

A. Background

This final rule revises FAR 25.402(b) to extend the time period for treatment of Caribbean Basin country end products as eligible products under the Trade Agreements Act. The United States Trade Representative has directed that such treatment continue through September 30, 1998 (62 FR 59014, October 31, 1997).

B. Regulatory Flexibility Act

The final rule does not constitute a significant FAR revision within the meaning of FAR 1.501 and Public Law 98-577, and publication for public comments is not required. However, comments from small entities concerning the affected FAR subpart will be considered in accordance with 5 U.S.C. 610. Such comments must be submitted separately and should cite 5 U.S.C. 601, *et seq.* (FAC 97-04, FAR case 97-039), in correspondence.

C. Paperwork Reduction Act

The Paperwork Reduction Act does not apply because the changes to the FAR do not impose recordkeeping or information collection requirements, or collections of information from offerors, contractors, or members of the public which require the approval of the Office of Management and Budget under 44 U.S.C. 3501, *et seq.*

List of Subjects in 48 CFR Part 25

Government procurement.

Dated: February 13, 1998.

Edward C. Loeb,

Director, Federal Acquisition Policy Division.

Therefore, 48 CFR Part 25 is amended as set forth below:

PART 25—FOREIGN ACQUISITION

1. The authority citation for 48 CFR Part 25 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 25.402 is amended by revising paragraph (b) to read as follows:

25.402 Policy.

(b) The U.S. Trade Representative has determined that, in order to promote further economic recovery of the Caribbean Basin countries (as defined in 25.401), products originating in those countries that are eligible for duty-free treatment under the Caribbean Basin Economic Recovery Act shall be treated as eligible products for the purposes of this subpart. This determination is effective until September 30, 1998. This date may be extended by the U.S. Trade

Representative by means of a notice in the **Federal Register**.

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DEPARTMENT OF DEFENSE

GENERAL SERVICES ADMINISTRATION

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

48 CFR Parts 30 and 52

[FAC 97-04; FAR Case 97-025; Item XI]

RIN 9000-AH88

Federal Acquisition Regulation; Administrative Changes to Cost Accounting Standards (CAS) Applicability

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

ACTION: Final rule.

SUMMARY: The Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council have agreed on a final rule amending the Federal Acquisition Regulation (FAR) to conform to changes made to the Cost Accounting Standards (CAS) Board rules and regulations. 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.

EFFECTIVE DATE: April 24, 1998.

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 FAC 97-04, FAR case 97-025.

SUPPLEMENTARY INFORMATION:

A. Background

On July 29, 1996, the CAS Board published an interim rule, Applicability of CAS Coverage, in the **Federal Register** (61 FR 39360). The CAS rule implemented Section 4205 of Public Law 104-106, the Clinger-Cohen Act of 1996, by revising the criteria for application of CAS to negotiated Federal contracts. The interim rule revised the solicitation provision at 48 CFR 9903.201-3, Cost Accounting Standards Notices and Certifications, and the

contract clause at 48 CFR 9903.201-4, Cost Accounting Standards—Educational Institutions, to reflect these changes.

This final FAR rule amends Part 52 to conform the solicitation provision at FAR 52.230-1, Cost Accounting Standards Notices and Certification, and the contract clause at FAR 52.230-5, Cost Accounting Standards—Educational Institution, to the corresponding CAS Board contract clauses at 48 CFR 9903.201-3 and 9903.201-4. In addition, FAR 30.101, CAS, is amended to reflect the current contents of the CAS Board regulations.

B. Regulatory Flexibility Act

The final rule does not constitute a significant FAR revision within the meaning of FAR 1.501 and Public Law 98-577, and publication for public comments is not required. However, comments from small entities concerning the affected FAR subparts will be considered in accordance with 5 U.S.C. 610. Such comments must be submitted separately and should cite 5 U.S.C. 601, *et seq.* (FAC 97-04, FAR case 97-025), in correspondence.

C. Paperwork Reduction Act

The Paperwork Reduction Act does not apply because the changes to the FAR do not impose recordkeeping or information collection requirements, or collections of information from offerors, contractors, or members of the public which require the approval of the Office of Management and Budget under 44 U.S.C. 3501, *et seq.*

List of Subjects in 48 CFR Parts 30 and 52

Government procurement.

Dated: February 13, 1998.

Edward C. Loeb,

Director, Federal Acquisition Policy Division.

Therefore, 48 CFR Parts 30 and 52 are amended as set forth below:

1. The authority citation for 48 CFR Parts 30 and 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).

PART 30—COST ACCOUNTING STANDARDS ADMINISTRATION

2. Section 30.101 is amended by revising paragraph (c) to read as follows:

30.101 Cost Accounting Standards.

* * * * *

(c) The appendix to the FAR loose-leaf edition contains—

(1) Cost Accounting Standards and Cost Accounting Standards Board Rules and Regulations Recodified by the Cost

Accounting Standards Board at 48 CFR Chapter 99; and

(2) The following preambles:

(i) Part I—Preambles to the Cost Accounting Standards Published by the Cost Accounting Standards Board.

(ii) Part II—Preambles to the Related Rules and Regulations Published by the Cost Accounting Standards Board.

(iii) Part III—Preambles Published under the FAR System.

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PART 52—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

3. Section 52.230-1 is amended by revising the provision date and paragraph (a) to read as follows:

52.230-1 Cost Accounting Standards Notices and Certification.

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Cost Accounting Standards Notices and Certification (Apr 1998)

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(a) Any contract in excess of \$500,000 resulting from this solicitation will be subject to the requirements of the Cost Accounting Standards Board (48 CFR Chapter 99), except for those contracts which are exempt as specified in 48 CFR 9903.201-1.

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4. Section 52.230-5 is amended by revising the clause date and paragraphs (d)(1) and (d)(2); and by adding (d)(3) to read as follows:

52.230-5 Cost Accounting Standards—Educational Institution.

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Cost Accounting Standards—Educational Institution (Apr 1998)

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(d) * * *

(1) If the subcontract is awarded to a business unit which pursuant to 48 CFR 9903.201-2 is subject to other types of CAS coverage, the substance of the applicable clause set forth in 48 CFR 9903.201-4 shall be inserted;

(2) This requirement shall apply only to negotiated subcontracts in excess of \$500,000; and

(3) The requirement shall not apply to negotiated subcontracts otherwise exempt from the requirement to include a CAS clause as specified in 48 CFR 9903.201-1.

(End of clause)

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DEPARTMENT OF DEFENSE

GENERAL SERVICES ADMINISTRATION

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

48 CFR Parts 31, 32, 42, 46, 47, and 52

[FAC 97-04; FAR Case 95-022; Item XII]

RIN 9000-AH27

Federal Acquisition Regulation; Changes in Contract Administration and Audit Cognizance

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

ACTION: Final rule.

SUMMARY: The Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council have agreed on a final rule amending the Federal Acquisition Regulation (FAR) to add policies and procedures for assigning and performing contract audit services and to clarify the policy for assigning or delegating responsibility for establishing forward pricing and billing rates and final indirect cost rates. 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.

EFFECTIVE DATE: April 24, 1998.

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 Klein, Procurement Analyst, at (202) 501-3775. Please cite FAC 97-04, FAR case 95-022.

SUPPLEMENTARY INFORMATION:

A. Background

In February 1994, the Office of Federal Procurement Policy formed a Contract Audit Committee. This final rule implements recommendations of the committee pertaining to civilian agencies' contract administration and audit practices. The rule amends FAR Parts 31, 32, 42, 46, 47, and 52 to add policies and procedures for assigning and performing contract audit services, and to clarify the policy for assigning or delegating responsibility for establishing forward pricing and billing rates and final indirect costs rates. A proposed rule was published in the **Federal Register** on December 11, 1996 (61 FR 65306). Forty-two comments were

received from 19 respondents. All comments were considered in the development of this final rule.

B. Regulatory Flexibility Act

The Department of Defense, the General Services Administration, and the National Aeronautics and Space Administration certify that this final rule will not 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 the rule primarily pertains to internal Government procedures for performing contract administration functions.

C. Paperwork Reduction Act

The Paperwork Reduction Act does not apply because the changes to the FAR do not impose recordkeeping or information collection requirements, or collections of information from offerors, contractors, or members of the public which require the approval of the Office of Management and Budget under 44 U.S.C. 3501, *et seq.*

List of Subjects in 48 CFR Parts 31, 32, 42, 46, 47, and 52

Government procurement.

Dated: February 13, 1998.

Edward C. Loeb,

Director, Federal Acquisition Policy Division.

Therefore, 48 CFR Parts 31, 32, 42, 46, 47, and 52 are amended as set forth below:

1. The authority citation for 48 CFR Parts 31, 32, 42, 46, 47, and 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).

PART 31—CONTRACT COST PRINCIPLES AND PROCEDURES

31.109 [Amended]

2. Section 31.109 is amended in paragraph (f)(3) by removing the word "cognizant" and adding "responsible" in its place.

PART 32—CONTRACT FINANCING

32.503-3 [Amended]

3. Section 32.503-3 is amended in paragraph (b)(2) by removing "cognizant independent" and adding "responsible" in its place.

32.503-12 [Amended]

4. Section 32.503-12 is amended in paragraph (c) by removing "cognizant independent" and adding "responsible" in its place.