

**SUPPORTING STATEMENT
FOR INFORMATION COLLECTION SUBMISSION
9000-0070, PAYMENTS**

1. **Administrative requirements.** Firms performing under Federal contracts must provide adequate documentation to support requests for payment under these contracts. The documentation may range from a simple invoice to detailed cost data. The information is usually submitted once, at the end of the contract period or upon delivery of the supplies, but could be submitted more often depending on the payment schedule established under the contract (see FAR 52.232-1 through FAR 52.232-4, and FAR 52.232-6 through 52.232-11).

2. **Uses of information.** The information is used to determine the proper amount of payments to Federal contractors.

3. **Consideration of information technology.** We use improved information technology to the maximum extent practicable. Where both the Government agency and contractors are capable of electronic interchange, the contractors may submit this information collection requirement electronically.

4. **Efforts to identify duplication.** This requirement is being issued under the Federal Acquisition Regulation (FAR) which has been developed to standardize Federal procurement practices and eliminate unnecessary duplication.

5. **If the collection of information impacts small businesses or other entities, describe methods used to minimize burden.** The burden applied to small businesses is the minimum consistent with applicable laws, Executive orders, regulations, and prudent business practices.

6. **Describe consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently.** Collection of information on a basis other than solicitation-by-solicitation is not practical.

7. **Special circumstances for collection.** Collection is consistent with guidelines in 5 CFR 1320.6.

8. **Efforts to consult with persons outside the agency.** A notice was published in the Federal Register at 77 FR 43080, on July 23, 2012. One respondent submitted public comments on the extension of the previously approved information collection. The analysis of the public comments is summarized as follows:

Comment: The respondent commented that the extension of the information collection would violate the fundamental purposes of the Paperwork Reduction Act because of the burden it puts on the entity submitting the information and the agency collecting the information.

Response: In accordance with the Paperwork Reduction Act (PRA), agencies can request OMB approval of an existing information collection. The PRA requires that agencies use the Federal Register notice and comment process, to extend OMB's approval, at least every three years. This extension, to a previously approved information collection, pertains to documentation necessary to support requests for payment under Government contracts. The documentation may range from a simple invoice to detailed cost data. The information is usually submitted once, at the end of the contract period or upon delivery of the supplies, but could be submitted more often depending on the payment schedule established under the contract (see FAR 52.232-1 through FAR 52.232-4, and FAR 52.232-6 through 52.232-11). The information is used to determine the proper amount of payments to Federal contractors. Absent this documentation, which serves as the basis for contract payments, the Government would be prevented from making such payments.

Comment: The respondent commented that the agency did not accurately estimate the public burden challenging that the agency's methodology for calculating it is insufficient and inadequate and does not reflect the total burden. The respondent stated the estimate of 120 responses per respondent is understated, and proposed that the number of responses for many respondents, particularly large government contractors, exceeds 1,000 responses per year. Additionally, the respondent stated that the estimate of .025 hours of burden per response is unrealistically low given the level of documentation required to support requests for payment, especially on certain contracts, and proposed that contractors will expend an amount of effort more than 100 times the estimate of .025 hours. For this reason, the respondent provided that the agency should reassess the estimated total burden hours and revise the estimate upwards to be more accurate, as was done in FAR Case 2007-006. The same respondent also provided that the burden of compliance with the information collection requirement greatly exceeds the agency's estimate and outweighs any potential utility of the extension.

Response: Serious consideration is given, during the open comment period, to all comments received and adjustments are made to the paperwork burden estimate based on reasonable considerations provided by the public. This is evidenced, as the respondent

notes, in FAR Case 2007-006 where an adjustment was made from the total preparation hours from three to 60. This change was made considering particularly the hours that would be required for review within the company, prior to release to the Government.

The burden is prepared taking into consideration the necessary criteria in OMB guidance for estimating the paperwork burden put on the entity submitting the information. For example, consideration is given to an entity reviewing instructions; using technology to collect, process, and disclose information; adjusting existing practices to comply with requirements; searching data sources; completing and reviewing the response; and transmitting or disclosing information. The estimated burden hours for a collection are based on an average between the hours that a simple disclosure by a very small business might require and the much higher numbers that might be required for a very complex disclosure by a major corporation. Also, the estimated burden hours should only include projected hours for those actions which a company would not undertake in the normal course of business. Careful consideration went into assessing the estimated burden hours for this collection, and although, the respondent provided estimates of responses and burden hours, the estimates cannot be confirmed with any degree of certainty to totally rely on the information. However, it is determined that an upward adjustment is warranted at this time based upon consideration of the information provided in the public comment. The information collection requirement has been revised to reflect an overall increase in the total public burden hours.

9. Explanation of any decision to provide any payment or gift to respondents, other than remunerations of contractors or guarantees. Not applicable.

10. Describe assurance of confidentiality provided to respondents. This information is disclosed only to the extent consistent with prudent business practices and current regulations.

11. Additional justification for questions of a sensitive nature. No sensitive questions are involved.

12 & 13. Estimated total annual public hours and cost burden. Time required to read and prepare information on invoices (beyond that provided as a normal business practice) is estimated at an average of 15 minutes for Federal contracts. The estimates will range from low as 1 minute for such actions as small purchases

and fixed-price contracts; to as high as 30 minutes for T&M and Labor Hour contracts.

Estimated respondents/yr.....	80,000
Responses annually.....	<u>x 120</u>
Total annual responses.....	9,600,000
Estimated hrs/response.....	<u>x .25</u>
Estimated total burden/hrs.....	<u>2,400,000</u>
Estimated cost to public (\$34.00/hr).....	\$81,600,000

* Based on Office of Personnel Management 2012, GS-9, step 1 (equivalent) in Washington, DC Area, salary plus 36.45 percent burden per OMB Circular A-76.

14. **Estimated cost to the Government.** Time required for Governmentwide review is estimated at 10 minutes for simple submissions, 1 hour for complicated submissions, and 4 hours for difficult submissions.

Annual Reporting Burden and Cost

Reviewing time/hr.....	.2
Responses/yr.....	x <u>9,600,000</u>
Review time/yr.....	1,920,000
Average wages/hr.....	<u>x \$34*</u>
Total Government cost.....	\$6,528,000

* Based on Office of Personnel Management 2012, GS-9, step 1 (equivalent) in Washington, DC Area, salary plus 36.45 percent burden per OMB Circular A-76.

15. **Explain reasons for program changes or adjustments reported in Item 13 or 14.** This submission requests an extension of OMB approval of an information collection requirement in the Federal Acquisition Regulation (FAR). The information collection requirement in the FAR remains unchanged. However, it is determined that an upward adjustment is warranted at this time based upon consideration of the information provided in the public comment. The respondent stated the estimate of 120 responses per respondent is understated, and proposed that the number of responses for many respondents, particularly large government contractors, exceeds 1,000 responses per year. No adjustments were made to the number of respondents based on this comment, as it is believed the 120 responses per respondent is a valid estimate as an average for all respondents. Additionally, the respondent stated that the estimate of .025 hours of burden

per response is unrealistically low given the level of documentation required to support requests for payment, especially on certain contracts, and proposed that contractors will expend an amount of effort more than 100 times the estimate of .025 hours. Based on consideration of this information, the estimated burden per response is increased to .25 hours, ten times the estimate of .025 hours per response. We believe an average of 15 minutes per responses is a valid, especially given the technological advances in gathering and submission of the information under this collection. The information collection requirement has been revised to reflect an overall increase in the total public burden hours.

16. Outline plans for published results of information collections. Results will not be tabulated or published.

17. Approval not to display expiration date. Not applicable.

18. Explanation of exception to certification statement. Not applicable.

B. Collections of Information Employing Statistical Methods.

Statistical methods are not used in this information collection.