



DEPARTMENT OF THE AIR FORCE

HEADQUARTERS AIR FORCE SPACE COMMAND

27 SEP 2001

MEMORANDUM FOR SEE DISTRIBUTION

FROM: HQ AFSPC/FM/LG
150 Vandenberg Street, Suite 1105
Peterson AFB CO 80914-4010

SUBJECT: Air Force Space Command Clarification on Award Fee Management

References: (a) DoD 7000.14, DoD Financial Management Regulation, Vol 3, Ch 8
(b) AFI 65-601, Vol 1, Budget Guidance and Procedures, Chapters 8 & 13
(c) SAF/AQC memo, Award Fee Management on Commercial Activity Contracts, 23 Aug 00
(d) Department of the Air Force Award Fee Guide, May 01 (Draft, SAF/AQC)

1. Per guidance contained in the above references, previous policy published in Air Force Space Command (AFSPC) Award Fee Guide, 30 Sep 96 and Joint Policy Letter on Funding Award Fees, 22 Jun 01 are rescinded. The following guidance clarification is provided to ensure effective management of award fees for contracts in Air Force Space Command:

a. Personnel authorized to administer award fee contract provisions will do so in accordance with their organization's award fee plan. The award fee plan should specify the procedures and documentation supporting award fee determinations.

b. At the beginning of the award fee period, award fee officials will process a funding document to establish a commitment for the contingent liability in the amount of the potential award fee. A variety of documents record commitments; the most commonly used are administrative commitment documents, purchase requests and military interdepartmental purchase requests. Each contingent liability must be supported by sufficient detail to facilitate audit.

c. To comply with appropriation law and Research, Development, Test and Evaluation (RDT&E) incremental funding policy, award fees must be budgeted for and funded with the same fiscal year funds as the increment of associated effort. For procurement appropriations, appropriation law and DoD full funding policy mandate that award-fee pools are funded with the same appropriation and fiscal year funds as the associated effort. The award fee official and the financial manager are responsible to ensure that the commitment cites the same fiscal year and appropriation as the related effort.

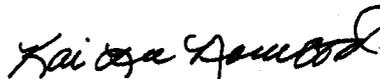
d. The servicing finance office will process the funding document as a commitment, code the document identifier as a contingent liability and establish a save indicator in the accounting system to ensure the commitment is retained into the subsequent fiscal year, as necessary. The award fee official and the financial manager will review commitments for award fees periodically to ensure the amount committed is a reasonable estimate of the remaining contingent liability.

e. Earned award-fee amounts are obligated by issuance of a contract modification after the award fee official's determination. Once the contract modification is issued, excess funds should be de-committed. The award fee official will determine whether additional award-fee amounts for subsequent evaluation periods should be retained in commitment.

2. For additional information, please contact Mr. Luther Haas, HQ AFSPC/LGCP, DSN 692-6928, or Capt Chad Conerly, HQ AFSPC/FMFP, DSN 692-3298.



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