

**APPENDIX Y  
DETERMINATION AND FINDINGS – AUTHORITY TO AWARD AN AWARD FEE  
CONTRACT**

**FINDINGS**

1. The *(identify the Component and the contracting office)* of the Department of Homeland Security proposes to contract for *(describe the supplies and/or services being procured and identify the program/project, if applicable)*.
2. *Estimated value of the contract action:* \$ \_\_\_\_\_
3. The work to be performed is such that it is neither feasible nor effective to devise predetermined objective incentive targets applicable to cost, schedule, and technical performance because \_\_\_\_\_ *(insert rationale)* \_\_\_\_\_ ;
4. The likelihood of meeting acquisition objectives will be enhanced by using a contract that effectively motivates the contractor toward exceptional performance and provides the Government with the flexibility to evaluate both actual performance and the conditions under which it was achieved because \_\_\_\_\_ *(insert rationale)* \_\_\_\_\_ ;
5. Any additional administrative effort and cost required to monitor and evaluate performance are justified by the expected benefits as documented by a risk and cost benefit analysis for the reasons addressed in the following/attached cost/benefit analysis. \_\_\_\_\_ *(insert or attach the cost/benefit analysis)* \_\_\_\_\_ .  

*[The cost benefit analysis must address at least each of the following:*

  - The estimated **additional cost under the contract** for the contractor to participate in the award fee (AF) process, including additional reporting and attendance of meetings.
  - The estimated **additional salary, travel and other costs to the government** of performing the award fee functions;
  - The estimated **additional contract award fee amounts** necessary under the award fee plan to be paid for excellent contractor performance.
  - The **additional value or benefit** desired from the contractor as a result of motivation from the award fee process (such as reduced contract price or added value of contract deliverables [you do not have to dollarize added value of improved deliverables]).
  - An **assessment** showing the desired benefits outweigh the anticipated costs. ]
6. The Award Fee Plan is attached.
7. All of the limitations of FAR 16.301-3 will be complied with (applies only if this is a cost type contract):
  - (a) A cost-reimbursement contract may be used only when—
    - (1) The contractor’s accounting system is adequate for determining costs applicable to the contract; and

(2) Appropriate Government surveillance during performance will provide reasonable assurance that efficient methods and effective cost controls are used.

(b) The use of cost-reimbursement contracts is prohibited for the acquisition of commercial items.

**DETERMINATION**

On the basis of the above findings, I hereby determine that the use of an award fee arrangement for this contract action is in the best interests of the government.

*(Signature of the Head of the Contracting Activity (HCA))*