

5000.02, Operation of the Defense Acquisition System and the DoD 5000.04–M–1, CSDR Manual. The CSDR system is applied in accordance with the reporting requirements established in DoDI 5000.02. The two principal components of the CSDR system are contractor cost data reporting and software resources data reporting.

(b) Prior to contract award, contracting officers shall consult with the Defense Cost and Resource Center to determine that the offeror selected for award has proposed a standard CSDR system, as described in the offeror's proposal in response to the provision at 252.234–7003, that is in compliance with DoDI 5000.02, Operation of the Defense Acquisition System, and the DoD 5000.04–M–1, CSDR Manual.

(c) Contact information for the Defense Cost and Resource Center and the Deputy Director, Cost Assessment, is located at PGI 234.7100.

#### **234.7101 Solicitation provision and contract clause.**

(a)(1) Use the provision at 252.234–7003, Notice of Cost and Software Data Reporting System, in all solicitations that include the clause at 252.234–7004, Cost and Software Data Reporting.

(2) Use the provision with its Alternate I when the clause at 252.234–7004, Cost and Software Data Reporting, is used with its Alternate I.

(b)(1) Use the clause at 252.234–7004, Cost and Software Data Reporting System, in all solicitations and contracts for major defense acquisition programs and major automated information system programs that exceed \$50 million.

(2) Use the clause with its Alternate I in solicitations and contracts for major defense acquisition programs and major automated information system programs with a value equal to or greater than \$20 million but less than or equal to \$50 million, when so directed by the program manager with the approval of the OSD Deputy Director, Cost Assessment.

#### **PART 242—CONTRACT ADMINISTRATION AND AUDIT SERVICES**

■ 4. Designate the current text of section 242.503–2 as paragraph (a) and add new paragraph (b) to read as follows:

##### **242.503–2 Postaward conference procedure.**

\* \* \* \* \*

(b) For contracts that include the clause at 252.234–7004, Cost and Software Data Reporting, postaward conferences shall include a discussion of the contractor's standard cost and

software data reporting (CSDR) process that satisfies the guidelines contained in the DoD 5000.04–M–1, CSDR Manual, and the requirements in the Government-approved CSDR plan for the contract, DD Form 2794, and related Resource Distribution Table.

#### **PART 252—SOLICITATION PROVISIONS AND CONTRACT CLAUSES**

■ 5. Add section 252.234–7003 to read as follows:

##### **252.234–7003 Notice of Cost and Software Data Reporting System. (NOV 2010)**

As prescribed in 234–7101(a)(1), use the following provision:

##### **NOTICE OF COST AND SOFTWARE DATA REPORTING SYSTEM (NOV 2010)**

(a) This solicitation includes—

(1) The Government-approved cost and software data reporting (CSDR) plan for the contract, DD Form 2794; and

(2) The related Resource Distribution Table.

(b) As part of its proposal, the offeror shall—

(1) Describe the process to be used to satisfy the requirements of the DoD 5000.04–M–1, CSDR Manual, and the Government-approved CSDR plan for the proposed contract;

(2) Demonstrate how contractor cost and data reporting (CCDR) will be based, to the maximum extent possible, upon actual cost transactions and not cost allocations;

(3) Demonstrate how the data from its accounting system will be mapped into the standard reporting categories required in the CCDR data item descriptions;

(4) Describe how recurring and nonrecurring costs will be segregated;

(5) Provide comments on the adequacy of the CSDR contract plan and related Resource Distribution Table; and

(6) Submit the DD Form 1921, Cost Data Summary Report, and DD Form 1921–1, Functional Cost-Hour Report, with its pricing proposal.

(c) CSDR reporting will be required for subcontractors at any tier with a subcontract that exceeds \$50 million. The offeror shall identify, by providing comments on the Resource Distribution Table, the subcontractors, or, if the subcontractors have not been selected, the subcontracted effort in this category.

(End of provision)

Alternate I (NOV 2010). As prescribed in 234.7101(a)(2), substitute the following paragraph (c) for paragraph (c) of the basic provision:

(c) CSDR reporting will be required for subcontractors for selected subcontracts identified in the CSDR contract plan as requiring such reporting. The offeror shall identify, by providing comments on the Resource Distribution Table, the

subcontractors, or, if the subcontractors have not been selected, the subcontracted effort.

■ 6. Add section 252.234–7004 to read as follows:

##### **252.234–7004 Cost and Software Data Reporting System. (NOV 2010)**

As prescribed in 234.7101(b)(1), use the following clause:

##### **COST AND SOFTWARE DATA REPORTING SYSTEM (NOV 2010)**

(a) In the performance of this contract, the Contractor shall use—

(1) A documented standard cost and software data reporting (CSDR) process that satisfies the guidelines contained in the DoD 5000.04–M–1, CSDR Manual;

(2) Management procedures that provide for generation of timely and reliable information for the contractor cost data reports (CCDRs) and software resources data reports (SRDRs) required by the CCDR and SRDR data items of this contract; and

(3) The Government-approved CSDR plan for this contract, DD Form 2794, and the related Resource Distribution Table as the basis for reporting in accordance with the required CSDR data item descriptions.

(b) The Contractor shall require CSDR reporting from subcontractors at any tier with a subcontract that exceeds \$50 million. If, for subcontracts that exceed \$50 million, the Contractor changes subcontractors or makes new subcontract awards, the Contractor shall notify the Government.

(End of clause)

Alternate I (NOV 2010). As prescribed in 234.7101(b)(2), substitute the following paragraph (b) for paragraph (b) of the basic clause:

(b) The Contractor shall require CSDR reporting from selected subcontractors identified in the CSDR contract plan as requiring such reporting. If the Contractor changes subcontractors or makes new awards for selected subcontract effort, the Contractor shall notify the Government.

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#### **DEPARTMENT OF DEFENSE**

##### **Defense Acquisition Regulations System**

##### **48 CFR Parts 217, 234, and 235**

**RIN 0750–AG76**

##### **Defense Federal Acquisition Regulation Supplement; Contract Authority for Advanced Component Development or Prototype Units (DFARS Case 2009–D034)**

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

**ACTION:** Confirmation of interim final rule.

**SUMMARY:** DoD is adopting as final, with a minor change, an interim rule amending the DFARS to implement section 819 of the National Defense Authorization Act for Fiscal Year 2010. Section 819 places limitations on certain types of line items and contract options that may be included in contracts initially awarded pursuant to competitive solicitations.

**DATES:** *Effective Date:* November 24, 2010.

**FOR FURTHER INFORMATION CONTACT:** Ms. Meredith Murphy, 703-602-1302.

**SUPPLEMENTARY INFORMATION:**

**I. Background**

DoD published an interim rule in the **Federal Register** at 75 FR 32638 on June 8, 2010, to implement section 819 of the National Defense Authorization Act for Fiscal Year 2010. The interim rule added coverage at DFARS 217.202 and 234.005-1. The intent of the statute is to prevent a contract for new technology that is initially awarded as a result of competition, from becoming a noncompetitive effort for the development of advance components or the procurement of prototype units. The DFARS implementation places specific limits, in accordance with the statute, on the dollar value, period of performance, and time for exercise of contract line items or contract options for such contracts.

The comment period closed on August 9, 2010. A single comment was received in response to the interim rule. The respondent commented that including the change in DFARS part 234 will result in users following this requirement only when procuring major systems. This issue was raised during the preparation of the interim rule. DoD confirmed that part 234 is the optimal location, but has added to DFARS part 235, Research and Development Contracting, a second cross-reference to the part 234 coverage.

**II. Executive Order 12866**

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.

**III. Regulatory Flexibility Act**

DoD certifies 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 changes are to internal Government operating procedures.

Specifically, the final rule implements section 819 of the National Defense Authorization Act for Fiscal Year 2010. Section 819 places limitations on certain types of line items and contract options that may be included in contracts initially awarded pursuant to competitive solicitations. When the prohibition applies, it limits the dollar value, period of performance, and time for exercise of such contract line items or contract options. The intent of the final rule is to prevent a contract for new technology that is initially awarded as a result of competition from becoming a noncompetitive effort for the development of advanced components or the procurement of prototype units.

**IV. Paperwork Reduction Act**

The Paperwork Reduction Act does not apply because the final rule does not impose any information collection requirements that require the approval of the Office of Management and Budget under 44 U.S.C. 3501, *et seq.*

**List of Subjects in 48 CFR Parts 217, 234, and 235**

Government procurement.

Clare M. Zebrowski,  
*Editor, Defense Acquisition Regulations System.*

**Interim Rule Adopted as Final With Changes**

■ Accordingly, the interim rule amending 48 CFR parts 217 and 234, which was published in the **Federal Register** at 75 FR 32638 on June 8, 2010, is adopted as final with the following changes:

■ 1. The authority citation for 48 CFR parts 217, 234, and 235 continues to read as follows:

**Authority:** 41 U.S.C. 421 and 48 CFR chapter 1.

**PART 235—RESEARCH AND DEVELOPMENT CONTRACTING**

■ 2. Section 235.006-71 is added to subpart 235.006 to read as follows:

**235.006-71 Competition.**

See 234.005-1 for limitations on the use of contract line items or contract options for the provision of advanced component development or prototypes of technology developed under a competitively awarded proposal.

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**DEPARTMENT OF DEFENSE**

**Defense Acquisition Regulations System**

**48 CFR Part 237**

**Defense Federal Acquisition Regulation Supplement; Services of Senior Mentors (DFARS Case 2010-D025)**

**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 DoD policy on the services of senior mentors.

**DATES:** *Effective:* November 24, 2010.

**FOR FURTHER INFORMATION CONTACT:** Ms. Meredith Murphy, 703-602-1302, Defense Acquisition Regulations System, OUSD (AT&L) DPAP/DARS, 3060 Defense Pentagon, Room 3B855, Washington, DC 20301-3060.

**SUPPLEMENTARY INFORMATION:**

**I. Background**

This DFARS case is implementing the DoD policy on the services of senior mentors. These policies are set forth in two memoranda:

- Secretary of Defense Memorandum entitled "Policy on Senior Mentors," dated April 1, 2010; and
- Deputy Secretary of Defense Memorandum entitled "Implementation Guidance on Senior Mentor Policy," dated July 8, 2010.

This case is being published as a final rule because the policy changes have already been established by the Secretary of Defense and the Deputy Secretary of Defense in their policy memoranda. The DFARS language incorporated by this rule is implementing the policy established in the memoranda, which impacts internal DoD operations with no impact on the public. Therefore, publication for public comments is not necessary.

**II. Discussion**

Senior mentors are retired flag, general, or other military officers or retired senior civilian officials who provide expert experience-based mentoring, teaching, training, advice, and recommendations to senior military officers, staff, and students as they participate in war games, warfighting courses, operational planning, operational exercises, and decision-making exercises. The relevant prior service, joint force experience, and