

DEPARTMENT OF DEFENSE**GENERAL SERVICES
ADMINISTRATION****NATIONAL AERONAUTICS AND
SPACE ADMINISTRATION****48 CFR Part 52**

[FAR Case 98-003]

RIN 9000-A123

**Federal Acquisition Regulation; Cost
Accounting Standards Post-Award
Notification**

AGENCIES: Department of Defense (DoD), General Services Administration (GSA), and National Aeronautics and Space Administration (NASA).

ACTION: Proposed rule.

SUMMARY: The Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council are proposing to amend the Federal Acquisition Regulation (FAR) to reduce the subcontractor information that a contractor is required to provide to its cognizant contract administration office (CAO) when requesting the CAO to perform administration for Cost Accounting Standards (CAS) matters.

DATES: Comments should be submitted on or before March 26, 1999 to be considered in the formulation of a final rule.

ADDRESSES: Interested parties should submit written comments to: General Services Administration FAR Secretariat (MVR) Attn: Laurie Duarte 1800 F Street, NW, Room 4035 Washington, DC 20405.

E-mail comments submitted over Internet should be addressed to: farcase.98-003@gsa.gov.

Please cite FAR case 98-003 in all correspondence related to this case.

FOR FURTHER INFORMATION CONTACT: The FAR Secretariat, Room 4035, GS Building, Washington, DC 20405, (202) 501-4755, for information pertaining to status or publication schedules. For clarification of content, contact Ms. Linda Nelson, Procurement Analyst, at (202) 501-1900. Please cite FAR case 98-003.

SUPPLEMENTARY INFORMATION:**A. Background**

Under 48 CFR 9903.202-8(a), the contractor or higher-tier subcontractor is responsible for administering the CAS requirements contained in its subcontracts. FAR 30.601(b) requires the contractor or subcontractor to transfer this responsibility to the cognizant administrative contracting officer

(ACO). The clause at FAR 52.230-6, Administration of Cost Accounting Standards, contains the notification requirement that implements FAR 30.601(b).

Without this delegation of CAS responsibility from the contractor or subcontractor to the cognizant ACO, the contractor or subcontractor would be required to expend significant resources to oversee the CAS system for each of its subcontractors that are subject to CAS. Accordingly, it is essential that FAR 30.601(b) be retained. Since paragraph (e)(2) of FAR clause 52.230-6 is the only mechanism for notifying the cognizant ACO of the CAS administration delegation, it is essential that this post-award notification requirement also be retained. Although paragraph (e)(2) of FAR clause 52.230-6 should not be deleted in its entirety, this paragraph has been streamlined to include only the information essential to the CAS administration delegation. The coverage currently contained in paragraph (e)(2)(iv) is proposed for deletion because any changes in the subcontractor's cost accounting practices will be reported directly by the subcontractor to the subcontractor's cognizant contract administration office under the applicable subcontractor CAS solicitation clause and/or CAS subcontract clause(s) requirements.

If respondents are aware of any alternatives for post-award notification that would comply with FAR 30.601(b) but be less burdensome to contractors and subcontractors, they may include their alternatives with public comments on the proposed rule.

This regulatory action was not subject to Office of Management and Budget review under Executive Order 12866, dated September 30, 1993, and is not a major rule under 5 U.S.C. 804.

B. Regulatory Flexibility Act

This proposed rule is not expected to have a significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601, *et seq.*, because contracts and subcontracts with small businesses are exempt from all CAS requirements in accordance with 48 CFR 9903.201-1(b)(3). An Initial Regulatory Flexibility Analysis has, therefore, not been performed. Comments are invited from small businesses and other interested parties. Comments from small entities concerning the affected FAR subpart will be considered in accordance with 5 U.S.C. 610 of the Act. Such comments must be submitted separately and should cite 5 U.S.C. 601, *et seq.* (FAR case 98-003), in correspondence.

C. Paperwork Reduction Act

The Paperwork Reduction Act (44 U.S.C. 3501, *et seq.*) is deemed to apply because the proposed rule revises existing information collection requirements, resulting in a decrease in the estimated burden. Accordingly, a request for amendment of information collection requirements under approved Office of Management and Budget (OMB) Control Number 9000-0129 will be submitted to OMB under 44 U.S.C. 3501, *et seq.*, at the final rule stage. The proposed rule decreases the collection requirements currently approved under OMB Control Number 9000-0129, since the rule deletes the requirement to submit certain information at FAR 52.230-6(e)(2)(iv).

Annual Reporting Burden

Public reporting burden for this collection of information is estimated to average .33 hours per response, including the time for reviewing instruction, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

The annual reporting burden is estimated as follows: *Estimated number of respondents:* 271; *Responses per respondent:* 2; *Average burden per response:* 0.33; *Total burden hours:* 179; *Frequency of report:* On occasion.

D. Request for Comments Regarding Paperwork Burden

Members of the public are invited to comment on the recordkeeping and information collection requirements and estimates set forth above. Please send comments to: Office of Information and Regulatory Affairs, Office of Management and Budget, Attention: Mr. Peter N. Weiss, FAR Desk Officer, New Executive Office Building, Room 10102, 725 17th Street, NW., Washington, DC 20503.

Also send a copy of any comments to the FAR Secretariat at the address shown under **ADDRESSES**. Please cite the corresponding OMB Clearance Number in all correspondence related to the estimate.

List of Subjects in 48 CFR Part 52

Government procurement.

Dated: January 19, 1999.

Edward C. Loeb,

Director, Federal Acquisition Policy Division.

Therefore, it is proposed that 48 CFR Part 52 be amended as set forth below:

**PART 52—SOLICITATION PROVISIONS
AND CONTRACT CLAUSES**

1. The authority citation for 48 CFR Part 52 continues to read as follows:

Authority: 40 U.S.C. 486(c); 10 U.S.C. chapter 137; and 42 U.S.C. 2473(c).

2. Section 52.230-6 is amended by revising the date of the clause and paragraph (e) of the clause to read as follows:

52.230-6 Administration of Cost Accounting Standards.

* * * * *

Administration of Cost Accounting Standards (Date)

* * * * *

(e) For all subcontracts subject to the clauses at FAR 52.230-2, 52.230-3, or 52.230-5—

(1) So state in the body of the subcontract, in the letter of award, or in both (self-deleting clauses shall not be used);

(2) Include the substance of this clause in all negotiated subcontracts; and

(3) Within 30 days after award of the subcontract, submit the following

information to the Contractor's cognizant contract administration office for transmittal to the contract administration office cognizant of the subcontractor's facility:

(i) Subcontractor's name and subcontract number.

(ii) Dollar amount and date of award.

(iii) Name of Contractor making the award.

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