

and *Demographic Rank Report*, and that Puerto Rico, the U.S. Virgin Islands, and Guam will each be considered a single market.

(2) Effective January 1, 2000, a commercial broadcast television station's market, unless amended pursuant to § 76.59, shall be defined as its Designated Market Area (DMA) as determined by Nielsen Media Research and published in its *DMA Market and Demographic Rank Report* or any successor publication, as noted below.

(3) A cable system's television market(s) shall be the one or more ADI markets in which the communities it serves are located until January 1, 2000, and the one or more DMA markets in which the communities it serves are located thereafter.

(4) In addition, the county in which a station's community of license is located will be considered within its market.

Note to paragraph (e): For the 1996 must-carry/retransmission consent election, the ADI assignments specified in the *1991-1992 Television ADI Market Guide*, available from the Arbitron Ratings Co., 9705 Patuxent Woods Drive, Columbia, MD, will apply. For the 1999 election, which becomes effective on January 1, 2000, DMA assignments specified in the *1997-98 DMA Market and Demographic Rank Report*, available from Nielsen Media Research, 299 Park Avenue, New York, NY, shall be used. The applicable DMA list for the 2002 election will be the 2000-2001 list, etc.

* * * * *

[FR Doc. 96-14571 Filed 6-7-96; 8:45 am]

BILLING CODE 6712-01-P

ENVIRONMENTAL PROTECTION AGENCY

48 CFR Parts 1501, 1509, 1510, 1515, 1532, 1552 and 1553

[FRL-5516-4]

Acquisition Regulation; Monthly Progress Reports; Submission of Invoices

AGENCY: Environmental Protection Agency (EPA).

ACTION: Final rule.

SUMMARY: This document revises the EPA Acquisition Regulation (EPAAR) contract clauses for monthly progress reports, submission of invoices, and other related information. Authority for two internal EPA reviews is also redelegated.

EFFECTIVE DATE: June 25, 1996.

ADDRESSES: Environmental Protection Agency, Office of Acquisition Management (3802F), 401 M Street SW., Washington, DC 20460.

FOR FURTHER INFORMATION CONTACT: Larry Wyborski, Telephone: (202) 260-6482.

SUPPLEMENTARY INFORMATION:

I. Background Information

The proposed rule was published in the Federal Register (60 FR 51964-51968) on October 4, 1995, providing for a 60 day comment period.

Interested parties were afforded the opportunity to participate in the making of this rule. The following is a summary of each comment and the Agency disposition of these comments.

1. *Comment:* Paragraphs (c)(1) and (2) of the Submission of Invoices clause references invoice preparation instructions ". . . identified as a separate attachment in Section J . . ." Perhaps the intent of your proposed provision is to reference the current EPA Form 1900 or 1900-34A or some similar document, in which case we, and other EPA contractors, are familiar with its requirements. On the other hand, if you have another document in mind we would be particularly interested in its proposed contents.

Response: The reference is to invoice preparation instructions under each contract, which will convey similar information now conveyed in the EPA Form 1900-34 and 1900-34A. Contracting Officers will be able to devise the instructions to fit the specific circumstances of the acquisition. The EPA Form 1900-34 and 1900-34A are obsolete. See items 16 and 17 of this rule which delete these forms from use by EPA.

2. *Comment:* Submission of Invoices clause, paragraph (c)(1) and the Monthly Progress Report clause, paragraph (d)(2) call for amounts claimed "for the contract total." It is not clear what is meant by that phrase particularly in light of the requirements of the proposed Monthly Progress Report provision. If you mean the contract period, that presents no additional burden. If you mean the "cumulative contract life" (your expression from the Monthly Progress Report provision), this would be more difficult as your cost accounting system does not currently add contract year information together.

Response: "Contract total" refers to cumulative contract life. This is a change from the prior Agency requirements which will improve the Agency's ability to assess cost reasonableness.

3. *Comment:* The Submission of Invoices clause, paragraph (c)(3) calls for subcontract amounts to be "further detailed in a supporting schedule showing major cost elements for each

subcontract." This raises the potential issue of proprietary information on cost-plus fixed-fee (CPFF) subcontracts where subcontractors may be unwilling to provide fully disclosed cost detail to prime contractors. The Agency would have to determine how they would like to have subcontractors to provide that detail if it was still requested. For example, subcontractors could provide in sealed envelopes the proprietary backup to their invoices which contain the desired information and primes could then enclose all the envelopes with their invoices. This would be bulky and postage costs would increase as a result.

Response: The "Subcontracts" clause of the Federal Acquisition Regulation makes it the responsibility of contractors to obtain information that ensures subcontractor costs are reasonable, if such a requirement is established in other contract provisions. The Agency suggests that a prime contractor enter into confidentiality agreements with subcontractors to ensure that they provide the necessary data, if such data is considered proprietary.

4. *Comment:* Monthly Progress Report, paragraph (c), calls for the prime contractor to maintain the Contracting Officer's list of pending actions.

Response: Paragraph (c) is not a requirement to maintain the Contracting Officer's "list." It is a requirement for contractors to specify contractor requests awaiting Contracting Officer authorization.

5. *Comment:* Several requirements for information have the potential for being quickly outdated and thus may lose whatever value they may be expected to offer.

Response: If the information requested is updated monthly, as required by the monthly progress report, the Agency believes it will be useful in making cost reasonableness determinations.

6. *Comment:* Paragraph (d)(4) of the Monthly Progress Report clause calls for the tracking of costs against contract "ceilings". Many of the items listed are not normally the subject of contract ceilings. It is not clear if your provision literally means ceilings or if you mean the amounts proposed in each of those areas as part of the total estimated cost. Further, the concept of "remaining amounts" has little meaning unless you are referring to contract ceilings. Lastly, reporting costs by individual contractor is not within the capability of the invoicing module of our current cost accounting and would thus take a modification to that system or manual invoice preparation.

As stated, the provision means ceilings. The provision does not refer to part of the estimated costs. Adjustments to internal contractor systems may be necessary to meet this requirement.

7. *Comment:* The new information requirements would add considerable time and costs to the preparation of invoices and monthly progress reports.

Response: The procedures and information requested were formulated with the realization that they may entail additional indirect costs to the contractor which will be passed along to the Agency. The Agency believes that such costs will be outweighed by the benefits of enhancing EPA's ability to determine whether contract costs are reasonable for payment purposes.

8. *Comment:* While we understand the desire of the Agency to obtain additional information under its contracts through invoices and monthly reports, we believe the proposed changes are overreaching and do not reflect the FAR prescription to obtain the minimum technical data necessary to manage the contract. The rule increases the federally-imposed administrative burden on contractors.

Response: The FAR policy prescription refers to technical data, such as that which is scientific in nature. It does not refer to information incidental to contract administration. It is the Agency's responsibility to determine cost reasonableness, based on a standard of what a prudent person would incur in the conduct of competitive business. If an initial review of the facts results in the challenge of specific costs by the Government, the burden of proof is on the contractor to establish that such a cost is reasonable. This final rule will ensure that supporting documentation is provided in cases where a prudent person could not otherwise make a cost reasonableness determination.

9. *Comment:* When a final decision is made to disallow costs, a copy of the EPA Form 1900-68 should also be sent to the contractor's cognizant audit office.

Response: A copy of all completed EPA 1900-68 Forms will be provided to the applicable Cost Advisory Office, per item number 6 of the form.

10. *Comment:* EPA is acting inconsistently with Paperwork Reduction Act requirements, as codified in 5 CFR 1320.

Response: This action is consistent with the Paperwork Reduction Act. There is an existing clearance for this information collection requirement, previously approved OMB control number 2030-0005. The Agency submitted an amended information

request for the data in this rule, which OMB has approved. Also see item III. for information required by the Paperwork Reduction Act.

11. *Comment:* EPA should accept OMB policy (i.e., OMB Circular A-133) which requires agencies to rely upon contractors/grantees to review approved systems to account for federal funds, rather than transaction reviews performed by the funding agency.

Response: The OMB Circular also states that a Federal agency shall make any additional reviews necessary to carry out responsibilities under Federal law and regulation. As stated in response to 8., it is the Agency's responsibility to determine cost reasonableness, based on a standard of what a prudent person would incur in the conduct of competitive business. If an initial review of the facts results in the challenge of specific costs by the Government, the burden of proof is on the contractor to establish that such a cost is reasonable. This rule will ensure that supporting documentation is provided in order to make a cost reasonableness determination.

12. *Comment:* EPA has not justified the substantially increased effort required under the proposed rule. The level of detail specified in the new Monthly Progress Report clause may not be readily available to many contractors. The revised clause will require the expenditure of considerable time and money at a time when Government procurement is moving toward increased simplification. The EPA should satisfy itself that the perceived benefits of the new Monthly Progress report clause will justify the costs.

Response: Reference is made to responses to comments 7. and 8. Also, one EPA contractor commented that none of the information requested is impossible for prime contractors to provide to the Agency. A second EPA contractor stated that the changes appear to be very useful in enhancing EPA's ability to monitor the financial performance of contractors. The Agency received no comments from contractors stating that the requested information would be unavailable to them. Lastly, the Agency considered the cost benefits of the rule, prior to determining that any additional costs to the Government would be more than offset by the benefits obtained from necessary data upon which to make cost reasonableness determinations.

13. *Comment:* We disagree with the statement that the annual burden of information collection is not estimated to change.

Response: The information collection burden is based on current contractor

preparation time for the Monthly Progress Report, assuming a relatively large number of contracts and using EPA contractor processing time on an average of work assignments for the month. The figure of 43 hours uses the high range of the burden estimates provided by contractors. Therefore, the 43 hours is considered a reasonable basis for the burden estimate. See Item III. for details on why the burden is not estimated to change.

14. *Comment:* Several comments recommended specific revisions to the language of EPAAR 1552.210-72, Monthly Progress Report, and EPAAR 1552.232-70, Submission of Invoices.

Response: As a result of these comments, changes were made to the proposed language in Monthly Progress Report clause. Specifically, paragraphs (a), (d)(6) and (e)(3)(v) were revised, and paragraph (e)(6) was added.

II. Executive Order 12866

This is not a significant regulatory action under Executive Order 12866; therefore, no review is required at the Office of Information and Regulatory Affairs within OMB.

III. Paperwork Reduction Act

The Office of Management and Budget (OMB) has approved the information collection and record keeping requirements contained in this proposed rule under the provisions of the Paperwork Reduction Act, 44 U.S.C. 3501 *et seq* and has assigned OMB control number 2030-0005.

Agencies are required to monitor cost-reimbursement, time and material and labor hour contracts in terms of financial and technical efficiency. The Environmental Protection Agency Acquisition Regulation (EPAAR) prescribes use of the contract clause entitled "Monthly Progress Report" to obtain the information necessary to monitor these contracts. The responses to the collection of information are required for contractors to receive payment, in accordance with the EPAAR.

Progress reports contain confidential business information and are protected from release in accordance with 40 CFR Part 2.

This rule is not estimated to change the annual burden of information collection and record keeping requirements, which is estimated to be 43 hours per response. Respondent burden is based on the current estimated response burden that was modified to consider: (1) decreased burden due to familiarity with the requirement, improved computer monitoring techniques and the use of

word processing in lieu of typing (net effect—decrease information gathering time from 28.25 to 25.25 hours per month); and (2) increased burden due to a requirement for more reporting data (net effect—increase information processing, compilation and review time from 14.75 to 17.75 hours per month)).

Collection activity	Hours per month	Cost
1. Gather Information	25.25	\$2,220.00
2. Compile/Process Information	17.75	710.00
Total	43	2,930.00

In addition, Capital costs per respondent are estimated at \$180.00 per year, based on monthly reproduction and postage costs of \$15.00 per respondent (12 months x \$15.00 = \$180.00 per year).

Contractors are reimbursed for costs under the applicable contracts.

In most instances, it is a contractor's project manager who manages the effort under the contract and prepares the progress report. EPA's Cost Advisory and Financial Analysis Division estimates the loaded hourly rate for an assistant project manager to be \$80.00 per hour and the loaded hourly rate for a data entry clerk to be \$40.00 per hour. These figures are based on Agency contracts.

EPA currently has an estimated 650 contracts which require monthly progress reports. Based on this estimate, there would be 7,800 responses per year (650 respondents x 12 monthly responses = 7,800).

Burden means the total time, effort, or financial resources expended by persons to generate, maintain, retain or disclose or provide information to or for a Federal agency. This includes the time to review instructions; develop, acquire, install, and utilize technology and systems for the purpose of collecting, validating, and verifying information, processing and maintaining information, and disclosing and providing information; adjust the existing ways to comply with any previously applicable instructions and requirements; train personnel to be able to respond to a collection of information; and transmit or otherwise disclose the information.

An Agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The OMB control numbers for EPA's regulations are listed in 40 CFR Part 9 and 48 CFR Chapter 15. EPA is amending the table in Subpart 1501.3, 48 CFR Chapter 15 of currently

approved ICR control numbers issued by OMB for various regulations to list the information requirements contained in this final rule.

Send comments on the Agency's need for this information, the accuracy of the provided burden estimates, and any suggested methods for minimizing respondent burden, including through the use of automated collection techniques, to the Director, OPPE Regulatory Information Division: U. S. Environmental Protection Agency (2136); 401 M St., S.W.; Washington, DC 20460; and to the Office of Information and Regulatory Affairs, Office of Management and Budget, 725 17th St., N. W., Washington DC 20503, marked "Attention: Desk Officer for EPA." Include the ICR number in any correspondence.

IV. Regulatory Flexibility Act

This rule is not expected to have a significant impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601 et. seq. Under invoicing procedures, contractors submit payment requests to the Government based on known costs incurred. Compliance with this requirement will involve minimal cost or effort for any entity, large or small.

V. Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA) P.L. 104-4, establishes requirements for Federal agencies to assess their regulatory actions on State, local, and tribal governments and the private sector.

EPA has determined that this rule does not contain a Federal mandate that may result in expenditures of \$100 million or more for State, local, and tribal governments, in the aggregate, or the private sector in any one year. Private sector costs for this action relate to paperwork requirements and associated expenditures that are far below the level established for UMRA applicability. Thus, the rule is not subject to the requirements of sections 202 and 205 of the UMRA.

VI. Regulated Entities

EPA contractors are entities potentially regulated by this action. Specifically, those contractors who have cost-reimbursement type contracts with EPA are likely to be affected.

Category	Regulated entities
Industry	EPA contractors.

Questions regarding the applicability of this action to a particular entity,

should be directed to the person listed in the preceding **FOR FURTHER INFORMATION CONTACT** section.

List of Subjects in 48 CFR Parts 1501, 1509, 1510, 1515, 1532, 1552 and 1553

Government procurement.

For the reasons set forth in the preamble, Chapter 15 of Title 48 Code of Federal Regulations is amended as follows:

1. The authority citation for 1501, 1509, 1510, 1515, 1532, 1552 and 1553 continues to read as follows:

Authority: Sec. 205(c), 63 Stat. 390 as amended, 40 U.S.C. 486(c).

PART 1501—[AMENDED]

1501.37 [Amended]

2. Section 1501.370 is amended by removing the text "1510.011-70 through 1510.011-74" and adding in its place "1510.011-70 and 1510.011-72" and by removing the text "1552.210-71 through 1552.210-73" and adding in its place "1552.210-72."

PART 1509—[AMENDED]

1509.503 [Amended]

3. Section 1509.503 is amended by removing the words "Assistant Administrator for Administration and Resources Management" and adding in its place the words "Head of the Contracting Activity."

PART 1510—[AMENDED]

1510.011-71 [Removed]

4. Section 1510.011-71 is removed and reserved.

5. Section 1510.011-72 is revised to read as follows:

1510.011-72 Monthly progress report.

Contracting Officers shall insert a contract clause substantially the same as the clause at 1552.210-72 when monthly progress reports are required.

1510.011-73 [Removed]

6. Section 1510.011-73 is removed and reserved.

1510.011-74 [Removed]

7. Section 1510.011-74 is removed and reserved.

PART 1515—[AMENDED]

1515.608 [Amended]

8. Section 1515.608 is amended by removing the word "CCO" in paragraph (e) and adding in its place the words "Competition Advocate."

PART 1532—[AMENDED]

9. Section 1532.170 is amended by revising paragraph (b) to read as follows and to remove paragraph (c):

1532.170 Forms.

* * * * *

(b) EPA Form 1900-68, Notice of Contract Costs Suspended and/or Disallowed, at 1553.232-75, shall be inserted in all cost-reimbursement type and fixed-rate type contracts.

10. Section 1532.908 is revised to read as follows:

1532.908 Contract clauses.

The Contracting Officer shall insert a clause substantially the same as that at 1552.232-70 in all solicitations and contracts for cost reimbursable acquisitions. If a fixed-rate type contract is contemplated, the Contracting Officer shall use the clause with its Alternate I.

PART 1552—[AMENDED]**1552.210-71 [Removed]**

11. Section 1552.210-71 is removed and reserved.

12. Section 1552.210-72 is revised to read as follows:

1552.210-72 Monthly Progress Report.

As prescribed in 1510.011-72, insert the following clause:

Monthly Progress Report (Jun 1996)

(a) The Contractor shall furnish _____ copies of the combined monthly technical and financial progress report stating the progress made, including the percentage of the project completed, and a description of the work accomplished to support the cost. If the work is ordered using work assignments or delivery orders, include the estimated percentage of task completed during the reporting period for each work assignment or delivery order.

(b) Specific discussions shall include difficulties encountered and remedial action taken during the reporting period, and anticipated activity with a schedule of deliverables for the subsequent reporting period.

(c) The Contractor shall provide a list of outstanding actions awaiting Contracting Officer authorization, noted with the corresponding work assignment, such as subcontractor/consultant consents, overtime approvals, and work plan approvals.

(d) The report shall specify financial status at the contract level as follows:

(1) For the current reporting period, display the amount claimed.

(2) For the cumulative period and the cumulative contract life display: the amount obligated, amount originally invoiced, amount paid, amount suspended, amount disallowed, and remaining approved amount. The remaining approved amount is defined as the total obligated amount, less the total amount originally invoiced, plus total amount disallowed.

(3) Labor hours.

(i) A list of employees, their labor categories, and the numbers of hours worked for the reporting period.

(ii) For the current reporting period, display the expended direct labor hours and

costs broken out by EPA contract labor hour category for the prime contractor and each subcontractor and consultant.

(iii) For the cumulative contract period and the cumulative contract life display: the negotiated, expended and remaining direct labor hours and costs broken out by EPA contract labor hour category for the prime contractor, and each subcontractor and consultant.

(iv) Display the estimated direct labor hours and costs to be expended during the next reporting period.

(4) Display the current dollar ceilings in the contract, net amount invoiced, and remaining amounts for the following categories: Direct labor hours, total estimated cost, award fee pool (if applicable), subcontracts by individual subcontractor, travel, program management, and Other Direct Costs (ODCs).

(5) Unbilled allowable costs. Display the total costs incurred but unbilled for the current reporting period and cumulative for the contract.

(6) Average cost of direct labor. Compare the actual average cost per hour to date with the average cost per hour of the approved work plans for the current contract period.

(e) The report shall specify financial status at the work assignment or delivery order level as follows:

(1) For the current period, display the amount claimed.

(2) For the cumulative period display: amount shown on workplan, or latest work assignment/delivery order amendment amount (whichever is later); amount currently claimed; amount paid; amount suspended; amount disallowed; and remaining approved amount. The remaining approved amount is defined as: the workplan amount or latest work assignment or delivery order amount (whichever is later), less total amounts originally invoiced, plus total amount disallowed.

(3) Labor hours.

(i) A list of employees, their labor categories, and the number of hours worked for the reporting period.

(ii) For the current reporting period, display the expended direct labor hours and costs broken out by EPA contract labor hour category for the prime contractor and each subcontractor and consultant.

(iii) For the current reporting period, cumulative contract period, and the cumulative contract life display: the negotiated, expended and remaining direct labor hours and costs broken out by EPA contract labor hour category for the prime contractor and each subcontractor and consultant.

(iv) Display the estimated direct labor hours and costs to be expended during the next reporting period.

(v) Display the estimates of remaining direct labor hours and costs required to complete the work assignment or delivery order.

(4) Unbilled allowable costs. Display the total costs incurred but unbilled for the current reporting period and cumulative for the work assignment.

(5) Average cost of direct labor. Display the actual average cost per hour with the cost per hour estimated in the workplan.

(6) A list of deliverables for each work assignment or delivery order during the reporting period.

(f) This submission does not change the notification requirements of the "Limitation of Cost" or "Limitation of Funds" clauses requiring separate written notice to the Contracting Officer.

(g) The reports shall be submitted to the following addresses on or before the _____ of each month following the first complete reporting period of the contract. See EPAAR 1552.232-70, Submission of Invoices, paragraph (e), for details on the timing of submittals. Distribute reports as follows:

No. of copies	Addressee
.....	Project Officer.
.....	Contracting Officer.

1552.210-73 [Removed]

13. Section 1552.210-73 is removed and reserved.

1552.210-74 [Removed]

14. Section 1552.210-74 is removed and reserved.

15. Section 1552.232-70 is revised to read as follows:

1552.232-70 Submission of invoices.

As prescribed in 1532.908, insert the following clause:

Submission of Invoices (Jun 1996)

In order to be considered properly submitted, an invoice or request for contract financing payment must meet the following contract requirements in addition to the requirements of FAR 32.905:

(a) Unless otherwise specified in the contract, an invoice or request for contract financing payment shall be submitted as an original and five copies. The Contractor shall submit the invoice or request for contract financing payment to the following offices/ individuals designated in the contract: the original and two copies to the Accounting Operations Office shown in Block _____ on the cover of the contract; two copies to the Project Officer (the Project Officer may direct one of these copies to a separate address); and one copy to the Contracting Officer.

(b) The Contractor shall prepare its invoice or request for contract financing payment on the prescribed Government forms. Standard Forms Number 1034, Public Voucher for Purchases and Services other than Personal, shall be used by contractors to show the amount claimed for reimbursement. Standard Form 1035, Public Voucher for Purchases and Services other than Personal—Continuation Sheet, shall be used to furnish the necessary supporting detail or additional information required by the Contracting Officer. The Contractor may submit self-designed forms which contain the required information.

(c)(1) The Contractor shall prepare a contract level invoice or request for contract financing payment in accordance with the invoice preparation instructions identified as a separate attachment in Section J of the contract. If contract work is authorized by

individual work assignments, the invoice or request for contract financing payment shall also include a summary of the current and cumulative amounts claimed by cost element for each work assignment and for the contract total, as well as any supporting data for each work assignment as identified in the instructions.

(2) The invoice or request for contract financing payment shall include current and cumulative charges by major cost element such as direct labor, overhead, travel, equipment, and other direct costs. For current costs, each major cost element shall include the appropriate supporting schedule identified in the invoice preparation instructions. Cumulative charges represent the net sum of current charges by cost element for the contract period.

(3) The charges for subcontracts shall be further detailed in a supporting schedule showing the major cost elements for each subcontract. The degree of detail for any subcontract exceeding \$5,000 is to be the same as that set forth under (c)(2).

(4) The charges for consultants shall be further detailed in the supporting schedule showing the major cost elements of each consultant. For current costs, each major cost element of the consulting agreement shall also include the supporting schedule identified in the invoice preparation instructions.

(d) Invoices or requests for contract financing payment must clearly indicate the period of performance for which payment is requested. Separate invoices or requests for contract financing payment are required for charges applicable to the basic contract and each option period.

(e)(1) Notwithstanding the provisions of the clause of this contract at FAR 52.216-7, Allowable Cost and Payment, invoices or requests for contract financing payment shall be submitted once per month unless there has been a demonstrated need and Contracting Officer approval for more frequent billings. When submitted on a monthly basis, the period covered by invoices or requests for contractor financing payments shall be the same as the period for monthly progress reports required under this contract.

(2) If the Contracting Officer allows submissions more frequently than monthly, one submittal each month shall have the same ending period of performance as the monthly progress report.

(3) Where cumulative amounts on the monthly progress report differ from the aggregate amounts claimed in the invoice(s) or request(s) for contract financing payments covering the same period, the contractor shall provide a reconciliation of the difference as part of the payment request. Alternate I (JUN 1996). If used in a fixed-rate type contract, substitute the following paragraphs (c)(1) and (2) for paragraphs (c)(1) and (2) of the basic clause:

(c)(1) The Contractor shall prepare a contract level invoice or request for contract financing payment in accordance with the invoice preparation instructions identified as a separate attachment in Section J of the contract. If contract work is authorized by individual delivery orders, the invoice or request for contract financing payment shall also include a summary of the current and cumulative amounts claimed by cost element for each delivery order and for the contract total, as well as any supporting data for each

delivery order as identified in the instructions.

(2) The invoice or request for contract financing payment that employs a fixed rate feature shall include current and cumulative charges by contract labor category and by other major cost elements such as travel, equipment, and other direct costs. For current costs, each cost element shall include the appropriate supporting schedules identified in the invoice preparation instructions.

PART 1553—[AMENDED]

16. Section 1553.232-75 is revised to read as follows:

1553.232-75 EPA Form 1900-68, Notice of Contract Costs Suspended and/or Disallowed.

As prescribed in 1532.170(b), the Contracting Officer shall insert EPA Form 1900-68 in all cost-reimbursement type and fixed-rate type contracts.

1553.232-76 [Removed]

17. Section 1553.232-76 is removed and reserved.


Dated: May 28, 1996.
Betty L. Bailey,
Director Office of Acquisition.

Note.—The following appendix will not appear in the Code of Federal Regulations.

Appendix—EPA Form 1900-68, Notice of Contract Costs Suspended or Disallowed.

BILLING CODE 6560-50-P

Form Approved - OMB No. 2030-0005 - Approval Expires 11-30-96

 <div style="display: inline-block; vertical-align: middle; text-align: center;"> United States Environmental Protection Agency Washington, DC 20460 NOTICE OF CONTRACT COSTS SUSPENDED AND/OR DISALLOWED </div>		PAGE ____ OF ____ PAGES
TO: <i>(Name and Address of Contractor)</i>	Contract Number	Date
	Delivery Order Number <i>(If Applicable)</i>	Voucher Number Reference
1. SUSPENDED COSTS, as referred to herein, are costs which, for the reasons stated below, have been determined by the undersigned to be inadequately supported or otherwise questionable, and not appropriate for reimbursement under the contract terms at this time. Such costs may be determined reimbursable after the contractor provides the Contracting Officer and/or Project Officer additional documentation or explanation as specified below. 2. DISALLOWED COSTS, as referred to herein, are costs which, for the reasons stated below, have been determined by the undersigned to be unallowable, that is, not reimbursable under the contract terms. 3. This notice must be responded to by the contractor within 60 days of issuance. Any suspended costs will become disallowed if the contractor does not respond in the time allotted. These disallowed costs should be removed from the contractor's accounting records for this contract. 4. The contractor may not rebill any suspended costs on this form until notified by the Contracting Officer and/or Project Officer on this contract that the suspension has been lifted. 5. If the contractor disagrees with this/these determinations, the contractor may (1) request in writing the cognizant contracting officer to consider whether the unreimbursed costs should be paid and to discuss their findings with the contractor and/or (2) file a claim under the "Disputes" clause of the contract. 6. Copies of this Form 1900-68 should be distributed to the Contracting Officer, Project Officer, RTP Finance, and the applicable Cost Advisory Office.		
A. COST SUSPENSION		
Contracting Officer and/or Project Officer	Name and Title of Authorized Official	Date of Notice
		Invoice Number
		Signature
ITEM	Description of Items and Reason for Action. Documentation needed in order to rebill suspended costs.	Amount of Costs
B. REMOVAL OF SUSPENSION		
Contracting Officer and/or Project Officer	Name and Title of Authorized Official	Date of Notice
		Invoice Number
		Signature
ITEM	Description of Items and Reason for Action.	Amount of Costs
C. DISALLOWANCE OF COSTS		
Contracting Officer	Name and Title of Authorized Official	Date of Notice
		Invoice Number
		Signature
ITEM	Description of Items and Reason for Action.	Amount of Costs
CONTRACTOR'S ACKNOWLEDGMENT OF RECEIPT - The contractor or its authorized representative shall acknowledge receipt of this notice to the Project Officer and/or Contracting Officer.		
Date of Notice	Name and Title of Authorized Official	Signature

INSTRUCTIONS FOR EPA FORM 1900-68

When a PO or CO identifies costs in a voucher that are to be suspended or disallowed, the Form 1900-68 is used to identify those costs, the associated reasons and to communicate the action to all necessary parties. Examples of costs that a PO might suspend without CO involvement are: math errors, incorrect rates, and a lack of available funding. Examples of costs that CO involvement would be necessary to suspend or disallow costs include lack of authorization to incur cost, unnecessary costs incurred, and excessive costs. Section A, Cost Suspension, may be filled out by either the CO or PO. The PO and/or CO must fill out the Form 1900-68 explaining the suspended amount, sign and date the Form and send it to the contractor. The contractor must fill out the acknowledgment of receipt on the applicable area on Form 1900-68 and return a copy of it to either the PO or CO who made the suspension. A copy of the Form 1900-68 would go to RTP Finance with the Approval Forms package. Copies of the Form 1900-68 would be filed by PO and/or CO and a copy sent to the applicable Cost Advisory Office for use in interim and final audits.

The Form 1900-68 states that the contractor has 60 days from the date of suspension to respond, or the costs will be considered disallowed and those costs should be transferred to an unallowable account in the contractor's accounting records. If the contractor wishes to respond to the suspension, it must as a minimum furnish documentation specified on the Form 1900-68 for the costs to be considered allowable. The contractor will then resubmit this documentation to the PO and CO for review. Either the CO or PO who originally suspended the costs will consider the documentation and, if it is adequate, they will fill out a revised Form 1900-68 Block B. (Removal of Suspension) for some or all of the costs suspended. Copies of this revised Form 1900-68 would go to the contractor, CO and PO, RTP FMC, and Cost Advisory Office.

The contractor may rebill suspended costs after receiving the Removal of Suspension using a separate invoice and attach the Form 1900-68 Removal of Suspension notice to the invoice. The contractor must then resubmit this bill for payment in accordance with contract invoicing requirements.

If the contractor prepares supporting documentation for suspended costs that the PO deems unacceptable, the PO will notify the CO of this and ask for a final determination on the allowability of the costs. If the CO agrees with the PO, a revised Form 1900-68 with Block C (Disallowance of Costs) should be completed and sent to the contractor instructing the contractor to eliminate such costs on future invoices and to move such costs to unallowable accounts on their accounting records. The contractor must acknowledge receipt of the disallowance notice by signing and returning the notice to the CO. Where the CO processed the suspension, the CO will inform the PO and disallow the cost. Copies of the revised Form 1900-68 should be sent to RTP Finance, the contract file, and the applicable Cost Advisory Office.

OMB Burden Statement

The public reporting and recordkeeping burden for this collection of information is estimated to average two minutes per response, annually. Burden means the total time, effort, and financial resources expended by persons to generate, maintain, retain, or disclose, or provide information to, or for a Federal agency. This includes the time needed to review instructions, develop, acquire, install, and utilize technology and systems for the purposes of collecting, validating, and verifying information, processing and maintaining information, and disclosing and providing information; adjust to existing ways to comply with any previously applicable instructions and requirements; train personnel to be able to respond to a collection of information; search data sources; complete and review collection of information; and transmit or otherwise disclose the information. An Agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB Control Number.

Send comments on the Agency's need for this information, the accuracy of the provided burden estimates, and any suggested methods for minimizing respondent burden, including through the use of automated information collection techniques, to the Director, OPPE Regulatory Information Division, U.S. Environmental Protection Agency (Mail Code 2137), 401 M Street, SW, Washington, DC 20460.

Include the OMB Control Number in any correspondence. Do not send the completed form to this address.