

[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]

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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.

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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