and are not divulged to offerors.

a. To ensure fairness in the source selection process, the evaluation factors, evaluation criteria, and their relative importance must flow from the statement of work and must be furnished to all potential offerors in the solicitation. However, when numerical weights are used by the SSA or SSAC, such weights are usually not disclosed either to offerors or to evaluators other than the SSAC, to preclude intentional or unintentional bias in proposals or evaluations. Once the solicitation is released, the relative importance of the evaluation factors will not be changed and no new factors can be introduced. Excessive subdividing of factors should be avoided to preclude an unnecessarily detailed assessment that obscures significant differences among proposals due to an averaging of pluses and minuses at the lowest levels.

b. Although cost is always a criterion in source selection, lowest proposed contract cost is usually not the determining criterion in selecting sources for development. When cost is weighted in development source selections, the specified relative order of importance is intended to provide general guidance to offerors on the relative importance that the Government attaches to cost considerations, including unit production cost and life cycle cost objectives. Such guidance is intended to be used by offerors to include affordability considerations when making trade-offs to achieve a balanced proposal that is responsive to mission requirements while also reflecting program constraints. Typically, cost increases are important as a discriminator in the source selection decisions when differences among proposals relative to other factors are small and when cost proposals have a high degree of realism and credibility. Cost will typically increase in importance as the system progresses through the Life Cycle Model, and is normally extremely important when entering production.

c. Evaluation criteria must be tailored to the appropriate phase of a system acquisition. Solicitations typically may include: (1) an assessment of the extent to which the proposed system concept is expected to provide the capability to satisfy the mission need identified in the solicitation within the stated operational concept; (2) an assessment of technical and financial risk to design, produce, and operate the proposed system within schedule, cost, and other resource constraints; (3) an assessment of the degree to which the proposed system can be used satisfactorily in operations -- considering such items as availability, reliability, maintainability, wartime usage rates, interoperability, transportability, safety, human factors, logistics supportability, and manpower and training requirements; (4) an assessment of the offeror's management, financial, technical, manufacturing, and other resources available or planned to develop and successfully produce the proposed system within schedule and resource constraints; (5) data rights for future competitive procurement, including high value spares; and (6) the realism of the offeror's contract and life cycle cost estimate, considering the scope of work to be performed and the degree of technical risk involved in the proposed system concept. The offeror's recent and relevant past performance measured by such indicators as quality, timeliness, cost, schedule, operational effectiveness, and suitability may be considered in assessing the probability of successful accomplishment of the proposed effort in a timely and cost-effective manner.

14. Instructions to Offerors. Section L of the RFP, in addition to other conditions and notices, must include very specific guidance to offerors regarding proposal page limitations, number of copies required, and the structure of proposals into separate volumes such as technical, logistics, cost, and management to facilitate evaluation. This assures that all offerors are treated equally and results in proposals that are all submitted in a uniform format. Specific guidance also will allow pertinent parts of each proposal to be extracted and given to the appropriate evaluators.

15. Proposal Evaluation. The evaluation of proposals follows preparation of the RFP in importance. The acquisition depends on selecting the best offeror(s) for contract award. The SSEB members must be selected with great care. They will actually perform the most detailed evaluation of offeror proposals. SSEB members are usually limited to the parts of the proposal pertaining to their area of expertise. They will be given instructions stating how and to what degree they will rate, evaluate, or score their individual tasks.

a. Evaluation criteria are used to make an integrated assessment of each offeror's ability to satisfy the requirements of the solicitation. Proposals are evaluated within these criteria. The SSEB does not evaluate the relative merits of one proposal as compared to another. The SSEB individually evaluates proposals against the requirements of the solicitation. Only the SSA and, if requested, the SSAC will apply judgment regarding relative merits.

b. There is no prescribed methodology for rating or scoring. Rating practices include color coding, numerical schemes, adjectival ratings, and systems of symbols, such as +, -, and √. The important thing is not the rating methodology but the consistency with which it is applied to elements of proposals and among proposals, to ensure a thorough and fair evaluation. Evaluators must be well grounded in their fields of technical expertise and be able to apply mature professional judgment. Evaluators may use data furnished with the proposal and other relevant information obtained from preaward surveys, field technical reports, and advisors or consultants. Cost evaluators may use field pricing reports and audit reports in their analysis. Each evaluator must support the rating assigned with a concise narrative that addresses deficiencies, strengths, weaknesses, and risks in the proposal.

c. Proposal evaluations are documented for the purposes of creating a record as to how the overall score or rating of the proposal was derived; and creating a record that demonstrates that the evaluation was fair, comprehensive, and performed in accordance with the evaluation plan.

d. In preparing for proposal evaluations, it is important to note that the evaluation plan is based on the statement of work. The evaluation plan, and consequently the proposal evaluation, can only assess an offeror's response to stated requirements. To provide offerors the opportunity to make tradeoffs and propose innovative solutions, the work statement should include a description of the mission need and should be written in terms of performance requirements rather than design requirements to the maximum extent practicable. Proposal evaluators must consider the technical, schedule, operational readiness and support, and financial risks inherent in a proposal.

e. **Evaluating Past Performance.** One means of assessing risk is to review an offeror's recent actual performance in relevant areas. Past performance, as an element of risk analysis, may be used as one predictor of the probability of satisfactory performance on the proposed program being evaluated. Evidence of past performance may be obtained from numerous sources, such as, pre-award surveys, onsite Government personnel at a contractor's facility, field data collection systems, and other procuring activities that have dealt with the offeror whose proposal is being evaluated. The comparative assessment of past performance information is separate from the responsibility determination required.

(1) The solicitation shall describe the approach for evaluating past performance, including evaluating offerors with no relevant performance history, and shall provide offerors an opportunity to identify past or current contracts (including Federal, State, and local government and private) for efforts similar to the Government requirement. The solicitation shall also authorize offerors to provide information on problems encountered on the identified contracts and the offeror's corrective actions. The Government shall consider this information, as well as

information obtained from any other sources, when evaluating the offeror's past performance. The source selection authority shall determine the relevance of similar past performance information.

(2) The evaluation should take into account past performance information regarding predecessor companies, key personnel who have relevant experience, or subcontractors that will perform major or critical aspects of the requirement when such information is relevant to the instant acquisition.

(3) In the case of an offeror without a record of relevant past performance or for whom information on past performance is not available, the offeror may not be evaluated favorably or unfavorably on past performance.

(4) Past performance need not be evaluated if the Contracting Officer documents the reason past performance is not an appropriate evaluation factor for the acquisition.

f. **Evaluation Cost.** Independent cost estimates are necessary as a benchmark against which to compare proposal cost estimates. Such estimates may be either Government estimates of a notional system that would satisfy the need, or independent cost estimates of the specific systems approach proposed by the offeror. The latter has the advantage of using the same baseline as that proposed by the offeror. The realism of the offeror's proposal should be indicated by a ranking relative to the Government's estimate. Partial estimates, particularly of high risk areas, may be used when time or cost constraints do not permit development of a complete independent estimate for each proposal. Life cycle cost estimates must take into consideration all costs to the Government, including costs incurred or avoided as a result of changes in such areas as maintenance procedures, use of facilities, shipping, training, and staffing.

(1) Cost proposals are evaluated not only from the standpoint of total cost to the Government but also considering the reasonableness and realism of the cost estimate. Reasonableness is determined by an assessment of the level of the proposed effort. The Government's objective is to pay a fair and reasonable price for work performance under contracts. The test for reasonableness ensures that the Government does not pay more than what is fair, considering system effectiveness and suitability as well as efficiency in the conduct of the design and manufacturing phases. The test for realism ensures that risk is taken into consideration to preclude a buy-in that promises low cost but cannot be substantiated as credible by either the level of the proposed effort or the efficiency with which the work is to be carried out.

(2) Elements of cost are evaluated to aid in the assessment of the total cost to the Government. Even when the principal cost driver is the direct input (labor and material), the management of indirect costs and rate structures must be evaluated both from the standpoint of their absolute level as well as trends. Solicitations notify offerors that proposals which are unrealistic in terms of technical or schedule commitments, or unrealistically low in cost or price, will be considered indicative of a lack of understanding of the complexity and risk in the contract requirements.

g. The SSEB may produce as many as five different products as their part of the evaluation process. These are clarifications, deficiencies, risk analysis, strong and weak points, and an overall narrative. These terms may vary with different activities.

(1) Clarifications (sometimes referred to as Errors, Omissions, and Clarifications) are items requiring further information before being evaluated. They are things such as apparent errors, questionable data, unsupported assumptions, i.e., anything that the SSEB needs to satisfy any questions they may have concerning an offeror's proposal.

(2) Deficiencies are any parts of an offeror's proposal which fail to meet the government's minimum requirements, such as: fails to meet a minimum standard; poses unacceptable risk; or omits necessary data. Unresolved deficiencies can eliminate an offeror from further consideration.

(3) Risk Analysis: Evaluators must not only evaluate whether or not an offeror's proposal will meet the requirements of the RFP, they must also identify and quantify any risks they see or perceive in an offeror's proposal. Potential risks may be technical, schedule, or political, i.e., anything that the SSA should be aware of that might affect his final decision. The lack of risk can also be a positive factor, such as the offeror proposing an approach or components that are already developed or proven.

(4) Strong and Weak Points (also referred to as Strengths and Weaknesses). This is an analysis of how well an offeror meets or exceeds the evaluation criteria. It distinguishes between the varying degrees of acceptability. Failure to meet criteria is a deficiency.

(5) Narrative: A concise summation of significant strengths, weaknesses and risks prepared by each evaluator for his particular area of responsibility.

h. The evaluations for the items on the bottom of the structure are then combined with others on the same level and rewritten at the next highest level and so on. The final result is an overall analysis by the SSEB for each offeror (proposal vs. RFP) that consists of the same five pieces of paper expanded to cover all elements of each proposal (see **Figure 4**).

i. Each proposal analysis is then briefed and passed to the SSAC for initial scoring/weighting. The SSAC compares each proposal analysis against all others (offeror vs. offeror) and prepares a report of its findings for the SSA. The SSA is briefed on the report and approves the competitive range. Negotiations are then conducted with all offerors who are in the competitive range. The contracting officer is responsible for the negotiation efforts, which are primarily concerned with eliminating, if possible, the deficiencies, clarifications, risk areas, and weaknesses in each contractor's proposal. Proposed costs or prices are also negotiated with each offeror.

j. After negotiations are completed, if there is more than one offeror remaining in the competitive range, each offeror is asked to submit a final proposal revision. To facilitate the evaluation of the revised offers, offerors should be requested to identify clearly any changes from the earlier proposal. SSEB evaluators will update their initial evaluation with the changes in the revised offer and report their findings to the SSAC or SSA. The SSAC will rescore or reevaluate each proposal and submit its final analysis to the SSA, who will make the final decision. An overview of the entire formal source selection procedure is depicted in **Figure 5**.

16. Completion of the Process. The SSA makes the final decision, briefs higher authority as required, and tells the contracting officer which offeror(s) to award to. The contracting officer will award the contract(s) and ensure that all unsuccessful offerors are notified, and debriefed if requested.

17. Summary. The formal source selection process can be very complicated, expensive, and time consuming. Early planning and preparation is absolutely essential. Source selection is not a game. Managers must select SSEB members with great care and members must fully appreciate their role. Most of the work in the formal source selection process is done by members of the SSEB. Their product is an evaluation of how well each offeror meets the requirements of the RFP. The SSAC takes the evaluations of the SSEB, scores them, and compares them to each other. They provide their evaluation of offeror versus offeror to the SSA who makes the final decision.

18. References:

a. FAR Subpart 15.3, Source Selection.

b. Corresponding coverage in DFARS and AFARS.

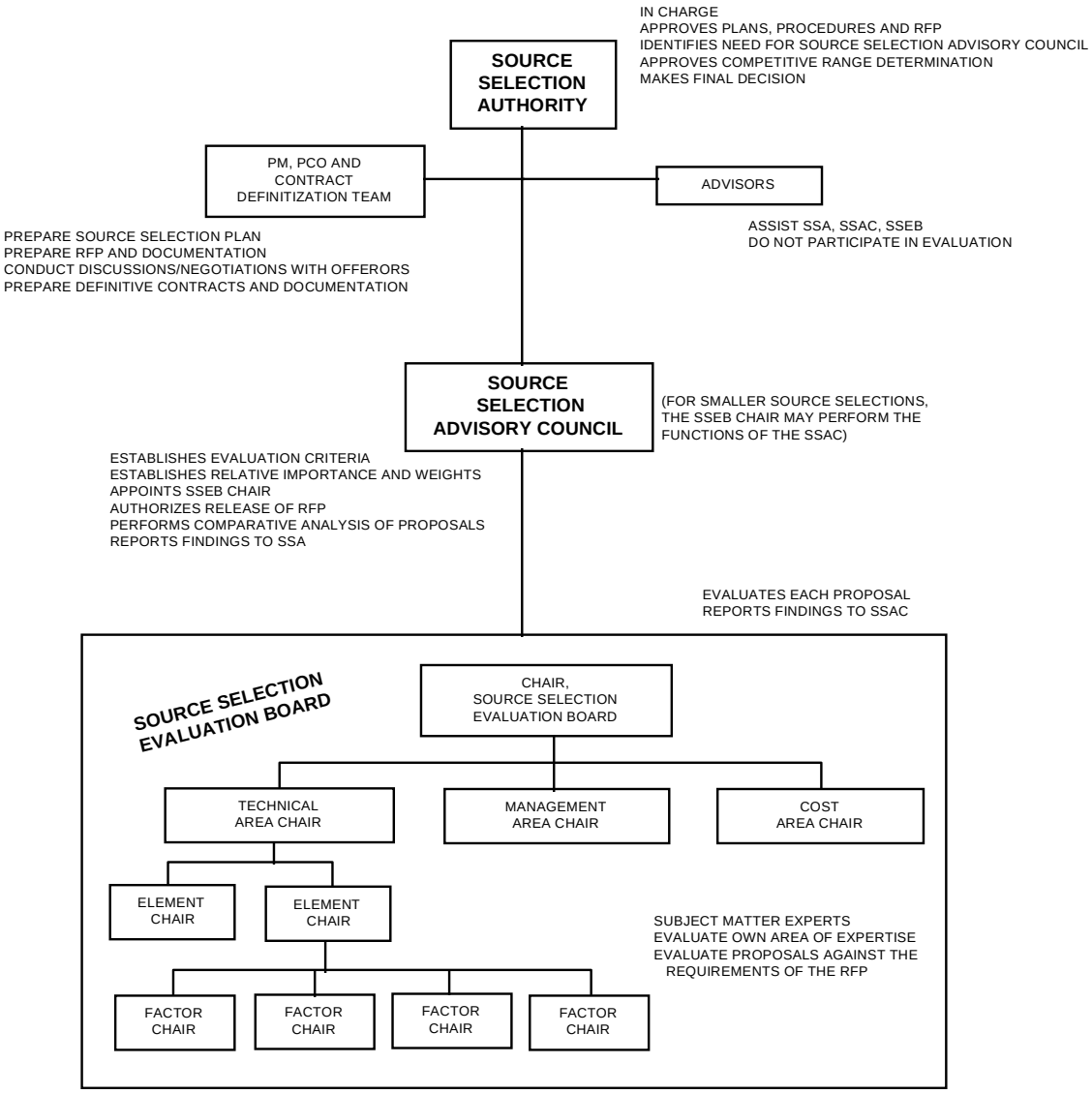
c. AFARS Appendix AA, Formal Source Selection.

d. AFARS Manual No. 1, Formal Source Selection Procedures for Army Systems Acquisition.

e. DoD IG Inspection Report 94-INS-09, Source Selection Process.

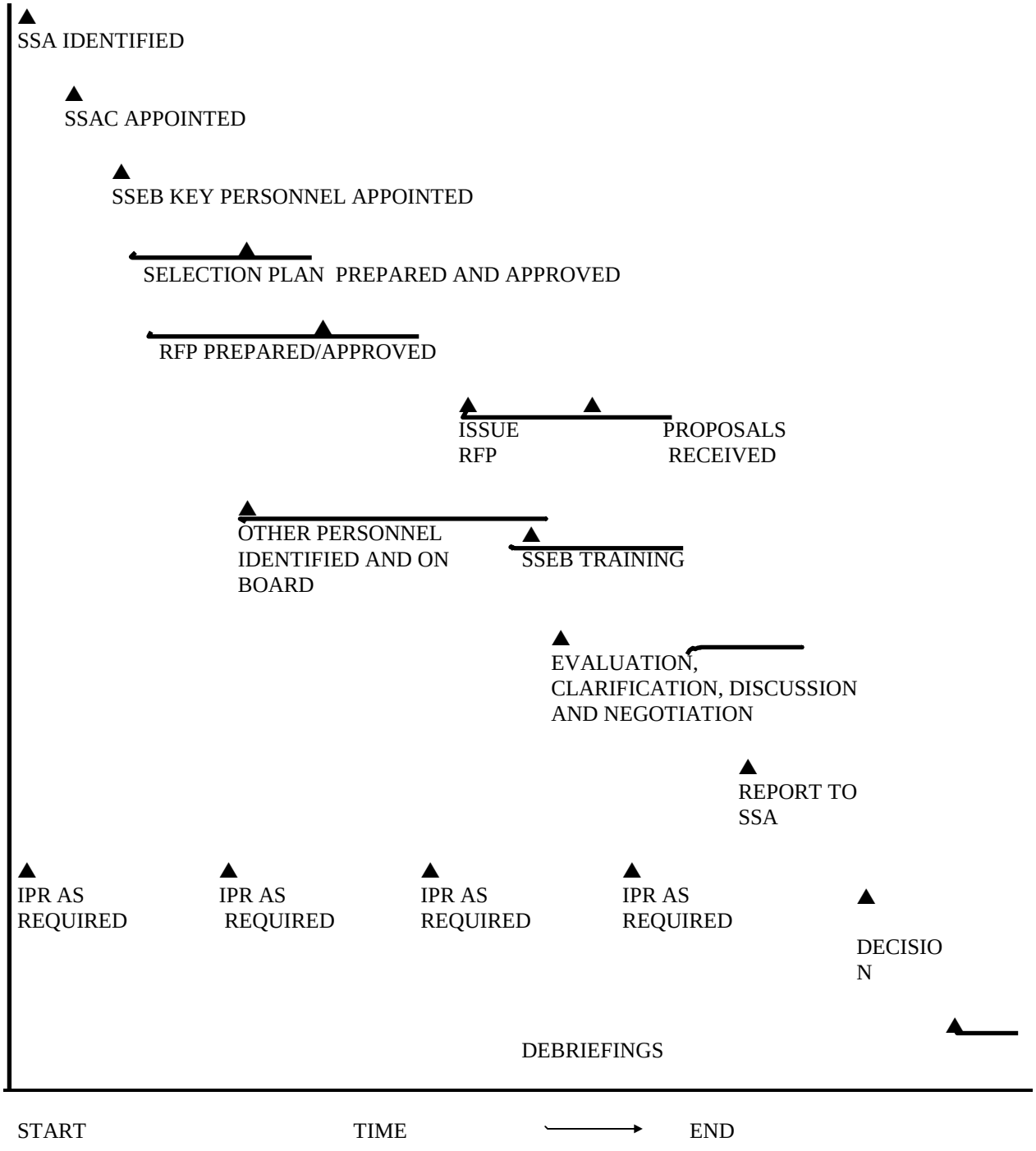
Figure 1

TYPICAL SOURCE SELECTION ORGANIZATION



1. INDEPENDENT EVALUATION BY SUBJECT MATTER EXPERTS
2. COMPARISON AND APPLICATION OF WEIGHTS BY SENIOR MILITARY/CIVILIAN FUNCTIONAL REPRESENTATIVES
3. DECISION BY SENIOR OFFICIAL

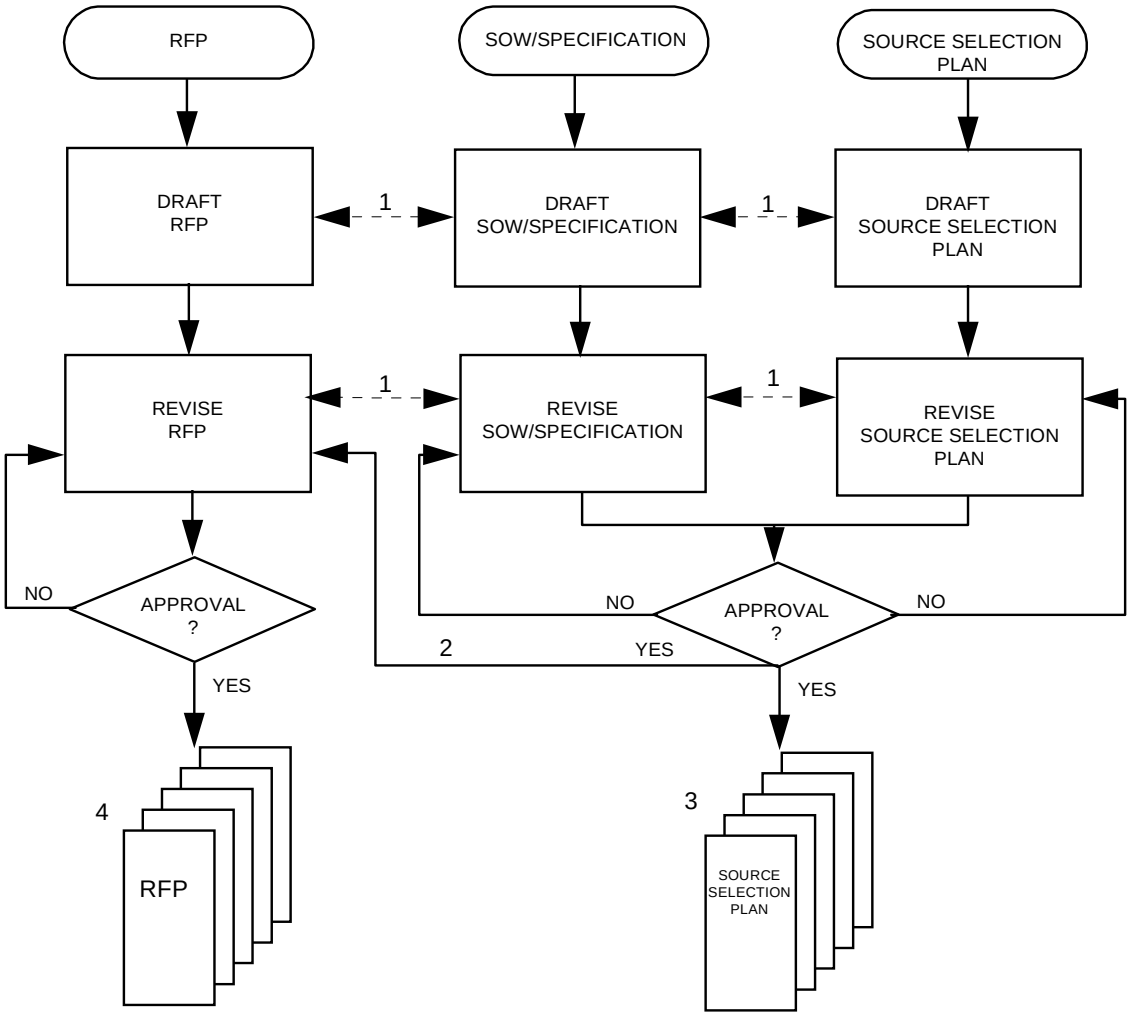
Figure 2



MILESTONE CHART FOR SOURCE SELECTION

Figure 3

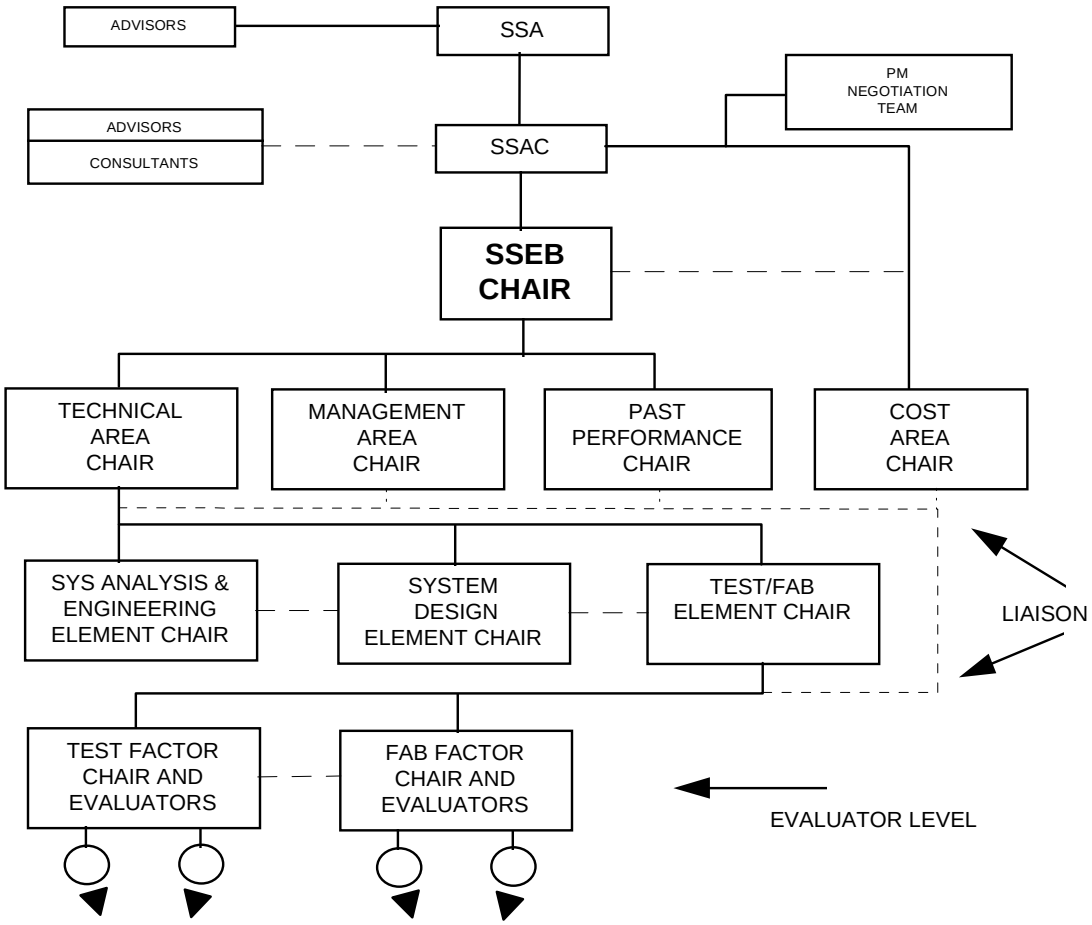
INTERRELATIONSHIP OF RFP, SOW,
TECHNICAL SPECIFICATION AND SOURCE SELECTION PLAN



1 COORDINATION AND EXCHANGE OF INFORMATION
2 SOW, SPECIFICATION, DIDs & EVALUATION FACTORS FROM THE SELECTION PLAN ARE INCORPORATED INTO THE RFP
3 SELECTION PLAN RETAINED IN-HOUSE FOR EVALUATION OF PROPOSALS.
4 RFP RELEASED TO PROSPECTIVE OFFERORS.

Figure 4

SOURCE SELECTION EVALUATION BOARD



AT THE LOWEST LEVEL EACH

EVALUATOR WILL INDEPENDENTLY:

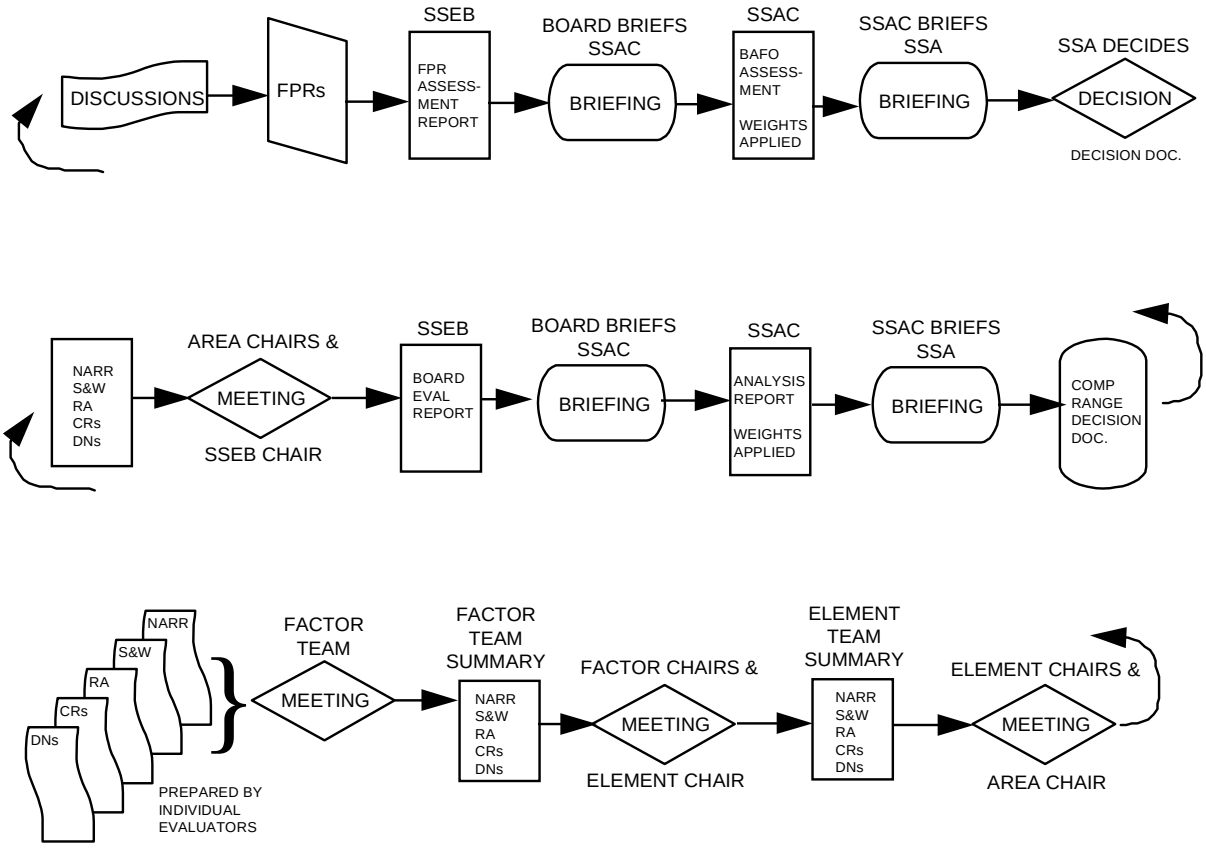
- READ PROPOSAL
- MEASURE AGAINST STANDARDS
- WRITE STRONG/WEAK POINTS
- LIST AREAS OF RISK/CONCERN
- NOTE POINTS NEEDING CLARIFICATION
- NOTE DEFICIENCIES
- WRITE OVERALL NARRATIVE

AND THEN:

THE INDIVIDUAL EVALUATORS MEET WITH THEIR FACTOR CHAIR - DISCUSS THEIR INDIVIDUAL EVALUATIONS AMONG THEMSELVES - COME TO A CONSENSUS - AND THEN MAKE THE SAME WRITE-UPS AGAIN AS A TEAM FINDING.
THIS SAME PROCEDURE IS REPEATED AT EACH HIGHER LEVEL UNTIL AN OVERALL EVALUATION IS COMPLETED FOR EACH CONTRACTOR.
THE EVALUATORS THEN REPEAT THIS PROCEDURE FOR ALL REMAINING PROPOSALS.

Figure 5

OVERVIEW OF
FORMAL SOURCE SELECTION PROCEDURES



FPRs - Final Proposal Revisions
CHAIR - Chairman
COMP - Competitive
CR - Clarification Request
DEC - Decision
DN - Deficiency Notice
NARR - narrative
RA - Risk Analysis
S&W - Strengths & Weaknesses
(also Strong & Weak Points)