

**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))