

Subchapter 3016.4 Incentive Contracts

3016.401 General.

(d) *Limitations on award-fee contracts.* An award-fee contract may be awarded only if:

(1) The award-fee plan includes award-fee criteria related at a minimum to cost, schedule and performance; and

(2) Award fee is earned for successful outcomes;

(i) No award fee may be earned against cost, schedule or performance criteria that are ranked below “*successful*” or “*satisfactory*” during an award-fee evaluation of contractor performance.

(ii) A base-fee amount fixed at contract inception is not considered part of an award fee.

(3) *Award Fee determination and findings.* No award fee contract or order may be awarded until the determination and findings (D & F) required by FAR 16.401(d) is approved by the HCA. This approval may not be delegated. The D&F must address all of the elements required by FAR 16.401(e)(1) and (5), as described in the D&F outline provided in HSAM Appendix Y.

(4) *Incentive contract determination and findings.* FAR 16.401(d) requires that no incentive contract or order may be awarded until the determination and findings (D & F) required by FAR 16.401(d) is approved by the HCA. The chief of the contracting office is delegated the authority to make this approval for incentive contracts and orders that do not contain an award fee.

(e) If the potential for an award fee is provided for in combination with a fixed fee, incentive fee or profit, the contract shall not include a base fee.

(f) *Reporting of Award Fee and Incentive Fee information to OCPO.* Components shall report information to OCPO on the award of each contract or order that provides for either an award fee or a performance incentive (FAR 16.402-2) or a delivery incentive (FAR 16.402-3). Information on the actual incentive or award fee amounts earned under such contracts and orders shall also be reported. The reports shall include the information listed in paragraphs (1) and (2) of this subsection.

(1) Information on each award of a contract or order containing either an Award Fee, a performance incentive, or a delivery incentive shall be reported to OCPO within 30 days after award of a covered contract or order as follows:

(i) Award Fee contracts/orders:

(A) PIID number.

(B) Contract/order Number.

- (C) Contract Type (FPAF or CPAF).
- (D) Current contract value, base and exercised options.
- (E) Ultimate contract value, base and all options.
- (F) Description of Cost, Schedule and Performance goals.
- (G) Base Fee - Dollar Amount.
- (H) Base Fee - Percentage of Cost (if CPAF) Percentage of Price (if FPAF).
- (I) Maximum Award Fee Pool - Dollar Amount.
- (J) Maximum Award Fee - Percentage of Cost/Price.
- (K) Total Fee - Dollar Amount (include fixed fee, etc. if AF is combined with other type of contract).
- (L) Total Fee - Percentage of Cost/Price (include fixed fee, etc. if AF is combined with other type of contract).
- (M) List all scheduled Award Fee Evaluation dates.
- (N) Signed Award Fee Plan.
- (O) A short description of the behavior the plan is intended to motivate (expressed in terms of cost, schedule, and/or performance).
- (P) For each award fee period, the maximum available Award Fee, dollar amount and percent of cost (or percent of price if FPAF). Include the beginning and end dates of each period.
- (Q) Baseline – What total fee would have been if award fee was not used (e.g., total fixed fee (CPAF) or Profit (FPAF) using structured profit method).

(ii) Incentive contracts/orders that include a performance or delivery incentive (do not report award fee awards or those that include only a cost incentive):

- (A) PIID number.
- (B) Contract/order Number.
- (C) Contract Type (CPIF, FPI).
- (D) Current contract value, base and exercised options.
- (E) Ultimate contract value, base and all options.
- (F) A copy of the performance/ delivery incentive clause.
- (G) Description of Performance and/or Schedule goals. Provide a short description of the behavior the incentive(s) is intended to motivate.
- (H) Incentive Target - Dollar Amount at time of award of contract/order.
- (I) Incentive Maximum - Dollar Amount at time of award of contract/order.
- (J) Incentive Minimum - Dollar Amount at time of award of contract/order.
- (K) Incentive Target – Percent of contract cost (or of price if FPI) at time of award of contract/order.
- (L) Incentive Maximum - Percent of contract cost (or of price if FPI) at time of award of contract/order.
- (M) Incentive Minimum - Percent of contract cost (or of price if FPI) at time of award of contract/order.

(2) Information on each award fee and performance/ delivery incentive final determination shall be reported within 30 days of the determination to OCPO as follows:

(i) Award Fee contracts/orders. Report to OCPO within 30 days of the completion of each award fee determination for each award fee period:

- (A) PIID number.
- (B) Contract/order Number.
- (C) Contract Type (FPAF or CPAF).
- (D) Copy of signed award fee determination.
- (E) Award fee period (beginning and end dates for the period).
- (F) Total Award fee granted for the rating period, dollar amount and percent of total contract or order cost (or percent of price if FPAF).
- (G) Weighted average adjectival rating for all rated award fee categories.
- (H) Description of how the use of award fee did or did not motivate the contractor's overall cost, schedule, and technical performance as measured against contract requirements in accordance with the criteria stated in the award-fee plan.
- (I) Comparison of the contractor's evaluated performance to the performance anticipated in the determination and findings FAR 16.401(d).

(ii) Contracts/orders that include a performance or delivery incentive (do not report award fee actions or awards that include only a cost incentive). Report to OCPO within 30 days of the final incentive determinations:

- (A) PIID number.
- (B) Contract/order Number.
- (C) Contract Type (CPIF, FPI).
- (D) Total value of the awarded action.
- (E) Ultimate value of the contract, including all options.
- (F) Incentive period (beginning and end dates for the period).
- (G) Combined dollar amount of all incentives earned (excluding cost incentives).
- (H) Assessment of success of the incentive to achieve the behaviors described in the originally reported description of the behavior the incentives were intended to motivate.

(3) *Component single point of contact.* Each component shall designate a single point of contact (POC) responsible for the timeliness and accuracy of award fee and incentive information reported to OCPO. Unless advised otherwise by the component, the POC is the chief of the procurement policy function within the component.

(4) *Report format.* Each report shall be submitted using the automation tool provided by OCPO/Acquisition Workforce and Systems Support.