



1. PURPOSE

The purpose of this document is to provide the SPAWAR claimancy policy and guidance regarding uncompensated overtime proposed by contractors and subsequently included in contracts.

Uncompensated overtime (effort) is defined as hours provided by exempt (salaried) personnel in excess of 40 hours per week without compensation for such excess work.

Related guidance is available under CMPG [3.2.1.2 Uncompensated Overtime](#), [5.2.3.3.2 Uncompensated Overtime](#), and Special Topic [Clauses](#).

2. POLICY

- A. The use of uncompensated overtime is discouraged by the Government (see [FAR 37.115](#)); however, offerors who include uncompensated effort in their proposals must meet the requirements specified in the SPAWAR claimancy provision L-331 entitled "[Uncompensated Overtime and Professional Employees](#)".

3. RESPONSIBILITIES

3.1 Procuring Contracting Officer (PCO)/Contract Specialist

- A. Ensure that any proposed uncompensated overtime is evaluated in accordance with FAR/DFARS policy.
- B. Ensure that the use of uncompensated overtime does not degrade the level of technical expertise required to fulfill the Government's requirements.
- C. Ensure that the COR's designation letter includes the responsibility of tracking uncompensated overtime by reviewing invoices.
- D. Request that DCAA reviews the offeror's account practices used to estimate uncompensated overtime.
- E. Take appropriate action when proposed uncompensated overtime is not provided during contract performance (i.e. factfind, make determination, review voucher/invoice/progress payment for a possible deduction).

3.2 Contracting Officer Representative (COR)

- A. Track uncompensated overtime by reviewing invoices and advise the PCO accordingly. CORs should have this responsibility in their designation letters.

3.3 Defense Contract Audit Agency (DCAA)

- A. Review the offeror's accounting practices used to estimate uncompensated overtime to ensure consistency with the offeror's cost accounting practices used to accumulate and report uncompensated overtime hours.

3.4 Contracting Agency

- A. Ensure that the Contracting officer is made aware of proposed uncompensated overtime at the time of proposal receipt/evaluation.

4. PROCEDURE

4.1 Complete the following Requirements Checklist

- A. Include Clauses and Requirements
 1. [FAR 52.237-10](#)
 2. [L-331 Uncompensated Overtime and Professional Employees](#)
 3. [M-307 Evaluation Criteria and Basis For Award \(Best Value\)](#)
 4. [M-308 Uncompensated Overtime Evaluation](#)
 5. Include a requirement for the contractor to provide a monthly report of the number of hours of uncompensated overtime worked the previous



month (this can be done by including a Contracts Data Requirement List [CDRL] or within the Statement of Work [SOW]).

- B. Past Performance
 - 1. Evaluate Contractor's Record of Past Performance in the area of Uncompensated Overtime as it relates to historical data (i.e. If they've requested in the past - How much and under which circumstances did they use it?)
- C. Proposal Receipt
 - 1. Review proposal for any uncompensated overtime proposed by contractor
- D. Pre-Award Review
 - 1. Consider the reasonableness of the proposed staff-hour rates
 - 2. What does history (past performance) show that the job can be performed for?
 - 3. Is this an indication of high turnover on the employer's part? Can the company force its employees to work extra hours?
- E. Post Award Review
 - 1. Monitor the contractor's actual rates compared to the proposed rates
 - 2. Check with the COR to certify that the uncompensated hours are provided

4.2 Review recommended Business Practices

- A. Mark the front of the file (electronic or hardcopy) of any contract that contains uncompensated overtime with the words "UNCOMPENSATED OVERTIME". For electronic versions, the index sheet or checklist in PD2 would be appropriate.
- B. If your activity has a contract administration plan, include information regarding uncompensated overtime for all reimbursement cost type contracts (e.g., cost, T&M/LH, etc).
- C. Require the Ordering Officer to track the number of hours of uncompensated overtime actually worked and to provide a report to the PCO on a quarterly basis, this will act as a check and balance to that which is submitted by the contractor and COR.

5. APPROVALS

5.1 Contracting Officer

- A. The use of uncompensated overtime should be discussed in the Business Clearance and approved or disapproved by the contracting officer.

6. TOOLBOX

6.1 FAR:

- A. [FAR 37.115](#)
- B. [FAR 52.237-10](#)

6.2 SPAWAR:

- A. [L-331 Uncompensated Overtime and Professional Employees](#)
- B. [M-307 Evaluation Criteria and Basis For Award \(Best Value\)](#)
- C. [M-308 Uncompensated Overtime Evaluation](#)
- D. CM PG [3.2.1.2 Uncompensated Overtime](#)
- E. CM PG [5.2.3.3.2 Uncompensated Overtime](#)
- F. CM PG Special Topic [Clauses](#)



7. CHANGE HISTORY

Updated material is highlighted by *purple text* and an Alert/New  icon.

Date	Description of Changes
April 2016	SCPPM reorganized and reformatted to version 2, links updated.
April 2010	Last version created in old format