



DEFENSE CONTRACT AUDIT AGENCY  
DEPARTMENT OF DEFENSE  
8725 JOHN J. KINGMAN ROAD, SUITE 2135  
FORT BELVOIR, VA 22060-6219

IN REPLY REFER TO

PPD 730.5.45

April 23, 2010  
10-PPD-012(R)

MEMORANDUM FOR REGIONAL DIRECTORS, DCAA  
DIRECTOR, FIELD DETACHMENT, DCAA  
HEADS OF PRINCIPAL STAFF ELEMENTS, DCAA

SUBJECT: Audit Guidance on the Executive Compensation Cap for Contractor Fiscal Years  
2010 and Beyond

On April 15, 2010, the Office of Federal Procurement Policy set the new executive compensation cap amount for CFY 2010 and beyond at \$693,951, in accordance with 41 U.S.C. 435 (*Federal Register* Notice Volume 75, Number 72) (see Enclosure). This cap applies to costs incurred after January 1, 2010, and to all defense and civilian agency contracts covered by the FAR cost principles, including those contracts awarded prior to the enactment of the new cap. The new cap applies to compensation and senior executives, as defined in FAR 31.205-6(p)(2)(i) and (ii), respectively.

When evaluating executive compensation, auditors are reminded of the clarifying guidance issued on the proper application of the cap (MRD 08-PAC-010(R), dated March 4, 2008). In addition, based on the risk assessment, the reasonableness of executive compensation should also be evaluated in accordance with FAR 31.205-6(b)(2).

Field audit office personnel should direct questions regarding this memorandum to their regional offices. Regional offices should direct their questions to Policy and Programs Division, at (703) 767-2270 or e-mail to [DCAA-PPD@dcaa.mil](mailto:DCAA-PPD@dcaa.mil).

/Signed/  
Kenneth J. Saccoccia  
Assistant Director  
Policy and Plans

Enclosure:  
a/s

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reduce the likelihood of child labor and forced labor in the production of goods. ILAB welcomes any and all information, which could include, e.g., codes of conduct, standards used to implement such codes of conduct, auditing/monitoring systems, supply-chain management practices designed to monitor informal workplaces, homework, and other challenging work environments, training modules, reporting practices, collaborative practices and strategies, grassroots projects, or other relevant information. ILAB is also seeking information on government practices to collaborate with private sector entities to reduce child labor and forced labor in the production of goods. Submissions may include documents in various formats, such as policy statements, reports, and case studies. However, the specific format of any submission is not important provided that the document presents and/or evaluates practices implemented by business entities, or governments in partnership with business entities, to reduce the likelihood of child labor and forced labor in the production of goods.

Information should be submitted to the addresses and within the time period set forth above. DOL seeks information that can be used to inform the development of tools and resources to be disseminated publicly on the DOL Web site and/or in other publications. Internal documents or confidential documents that cannot be shared with the public will not be used. Submissions containing confidential or personal information may be redacted by DOL before being made available to the public, in accordance with applicable laws and regulations. DOL does not intend to respond directly to a submission or to return a submission to a submitter, but DOL may communicate with the submitter regarding any matters relating to the submission.

DOL will compile and analyze submissions pursuant to this Notice, and of many other practices as described above, in coordination with a contractor, the Center for Reflection, Education, and Action (CREA). For more information about CREA's contract with DOL, or to discuss relevant practices directly with CREA, please contact Project Director Ruth Rosenbaum at [ruth\\_rosenbaum@crea-inc.org](mailto:ruth_rosenbaum@crea-inc.org).

Signed at Washington, DC this 12th day of April, 2010.

**Sandra Polaski,**

*Deputy Undersecretary, Bureau of International Labor Affairs.*

[FR Doc. 2010-8642 Filed 4-14-10; 8:45 am]

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## OFFICE OF MANAGEMENT AND BUDGET

### Determination of Benchmark Compensation Amount for Certain Executives

**AGENCY:** Office of Federal Procurement Policy, OMB.

**ACTION:** Notice.

**SUMMARY:** The Office of Management and Budget is publishing the attached memorandum to the Heads of Executive Departments and Agencies concerning the determination of the benchmark compensation amount for certain executives that will be allowable under Government contracts during contractors' Fiscal Year 2010—\$693,951. This determination is required under Section 39 of the Office of Federal Procurement Policy Act, 41 U.S.C. 435, as amended. The benchmark compensation amount applies equally to both defense and civilian procurement agencies.

**FOR FURTHER INFORMATION CONTACT:** Raymond Wong, Office of Federal Procurement Policy, Office of Management and Budget, telephone at 202-395-6805 and e-mail: [rwong@omb.eop.gov](mailto:rwong@omb.eop.gov).

**Daniel I. Gordon,**  
*Administrator, Office of Federal Procurement Policy.*

### Memorandum for the Heads of Executive Departments and Agencies

*From:* Daniel I. Gordon, Administrator, Office of Federal Procurement Policy.

*Subject:* Determination of Benchmark Compensation Amount for Certain Executives, Pursuant to Section 39 of the Office of Federal Procurement Policy Act, 41 U.S.C. 435, as amended.

This memorandum sets forth the benchmark compensation amount for certain executives as required by Section 39 of the Office of Federal Procurement Policy (OFPP) Act, as amended. Under Section 39, the benchmark compensation amount for certain executives is the median amount of the compensation provided for all senior executives of all benchmark corporations for the most recent year for which data is available. The benchmark

compensation benchmark amount for certain executives established by Section 39 limits the allowability of compensation costs under Government contracts as implemented at FAR 31.205-6(p), limiting the amount of reimbursable executive compensation. The benchmark compensation amount for certain executives does not limit the compensation that an executive may otherwise receive. This amount is based upon a review of commercially available surveys of executive compensation that analyze the relevant data made available by the Securities and Exchange Commission. More specifically, as required by Section 39 of the OFPP Act, the determination is made on the median (50th percentile) amount of compensation over a recent 12-month period for the five most highly compensated employees in management positions at each home office and each segment of all publicly-owned companies with annual sales over \$50 million. Compensation for the fiscal year means the total amount of wages, salary, bonuses and deferred compensation for the year, whether paid, earned, or otherwise accruing, as recorded in the employer's cost accounting records for the year. After consultation with the Director of the Defense Contract Audit Agency, we have determined pursuant to the requirements of Section 39 that the benchmark compensation amount for certain executives for the contractors' Fiscal Year (FY) 2010 is \$693,951. This amount is for contractors' FY 2010 and subsequent contractor fiscal years, unless and until revised by OFPP. The benchmark compensation amount for certain executives applies to contract costs incurred after January 1, 2010, under covered contracts of both the defense and civilian procurement agencies as specified in Section 39 of the OFPP Act, 41 U.S.C. 435, as amended.

Questions concerning this memorandum may be addressed to Raymond Wong, OFPP, at 202-395-6805.

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## NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

[Notice (10-044)]

### NASA Advisory Council; Science Committee; Planetary Protection Subcommittee; Meeting

**AGENCY:** National Aeronautics and Space Administration.