

## SUPPORTING STATEMENT

### OMB Control Number 0750-0001 – Defense Federal Acquisition Regulation Supplement (DFARS) Performance-Based Payments—Representation

#### A. JUSTIFICATION

##### 1. Need for the Information Collection

This information collection concerns Defense Federal Acquisition Regulation Supplement (DFARS) provision at 252.232-7015, Performance-Based Payments—Representation. This provision is prescribed at DFARS 232.1005-70(b) for use in solicitations where the resulting contract may include performance-based payments. This representation will be included in the annual representations and certifications in the System for Award Management. Paragraph (b) of the provision requires the offeror to check a box indicating whether the offeror's financial statements are in compliance with Generally Accepted Accounting Principles.

##### 2. Use of the Information

The Government will use this information to decide whether the offeror is eligible for performance-based payments.

##### 3. Use of Information Technology

Information technology is used to collect the information (100%).

##### 4. Non-duplication

As a matter of policy, DoD reviews the DFARS to determine whether adequate language already exists. This information collection does not duplicate any other requirement.

##### 5. Burden on Small Business

Although the information collection requirement does not reduce the burden on small entities, the information is the minimum needed by a contracting officer in order to make an informed decision as to whether the offeror is eligible for performance-based payments.

##### 6. Less Frequent Collection

The frequency for collecting this information is only once per year, as part of the registration and annual update of the offeror's information in the System for Award Management.

##### 7. Paperwork Reduction Act Guidelines

There are no special circumstances for this collection. The collection is consistent with

the guidelines in 5 CFR 1320.5(d)(2).

#### 8. Consultation and Public Comments

a. Subject matter experts within DoD were consulted regarding this information collection.

b. This information collection is consistent with the guidelines in 5 CFR 1320.6. Public comments were solicited in the *Federal Register* on April 30, 2019 ([84 FR 18221](#)) in conjunction with publication of the proposed rule under DFARS Case 2019-D002). One comment was received on the reporting requirement in the new provision, 252.232-7015, Performance-Based Payments-Representation. The comment and response are provided as follows:

*Comment:* One respondent stated that the proposed representation at DFARS 252.232-7015 with regard to compliance with GAAP is unnecessary, since costs incurred have no bearing on the amounts billed under PBPs.

*Response:* The fact that incurred costs no longer have bearing on the amounts billed under PBPs has no relevance to the requirement for representation by the offeror that its financial statements are, or are not, in compliance with GAAP. Section 831, as codified at 10 U.S.C. 2307(b)(4), requires compliance with GAAP in order to receive performance-based payments. Providing a representation is one of the least burdensome ways to demonstrate compliance with GAAP.

c. A notice of submission to OMB for clearance of this information collection was published in the *Federal Register* on February 19, 2020 ([85 FR 9461](#)).

#### 9. Gifts or Payment

DoD will not provide payment or gift to respondents under this information collection requirement.

#### 10. Confidentiality

This information is disclosed only to the extent consistent with statutory requirements, current regulations, and prudent business practices. The collection of information does not include and personally identifiable information; therefore no Privacy Impact Assessment or Privacy Act System of Records Notice is required.

#### 11. Sensitive Questions

No sensitive questions are involved in the information collection.

#### 12. Respondent Burden and its Labor Costs

The estimates in the following table are based on FPDS data for FY 2015 through FY

2017 and advice of DoD subject matter experts. DoD reviewed the number of awards using performance-based financing, the number of unique entities receiving such awards, and the estimated number of unique entities that submitted offers in response to the solicitations that contain the new representation 252.232-7015. This data was separated into small entities and other than small entities. DoD used an average of the data for these 3 years resulting in an estimate of awards to 112 other than small entities and 71 small entities. There was an average of 81 unique other than small entities and 50 small entities that received such awards. DoD used the average rather than the median because the data points represent precise data and do not contain any extreme outliers, partially because the data points represent aggregated cumulative values for each year. DoD estimates that an additional 10 percent of unique entities may have submitted offers and not received awards (i.e., a total of 89 other than small entities and 55 small entities). Because this representation is included in the annual representations and certifications, each offeror only need submit one response per year, unless the response changes. The representation only requires checking a box and the required information should be readily available, so DoD estimates .1 hour per response.

Estimation of Respondent Burden: DFARS 252.232-7015	
Number of respondents	144
Responses per respondent	1
Number of responses (entries in SAM)	144
Hours per response	.1
Estimated hours (number of responses multiplied hours per response)	14.4
Cost per hour (hourly wage) – <i>Note</i>	\$52.54
Annual public burden (estimated hours multiplied by cost per hour)	\$757

*Note: The cost per hour is based on the Office of Personnel Management (OPM) General Schedule (GS) hourly rate for a GS-12, step 5, employee (for calendar year 2016) plus the 36.25% civilian personnel full fringe benefit rate from Office Management and Budget (OMB) memorandum M-08-13.*

### 13. Respondent Costs Other than Burden Hour Costs

DoD does not estimate any annual cost burden part from the hourly burden in item 12 above.

### 14. Cost to the Federal Government

DoD estimates that it will take the Government six minutes to review and verify the information contained in each response. Although the offerors will only input the information once per year, the Government will need to review each time an offer is submitted (112 awards to other than small entities x 2.21 average offers per award) + (71 awards to small entities x 5.4 average offers per award) = 629 offers. Review of the certification should take on the average no more than 6 minutes per offer.

Estimation of Cost to the Government: DFARS 252.232-7007	
Number of responses (offers)	629
Hours per response	.1
Estimated hours	62.9
Cost per hour (hourly wage) – <i>Note</i>	\$54.64
Annual burden (estimated hours multiplied by cost per hour)	\$3,305

*Note: The cost per hour is based on the Office of Personnel Management (OPM) General Schedule (GS) hourly rate for a GS-12, step 5, employee (for calendar year 2016) plus the 36.25% civilian personnel full fringe benefit rate from Office of Management and Budget (OMB) memorandum M-08-13 .*

15. Reasons for Change in Burden

This is a new information collection requirement.

16. Publication of Results

Results of this collection will not be published.

17. Non-Display of OMB Expiration Date

We do not seek approval not to display the expiration date for OMB approval of this information collection.

18. Exceptions to “Certification for Paperwork Reduction Submissions”

There are no exceptions to the certification accompanying this Paperwork Reduction Act submission.