



Homeland
Security

MEMORANDUM FOR: Heads of Contracting Activities

FROM: SARAH T GREEN
Sarah Green GREEN
Deputy Chief Procurement Officer

SUBJECT: FAR Class Deviation (Number 25-12) for FAR Part 31 in Support of the Executive Order on Restoring Common Sense to Federal Procurement

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Date: 2025.07.30
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1. **Purpose.** This memorandum approves a class deviation to Federal Acquisition Regulation (FAR) part 31 for purposes of implementing the Federal Acquisition Regulatory Council's (the Council's) model deviation text to FAR part 31.
2. **Background.** [Executive Order \(E.O.\) 14275 on Restoring Common Sense to Federal Procurement](#), signed April 15, 2025, mandates a comprehensive review and simplification of the FAR.

The FAR is being updated to:

- Eliminate non-statutory language
- Remove redundant or obsolete language
- Enhance clarity through plain language
- Align with the new FAR framework
- Preserve essential governmentwide acquisition standards.

This project is referred to as the Revolutionary FAR Overhaul (RFO) initiative.

3. **Summary of Changes.** FAR part 31, Contract Cost Principles and Procedures, anchored in federal appropriations law, has been streamlined to provide only the essential requirements for the pricing of contracts, subcontracts, and modifications whenever cost analysis is performed.

Statutory requirements and principles retained in the RFO FAR part 31 model deviation include, but are not limited to, the following:

- Armed Services Procurement Act of 1947, Public Law 413
- 41 U.S.C. Chapter 43 and 10 U.S.C. Chapter 273, Allowable Costs
- 31 U.S.C. Chapter 37, Subchapter III, Claims Against the United States Government

- 18 U.S.C. § 1031, Major Fraud Against the United States
- OMB Circular A-122, Cost Principles for Nonprofit Organizations
- OMB Circular A-21, Cost Principles for Educational Institutions
- OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments
- 2 C.F.R. Part 200, Uniform Administrative Requirements, Cost Principles, And Audit Requirements for Federal Awards
- 31 U.S.C. Chapter 11, 31 U.S.C. §§ 503-504, 31 U.S.C. §6307, 31 U.S.C. §§7501-7507, The Cost Principles for Educational Institutions; State, Local, and Federally Recognized Indian Tribal Governments; and Nonprofit Organizations

Change	Description
Retained	<ul style="list-style-type: none"> • The majority of the content is retained as it implements appropriations law. • Most definitions and procedures are retained to maintain uniformity across Government.
Removed	<ul style="list-style-type: none"> • Plain language edits were made throughout to enhance readability and remove redundant, unclear, or non-essential language, decreasing the word count by more than 1,300 words.

This table is not an exhaustive list.

- 4. Instructions.** The Department of Homeland Security (DHS) acquisition workforce shall follow the RFO Part 31 deviation text instead of FAR Part 31 as codified at 48 CFR Chapter 1. The Council's RFO Part 31 model deviation text is available at: <https://www.acquisition.gov/far-overhaul/far-part-deviation-guide/far-overhaul-part-31>
- 5. Applicability.** This class deviation applies to all DHS procurements.
- 6. Authority.** This class deviation is issued under the authority of [E.O. 14275](#), [OMB M- 25-25](#), and 48 CFR 1.4, and RFO FAR 1.304
- 7. Effective Date.** This class deviation is effective immediately and remains in effect until rescinded or incorporated into the FAR.
- 8. Points of Contact.** Questions regarding this class deviation may be directed to Acquisition Policy and Legislation Branch at Acquisition.Policy@hq.dhs.gov.