companies recognized the transition obligation in the first fiscal period beginning after December 15, 1994, or shortly thereafter if exempted from the initial effective date. While the existing provision at FAR 31.205–6(o)(2)(iii)(A)(i) remains in force because the referenced GAAP paragraphs can be found in the historical accounting literature, the passage of time raises concerns that the text of these paragraphs may become less readily available. The Councils conclude, therefore, that explicit criteria that generally replicates the substance of the formerly referenced GAAP methodology are needed for determining the allowability of the transition obligation, when converting from pay-as-you-go accounting for PRBs to an accrual method of accounting for the purposes of Government contract cost accounting, as they do not intend to change the substance of the FAR.

The Councils acknowledge that contractors may continue to propose (as they have in the past) a change to their Government contract cost accounting practice whereby the “pay-as-you-go” method is replaced by the “accrual” method, and this may give rise to a transition obligation that is similar in its nature, but not its amount, to the initial application transition obligation that arose when (now-superseded) FAS 106 first became applicable in the early 1990’s for financial reporting purposes.

II. Discussion and Analysis

DoD, GSA, and NASA received no comments on the proposed rule and are therefore issuing the rule as final with minor changes from the proposed rule.

III. Executive Orders 12866 and 13563

Executive Orders 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. This is not a significant regulatory action and, therefore, was not subject to review under Section 6(b) of Executive Order 12866, Regulatory Planning and Review, dated September 30, 1993. This rule is not a major rule under 5 U.S.C. 804.

IV. Regulatory Flexibility Act

DoD, GSA, and NASA 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 only removes references to specific paragraphs in an accounting standard that were deleted in the Financial Accounting Standards Board’s (FASB’s) Accounting Standards Codification (ASC) of Generally Accepted Accounting Principles (GAAP) and replaces them with explicit criteria that generally replicate the substance of the formerly referenced GAAP methodology (i.e., the substance of the FAR did not change as a result of this final rule). No comments from small entities were received in response to the Regulatory Flexibility Act request under the proposed rule.

V. Paperwork Reduction Act

The final rule does not contain any information collection requirements that require the approval of the Office of Management and Budget under the Paperwork Reduction Act (44 U.S.C. chapter 35).

List of Subject in 48 CFR Part 31

Government procurement.

Dated: June 13, 2013.

William Clark.

Acting Director, Office of Governmentwide Acquisition Policy, Office of Acquisition Policy, Office of Governmentwide Policy.

Therefore, DoD, GSA, and NASA amend 48 CFR part 31 as set forth below:

PART 31—CONTRACT COST PRINCIPLES AND PROCEDURES

1. The authority citation for 48 CFR part 31 continues to read as follows:

Authority: 40 U.S.C. 121(c); 10 U.S.C. chapter 137; and 51 U.S.C. 20113.

2. Amend section 31.205–6 by revising paragraph (o)(2)(iii)(A) to read as follows:

31.205–6 Compensation for personal services.

* * * * *

(o)(2)(iii)(A) Be measured and assigned in accordance with one of the following two methods described under paragraphs (o)(2)(iii)(A)(1) or (o)(2)(iii)(A)(2) of this subsection:

(1) Generally accepted accounting principles. However, transitions from the pay-as-you-go method to the accrual accounting method must be handled according to paragraphs (o)(2)(iii)(A)(1)(i) through (iii) of this subsection.

(i) In the year of transition from the pay-as-you-go method to accrual accounting for purposes of Government contract cost accounting, the transition obligation shall be the excess of the accumulated PRB obligation over the fair value of plan assets determined in accordance with paragraph (o)(2)(iii)(E) of this subsection; the fair value must be reduced by the prepayment credit as determined in accordance with paragraph (o)(2)(iii)(F) of this subsection.

(ii) PRB cost attributable to the transition obligation assigned to the current year that is in excess of the amount assignable to accounting periods on the basis of a straight line amortization of the transition obligation over the average remaining working lives of active employees covered by the PRB plan or a 20-year period, whichever period is longer, is unallowable. However, if the plan is comprised of inactive participants only, the PRB cost attributable to the transition obligation assigned to the current year that is in excess of the amount assignable to accounting periods on a straight line amortization of the transition obligation over the average future life expectancy of the participants is unallowable.

(iii) For a plan that transitioned from pay-as-you-go to accrual accounting for Government contract cost accounting prior to July 22, 2013, the unallowable amount of PRB cost attributable to the transition obligation amortization shall continue to be based on the cost principle in effect at the time of the transition until the original transition obligation schedule is fully amortized.

* * * * *

[FR Doc. 2013–14619 Filed 6–20–13; 8:45 am]

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DEPARTMENT OF DEFENSE

GENERAL SERVICES ADMINISTRATION

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

48 CFR Parts 8 and 52

[FAC 2005–67; Item Xi; Docket 2013–0080; Sequence 3]

Federal Acquisition Regulation; Technical Amendments

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

ACTION: Final rule.
SUMMARY: This document makes amendments to the Federal Acquisition Regulation (FAR) in order to make editorial changes.

DATES: Effective Date: June 21, 2013.


SUPPLEMENTARY INFORMATION: In order to update certain elements in 48 CFR parts 8 and 52, this document makes editorial changes to the FAR.

List of Subject in 48 CFR Parts 8 and 52

Government procurement.

Dated: June 13, 2013.

William Clark,

Acting Director, Office of Governmentwide Acquisition Policy; Office of Acquisition Policy; Office of Governmentwide Policy.

Therefore, DoD, GSA, and NASA amend 48 CFR parts 8 and 52 as set forth below:

1. The authority citation for 48 CFR parts 8 and 52 continues to read as follows:

Authority: 40 U.S.C. 121(c); 10 U.S.C. chapter 137; and 51 U.S.C. 20113.

PART 8—REQUIRED SOURCES OF SUPPLIES AND SERVICES

2. Amend section 8.703 by revising the third sentence to read as follows:

* * * Questions concerning whether a supply item or service is on the Procurement list.

3. Amend section 8.714 by revising paragraph (b) to read as follows:

8.714 Communications with the central nonprofit agencies and the Committee.

(b) Any matter requiring referral to the Committee shall be addressed to the Executive Director of the Committee, 1401 S. Clark Street, Suite 10800, Arlington, VA 22202–3259.

PART 52—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

4. Amend section 52.204–8 by:

a. Revising the date of the provision; and

b. Removing from paragraphs (b)(1), the introductory text of paragraph (b)(2), and (c)(1)(iii) “clause at 52.204–7” and adding “provision at 52.204–7” in its place.

The revised text reads as follows:

52.204–8 Annual Representations and Certifications.

Annual Representations and Certifications [Jun 2013]

5. Amend section 52.204–10 by:

a. Revising the date of the clause; and

b. Removing from the introductory text of paragraph (d)(1) “FAR clause” and adding “FAR provision” in its place.

The revised text reads as follows:

52.204–10 Reporting Executive Compensation and First-Tier Subcontract Awards.

Reporting Executive Compensation and First-Tier Subcontract Awards [Jun 2013]

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