

[Contracting Officer insert the title, number (if any), date, and tailoring (if any) of the higher-level quality standards.]  
(End of clause)

[FR Doc. 98-33518 Filed 12-16-98; 8:45 am]

BILLING CODE 6820-EP-P

## DEPARTMENT OF DEFENSE

### GENERAL SERVICES ADMINISTRATION

#### NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

##### 48 CFR Part 46

[FAC 97-10; FAR Case 97-027; Item VII]

RIN 9000-AH94

#### Federal Acquisition Regulation; Mandatory Government Source Inspection

**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 facilitate the elimination of unnecessary requirements for Government contract quality assurance at source. This rule deletes the mandatory requirement for Government contract quality assurance at source on all contracts that include a higher-level contract quality requirement, and for supplies requiring inspection that are destined for overseas shipment.

**EFFECTIVE DATE:** February 16, 1999.

**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 97-10, FAR case 97-027.

#### SUPPLEMENTARY INFORMATION:

##### A. Background

This final rule amends FAR 46.402 to eliminate unnecessary requirements for Government contract quality assurance at source. The rule eliminates mandatory Government source inspection under contracts that contain higher-level quality requirements or that cover supplies to be shipped overseas.

A proposed rule was published in the **Federal Register** at 63 FR 13770, March

20, 1998. Nine respondents submitted comments on the proposed rule. All comments were considered in the development of the final rule.

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.

##### B. Regulatory Flexibility Act

A Final Regulatory Flexibility Analysis (FRFA) has been prepared and submitted to the Chief Counsel for Advocacy of the Small Business Administration. The analysis is summarized as follows:

No public comments were received in response to the Initial Regulatory Flexibility Analysis.

We expect both large and small entities to experience a reduction in the administrative burden by eliminating unnecessary Government source inspection under contracts that contain higher-level quality requirements or that cover supplies to be shipped overseas. DoD and civilian agencies administer the contracts of approximately 20,289 large businesses and 51,691 small entities. Approximately 20 percent have contracts that contain the clause at FAR 52.246-11, Higher level Contract Quality Requirement (Government Specification).

There are no reporting, recordkeeping, or other compliance requirements likely to result from the rule.

No significant negative economic impacts of the rule were identified during our analysis or during the public comment period. The rule is expected to reduce costs and administrative burdens for both contractors and the Government.

We expect these revisions to contribute to an efficient and effective acquisition process. We initially considered making all of the requirements at FAR 46.402 discretionary but decided that this would be premature since a Defense Contract Management Command process action team reviewing source inspection and acceptance policies has not completed its review and made its final recommendations.

A copy of the FRFA may be obtained from the FAR Secretariat.

##### 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 46

Government procurement.

Dated: December 14, 1998.

**Ralph DeStefano,**

*Acting Director, Federal Acquisition Policy Division.*

Therefore, 48 CFR Part 46 is amended as set forth below:

#### PART 46—QUALITY ASSURANCE

1. The authority citation for 48 CFR Part 46 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).

##### 46.402 [Amended]

2. Section 46.402 is amended—  
a. By removing paragraphs (e) and (g);  
b. By redesignating paragraphs (f) and (h) as (e) and (f), respectively; and  
c. In the newly designated paragraph (e) by adding “or” at the end of the paragraph.

[FR Doc. 98-33519 Filed 12-16-98; 8:45 am]

BILLING CODE 6820-EP-P

## DEPARTMENT OF DEFENSE

### GENERAL SERVICES ADMINISTRATION

#### NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

##### 48 CFR Part 48

[FAC 97-10; FAR Case 96-011; Item VIII]

RIN 9000-AH37

#### Federal Acquisition Regulation; No- Cost Value Engineering Change Proposals

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

**ACTION:** Interim rule adopted as final without change.

**SUMMARY:** The Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council have agreed to convert the interim rule published as Item X of Federal Acquisition Circular 97-05 at 63 FR 34078, June 22, 1998, to a final rule without change. The rule amends the Federal Acquisition Regulation (FAR) to clarify that no-cost value engineering change proposals (VECPs) may be used when, in the contracting officer's judgment, reliance on other VECP approaches likely would not be more cost-effective, and the no-cost settlement would provide adequate consideration to the Government.

**EFFECTIVE DATE:** December 18, 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 97-10, FAR case 96-011.

#### SUPPLEMENTARY INFORMATION:

##### A. Background

An interim rule was published at 63 FR 34078, June 22, 1998, to clarify that the no-cost VECP guidance at FAR 48.104-3 permits the use of no-cost settlements when the contracting officer has balanced the administrative costs of negotiating a settlement against the anticipated savings; and when, in the contracting officer's judgment, reliance on other VECP approaches likely would not be more cost-effective, and the no-cost settlement would provide adequate consideration to the Government. The no-cost VECP alternative was not intended for use when significant cost savings are anticipated on the instant contract.

No public comments were received in response to the interim FAR rule. Therefore, the interim FAR rule is being converted to a final rule without change.

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.

##### B. Regulatory Flexibility Act

The Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.* applies to this final rule. A Final Regulatory Flexibility Analysis (FRFA) has been performed and is summarized as follows:

This rule clarifies that the guidance at FAR 48.104-3, Sharing alternatives—no-cost settlement method, permits use of no-cost VECP settlements when the contracting officer has balanced the administrative costs of negotiating a settlement against the anticipated savings; and, in the contracting officer's judgment, reliance on other VECP approaches likely would not be more cost-effective, and the no-cost settlement would provide adequate consideration to the Government. The no-cost VECP alternative was not intended for use when significant cost savings are anticipated on the instant contract.

The FRFA has been provided to the Chief Counsel for Advocacy of the Small Business Administration. A copy of the FRFA may be obtained from the FAR Secretariat.

##### 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 48

Government procurement.

Dated: December 14, 1998.

Ralph DeStefano,

Acting Director, Federal Acquisition Policy Division.

#### Interim Rule Adopted as Final Without Change

Accordingly, the interim rule amending 48 CFR Part 48, which was published at 63 FR 34078, June 22, 1998, is adopted as a final rule without change.

**Authority:** 40 U.S.C. 486(c); 10 U.S.C. chapter 137; and 42 U.S.C. 2473(c).

[FR Doc. 98-33520 Filed 12-16-98; 8:45 am]

BILLING CODE 6820-EP-P

#### DEPARTMENT OF DEFENSE

##### GENERAL SERVICES ADMINISTRATION

##### NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

#### 48 CFR Part 52

[FAC 97-10; FAR Case 97-011; Item IX]

RIN 9000-AH73

#### Federal Acquisition Regulation; Evidence of Shipment in Electronic Data Interchange (EDI) Transactions

**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 facilitate the use of electronic data interchange (EDI) transactions and to streamline the payment process when supplies are purchased on a free on board (f.o.b.) destination basis with inspection and acceptance at origin. **EFFECTIVE DATE:** February 16, 1999.

**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 97-10, FAR case 97-011.

#### SUPPLEMENTARY INFORMATION:

##### A. Background

This final rule revises the clause at FAR 52.247-48 to facilitate the use of EDI for submission of invoices under contracts awarded on an f.o.b. destination basis with inspection and acceptance at origin. The rule eliminates requirements for contractors to provide evidence of shipment with invoices for payment under such contracts. However, contractors are required to retain, and to make available to the Government for review as necessary, the evidence of shipment documentation for a period of 3 years after final payment under the contract.

A proposed rule was published on January 27, 1998 (63 FR 4074). Six sources submitted comments in response to the proposed rule. All comments were considered in the development of the final rule.

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.

##### 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 applies to a limited number of contracts, *i.e.*, contracts for the purchase of supplies on an f.o.b. destination basis with inspection and acceptance at origin. Therefore, the rule is estimated to affect only a small number of entities, both large and small.

##### C. Paperwork Reduction Act

The Paperwork Reduction Act (Pub. L. 96-511) is deemed to apply because the final rule contains information collection requirements. Accordingly, a revised paperwork burden under OMB Clearance 9000-0061 reflecting a slight increase to the hours will be forwarded to the Office of Management and Budget under 44 U.S.C. 3501, *et seq.* Public comments concerning this request were invited through a *Federal Register* notice published on January 27, 1998. No comments were received.

#### List of Subjects in 48 CFR Part 52

Government procurement.