



ACQUISITION LETTER

This Acquisition Letter is issued under the authority of the Senior Procurement Executive of DOE. It is intended for use by procurement professions of DOE, primarily Contracting Officers, and other officials of DOE that are involved in the acquisition process. Other parties are welcome to its information, but definitive interpretations of its effect on contracts, and related procedures, if any, may only be made by DOE Contracting Officers.

Subject: Streamlining DOE's Oversight of Compensation and Benefits

References:

DOE Order 350.1, "Contractor Human Resource Management Programs"
Special H Clause: Employee Compensation: Pay and Benefits
FAR 31.205-6 Compensation for personal services
DEAR 970.3102-05-6 Compensation for personal services

When Is this Acquisition Letter (AL) Effective?

This Acquisition Letter (AL) is effective immediately upon issuance.

When Does this AL Expire?

This AL remains in effect until superseded or canceled.

Who Is the Intended Audience For this AL?

Department of Energy (DOE) and National Nuclear Security Administration (NNSA) Heads of Contracting Activity (HCAs) and Contracting Officers (CO) responsible for administering and managing DOE/NNSA management and operating (M&O) contracts, non-M&O major site and facility contracts, and contracts that require DOE/NNSA approval of contractor compensation and benefits for reasonableness.

Who Is the Point of Contact?

Department of Energy (DOE) Contact: Robert M. Myers, Contractor Human Resources Policy Division (MA-612) at 202-287-1584 or Robert.Myers@hq.doe.gov

NNSA Contact: Raymond Baca, Supervisory Contractor Industrial Relations Specialist at 505-845-6274 or Raymond.Baca@nnsa.doe.gov.

Or

For additional information on ALs and other issues, visit our website at <http://energy.gov/management/office-management/operational-management/procurement-and-acquisition>.

What is the Purpose of this AL?

The purpose of the AL is to provide guidance regarding required actions to move from DOE traditional transactional approach for approving certain costs relating to compensation and benefits, to a risk based approach that removes a requirement for DOE approval where risk reducing conditions are met. To support this transition, contractual requirements are being revised in the highlighted areas of the attached Special H Clause relating to DOE approval requirements for the contractor compensation increase plans, pension contributions above the minimum required amount, and changes to contractor benefit plans. Finally, non-substantive editorial changes are being made where appropriate.

What Types of Contracts Are Affected by this AL?

This AL applies to M&O contracts, non M&O major site and facility management contracts, contracts subject to DOE Order 350.1, and contracts that include provisions for DOE reimbursement of contractor human resource costs.

What Is the Background Information?

DOE Order 350.1 establishes the responsibilities, requirements, and cost allowability criteria for the management and oversight of contractor human resource programs. The Order establishes oversight responsibilities to ensure DOE contractors manage their human resource programs to support the DOE mission, promote work force excellence, champion work force diversity, achieve effective cost management performance, and comply with applicable laws and regulations. Chapter IV, Compensation; Chapter V, Benefits; and Chapter VI, DOE Contractor Pension Plans, establish oversight responsibilities to promote reasonable contractor compensation and benefits in accordance with the Federal Acquisition Regulation's (FAR) cost principles (FAR Part 31). DOE has determined that a risk-based approach, rather than a transactional approach, is appropriate to promote cost reasonableness in accordance with the referenced FAR cost principles.

What Is the Guidance Contained in this AL?

Contracting Officers must take appropriate actions, including bilaterally modifying existing contracts, as appropriate, to incorporate the attached STRIPES Special H clause (or highlighted revisions, as appropriate) no later than February 29, 2016. As part of this action, the Contracting Officer should review the contract to ensure that these revisions do not conflict with other provisions of the contract. As an alternative the changes can be made through the Statement of Work (SOW) if the H clause is not appropriate. If a DOE site seeks to deviate from the changes in the attached Special H clause because of Program or site specific conditions, the Contracting Officer may make modifications to the attached Special H clause with advance approval by the cognizant DOE HCA and concurrence from the DOE Office of Acquisition Management. For NNSA, if a site seeks to deviate from

incorporating the content of the Special H clause, the Contracting Officer must obtain the approval of the NNSA HCA before seeking to bilaterally modify the contract.