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General Accounting Office  
Washington, D.C. 20548

Office of the General Counsel

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June 29, 1989

Ms. Margaret A. Willis  
FAR Secretariat  
General Services Administration

Dear Ms. Willis:

This responds to your letter of March 17, 1989, requesting our comments on two proposed changes to the Federal Acquisition Regulation (FAR), one dealing with contractors' indirect cost rate proposals (FAR case No. 89-14), and the other concerning federally funded research and development centers (FFRDCs) (FAR case No. 84-45).

FAR case No. 89-14 proposes changes to FAR Parts 15, 42 and 52 to clarify existing FAR requirements concerning contractors' indirect cost rate proposals. Specifically, the proposed changes would amend FAR section 15.804-4 (Certification of Current Cost or Pricing Data) by adding a new paragraph (i) stating that data in support of a contractor's final indirect rate submission are cost or pricing data, and therefore must be certified as accurate, complete, and current. FAR case 89-14 also proposes to amend FAR sections 42.705-1 and 42.705-2, which set forth the contracting officer's and the auditor's respective responsibilities for establishing final indirect cost rates. The proposed amendment would require that these officials obtain from the contractor a Certificate of Current Cost or Pricing Data.

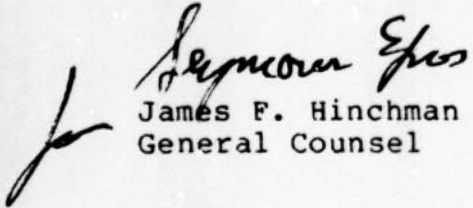
FAR case No. 84-45 would revise FAR Parts 5, 17 and 35 to implement the Office of Federal Procurement Policy's (OFPP) Policy Letter 84-1 and section 912 of Pub. L. No. 99-500, both of which establish requirements for the establishment and use of FFRDCs. In general, agencies establish and use FFRDCs to meet special, long-term research and development needs that cannot be met as effectively through in-house or contractor resources.

FAR case 84-45 would require public notice before a FFRDC may be established (FAR section 5.205(b)), restrict a nonsponsoring federal agency's use of a FFRDC (FAR section

17.504(e)), add a definition of PFRDCs (FAR section 35.001), and establish other requirements concerning the use of PFRDCs (new FAR section 35.017).

We have no objection to these two FAR cases.

Sincerely yours,

  
James F. Hinchman  
General Counsel