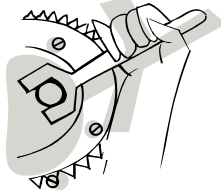


APD ALERT

Time-and-Materials (T&M) and Labor-Hour (LH) Contract Changes



Purpose

The purpose of this alert is to notify acquisition personnel of changes to T&M and LH contracts. These contract types may now be used for commercial services under specified conditions. Three new provisions have been introduced and two existing contract clauses have been revised. In addition, policies related to the award and administration of noncommercial T&M and LH contracts are introduced.

Policy

Federal Acquisition Circular (FAC) 2005-15 dated February 12, 2007 makes significant changes to Federal Acquisition Regulation (FAR) requirements when using commercial procedures to purchase services on a T&M or LH basis. Please see FAR 12.207, 16.601 and 16.602.

FAC 2005-15 also introduces three new provisions that are prescribed for use by FAR 16.601(e). They are FAR 52.216-29 and FAR 52.216-30 for use with non-commercial solicitations and FAR 52.216-31 for use with commercial solicitations. Additionally, FAR 52.212-4 now includes an Alternate I to be used with commercial contracts. FAR 52.232-7 has been expanded to clarify payments under both commercial and non-commercial contracts.

How does this affect me?

Acquisition personnel should familiarize themselves with the FAR changes and be aware that FAR 12.207(b)(2) requires a Determination and Finding (D&F) justification and documentation for using T&M or LH provisions in a commercial service contract that greatly exceeds that required by FAR 16.601(d)(1) for non-commercial items.

Issue Date: December 2006

APD ALERT NO. 2007-05