

Alternative II, and adding new paragraphs (i) and (j) to read as follows:

**970.5232–3 Accounts, records, and inspection.**

**\* \* \* Accounts, Records, and Inspection (XX XXXX)**

\* \* \* \* \*

(i) *Internal audit.* The contractor agrees to design and maintain an internal audit plan and an internal audit organization.

(1) Upon contract award, the exercise of any contract option, or the extension of the contract, the contractor must submit to the contracting officer for approval an Internal Audit Implementation Design to include the overall strategy for the internal audits. The Audit Implementation Design must describe:

(i) The internal audit organization's placement within the contractor's organization and its reporting requirements;

(ii) The audit organization's size and the experience and educational standards of its staff;

(iii) The audit organization's relationship to the corporate entities of the contractor;

(iv) The standards to be used in conducting the internal audits;

(v) The overall internal audit strategy of this contract, considering particularly the method of auditing costs incurred in the performance of the contract;

(vi) The intended use of external audit resources;

(vii) The plan for audit of subcontracts, both pre-award and post-award; and

(viii) The schedule for peer review of internal audits by other contractor internal audit organizations.

(2) By each January 31 of the contract performance period, the contractor must submit an annual audit report, providing a summary of the audit activities undertaken during the previous fiscal year. That report shall reflect the results of the internal audits during the previous fiscal year and the actions to be taken to resolve weaknesses identified in the contractor's system of business, financial, or management controls.

(3) By each June 30 of the contract performance period, the contractor must submit to the contracting officer an annual audit plan for the activities to be undertaken by the internal audit organization during the next fiscal year that is designed to test the costs incurred and contractor management systems described in the internal audit design.

(4) The contracting officer may require revisions to documents

submitted under paragraphs (i)(1), (i)(2), and (i)(3) of this clause, including the design plan for the internal audits, the annual report, and the annual internal audits.

(j) *Remedies.* If at any time during contract performance, the contracting officer determines that unallowable costs were claimed by the contractor to the extent of making the contractor's management controls suspect, or the contractor's management systems that validate the costs incurred and claimed suspect, the contracting officer may, in his or her sole discretion, require the contractor to cease using the special financial institution account in whole or with regard to specified accounts, requiring reimbursable costs to be claimed by periodic vouchering. In addition, the contracting officer, where he or she deems it appropriate, may; impose a penalty under DEAR 970.5242–1, Penalties for unallowable costs; require a refund; reduce the contractor's otherwise owed fee; and take such other action as authorized in law, regulation, or this contract.

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## DEPARTMENT OF COMMERCE

### National Oceanic and Atmospheric Administration

#### 50 CFR Part 648

[Docket No. 060418103–6103–01; I.D. 040706F]

**RIN 0648–AT59**

#### Fisheries of the Northeastern United States; Proposed 2006 Through 2008 Specifications for the Spiny Dogfish Fishery

**AGENCY:** National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

**ACTION:** Proposed rule; request for comments.

**SUMMARY:** NMFS proposes specifications for the spiny dogfish fishery for the 2006 through 2008 fishing years (May 1, 2006, through April 30, 2009). The implementing regulations for the Spiny Dogfish Fishery Management Plan (FMP) require NMFS to publish specifications for up to a period of 5 years and to provide an opportunity for public comment. The intent of this rulemaking is to specify the commercial quota and other management measures, such as possession limits, to rebuild the spiny dogfish resource. NMFS also

proposes that the possession limits for dogfish be set at 600 lb (272 kg) for both quota periods 1 and 2 of the fishery.

**DATES:** Public comments must be received (see **ADDRESSES**) no later than 5 p.m. eastern standard time on May 23, 2006.

**ADDRESSES:** Copies of supporting documents used by the Mid-Atlantic Fishery Management Council (Council), including the Environmental Assessment (EA) and Regulatory Impact Review (RIR)/Initial Regulatory Flexibility Analysis (IRFA), are available from: Daniel Furlong, Executive Director, Mid-Atlantic Fishery Management Council, Room 2115, Federal Building, 300 South New Street, Dover, DE 19904–6790. The EA/RIR/IRFA is accessible via the Internet at <http://www.nero.nmfs.gov>. Written comments on the proposed rule may be sent by any of the following methods:

- Mail to Patricia A. Kurkul, Regional Administrator, NMFS, Northeast Regional Office, One Blackburn Drive, Gloucester, MA 01930. Mark the outside of the envelope “Comments 2006–2008 Dogfish Specifications”;
- Fax to Patricia A. Kurkul (978) 281–9135;

- E-mail to the following address: [DogfishSpecs2006@noaa.gov](mailto:DogfishSpecs2006@noaa.gov). Include in the subject line of the e-mail comment the following document identifier: “Comments 2006–2008 Dogfish Specifications.”

- Electronically through the Federal e-Rulemaking portal: <http://www.regulations.gov>.

**FOR FURTHER INFORMATION CONTACT:** Eric Jay Dolin, Fishery Policy Analyst, (978)281–9259, fax (978)281–9135.

**SUPPLEMENTARY INFORMATION:** Spiny dogfish were declared overfished by NMFS on April 3, 1998, and added to that year's list of overfished stocks in the *Report on the Status of the Fisheries of the United States*, prepared pursuant to section 304 of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act). Consequently, the Magnuson-Stevens Act required the preparation of measures to end overfishing and to rebuild the spiny dogfish stock. A joint FMP was developed by the Mid-Atlantic and New England Fishery Management Councils (Councils) during 1998 and 1999. The Mid-Atlantic Fishery Management Council (MAFMC) was designated as the administrative lead on the FMP.

The regulations implementing the FMP at 50 CFR part 648, subpart L, outline the process for specifying the commercial quota and other management measures (e.g., minimum

or maximum fish sizes, seasons, mesh size restrictions, possession limits, and other gear restrictions) necessary to assure that the target  $F$  specified in the FMP will not be exceeded in any fishing year (May 1–April 30), for a period of 1–5 fishing years. The target  $F$  is not to exceed 0.08. The annual quota is allocated between two semi-annual quota periods as follows: period 1, May 1 through October 31 (57.9 percent); and period 2, November 1 through April 30 (42.1 percent).

The Spiny Dogfish Monitoring Committee (Monitoring Committee), comprised of representatives from states; MAFMC staff; New England Fishery Management Council (NEFMC) staff; NMFS staff; and two non-voting, ex-officio industry representatives (one each from the MAFMC and NEFMC regions) is required to review annually the best available information and to recommend a commercial quota and other management measures necessary to achieve the target  $F$  for the 1–5 fishing years. The Council's Joint Spiny Dogfish Committee (Joint Committee) then considers the Monitoring Committee's recommendations and any public comment in making its recommendation to the two Councils. Afterwards, the MAFMC and the NEFMC make their recommendations to NMFS. NMFS reviews those recommendations to assure they are consistent with the FMP, and may modify them if necessary. NMFS then publishes proposed measures for public comment.

#### Monitoring Committee Recommendations

The Monitoring Committee met on September 22, 2005 and developed recommendations based on the latest stock status updates. Although the Spiny Dogfish FMP allows for a maximum fishing mortality rate of  $F = 0.08$ , the 37th Stock Assessment Review Committee (SARC) recommended that total removals not exceed the amount corresponding to  $F = 0.03$  ( $F_{\text{rebuild}}$ ). The  $F = 0.08$  maximum identified in the FMP was based on the expectation, in 1999, that mature female biomass would recover to 90 percent  $SSB_{\text{max}}$  by 2003. The management advice provided by the 37th SARC was based on their review of the 2003 stock assessment. That assessment estimated mature female biomass in 2003 at around 29 percent of  $SSB_{\text{max}}$ . Updated stock status information reviewed by the Monitoring Committee indicated that mature female biomass had not increased in 2005 compared to 2003 estimates. As such, the Monitoring Committee could find no biological justification for deviating

from the advice of the 37th SARC. The Monitoring Committee, therefore, recommended management measures consistent with achieving  $F = 0.03$  ( $F_{\text{rebuild}}$ ). Specifically, the Monitoring Committee recommended that a commercial quota be set at 2 million lb (907 mt), a 50-percent reduction from the fishing year (FY) 2005 quota. Additionally, the Monitoring Committee recommended status quo possession limits of 600 lb (272 kg) in period 1 and 300 lb (136 kg) in period 2. The Monitoring Committee's recommended reduction in the commercial quota was based on the observation that in the last complete fishing year (FY2004), only about 1.5 million lb (680 mt) of spiny dogfish were landed even though the harvest cap was 4 million lb (1,814 mt). As such, the Monitoring Committee felt that 2 million lb (907 mt) represented a more realistic cap based on fishery behavior. The status quo possession limits recommended by the Monitoring Committee are intended to allow for the retention of small amounts of incidentally captured spiny dogfish, while not significantly affecting total removals (i.e., fishing mortality). Additionally, because the recovery trajectory is expected to be rather gradual under the most conservative management regime, the Committee recommended maintaining the quota and possession limits for the next three fishing years (FY2006–FY2008).

#### Joint Committee Recommendations

The Joint Committee met on October 4, 2005, and recommended that the Councils adopt a commercial quota of 4 million lb (1,814 mt) and possession limits of 600 lb (272 kg) for both quota periods. Additionally, the Joint Committee recommended that these measures apply only to the upcoming fishing year. The Joint Committee recommended increasing the possession limit above the status quo in order to accommodate the high volume demand required by the processing sector of the spiny dogfish fishery. The specification of the measures for FY2006 only was recommended because a benchmark assessment for spiny dogfish will be conducted in 2006, and results will be available to serve as the basis of subsequent specifications.

#### Council Recommendations

At its October 5, 2005, meeting the MAFMC endorsed the Monitoring Committee's recommendation for a 2 million lb (907 mt) incidental catch quota, but recommended a possession limit of 600 lb (272 kg) in both quota periods. Under the MAFMC recommendation, the specifications

would be set for 3 years. At its November 16, 2005 meeting the NEFMC recommended an incidental catch quota of 4 million lb (1,814 mt), with a possession limit of 600 lb (272 kg) in both quota periods. Additionally, the NEFMC recommended that the management measures be applied only to the upcoming 2006 fishing year.

#### Alternatives Adopted by the Atlantic States Marine Fisheries Commission (ASMFC)

In October 2005, the ASMFC adopted specifications for the 2006/2007 fishing year only, setting a 4 million lb (1,814 mt) annual quota with possession limits of 600 lb (272 kg) in both quota periods.

#### Proposed Measures

NMFS reviewed both Councils' recommendations and proposes to maintain the annual dogfish quota at 4 million lb (1,814 mt), with a possession limit of 600 lb (272 kg), for both quota periods, for a period of 3 years. The quota would be allocated to the two semi-annual periods as follows: 2,316,000 lb (1.05 million kg) for quota period 1, and 1,684,000 lb (763,849 kg) for quota period 2.

The Council's analysis of the Council proposals concludes that the U.S. commercial spiny dogfish landings are controlled more by the possession limits than the overall quota. Maintaining the limits of 600 lb (272 kg) for both quota periods would allow for the retention of spiny dogfish caught incidentally while fishing for other species, but discourage directed fishing and therefore provide protection for mature female spiny dogfish, the portion of the stock that has been traditionally targeted in the directed fishery, and the stock component that is most in need of protection and rebuilding.

These proposed measures would also be consistent with the measures being implemented under the ASMFC's Interstate Fishery Management Plan in state waters, at least for FY 2006. This would have the benefit of establishing consistent management measures in Federal and state jurisdictions, and would simplify monitoring and enforcement. As demonstrated in previous years when measures differed in state and Federal waters, the benefits of a more restrictive quota in Federal waters would likely be slight because fishing would continue in state waters under the less restrictive ASMFC quota. In addition, discard mortality associated with continuing incidental catches would continue to occur after a quota period was closed, further undermining the conservation benefits of a more restrictive quota in Federal waters.

Therefore, setting the quota at 4 million lb (1,814 mt) would enable additional incidental catch to be landed. The Northeast Fisheries Science Center's review of the proposed measure concluded that the higher quota would not significantly alter the rebuilding period (no more than 1 or 2 years), though continued low recruitment could change this conclusion.

The NMFS proposal is identical to the NEFMC proposal, except for the duration of the specifications, with the NMFS proposal setting the specifications for three years, instead of one. There would be an administrative benefit to setting the specifications for a period of 3 years. Although in the intervening years, the Council and NMFS would be monitoring the status of the dogfish stock to determine if any changes to the specifications are warranted, the annual review under this proposal will be less administratively burdensome to the Councils and NMFS than the specifications process. If changes in stock status require a modification to the specifications, the Councils could initiate that process. Setting the specifications for 3 years also would give fishermen the opportunity to have a longer time horizon for business planning.

This rulemaking would change the language in the regulations that sets the possession limit for dogfish at 300 lb (136 kg) for period 2 of the fishery, to 600 lb (272 kg). This change is necessary in order to modify the possession limits through this action.

#### Classification

This action is authorized by 50 CFR part 648 and has been determined to be not significant for purposes of Executive Order 12866.

An IRFA was prepared, as required by section 603 of the Regulatory Flexibility Act, which describes the economic impacts this proposed rule, if adopted, would have on small entities. A copy of the IRFA can be obtained from the Council or NMFS (see **ADDRESSES**) or via the Internet at <http://www.nero.noaa.gov>. A summary of the analysis follows:

#### Statement of Objective and Need

A description of the reasons why this action is being considered, and the objectives of and legal basis for this action, is contained in the preamble to this proposed rule and is not repeated here.

#### Description and Estimate of Number of Small Entities to Which the Rule Will Apply

All of the potentially affected businesses are considered small entities

under the standards described in NMFS guidelines because they have gross receipts that do not exceed \$3.5 million annually. Information from the 2004 fishing year was used to evaluate impacts of this action, as that is the most recent year for which data are complete. According to NMFS permit file data, 2,911 vessels possessed Federal spiny dogfish permits in 2004, while 180 of these vessels contributed to overall landings.

#### Description of Projected Reporting, Recordkeeping, and Other Compliance Requirements

This action does not contain any new collection-of-information, reporting, recordkeeping, or other compliance requirements. It does not duplicate, overlap, or conflict with any other Federal rules.

#### Minimizing Significant Economic Impacts on Small Entities

The IRFA considered three alternatives. The action recommended in this proposed rule includes a commercial quota of 4 million lb (1,814 mt), and the possession limit at 600 lb (272 kg), for both quota periods, for a period of three years. Alternative 2 is the MAFMC proposal, which includes a 2 million lb (907 mt) quota with possession limits of 600 lb (272 kg) in both quota periods, for a period of three years. Alternative 3 is the NEFMC proposal, which includes a commercial quota of 4 million lb (1,814 mt), with possession limits of 600 lb (272 kg) in both quota periods, for a period of one year.

Based on NMFS dealer reports, spiny dogfish landings in fishing year 2004 were roughly 1.5 million lb (680 mt). These landings occurred at a time when the Federal and state management measures for spiny dogfish were identical, with a quota of 4 million lb (1,814 mt), and the possession limits for periods 1 and 2 set at 600 lb (272 kg) and 300 lb (136 kg), respectively. This shows that the U.S. commercial spiny dogfish landings are controlled more by the possession limits than the overall quota, unless the quota is set so low as to be constraining.

All three of the alternatives to the no-action alternative considered could lead to a slight increase in revenues to individual fishermen from the sale of dogfish. This is because all three of the alternatives would increase the possession limit in quota period 2 to 600 lb (272 kg). Setting the possession limit at 600 lb (272 kg) throughout the year, as opposed to 600 (272 kg) and 300 lb (136 kg) in periods 1 and 2 respectively, would allow fishermen to land higher amounts of dogfish in the

second period as compared to what was landed in fishing year 2004. If the 1,124 fishing trips that landed spiny dogfish in period 2 of FY2004 had all landed 600 lb (272 kg), periodic landings would have increased from 320,000 lb (145 mt) to 560,000 lb (254 mt), for a net increase of 240,000 lb (109 mt), which, at the average price of 0.17 cents per pound of dogfish, equals roughly an addition \$41,000 in net revenue.

#### List of Subjects in 50 CFR Part 648

Fisheries, Fishing, Reporting and recordkeeping requirements.

Dated: May 2, 2006.

**James W. Balsiger,**

*Acting Deputy Assistant Administrator for Regulatory Programs, National Marine Fisheries Service.*

For the reasons set out above, 50 CFR part 648 is proposed to be amended as follows:

#### PART 648—FISHERIES OF THE NORTHEASTERN UNITED STATES

1. The authority citation for part 648 continues to read as follows:

**Authority:** 16 U.S.C. 1801 *et seq.*

2. In § 648.235, paragraph (b) is revised as follows:

#### § 648.235 Possession and landing restrictions.

(b) *Quota Period 2.* From November 1 through April 30, vessels issued a valid Federal spiny dogfish permit specified under § 648.4(a)(11) may:

- (1) Possess up to 600 lb (272 kg) of spiny dogfish per trip; and
- (2) Land only one trip of spiny dogfish per calendar day.

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#### DEPARTMENT OF COMMERCE

#### National Oceanic and Atmospheric Administration

#### 50 CFR Parts 679 and 680

[Docket No. 060424108-6108-01; I.D. 040706A]

**RIN 0648-AT43**

#### Fisheries of the Exclusive Economic Zone Off Alaska; Cost Recovery Program for North Pacific Halibut, Sablefish, and Bering Sea and Aleutian Islands Crab Individual Fishing Quota Programs

**AGENCY:** National Marine Fisheries Service (NMFS), National Oceanic and