

Task Force to review and validate DoD regulations, including the DFARS. A public notice of the establishment of the DFARS Subgroup to the DoD Regulatory Reform Task Force, for the purpose of reviewing DFARS provisions and clauses, was published in the **Federal Register** at 82 FR 35741 on August 1, 2017, and requested public input. The following public comment was received on this clause:

Comment: The respondent states that the clause is ineffective, because a contractor who has already been awarded a contract may have a vested interest in preserving the contract, as awarded, and may not be the best source for innovation. Instead, the respondent suggests that targeted surveys sent to both successful and unsuccessful offerors after award may be more effective than a mandatory clause for a single awardee.

Response: DoD will continue to encourage industry participation during the design and development of contract requirements and through other methods.

The DoD Task Force reviewed the requirements of DFARS clause 252.211-7000, Acquisition Streamlining, and determined that the DFARS coverage was unnecessary and recommended removal.

II. Applicability to Contracts at or Below the Simplified Acquisition Threshold and for Commercial Items, Including Commercially Available Off-the-Shelf Items

This rule only removes obsolete DFARS clause 252.211-7000, Acquisition Streamlining. Therefore, the rule does not impose any new requirements on contracts at or below the simplified acquisition threshold and for commercial items, including commercially available off-the-shelf items.

III. Publication of This Final Rule for Public Comment Is Not Required by Statute

The statute that applies to the publication of the FAR is the Office of Federal Procurement Policy statute (codified at title 41 of the United States Code). Specifically, 41 U.S.C. 1707(a)(1) requires that a procurement policy, regulation, procedure, or form (including an amendment or modification thereof) must be published for public comment if it relates to the expenditure of appropriated funds, and has either a significant effect beyond the internal operating procedures of the agency issuing the policy, regulation, procedure, or form, or has a significant cost or administrative impact on

contractors or offerors. This final rule is not required to be published for public comment, because DoD is not issuing a new regulation; rather, this rule merely removes an obsolete requirement from the DFARS.

IV. Executive Orders 12866 and 13563

E.O. 12866, Regulatory Planning and Review, and E.O. 13563, Improving Regulation and Regulatory Review, 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). E.O. 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. The Office of Management and Budget, Office of Information and Regulatory Affairs, has determined that this is not a significant regulatory action as defined under section 3(f) of E.O. 12866 and, therefore, was not subject to review under section 6(b). This rule is not a major rule as defined at 5 U.S.C. 804(2).

V. Executive Order 13771

This rule is not an E.O. 13771 regulatory action, because this rule is not significant under E.O. 12866.

VI. Regulatory Flexibility Act

Because a notice of proposed rulemaking and an opportunity for public comment are not required to be given for this rule under 41 U.S.C. 1707(a)(1) (see section III. of this preamble), the analytical requirements of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) are not applicable. Accordingly, no regulatory flexibility analysis is required, and none has been prepared.

VII. Paperwork Reduction Act

The 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 Subjects in 48 CFR Parts 211 and 252

Government procurement.

Jennifer Lee Hawes,
Regulatory Control Officer, Defense Acquisition Regulations System.

Therefore, 48 CFR parts 211 and 252 are amended as follows:

■ 1. The authority citation for 48 CFR parts 211 and 252 continues to read as follows:

Authority: 41 U.S.C. 1303 and 48 CFR chapter 1.

PART 211—DESCRIBING AGENCY NEEDS

211.002-70 [Removed]

■ 2. Remove section 211.002-70.

PART 252—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

252.211-7000 [Removed and Reserved]

■ 3. Remove and reserve section 252.211-7000.

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DEPARTMENT OF DEFENSE

Defense Acquisition Regulations System

48 CFR Part 219 and Appendix I to Chapter 2

[Docket DARS-2018-0019]

RIN 0750-AJ25

Defense Federal Acquisition Regulation Supplement: Mentor-Protege Program Modifications (DFARS Case 2017-D016)

AGENCY: Defense Acquisition Regulations System, Department of Defense (DoD).

ACTION: Final rule.

SUMMARY: DoD is issuing a final rule amending the Defense Federal Acquisition Regulation Supplement (DFARS) to implement sections of the National Defense Authorization Act for Fiscal Year 2017 that provide modifications to the DoD Pilot Mentor-Protégé Program.

DATES: Effective October 31, 2018.

FOR FURTHER INFORMATION CONTACT: Ms. Jennifer D. Johnson, telephone 571-372-6100.

SUPPLEMENTARY INFORMATION:

I. Background

DoD published a proposed rule in the **Federal Register** at 83 FR 19677 on May 4, 2018, to implement section 1823 and paragraph (b) of section 1813 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017. Sections 1823 and 1813 provide modifications to the DoD Pilot Mentor-Protégé Program (“the Program”). Section 1823 revises the definition and

requirements associated with affiliation between mentor firms and their protégé firms. Both sections add new types of assistance for mentor firms to provide to their protégé firms.

II. Discussion and Analysis

One respondent submitted a public comment in response to the proposed rule. DoD reviewed the public comment in the development of the final rule.

A. Summary of Significant Changes From the Proposed Rule

There are no changes made to the final rule as a result of the public comment.

B. Analysis of Public Comments

Comment: The respondent recommended a change to the proposed text in Appendix I, section I-107, paragraph (h). Specifically, the respondent proposed limiting the assistance to be provided by the mentor firm regarding Federal contract regulations to “guidance in obtaining training to enable understanding Federal contract regulations” instead of “assistance the mentor will provide to the protégé firm in understanding Federal contract regulations” as stated in the proposed rule. The rationale was that the text in the proposed rule could potentially expose the mentor firm to liability when inevitable misunderstandings occur due to the complexity of the regulations.

Response: In drafting the text of I-107 paragraph (h), DoD used language that was very close to the text of section 1813 of the NDAA for FY 2017. The statutory language and, consequently, the draft DFARS text add to the mentor-protégé agreement an element in which the mentor will identify the assistance it will provide to the protégé in an effort to facilitate the protégé’s understanding of Federal contract regulations. Such assistance could include guidance in obtaining training on the regulations, but it also could include other forms of assistance.

C. Other Changes

The final rule includes a minor editorial change. In section I-111, paragraph (e) is revised to update the reference to renumbered paragraphs in I-107.

III. Applicability to Contracts at or Below the Simplified Acquisition Threshold and for Commercial Items, Including Commercially Available Off-the-Shelf Items

This final rule does not add any new provisions or clauses or impact any existing provisions or clauses.

IV. Executive Orders 12866 and 13563

Executive Orders (E.O.s) 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). E.O. 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 E.O. 12866, Regulatory Planning and Review, dated September 30, 1993. This rule is not a major rule under 5 U.S.C. 804.

V. Executive Order 13771

This rule is not subject to E.O. 13771, because this rule is not a significant regulatory action under E.O. 12866.

VI. Regulatory Flexibility Act

A final regulatory flexibility analysis (FRFA) has been prepared consistent with the Regulatory Flexibility Act, 5 U.S.C. 601, *et seq.* The FRFA is summarized as follows:

This final rule is necessary to implement statutory modifications to the DoD Pilot Mentor-Protégé Program (“the Program”). This rule amends the Defense Federal Acquisition Regulation Supplement (DFARS) to implement section 1823 and paragraph (b) of section 1813 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017, which provide modifications to the Program. Specifically, section 1823 revises the definition and requirements associated with affiliation between mentor firms and their protégé firms. Both sections add new types of assistance for mentors to provide to their protégés.

There were no issues raised by the public in response to the initial regulatory flexibility analysis provided in the proposed rule.

The rule will apply to small entities that participate in the Program. There are currently 72 small entities participating in the Program as protégé firms and six small entities participating as mentors.

The rule does not impose any reporting or recordkeeping requirements on any small entities.

DoD has not identified any alternatives that would meet the requirements of the applicable statute.

VII. Paperwork Reduction Act

The 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 Subjects in 48 CFR Part 219 and Appendix I to Chapter 2

Government procurement.

Jennifer Lee Hawes,

Regulatory Control Officer, Defense Acquisition Regulations System.

Therefore, 48 CFR part 219 and appendix I to chapter 2 are amended as follows:

■ 1. The authority citation for 48 CFR part 219 and appendix I to chapter 2 continues to read as follows:

Authority: 41 U.S.C. 1303 and 48 CFR chapter 1.

PART 219—SMALL BUSINESS PROGRAMS

219.7100 [Amended]

- 2. Amend section 219.7100 by removing “November 25, 2015” and adding “December 23, 2016” in its place.
- 3. Amend appendix I to chapter 2 as follows:
 - a. In section I-101 by—
 - i. Redesignating sections I-101.1 through I-101.6 as sections I-101.2 through I-101.7, respectively; and
 - ii. Adding new section I-101.1.
 - b. In section I-102 by—
 - i. Redesignating paragraphs (e) and (f) as paragraphs (f) and (g), respectively;
 - ii. Adding new paragraph (e); and
 - iii. In newly redesignated paragraph (f), removing “Subpart 9.4” and adding “subpart 9.4” in its place.
 - c. In section I-106 by adding paragraph (d)(6)(v).
 - d. In section I-107 by—
 - i. Redesignating paragraphs (h) through (o) as paragraphs (i) through (p), respectively; and
 - ii. Adding new paragraph (h).
 - e. Amending section I-111 by removing “I-107(k) through (m)” from paragraph (e) and adding “I-107(l) through (n)” in its place.

The additions read as follows:

Appendix I to Chapter 2—Policy and Procedures for the DoD Pilot Mentor Protégé Program

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I-101.1 Affiliation.

With respect to a relationship between a mentor firm and a protégé firm, a relationship described under 13 CFR 121.103.

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I-102 Participant eligibility.

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(e) A mentor firm may not enter into an agreement with a protégé firm if SBA has made a determination of affiliation. If SBA has not made such a determination and if the DoD Office of Small Business Programs (OSBP) has reason to believe, based on SBA's regulations regarding affiliation, that the mentor firm is affiliated with the protégé firm, then DoD OSBP will request a determination regarding affiliation from SBA.

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I-106 Development of mentor-protégé agreements.

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(d) * * *

(6) * * *

(v) Women's business centers described in section 29 of the Small Business Act (15 U.S.C. 656).

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I-107 Elements of a mentor-protégé agreement.

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(h) The assistance the mentor will provide to the protégé firm in understanding Federal contract regulations, including the FAR and DFARS, after award of a subcontract under the Program, if applicable;

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DEPARTMENT OF DEFENSE

Defense Acquisition Regulations System

48 CFR Parts 228 and 252

[Docket DARS-2018-0049]

RIN 0750-AJ98

Defense Federal Acquisition Regulation Supplement: Repeal of DFARS Provision "Bonds or Other Security" (DFARS Case 2018-D036)

AGENCY: Defense Acquisition Regulations System, Department of Defense (DoD).

ACTION: Final rule.

SUMMARY: DoD is issuing a final rule amending the Defense Federal Acquisition Regulation Supplement (DFARS) to remove a provision that is no longer necessary.

DATES: Effective October 31, 2018.

FOR FURTHER INFORMATION CONTACT: Ms. Carrie Moore, telephone 571-372-6093.

SUPPLEMENTARY INFORMATION:

I. Background

DoD is amending the DFARS to remove DFARS provision 252.228-7004, Bonds or Other Security, and the

associated clause prescription at DFARS 228.170. The Miller Act (40 U.S.C. 3131 to 3134) requires contractors on certain construction contracts to post bonds that guarantee performance of the contract and payment to subcontractors and suppliers. Several Federal Acquisition Regulation (FAR) clauses are available to implement these requirements on construction contracts. While the guarantees of the Miller Act do not apply to contracts for demolition, dismantling, or removal of improvements, FAR 37.302 permits the contracting officer to require a performance bond or other security, in accordance with FAR 28.103, on such contracts when it is necessary to ensure completion of the work or protect property or payment of suppliers.

For DoD, when performance bonds or other securities are necessary for contracts that involve dismantling, demolition, or removal of improvements, this DFARS provision is included in the solicitation. The provision requires offerors to furnish a bid guarantee with their offer; advises that, upon notice of award, the successful offeror shall provide the Government with the performance bond and any payment due within a set timeframe; and, identifies the acceptable sureties that can be used to support the bond.

In reviewing existing FAR provisions and clauses, it was determined that FAR clause 52.228-16, Performance and Payment Bonds—Other than Construction, and FAR provision 52.228-1, Bid Guarantee, provide the information contained in the DFARS provision and can be included in solicitations and contracts that involve dismantling, demolition, or removal of improvements. The FAR clause ensures completion of the work; protects property associated with the contract effort; requires the offeror to furnish a performance bond within a set amount of time after receiving a notice of award; and, specifies that bonds must be supported by specific sureties. The FAR provision requires offerors to provide a bid guarantee prior to the opening of bids; includes the form and amount of the guarantee to be provided; advises that a resultant contract may be terminated for failure to provide an executed bond after contract award; and, states that the bid guarantee will be used to offset cost in the event of a termination for default. Since the FAR provision and clause can be used to provide the same information included in DFARS provision, this DFARS provision is no longer necessary and can be removed.

The removal of this DFARS provision supports a recommendation from the DoD Regulatory Reform Task Force. On February 24, 2017, the President signed Executive Order (E.O.) 13777, "Enforcing the Regulatory Reform Agenda," which established a Federal policy "to alleviate unnecessary regulatory burdens" on the American people. In accordance with E.O. 13777, DoD established a Regulatory Reform Task Force to review and validate DoD regulations, including the DFARS. A public notice of the establishment of the DFARS Subgroup to the DoD Regulatory Reform Task Force, for the purpose of reviewing DFARS provisions and clauses, was published in the **Federal Register** at 82 FR 35741 on August 1, 2017, and requested public input. No public comments were received on this provision. The DoD Task Force reviewed the requirements of DFARS provision 252.228-7004, Bonds and Other Security, and determined that the DFARS coverage was unnecessary and recommended removal.

II. Applicability to Contracts at or Below the Simplified Acquisition Threshold and for Commercial Items, Including Commercially Available Off-the-Shelf Items

This rule only removes obsolete DFARS provision 252.228-7004, Bonds or Other Security. Therefore, the rule does not impose any new requirements on contracts at or below the simplified acquisition threshold and for commercial items, including commercially available off-the-shelf items.

III. Publication of This Final Rule for Public Comment Is Not Required by Statute

The statute that applies to the publication of the FAR is Office of Federal Procurement Policy statute (codified at title 41 of the United States Code). Specifically, 41 U.S.C. 1707(a)(1) requires that a procurement policy, regulation, procedure, or form (including an amendment or modification thereof) must be published for public comment if it relates to the expenditure of appropriated funds, and has either a significant effect beyond the internal operating procedures of the agency issuing the policy, regulation, procedure, or form, or has a significant cost or administrative impact on contractors or offerors. This final rule is not required to be published for public comment, because DoD is not issuing a new regulation; rather, this rule merely removes an obsolete requirement from the DFARS.