



DEPARTMENT OF THE NAVY  
OFFICE OF THE ASSISTANT SECRETARY  
(RESEARCH, DEVELOPMENT AND ACQUISITION)  
1000 NAVY PENTAGON  
WASHINGTON DC 20350-1000

MAY 8 2007

MEMORANDUM FOR DISTRIBUTION

Subj: AWARD AND INCENTIVE FEES - DATA COLLECTION

Ref: (a) Section 814 of the John Warner National Defense  
Authorization Act for Fiscal Year 2007  
(Public Law 109-364)

Encl: (1) DPAP memo of April 24, 2007

Enclosure (1) implements the data collection requirements in reference (a) for incentive and award fee contracts with an estimated contract value greater than \$50 million. The information required by enclosure (1) should be provided for each award fee determination or payment of a performance or delivery incentive occurring during the reporting period. Award fee determinations or payments of a performance or delivery incentive occurring on the same contract during the same period should be reported on the same data collection sheet where possible. The contracting officer should document the information in the format prescribed in enclosure (1).

Addresses should consolidate data to include field activities, and should submit to DASN(ALM) in the prescribed format in accordance with the following schedule:

<u>Reporting Period</u>	<u>Submit Data to DASN(ALM)</u>
1 January - 30 June*	1 September
1 July - 31 December	1 March

\* The first reporting period is from January 1, 2007 through June 30, 2007.

Ms. Robbin Bruce will be the point of contact for receiving the consolidated data. She can be reached by email at [robbin.bruce@navy.mil](mailto:robbin.bruce@navy.mil) and by phone at (703) 693-3998.

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Please give this information the widest dissemination to all acquisition professionals. Policy questions may be addressed to my point of contact, Mr. Ronald G. Ostrom, who can be reached at (703) 693-4012, or by fax (703) 614-4713, or by email (ronald.ostrom@navy.mil).



M. F. Jaggard  
Chief of Staff/Policy  
for DASN(ALM)

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ACQUISITION,  
TECHNOLOGY  
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3000

APR 24 2007

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
(ATTN: PROCUREMENT EXECUTIVES)  
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: Award and Incentive Fees – Data Collection

Section 814 of the 2007 National Defense Authorization Act (Public Law 109-364) requires the Department of Defense to collect relevant data on award and incentive fees paid to contractors and have mechanisms in place to evaluate such data on a regular basis.

In order to comply with this statutory requirement, each military department and defense agency shall collect the information required by the attached Excel spreadsheet for contracts containing award or performance incentive provisions that:

- (1) Have an estimated contract value (including options) greater than \$50 million at the end of the reporting period; and
- (2) For which an award fee determination or payment of a performance or delivery incentive(s) (as described in FAR 16.4) were made during the semi-annual period for which the data is collected. Incentive contracts which contain only cost incentives shall not be reported.

The semi-annual periods for collecting this data are the six month periods ending June 30 and December 31 of each year. The data collected shall be provided to the Director, Defense Procurement and Acquisition Policy (DPAP) within 90 days after the end of the semi-annual reporting period (e.g., data must be provided to DPAP by September 30 for the semi-annual period ending June 30). The first reporting period shall be for the six month period ending June 30, 2007.

Indefinite Delivery/Indefinite Quantity (ID/IQ) contracts with an incentive structure at the contract level are considered reportable at the contract level. ID/IQ contracts with incentives structured at the order level with an estimated order value exceeding the \$50 million threshold are reportable at the order level. In this later situation, the contracting office issuing the order is responsible for reporting.

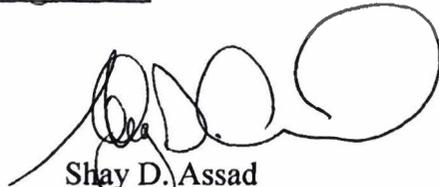


**ENCLOSURE( / )**

Each military department and defense agency shall provide the Director, Defense Procurement and Acquisition Policy (DPAP) with a designated point of contact for collection of this information. In addition, each military department and defense agency shall develop a process to evaluate the data generated by this report to ensure that award and performance incentive fees paid are commensurate with the contractor's performance on the contract.

The Department is working on an automated process for collecting the required data. Upon implementation of this process, a subsequent memorandum will be issued canceling the need to submit the semi-annual information required by this memorandum.

The DFARS and/or its PGI supplement will be revised to reflect the contents of this memorandum. Please direct any questions regarding this memorandum to Mr. Bill Sain, Defense Procurement and Acquisition Policy (Office of Cost, Pricing, and Finance) at 703-602-0293 or [bill.sain@osd.mil](mailto:bill.sain@osd.mil).

A handwritten signature in black ink, appearing to read 'Shay D. Assad', with a large circular flourish at the end.

Shay D. Assad  
Director, Defense Procurement  
and Acquisition Policy

