nation except Soviet Bloc,[2] Communist China, North Korea, Macao, Hong Kong, Communist controlled areas of Vietnam, Cuba, or Southern Rhodesia, unless otherwise authorized by the United States".

(*i*) If the commodity being exported requires a validated license for shipment to Poland (including Danzig) and Rumania, these countries shall be included in the list of prohibited destinations set forth in the last blank space of the statement.

(*2*) If the commodity being exported does not require a validated license for shipment to any destination included in the list of prohibited destinations, the destination may be deleted from the list of prohibited destinations set forth in the last blank space of the statement.

(*b*) If the export is made under a validated license, insert in the first blank space the name of the country shown on the license as country of ultimate destination. In the last blank space, insert the names of the countries shown on the license as approved destinations for distribution or resale. If no country is shown on the license as approved for distribution or resale, insert the word "none" in the last blank space.

NOTE: The note following the destination control statement set forth in paragraph (c)(2)(i) of this section is also applicable to requests for permission to distribute or resell where the statement set forth in subdivision (ii) of this subparagraph is used.

(iii) Where a shipment is made under a general license, other than General License GMS and the exceptions set forth in paragraph (c)(1)(ii) of this section, the following statement[3] may be entered on the Declaration instead of the statements set forth in paragraphs (i) and (ii) of this section:

U.S. law prohibits disposition of these commodities to the Soviet Bloc, Communist China, North Korea, Macao, Hong Kong, Communist controlled areas of Vietnam, Cuba, or Southern Rhodesia, unless otherwise authorized by the United States.

(*a*) If the commodity being exported requires a validated license for shipment to Poland (including Danzig) and Rumania, these countries shall be included in the list of prohibited destinations set forth in the above statement.

(*b*) If the commodity being exported does not require a validated license for shipment to a destination(s) included in the list of prohibited destinations, such destination(s) may be deleted from the list of prohibited destinations set forth in the above statement.

NOTE: The note following the destination control statement set forth in paragraph (c)(2)(i) of this section is also applicable to requests for permission to distribute or resell where the statement set forth in paragraph (iii) above is used.

(3) *Statement on bill of lading.* (i) No carrier by water, land, or air shall issue (and no licensee, shipper, consignor, exporter or consignee, or their agents, or any other person, shall prepare or procure) a Bill of Lading covering an export of a commodity with respect to which a Declaration has been authenticated by a Customs Office containing the applicable statement set forth in paragraph (c)(2) of this section; unless all copies of such Bill of Lading, including all nonnegotiable and office copies, except as provided in subdivision (ii) of this subparagraph, shall contain the same statement in clearly legible form.

The destination control statement provisions apply to all exports by mail for which a Declaration is required. However, since Bills of Lading are not issued for exports by mail, a destination control statement is required only on the Declaration and the commercial invoice.

(ii) In the case of shipments by air (other than airmail or air parcel post) the provisions of subdivision (i) of this subparagraph are applicable to: (*a*) Any Air Waybill issued by a consolidator (indirect carrier) for an export included in a consolidated shipment; or (*b*) any Air Waybill issued by a carrier or other person covering an export not included in a consolidated shipment. The provisions of paragraph (c)(2) of this section do not apply to a "Master" Air Waybill issued by a carrier to cover a consolidated shipment.

(4) *Statement on commercial invoice.* No licensee, shipper, or consignor, exporter, or agent thereof, or any other person, shall prepare or issue any commercial invoice with respect to any shipment of commodities subject to the provisions of this paragraph (c), including shipments by mail, unless such invoice or invoices and all copies thereof shall contain on the face thereof the same destination control statement in clearly legible form. This statement shall be an applicable statement as set forth in paragraph (c)(2) of this section.

* * * * *

PART 380—AMENDMENTS, EXTENSIONS, TRANSFERS

Section 380.4 is revised to read as follows:

§ 380.4 Extension of validity period of license.

(a) *Time for submission of requests.* (1) A licensee may submit a request for extension of the validity period of a license which will expire before shipment can be made, except that a request to extend the validity period of a license issued under the emergency clearance procedure set forth in paragraph (i) of this section will not be granted. The request for extension of the validity period shall be submitted sufficiently in advance of the expiration date to allow the Office of Export Control to send an advice of amendment by regular mail to the licensee and the Customs Office holding the license before the license expires. However, where unusual circumstances make it impossible for the licensee to submit his request for extension before the expiration date, a request for extension will be considered if received within one month after the expiration date shown on the license.

(2) If a license does not qualify for extension under the terms set forth above, a new application for export license shall be submitted in accordance with the procedure described in paragraph (d) of this section.

PART 385—EXPORTS OF TECHNICAL DATA

Section 385.6 is amended by adding a new paragraph designated (d) to read as follows:

§ 385.6 Reexports of technical data and exports of the product manufactured abroad by use of U.S. technical data.

* * * * *

(d) *Effect of foreign laws.* No authority granted by the U.S. Office of Export Control, or under the provisions of the U.S. Export Regulations, to reexport technical data or export a product thereof shall in any way relieve any person from his responsibility to comply fully with the laws, rules, and regulations of the country from which the reexport or export is to be made of any other country having authority over any phase of the transaction. Conversely, no foreign law, rule, regulation, or authorization in any way relieves any person from his responsibility to obtain such authorization from the U.S. Office of Export Control as may be required by the U.S. Export Regulations.

[F.R. Doc. 68-10830; Filed, Sept. 6, 1968; 8:45 a.m.]

Title 20—EMPLOYEES' BENEFITS

Chapter III—Social Security Administration, Department of Health, Education, and Welfare

[Regs. No. 5]

PART 405—FEDERAL HEALTH INSURANCE FOR THE AGED (1965—)

Subpart L—Conditions of Participation; Home Health Agencies

Correction

In F.R. Doc. 68-10337 appearing at page 12090 of the issue for Tuesday, August 27, 1968, the subpart heading should read as set forth above.

[2] As used in the destination control statement, the term "Soviet Bloc" means all destinations in Country Group Y (see paragraph 370.1(g)). It will be noted that Poland (including Danzig), Rumania, and Yugoslavia are not included in Country Group Y.

[3] As used in the destination control statement, the term "Soviet Bloc" means all destinations in Country Group Y (see paragraph 370.1(g)). It will be noted that Poland (including Danzig), Rumania, and Yugoslavia are not included in Country Group Y.

The words "and Laos" may be inserted at the exporter's discretion in the destination control statement after the entry of "Vietnam."

Title 21—FOOD AND DRUGS

Chapter I—Food and Drug Administration, Department of Health, Education, and Welfare

SUBCHAPTER C—DRUGS

PART 141—TESTS AND METHODS OF ASSAY OF ANTIBIOTIC AND ANTIBIOTIC-CONTAINING DRUGS

Specific Rotation

Correction

In F.R. Doc. 68-10500 appearing at page 12229 in the issue of Friday, August 30, 1968, the formula in § 141.520(b) should read:

$$[\alpha]_x{}^t = \frac{100a}{lc}$$

Title 32—NATIONAL DEFENSE

Chapter I—Office of the Secretary of Defense

SUBCHAPTER E—DEFENSE CONTRACTING

PART 163—DEFENSE CONTRACT FINANCING REGULATIONS

Miscellaneous Amendments

The following amendments to this Part 163 are issued by direction of the Assistant Secretary of Defense (Installations and Logistics) pursuant to authority contained in Department of Defense Directive No. 4105.30, dated March 11, 1959 (24 F.R. 2260), as amended, and 10 U.S.C. 2202.

1. Sections 163.72-2, 163.73-1(a), and 163.73-2 are revised to read as follows:

§ 163.72-2 Uniform standard percentages—contracts made on or after March 1, 1968.

For new contracts, that is, those entered into on or after March 1, 1968, the uniform standard progress payment rate is 80 percent of total costs for firms which are not small business concerns, and 85 percent of total costs for small business concerns. This 85 percent rate applies to all new contracts hereafter awarded to small business concerns, whether or not awarded pursuant to formal advertising. These new uniform standard progress payment rates also apply to letter contracts awarded on or after March 1, 1968, and to definitive fixed price types of contracts which supersede letter contracts on or after March 1, 1968, regardless of the date of award of the superseded letter contract. Higher percentages for new contracts will be regarded as unusual (§ 163.74) and not within the category of customary progress payments.

§ 163.73-1 Progress payment provisions in invitation for bids.

(a) When progress payments are contemplated, the invitation for bids shall include a notice of availability of progress payments as described in § 163.73-4. The percentage of total costs to be mentioned in these invitations for bids is 85 percent for small business concerns and 80 percent for firms which are not small business concerns.

* * * * *

§ 163.73-2 Small business restricted advertising.

The above policy and standards also apply to procurement by "Small Business Restricted Advertising" and for procurement pursuant to § 163.73-3. When progress payments are contemplated in these cases, provision will be made for progress payment percentage at 85 percent of total costs.

§ 163.73-3 [Amended]

2. The reference to "§§ 163.72 and 163.-73-2," at the end of § 163.73-3, is deleted.

3. Sections 163.73-4, 163.80-2, and 163.80-3 are revised, and new § 163.85 is added, as follows:

§ 163.73-4 Notice to bidders.

Those invitations for bids that make provision for progress payments (§ 163.-73-1) should contain substantially the following notice to bidders:

PROGRESS PAYMENTS [1]

The need for progress payments conforming to regulations (Appendix E, Armed Services Procurement Regulation) will not be considered as a handicap or adverse factor in the award of contracts. Bidders desiring progress payments in accordance with the "Progress Payment" clause attached hereto, shall include a written request therefor in their bids. Bids including requests for progress payments will be evaluated on an equal basis with bids not including a request for progress payments. If so requested, the "Progress Payment" clause will be included in the contract awarded. For small business concerns, 85 percent will be specified throughout paragraphs (a) and (b) of the "Progress Payment" clause. If a bid does not contain a request for progress payment provision, the "Progress Payment" clause will not be included in the contract as awarded.

For Contractors which are not small business concerns, 80 percent will be specified throughout paragraphs (a) and (b) of the requested "Progress Payment" clause. Bids of small business concerns that include request for progress payments at 85 percent of total costs will be evaluated on an equal basis with bids of firms which are not small business concerns, that include request for progress payments at 80 percent of total costs.

§ 163.80-2 Uniform standard percentages—firms not small business; paragraphs (a) and (b) of clause.

For new contracts entered into on or after March 1, 1968 (§ 163.72-2) with contractors which are not small business concerns, except as provided in §§ 163.80-4 and 163.80-5, the figure of 80 percent stated in paragraphs (a)(1)(i), (a)(3)(i), (a)(3)(ii), (a)(4), and (b) of the clause in § 163.79-1 is the uniform standard and only percentage for use in those paragraphs for procurement by formal advertising (§ 163.73-1), letter contracts, indefinite quantity contracts, negotiated price competitive contracts, and other contracts awarded without cost analysis (§ 3.807-2(c) of this chapter) and negotiation of a profit rate.

§ 163.80-3 Uniform standard percentages; small business concerns; paragraphs (a) and (b) of clause.

For new contracts entered into with small business concerns on or after March 1, 1968 (§ 163.72-2), except as provided in §§ 163.80-4 and 163.80-5 a figure of 85 percent shall be specified in paragraphs (a)(1)(i), (a)(3)(i), (a)(3)(ii), (a)(4), and (b) of the clause in § 163.79-1. This applies to procurement by formal advertising (§ 163.73-1), "Small Business Restricted Advertising" (§ 163.73-2), procurement pursuant to § 163.73-3, letter contracts with small business concerns, negotiated price competitive contracts with small business concerns, and other contracts awarded to small business concerns without cost analysis (§ 3.807-2(c) of this chapter) and negotiation of a profit rate.

§ 163.85 Delivery payments on letter contracts.

On letter contracts contemplating a definitive fixed price type of contract, provision may be made for provisional billings and payments for items delivered to and accepted by the Government. These provisional delivery billing prices should of course be without prejudice to definitive contract pricing, and should be set conservatively so as to cover no more than the costs fairly attributable to items to be delivered and accepted, taking into account prospective total costs and quantities contemplated for the latter contract and the definitive contract. Provisional billings for deliveries are of course subject to deductions for liquidation of progress payments (§ 163.-79-1(b)).

[Rev. 29, Appendix E, ASPR, May 15, 1968] (Sec. 2202, 70A Stat. 120; 10 U.S.C. 2202. Interpret or apply secs. 301, 702(d) 64 Stat. 800, 816, as amended, secs. 2307, 7364, 70A Stat. 131, 455, as amended, sec. 1, 72 Stat. 972; 50 U.S.C. App. 2091, 2152(d), 10 U.S.C. 2307, 7364, 50 U.S.C. 1431, E.O. 10480, 18 F.R. 4939, 3 CFR, 1953 Supp., E.O. 10789, 23 F.R. 8897, unless otherwise noted)

For the Adjutant General.

HAROLD SHARON,
Chief, Legislative and Precedent Branch, Office of Comptroller, TAGO.

[F.R. Doc. 68-10866; Filed, Sept. 6, 1968; 8:48 a.m.]

[1] Do not use second paragraph of this notice for procurements mentioned in §§ 163.73-2 and 163.73-3.

Title 33—NAVIGATION AND NAVIGABLE WATERS

Chapter II—Corps of Engineers, Department of the Army

PART 208—FLOOD CONTROL REGULATIONS

Altus Dam and Reservoir, North Fork Red River, Okla.

Pursuant to the provisions of section 7 of the Act of Congress, approved December 22, 1944 (58 Stat. 890; 33 U.S.C. 709), Flood Control Regulations, § 208.26, Altus Dam and Reservoir, North Fork Red River, Okla., governing the use of flood control storage above elevation 1559 in Altus Reservoir and the operation of Altus Dam for flood control purposes is hereby amended. Section 208.26 (14 F.R. 5779, Sept. 22, 1949) shall be deleted in its entirety and the following substituted in place thereof, effective upon publication in the FEDERAL REGISTER:

§ 208.26 Altus Dam and Reservoir, North Fork Red River, Okla.

The Bureau of Reclamation, or its designated agent, shall operate the Altus Dam and Reservoir in the interest of flood control as follows:

(a) Flood control storage in the reservoir between elevation 1559 (top of conservation pool) and elevation 1562 (top of flood control pool) amounts to 21,448 acre-feet (based on 1953 sedimentation survey). Whenever the reservoir level is within this elevation range, the flood control discharge facilities shall be operated under the direction of the District Engineer, Corps of Engineers, Department of the Army, in charge of the locality, so as to reduce as much as practicable the flood damage below the dam, and to limit the reservoir level to elevation 1562 when possible.

(b) When the reservoir level is below elevation 1559 and the predicted volume of runoff from the area above the dam exceeds the volume of water necessary to raise the reservoir level above elevation 1559, the reservoir will be operated to obtain maximum overall benefits which may consist of preflood releases; *Provided*, That all preflood releases will have prior concurrence of the Bureau of Reclamation or its designated agent. The preflood releases shall not result in a reservoir level below elevation 1559 at the end of the flood.

(c) When the reservoir level exceeds elevation 1559, releases will be made equal to inflow or 2,000 c.f.s., whichever is smaller, except that when the reservoir elevation forecast indicates that this operation will result in a reservoir level exceeding elevation 1562, releases will be increased in order to provide maximum overall benefits and prevent the reservoir level from exceeding elevation 1562, insofar as possible. The flood control pool will be emptied by continuing the peak discharge rate until the reservoir level recedes to elevation 1559, at which time releases will be made equal to inflow.

(d) If the reservoir level exceeds elevation 1562 (top of flood control pool) releases shall be made at the maximum rate possible through the spillway gates, conduit, and the uncontrolled spillway and continued until the reservoir level recedes to elevation 1559, at which time releases will be made equal to inflow.

(e) Whenever the reservoir level is above elevation 1559 and communication with the Bureau of Reclamation Regional Office and the Corps of Engineers District Office is unobtainable, releases shall be made equal to inflow until all gates are fully open. The maximum release thus obtained shall be maintained until the pool recedes to elevation 1559 at which time releases shall be made to equal inflow.

(f) The representative of the Bureau of Reclamation, or its designated agent, in immediate charge of the operation of Altus Dam will furnish daily to the District Engineer, Corps of Engineers, Department of the Army, in charge of the locality, a report on forms provided by the District for this purpose, showing the reservoir pool elevation; the number of spillway gates in operation with their respective opening and releases; the uncontrolled spillway release; conduit, canal outlet wasteway, and irrigation releases; storage; reservoir inflow; available evaporation data; and precipitation in inches. A reading at 8 a.m., noon, 4 p.m., and midnight, shall be shown for each day. Whenever the reservoir level rises to elevation 1559 and releases for flood control regulation are necessary or appear imminent, the representative of the Bureau of Reclamation or its designated agent, shall report at once to the District Engineer by telephone or telegraph and, unless otherwise instructed, shall report at 8 a.m., noon, and 3 p.m. thereafter, in that manner, until the reservoir level recedes to elevation 1559. These latter reports shall reach the District Engineer by 9 a.m., 1 p.m., and 4 p.m. each day.

(g) The regulations of this section, insofar as they govern use of the flood control storage capacity above elevation 1559 are subject to temporary modification by the District Engineer in time of flood, if found desirable on the basis of conditions at the time. Such desired modifications shall be coordinated with and approved by the Bureau of Reclamation.

(h) Flood control operation shall not restrict releases necessary for irrigation, municipal, and industrial uses.

(i) Releases made in accordance with the regulations of this section are subject to the conditions that releases shall not be made at rates or in a manner that would be inconsistent with emergency requirements for protecting the dam and reservoir from major damage.

(j) Any time that the Bureau of Reclamation determines that operation in accordance with the regulations of this section will jeopardize the safety of Altus Dam, they will so advise the District Engineer and will assume operational responsibility and take action necessary to assure the safety of the dam.

(k) The discharge characteristics of the controlled and the uncontrolled spillways (capable of discharging approximately 42,800 c.f.s. and 2,000 c.f.s., respectively, with the reservoir level at elevation 1562) shall be maintained in accordance with the construction plans (Bureau of Reclamation Drawing No. 258-D-69).

(l) All elevations stated in this section are at Altus Dam and are referred to the datum in use at that location.

[Reg., Aug. 13, 1968, ENGWC-EY] (Sec. 7, 58 Stat. 890; 33 U.S.C. 709)

For the Adjutant General.

HAROLD SHARON,
Chief, Legislative and Precedent Branch, Office of Comptroller, TAGO.

[F.R. Doc. 68-10864; Filed, Sept. 6, 1968; 8:48 a.m.]

PART 208—FLOOD CONTROL REGULATIONS

Lovewell Dam and Reservoir, White Rock Creek, Jewell County, Kans.

Pursuant to the applicable provisions of sections 7 and 9 of the Act of Congress approved December 22, 1944 (58 Stat. 890, 891; 33 U.S.C. 709), the following regulations are hereby prescribed to govern the use of storage capacity for flood-control purposes in Lovewell Reservoir on White Rock Creek, Jewell County, Kans., and the operation of Lovewell Dam for flood-control purposes.

§ 208.42 Lovewell Dam and Reservoir, White Rock Creek, Jewell County, Kans.

The Bureau of Reclamation, Department of the Interior, represented by its appropriate Project Manager, hereinafter referred to as the Project Manager, shall operate Lovewell Dam and Reservoir in the interest of flood control as follows:

(a) The flood control storage capacity of the reservoir, which initially amounts to 50,460 acre-feet between elevations 1582.6 and 1595.3 shall be regulated as follows:

(1) For local flood control on White Rock Creek and the Republican River below the dam to effect the release of water through the gated spillway (having a capacity of about 3,000 c.f.s. with water surface at elevation 1582.6) to limit flows in White Rock Creek below Lovewell Dam to a maximum of 3,000 c.f.s. and, in addition, insofar as is practical, to limit flows on the Republican River below the mouth of White Rock Creek to a maximum of bankfull capacity, presently estimated to be 11,000 c.f.s., or a stage of 15.5 feet, at Clay Center, Kans.

(2) For coordination of flood control regulation in Lovewell Reservoir with existing and potential flood conditions and the regulation of other flood-control reserviors and projects in the Republican, Kansas, and Missouri River basins, releases from and flood-control operation of the project will be adjusted as required for optimum effectiveness during all flood periods.

(b) The District Engineer, Corps of Engineers, Department of the Army, in charge of the locality, hereinafter referred to as the District Engineer, shall issue instructions to the Project Manager for achievement of the necessary local flood control below the dam and coordination of flood-control regulation of the reservoir with flood conditions and flood-control operation of other reservoirs and flood-control projects in the Republican, Kansas, and Missouri River basins during flood periods and whenever the reservoir may contain impounded water in the flood-control storage zone; and the District Engineer shall also issue special directions, if desirable, on the basis of flood conditions at the time, to the Project Manager for temporary modification of the provisons for local flood-control regulation contained in paragraph (a) (1) of this section. Oral instructions from the District Engineer to the Project Manager shall be confirmed in writing under date of the day issued.

(c) The discharge characteristics of the gated spillway (capable of discharging 14,600 c.f.s. with reservoir level at elevation 1595.3) shall be maintained in accordance with the construction plans (Bureau of Reclamation Specifications No. DC-4253 as modified by the as-built Drawing 271-D-795 dated Jan. 29, 1954, revised Dec. 5, 1967).

(d) Flood-control operations shall not restrict releases necessary for irrigation.

(e) Whenever the reservoir level reaches or exceeds elevation 1582.6 or flood discharges appear imminent, the Project Manager shall report at once to the District Engineer by telephone, telegraph, or radio and as requested thereafter until the reservoir level falls to elevation 1582.6 or below and flood discharges cease.

(f) Proposed schedules of irrigation releases and storage changes, if available, and current operating data shall be provided to the District Engineer by the Project Manager. These data shall be tabulated daily and furnished periodically as required, and shall include such items as reservoir elevation, reservoir storage, inflow, discharges, and pertinent available hydrologic data.

(g) Releases made in accordance with the regulations of this section are subject to the condition that releases shall not be made at rates or in a manner that would be inconsistent with requirements for protecting the dam and reservoir from major damage, or inconsistent with safe routing of the inflow design flood.

(h) All elevations stated in this section are at the Lovewell Dam and Reservoir and are referred to the datum in use at that location.

[Regs., Aug. 8, 1968, ENGCW-EY] (Secs. 7 and 9, 58 Stat. 890, 891; 33 U.S.C. 709)

For the Adjutant General.

HAROLD SHARON,
Chief, Legislative and Precedent Branch, Office of Comptroller, TAGO.

[F.R. Doc. 68-10865; Filed, Sept. 6, 1968; 8:48 a.m.]

Title 41—PUBLIC CONTRACTS AND PROPERTY MANAGEMENT

Chapter 24—Department of Housing and Urban Development

MISCELLANEOUS AMENDMENTS TO CHAPTER

In Subtitle A—Federal Procurement Regulations System, Chapter 24, the following amendments are made:

PART 24-1—GENERAL

1. Subpart 24-1.3 is added as follows:

Subpart 24-1.3—General Policies

AUTHORITY: The provisions of this subpart issued under sec. 7(d) of the Department of Housing and Urban Development Act, 42 U.S.C. 3535(d); Secretary's delegations of authority published at 33 F.R. 4593, Mar. 15, 1968, as amended at 33 F.R. 11099, Aug. 3, 1968; and at 31 F.R. 10754, Aug. 12, 1966.

Subpart 24-1.3—General Policies

§ 24-1.301 Methods of procurement.

(a) *Procurement by formal advertising.* Supplies and services shall generally be procured by formal advertising in accordance with FPR 1-2.

(b) *Procurement by negotiation.* Supplies and services may be procured without formal advertising in accordance with FPR 1-3.

§ 24-1.302 Procurement sources.

§ 24-1.302-1 General.

(a) *Government sources.* Procurement of certain supplies and services may be effected by orders on Government sources referred to in FPR 1-1.302-1. It is the policy of the Department that such methods of procurement be utilized to the maximum extent practicable, in accordance with applicable laws and regulations. Such procurement by the Department may be under:

(1) Section 601 of the Economy Act of June 30, 1932, as amended (31 U.S.C. 686), in accordance with regulations of the General Accounting Office;

(2) Section 502(c)(2) of the Housing Act of 1948, as amended (12 U.S.C. 1701c(b)(2)), in accordance with the Comptroller General's decision of April 10, 1951, B-102040.

(b) *Sources outside the Government.* Irrespective of whether the procurement of supplies or services from sources outside the Government is to be effected by formal advertising or by negotiation, competitive proposals ("bids" in the case of procurement by formal advertising, "proposals" in the case of procurement by negotiation) shall be solicited from all such qualified sources as are deemed necessary by the contracting officer to assure such full and free competition as is consistent with the procurement of the types of supplies and services necessary to meet the Department's requirements.

§ 24-1.302-2 [Reserved]

§ 24-1.302-3 Contracts between the Department and Government employees.

(a) *Prime contracts.* Procurement contracts between the Government and its employees or business organizations substantially owned or controlled by Government employees will not knowingly be entered into, except in those cases in which the needs of the Government cannot reasonably be otherwise supplied. The specific approval of the Assistant Secretary for Administration must be obtained for any such contract.

(b) *Subcontracts.* In the review of and consent to subcontracts under prime contracts, the policy restrictions of § 24-1.302-3 of this chapter apply.

§ 24-1.310 Responsible prospective contractor.

§ 24-1.310-1 Scope.

This section implements the policy and procedures set forth in FPR 1-1.310 to determine, before award, whether prospective contractors for furnishing the Department supplies or nonpersonal services (including construction) qualify as responsible.

§ 24-1.310-2 [Reserved]

§ 24-1.310-3 [Reserved]

§ 24-1.310-4 General policy.

A "responsible prospective contractor" is one which is found by the contracting officer to meet all of the applicable standards specified in § 24-1.310-5 of this chapter in addition to those in FPR 1-1.310-5. If the contracting officer has sufficient current information to satisfy himself that the prospective contractor meets the standards, the contracting officer may proceed with the award without further inquiry. All determinations of responsibility shall be based on adequate information conforming to the requirements of this section and FPR 1-1.310-5.

§ 24-1.310-5 Standards.

(a) In order to qualify as responsible, when costs incurred are to be a factor in determining the amount payable under the contract, or if advance or progress payment terms are to be included, a prospective contractor must, in the opinion of the contracting officer, meet the following standard in addition to those set forth in FPR 1-1.310-5:

(1) Have an accounting system and financial controls that are adequate for proper administration of the contract.

2. Subpart 24-1.50 is added as follows: