

isolating and avoiding custom-designed components of the system.

(c) The characteristics of an increment may vary depending upon the type of information technology being acquired and the nature of the system being developed. The following factors may be considered:

(1) To promote compatibility, the information technology acquired through modular contracting for each increment should comply with common or commercially acceptable information technology standards when available and appropriate, and shall conform to the agency's master information technology architecture.

(2) The performance requirements of each increment should be consistent with the performance requirements of the completed, overall system within which the information technology will function and should address interface requirements with succeeding increments.

(d) For each increment, contracting officers shall choose an appropriate contracting technique that facilitates the acquisition of subsequent increments. Pursuant to Parts 16 and 17 of the Federal Acquisition Regulations, contracting officers shall select the contract type and method appropriate to the circumstances (e.g., indefinite delivery, indefinite quantity contracts, single contract with options, successive contracts, multiple awards, task order contracts). Contract(s) shall be structured to ensure that the Government is not required to procure additional increments.

(e) To avoid obsolescence, a modular contract for information technology should, to the maximum extent practicable, be awarded within 180 days after the date on which the solicitation is issued. If award cannot be made within 180 days, agencies should consider cancellation of the solicitation in accordance with 48 CFR 14.209 or 15.206(e). To the maximum extent practicable, deliveries under the contract should be scheduled to occur within 18 months after issuance of the solicitation.

[FR Doc. 98-4306 Filed 2-20-98; 8:45 am]

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DEPARTMENT OF DEFENSE

GENERAL SERVICES ADMINISTRATION

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

48 CFR Parts 1, 44, and 52

[FAC 97-04; Item XVI]

Federal Acquisition Regulations; Technical Amendments

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

ACTION: Technical amendments.

SUMMARY: This document makes amendments to Federal Acquisition Regulations in order to update references, and make editorial changes.

EFFECTIVE DATE: February 23, 1998.

FOR FURTHER INFORMATION CONTACT: The FAR Secretariat, Room 4035, GS Building, Washington, DC 20405, (202) 501-4755.

List of Subjects in 48 CFR Parts 1, 44 and 52

Government procurement.

Dated: February 13, 1998.

Edward C. Loeb,

Director, Federal Acquisition Policy Division.

Therefore, 48 CFR Parts 1, 44 and 52 are amended as set forth below:

1. The authority citation for 48 CFR Parts 1, 44 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 1—FEDERAL ACQUISITION REGULATIONS SYSTEM

1.201-1 [Amended]

1. Section 1.201-1 is amended in paragraph (b)(2) by adding "Social Security Administration," after "Agency,".

PART 44—SUBCONTRACTING POLICIES AND PROCEDURES

44.204 [Amended]

2. Section 44.204 is amended at the end of paragraph (b) by removing "See also 44.205."

PART 52—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

52.219-1 [Amended]

3. Section 52.219-1 is amended by revising the date of the provision to read "(FEB 1998)", and in the parentheticals of paragraphs (b)(2) and (b)(3) by removing "block (b)(1) of this section" and adding "paragraph (b)(1) of this provision".

[FR Doc. 98-4307 Filed 2-20-98; 8:45 am]

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DEPARTMENT OF DEFENSE

GENERAL SERVICES ADMINISTRATION

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

48 CFR Chapter 1

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) 97-04 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 97-04 which precedes this document. This document may be obtained from the Internet at <http://www.arnet.gov/far>.

FOR FURTHER INFORMATION CONTACT: The FAR Secretariat, (202) 501-4755. For clarification of content, contact the analyst whose name appears in the table below.

LIST OF RULES IN FAC 97-04

| Item | Subject | FAR case | Analyst |
|---------|---|----------|---------|
| I | Use of Data Universal Numbering System as the Primary Contractor Identification | 95-307 | Moss. |

LIST OF RULES IN FAC 97-04—Continued

| Item | Subject | FAR case | Analyst |
|------|---|----------|-----------|
| II * | Federal Compliance With Right-To-Know Laws and Pollution Prevention Requirements | 92-054B | Linfield. |
| III | Review of Procurement Integrity Clauses | 97-601 | Linfield. |
| IV | Certificate of Competency | 96-002 | Moss. |
| V | Applicability of Cost Accounting Standards (CAS) Coverage | 97-020 | Nelson. |
| VI | OMB Circular No. A-133 | 97-029 | Olson. |
| VII | SIC Code and Size Standard Appeals | 97-026 | Moss. |
| VIII | Small Business Competitiveness Demonstration Program | 97-305 | Moss. |
| IX | Special Disabled and Vietnam Era Veterans | 95-602 | O'Neill. |
| X | Treatment of Caribbean Basin Country End Products | 97-039 | Linfield. |
| XI | Administrative Changes to Cost Accounting Standards (CAS) Applicability | 97-025 | Nelson. |
| XII | Changes in Contract Administration and Audit Cognizance | 95-022 | Klein. |
| XIII | Limitation on Allowability of Compensation for Certain Contractor Personnel (Interim) | 97-303 | Nelson. |
| XIV | Transfer of Assets Following a Business Combination | 96-006 | Nelson. |
| XV | Modular Contracting | 96-605 | Nelson. |

Item I—Use of Data Universal Numbering System as the Primary Contractor Identification (FAR Case 95-307)

This final rule amends FAR Subpart 4.6, Contract Reporting, and 52.212-1, Instructions to Offerors—Commercial Items; and adds a new solicitation provision at 52.204-6, Data Universal Numbering System (DUNS) Number; to replace the Contractor Establishment Code (CEC) with the Data Universal Numbering System (DUNS) number as the means of identifying contractors in the Federal Procurement Data System (FPDS). It reflects Dun and Bradstreet procedures for offerors located overseas.

Item II—Federal Compliance With Right-To-Know Laws and Pollution Prevention Requirements (FAR Case 92-054B)

The interim rule published as Item V of FAC 90-46 is revised and finalized. The rule implements Executive Order 12856 of August 3, 1993, "Federal Compliance With Right-To-Know Laws and Pollution Prevention Requirements." The final rule differs from the interim rule in that it amends FAR 23.1004 and 52.223-5 to clarify the obligations of Federal facilities to comply with the reporting and emergency planning requirements of the Pollution Prevention Act of 1990 and the Emergency Planning and Community Right-to-Know Act of 1986.

Item III—Review of Procurement Integrity Clauses (FAR Case 97-601)

This final rule amends FAR Parts 4 and 52 to revise the application of procurement integrity requirements to contracts for commercial items. The rule amends (1) 4.803 to remove an obsolete requirement for maintenance of a record of persons having access to proprietary or source selection information, (2) the clause at 52.212-4 to add the

procurement integrity provisions of 41 U.S.C. 423 to the list of laws applicable to contracts for commercial items, and (3) the clause at 52.212-5 to remove 52.203-10, Price or Fee Adjustment for Illegal or Improper Activity, from the list of FAR clauses required to implement provisions of law or Executive orders. As amended by the Clinger-Cohen Act of 1996, 41 U.S.C. 423 no longer requires that a contract clause specify administrative remedies for procurement integrity violations.

Item IV—Certificate of Competency (FAR Case 96-002)

The interim rule published as Item IX of FAC 97-01 is converted to a final rule with a minor change at 19.302(d). The rule implements revisions made to the Small Business Administration's procurement assistance programs contained in 13 CFR Part 125.

Item V—Applicability of Cost Accounting Standards (CAS) Coverage (FAR Case 97-020)

This final rule amends FAR Parts 12 and 52 to exempt contracts and subcontracts for the acquisition of commercial items from Cost Accounting Standards requirements when these contracts and subcontracts are firm-fixed-price or fixed-price with economic price adjustment (provided that the price adjustment is not based on actual costs incurred).

Item VI—OMB Circular No. A-133 (FAR Case 97-029)

This final rule amends FAR 15.209 and the associated clause at 52.215-2, Audits and Records—Negotiation, Alternate II, to implement revisions to OMB Circular No. A-133. The circular has a new title, "Audits of States, Local Governments, and Non-Profit Organizations," and now addresses audits of State and local governments as well as audits of institutions of higher

learning and other nonprofit organizations.

Item VII—SIC Code and Size Standard Appeals (FAR Case 97-026)

This final rule amends FAR Subpart 19.3 to conform to the Small Business Administration regulations at 13 CFR 121 and 134 pertaining to protest of an offeror's small business representation, and appeal of a contracting officer's standard industrial classification code designation and related small business size standard.

Item VIII—Small Business Competitiveness Demonstration Program (FAR Case 97-305)

This final rule amends FAR Subpart 19.10 to eliminate the termination date of the Small Business Competitiveness Demonstration Program, in accordance with Section 401 of the Small Business Reauthorization Act of 1997 (Public Law 105-135).

Item IX—Special Disabled and Vietnam Era Veterans (FAR Case 95-602)

This final rule amends FAR Subpart 22.13 and the clauses at 52.212-5, 52.222-35, and 52.222-37 to implement revised Department of Labor regulations regarding affirmative action for disabled veterans and veterans of the Vietnam era.

Item X—Treatment of Caribbean Basin Country End Products (FAR Case 97-039)

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.

Item XI—Administrative Changes to Cost Accounting Standards (CAS) Applicability (FAR Case 97-025)

This final rule amends FAR 30.101 and the clauses at 52.230-1 and 52.230-5 to conform to changes made to the Cost Accounting Standards (CAS) Board rules and regulations (FAR Appendix), pertaining to the applicability of CAS to negotiated contracts and subcontracts.

Item XII—Changes in Contract Administration and Audit Cognizance (FAR Case 95-022)

This final 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 cost rates.

Item XIII—Limitation on Allowability of Compensation for Certain Contractor Personnel (FAR Case 97-303)

This interim rule revises FAR 31.205-6(p) to implement Section 808 of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85). Section 808 limits the allowable compensation costs for senior executives of contractors to the benchmark compensation amount determined applicable for each fiscal year by the Administrator for Federal Procurement Policy.

Item XIV—Transfer of Assets Following a Business Combination (FAR Case 96-006)

This final rule revises FAR 31.205-10(a)(5) and 31.205-52 to conform to changes made to the Cost Accounting Standards regarding the treatment of

gains and losses attributable to tangible capital assets subsequent to business mergers or combinations.

Item XV—Modular Contracting (FAR Case 96-605)

This final rule amends FAR Part 39 to implement Section 5202 of the Information Technology Management Reform Act of 1996 (Public Law 104-106). Section 5202 encourages maximum practicable use of modular contracting for acquisition of major systems of information technology. Agencies may also use modular contracting to acquire non-major systems of information technology.

Dated: February 13, 1998.

Edward C. Loeb,

Director, Federal Acquisition Policy Division.
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