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DEPARTMENT OF DEFENSE

**GENERAL SERVICES
 ADMINISTRATION**

**NATIONAL AERONAUTICS AND
 SPACE ADMINISTRATION**

48 CFR Chapter I

**Federal Acquisition Regulation; Small
 Entity Compliance Guide**

AGENCIES: Department of Defense (DOD),
 General Services Administration (GSA),

and National Aeronautics and Space
 Administration (NASA).
ACTION: Small Entity Compliance Guide.

SUMMARY: This document is issued
 under the joint authority of the
 Secretary of Defense, the Administrator
 of General Services, and the
 Administrator for the National
 Aeronautics and Space Administration
 as the Federal Acquisition Regulation
 (FAR) Council. This *Small Entity
 Compliance Guide* has been prepared in
 accordance with Section 212 of the
 Small Business Regulatory Enforcement
 Fairness Act of 1996 (Public Law 104-
 121). It consists of a summary of the
 rules appearing in Federal Acquisition

Circular (FAC) 97-03 which amends the
 FAR. The rules marked with an asterisk
 (*) are those for which a final regulatory
 flexibility analysis has been prepared in
 accordance with 5 U.S.C. 604. Further
 information regarding these rules may
 be obtained by referring to FAC 97-03
 which precedes this notice. This
 document may be obtained from the
 Internet at <http://www.arnet.gov/far>.

FOR FURTHER INFORMATION CONTACT: The
 FAR Secretariat, (202) 501-4755.

LIST OF RULES IN FAC 97-03

Item	Subject	FAR Case	Analyst
I	Part 30 Deviations	97-014	Nelson.
II*	Information Technology Management Reform Act of 1996	96-319	Nelson.
III	Final Overhead Settlement	95-017	Klein.
IV*	Reorganization of FAR Part 13, Simplified Acquisition Procedures	94-772	Linfield.
V	Reporting Trade Sanction Exemptions	97-021	Linfield.
VI	New Mexico Gross Receipts and Compensating Tax	97-018	Moss
VII	Compensation of Certain Contractor Personnel	96-325	Nelson.
VIII	Independent Research and Development/Bid and Proposal Costs for Fiscal Year 1996 and Beyond	95-032	Nelson.
IX	Travel Reimbursement (Interim)	97-007	Nelson.
X	Protests to GAO	97-009	O'Neill.
XI	Novation and Related Agreements	95-034	Klein
XII	Commercial Bills of Lading, Small Package Shipments	97-017	Klein
XIII	Standard Form 1406, Preaward Survey of Prospective Contractor—Quality Assurance	96-022	Klein
XIV	Technical Amendments.		

**Item I—Part 30 Deviations (FAR Case
 97-014)**

This final rule amends FAR 1.402 to
 remove the prohibition against
 authorizing deviations from FAR Part
 30, Cost Accounting Standards
 Administration, except for subsections
 30.201-3 and 30.201-4, or the Cost
 Accounting Standards Board rules and
 regulations.

**Item II—Information Technology
 Management Reform Act of 1996 (FAR
 Case 96-319)**

The interim rule published as Item I
 of FAC 90-41 is converted to a final
 rule. This rule implements the
 Information Technology Management
 Reform Act of 1996 (Division E of Public
 Law 104-106). The final rule differs
 from the interim rule in that it makes a
 clarifying revision to paragraph (c) of
 the definition of "information
 technology" at FAR 2.101.

**Item III—Final Overhead Settlement
 (FAR Case 95-017)**

This final rule amends FAR Parts 4,
 42, and 52 to improve the process of
 final settlement of contractor indirect
 cost rates under cost-reimbursement
 contracts by (1) extending the time
 period within which a contractor must

submit an indirect cost rate proposal
 from 90 days to 6 months after the end
 of the contractor's fiscal year, (2)
 permitting extensions to the 6-month
 time period for exceptional
 circumstances only, and (3) providing a
 specific reference to the Defense
 Contract Audit Agency pamphlet that
 contains guidance on what generally
 constitutes an adequate final indirect
 cost rate proposal and supporting data.

**Item IV—Reorganization of FAR Part
 13, Simplified Acquisition Procedures
 (FAR Case 94-772)**

This final rule revises FAR Part 13 to
 reorganize its contents in a more
 process-oriented manner and to
 emphasize the use of electronic
 contracting and the Governmentwide
 commercial purchase card. FAR Part 52
 is amended to permit agency provisions
 and clauses to be incorporated by
 reference in solicitations and contracts,
 if the full text of the provisions and
 clauses may be accessed electronically
 by prospective contractors. A new
 clause is added at FAR 52.213-4 for use
 in simplified acquisitions; the clause is
 a compilation of the required and most
 commonly used clauses that apply to
 simplified acquisitions, and may be

used in lieu of individual clauses
 prescribed in the FAR.

**Item V—Reporting Trade Sanction
 Exemptions (FAR Case 97-021)**

This final rule amends FAR Subpart
 25.10 to eliminate requirements for
 agencies to notify Congress when
 exercising the authority at FAR
 25.1002(c) for exemption of certain
 procurements from trade sanctions
 imposed by the President. The rule
 instead requires agencies to notify the
 United States Trade Representative of
 such exemptions within 30 days after
 contract award.

**Item VI—New Mexico Gross Receipts
 and Compensating Tax (FAR Case 97-
 018)**

This final rule amends FAR 29.401-
 6 to identify the Defense Special
 Weapons Agency as an agency that has
 entered into an agreement with the State
 of New Mexico regarding taxation.

**Item VII—Compensation of Certain
 Contractor Personnel (FAR Case 96-
 325)**

The interim rule published as Item XI
 of FAC 90-45 is converted to a final rule
 with a minor clarifying amendment at
 FAR 31.205-6(p)(1). The rule

implements Section 809 of the Fiscal Year 1997 National Defense Authorization Act (Pub. L. 104-201). Section 809 places a Governmentwide ceiling of \$250,000 per year on allowable compensation costs for contractor personnel in senior management positions under contracts awarded during fiscal year 1997.

Item VIII—Independent Research and Development/Bid and Proposal Costs for Fiscal Year 1996 and Beyond (FAR Case 95-032)

This final rule amends the cost principle at FAR 31.205-18, Independent Research and Development (IR&D) and Bid and Proposal (B&P) Costs, and deletes FAR Subpart 42.10, Negotiating Advance Agreements for Independent Research and Development/Bid and Proposal Costs. The rule removes, for fiscal year 1996 and beyond, the requirements to calculate or negotiate a ceiling for IR&D/B&P costs. In addition, the rule clarifies that costs incurred in preparing, submitting, and supporting offers on potential cooperative arrangements are allowable to the extent they are allocable, reasonable, and not otherwise unallowable.

Item IX—Travel Reimbursement (FAR Case 97-007)

This interim rule amends FAR 31.205-46 to raise, from \$25 to \$75, the maximum travel expense amount that contractor personnel may claim without providing a supporting receipt. This change is consistent with a recent amendment to the Federal Travel Regulation.

Item X—Protests to GAO (FAR Case 97-009)

This final rule amends the protest procedures at FAR 33.101 and 33.104 to conform with revisions made to the General Accounting Office Bid Protest Regulations.

Item XI—Novation and Related Agreements (FAR Case 95-034)

This final rule amends FAR Subpart 42.12 to expand and clarify procedures for processing novation agreements, and for determining when use of a novation agreement is appropriate.

Item XII—Commercial Bills of Lading, Small Package Shipments (FAR Case 97-017)

This final rule amends FAR 47.303-17 to raise the threshold for requiring receipted freight bills for small package shipments from \$25 to \$100, and the maximum amount that the Government

may pay for invoiced but unsupported transportation charges from \$100 to \$250. These increased amounts are considered to more accurately reflect shipping costs in today's business environment.

Item XIII—Standard Form 1406, Preaward Survey of Prospective Contractor—Quality Assurance (FAR Case 96-022)

This final rule revises Standard Form 1406, Preaward Survey of Prospective Contractor—Quality Assurance, to delete references to canceled specifications, and to conform the language in the form to the current language in FAR Part 46.

Item XIV—Technical Amendments

This document makes technical corrections to FAR 1.201-1, 19.811-1, and 42.203. Standard Forms 33, 1435, 1436, and 1437 are reissued to reflect changes to internal references as a result of the rewrite of FAR Part 15. Standard Form 279 is reissued to provide accounting for purchases under the commercial test.

Dated: December 1, 1997.

Edward C. Loeb,

Director, Federal Acquisition Policy Division.
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