



JUN 23 2008

PROCUREMENT MEMORANDUM 2008-03

ACTION

MEMORANDUM FOR: HEADS OF CONTRACTING OFFICES

Signed

FROM: Helen Hurcombe,
Director for Acquisition Management
and Senior Procurement Executive

SUBJECT: Guidance on and Review Thresholds for Acquisition Plans for Award
Term and/or Award Fee Acquisitions

PURPOSE

The purpose of this Procurement Memorandum is to advise the Department of Commerce's (DOC) Acquisition community that interim review requirements have been established for award term and award fee arrangements.

EXPLANATION

This memorandum provides interim guidance and supplements the Federal Acquisition Regulation (FAR) Subpart 7.1.

INTERIM POLICY

Effective immediately, all acquisition plans with award term and/or award fee arrangements shall require review and approval by the appropriate Department of Commerce (DOC) Review Board. There is no threshold "floor" for this review requirement.

ACTION REQUIRED

Heads of Contracting Offices (HCOs) are responsible for ensuring implementation of this procurement Memorandum and that acquisition plans for award term/award fee arrangements are reviewed and submitted to the appropriate DOC Review Board for approval.

GUIDANCE

Acquisition plans should address at minimum the rationale for using award term and award fee arrangements. Further guidance will be developed in conjunction with the Office of Federal Procurement Policy taskforce.

Contracting Officers should work closely with counsel in developing incentive arrangements and in preparing the associated acquisition plans. Additional guidance is available as follows:

- FAR 16.4, Incentive Contracts,
- DOC Procurement Memorandum 2007-03, at <http://oamweb.osec.doc.gov/docs/PM2007-03.pdf>
- The Office of Federal Procurement Policy Memorandum entitled *Appropriate Use of Incentive Contracts*, dated December 7, 2007.
{ref. <http://dir.commerce.gov/cgi-bin/WA.EXE?A2=ind0802&L=acquisitioncommunity-l&T=0&F=l&S=&P=52>}

CONTACT

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