

National Science Foundation FY 2015 Service Contract Reporting Fact Sheet

On December 31, 2013, the Federal Acquisition Regulatory Council issued a rule, effective January 30, 2014, requiring contractors to begin reporting the total amount invoiced and the direct labor hours expended on the services performed under certain contracts. These changes are required by section 743 of Division C of the FY 2010 Consolidated Appropriations Act (P.L. 111-117).

The information is collected through the System for Award Management (SAM) and included in the agency service contract inventory. Contractors are encouraged to review the information below and to make note of reporting dates and deliverables to ensure their compliance with the law and regulation.

What contracts are covered by the new Federal Acquisition Regulation (FAR) rule?

For FY 2015, reporting is required according to the following thresholds (see FAR 4.1703).

- All cost-reimbursement, time-and-materials, and labor-hour service contracts and orders with an estimated total value above the simplified acquisition threshold.
- All fixed-price service contracts awarded or issued with an estimated total value of \$1 million or greater.

Note – the rule applies to contracts awarded by executive agencies covered by the Federal Activities Inventory Reform (FAIR) Act (P.L. 105-270), except the Department of Defense.

Are subcontractors required to report?

First-tier subcontracts for services will be reported using the same thresholds (see FAR 4.1703).

How are indefinite-delivery contracts handled?

For indefinite-delivery contracts, reporting requirements will be determined based on the expected dollar amount and type of orders issued under the contracts. Indefinite delivery contracts include, but are not limited to, indefinite-delivery, indefinite-quantity (IDIQ) contracts, Federal Supply Schedule (FSS) contracts, Government-wide Acquisition Contracts (GWACs), and multi-agency contracts.

Are contractors required to submit supporting documentation?

As a general matter, the contract clause only requires the contractor to submit aggregate figures for the total amount invoiced and the direct labor hours expended.

What is the purpose of collecting the information, including the invoiced amounts and direct labor hours?

Service contract inventories are a management tool that are designed to help agencies better understand how contractors are being used to support the mission and whether contractors' skills are being used appropriately. The agencies analyze the data to determine if the mix of Federal employees and contractors is effective or if rebalancing is needed. Information on the total amount invoiced and the direct labor hours expended, when combined with other market research information and, where available, benchmarking data, can help to support agency efforts to eliminate costly duplicative service contracts in favor of more affordable solutions by providing insight into the relative cost-effectiveness and efficiency of contracted work.

Will the information on amount invoiced and direct labor hours be made public?

Yes. Consistent with section 743, agencies will include this information in their annual inventories, which also include a description of the work performed, the name of the vendor and the total dollar value of the contract.

When must contractors provide their data on amount invoiced and direct labor hours?

In accordance with the new rule, contractors performing on covered contracts must report their information between October 1 and November 15. Agencies are required to review contractor input and work with them to make revisions, if and as necessary, by January 31, 2016.

What happens if a contractor fails to work with the agency to provide the required data in a timely manner?

The contracting officer is expected to make the contractor's failure to comply with the reporting requirements a part of the contractor's performance information under FAR Subpart 42.15.

Where can I find the complete text of the rule for reporting on amount invoiced and direct labor hours?

The Federal Register notice was published on December 31, 2013. The link to the notice is <https://www.federalregister.gov/articles/2013/12/31/2013-31148/federal-acquisition-regulation-service-contracts-reporting-requirements>

Who can answer my questions?

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