

**SUPPORTING STATEMENT FOR PAPERWORKREDUCTION ACT SUBMISSION
9000-0115, NOTIFICATION OF OWNERSHIP CHANGES**

A. Justification.

1. Administrative requirements. Federal Acquisition Regulation (FAR) 52.215-19, Notification of Ownership Changes, provides that contractors shall notify the Administrative Contracting Officer when the contractor becomes aware that a change in its ownership has occurred, or is certain to occur, that could result in changes in the valuation of its capitalized assets in the accounting records. The FAR cost principles at 31.205-52, Asset valuations, addresses the allowability of certain costs resulting from asset valuations following business combinations. In order to administer that cost principle adequately, notice of changes of ownership are necessary. The referenced contract clause, Notification of Ownership Changes, establishes the responsibility for a contractor to notify the Government in the event of an ownership change.

2. Uses of information. The notification of ownership change required by the clause will enable the Government to determine properly allowable costs in a timely manner.

3. Consideration of information technology. This collection requires notification "in writing" and the FAR definition "in writing" does not preclude electronic transmission. This collection is GPEA compliant.

4. Efforts to identify duplication. This requirement was issued under the Federal Acquisition Regulation (FAR) which has been developed to standardize Federal procurement practices and eliminate unnecessary duplication.

5. If the collection of information impacts small businesses or other entities, describe methods used to minimize burden. The burden applied to small businesses is the minimum consistent with applicable laws, Executive orders, regulations, and prudent business practices.

6. Describe consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently. Similar information is not already available to the contracting officer or buyer.

7. Special circumstances for collection. Collection of information on a basis other than when a contractor files for bankruptcy is not practicable. Collection is consistent with guidelines in 5 CFR 1320.6.

8. Efforts to consult with persons outside the agency. A notice was published in the *Federal Register* at 77 FR 74663, on December 17, 2012. One respondent provided comments. An analysis of the comments is summarized as follows:

Comment: The respondent commented that the extension of the information collection would violate the fundamental purposes of the Paperwork Reduction Act because of the burden it puts on the entity submitting the information and the agency collecting the information.

Response: In accordance with the Paperwork Reduction Act (PRA), agencies can request OMB approval of an existing information collection. The PRA requires that agencies use the Federal Register notice and comment process, to extend OMB's approval, at least every three years. This extension, to a previously approved information collection, pertains to FAR clause 52.215-19. This clause requires a contractor, when becoming aware that a change in its ownership has occurred, or is certain to occur, that could result in changes in the valuation of its capitalized assets in the accounting records, to notify the Administrative Contracting Officer (ACO) within 30 days. Further, the contractor has responsibilities regarding the maintenance and availability of inventory records of assets. Without this information or ability to access the information, after an ownership change, the Government would be unable to ascertain whether contractor assets were properly valued. The cost principles at FAR 31.205-52 address the allowability of certain costs resulting from asset valuations following business combinations. In order to administer the cost principles adequately, the information required by FAR 52.215-19 is necessary.

Comment: The respondent commented that the agency did not accurately estimate the public burden challenging that the agency's methodology for calculating it is insufficient and inadequate and does not reflect the total burden.

Response: Serious consideration is given, during the open comment period, to all comments received and adjustments are made to the paperwork burden estimate based on reasonable considerations provided by the public. This is evidenced, as the respondent notes, in FAR Case 2007-006 where an adjustment was made from the

total preparation hours from three to 60. This change was made considering particularly the hours that would be required for review within the company, prior to release to the Government.

The burden is prepared taking into consideration the necessary criteria in OMB guidance for estimating the paperwork burden put on the entity submitting the information. For example, consideration is given to an entity reviewing instructions; using technology to collect, process, and disclose information; adjusting existing practices to comply with requirements; searching data sources; completing and reviewing the response; and transmitting or disclosing information. The estimated burden hours for a collection are based on an average between the hours that a simple disclosure by a very small business might require and the much higher numbers that might be required for a very complex disclosure by a major corporation. Also, the estimated burden hours should only include projected hours for those actions which a company would not undertake in the normal course of business.

Upon consideration of the respondent's comments and review of Fiscal Year 2012 (FY12) Federal Procurement Data System (FPDS) information an adjustment is being made to the estimated annual burden. Based on FPDS information approximately 1200 novations and non-novated mergers and acquisition were recorded in FY12 as descriptions for modifications. However, it is estimated that only an estimated 50 percent of such actions will require the contractor to meet the requirements specified in accordance with FAR 52.215-19. The clause is only required to be inserted in solicitations and contracts for which it is contemplated that certified cost or pricing data will be required or for which any pre-award or post-award cost determination will be subject to [Subpart 31.2](#). The estimate of hours per response is adjusted upwards to allow for part of the internal coordination and analysis before submitting the information to the Government as stated by the respondent. However, apart from a notification to the ACO, the requirements of the clause are passive, requiring contractors to maintain rather than to create records to meet the specific requirements for Government submission, and should be part of the normal course of doing business. At any point, members of the public may submit comments for further consideration, and are encouraged to provide data to support their request for an adjustment.

9. Explanation of any decision to provide any payment or gift to respondents, other than remuneration of contractors or guarantees. Not applicable.

10. Describe assurance of confidentiality provided to respondents. This information is disclosed only to the extent consistent with prudent business practices and current regulations.

11. Additional justification for questions of a sensitive nature. No sensitive questions are involved.

12 & 13. Estimated total annual public hour and cost burden. Time required to read and prepare information is estimated at 1 hour per completion.

Annual Reporting Burden

Estimated respondents/yr.....	600
Responses annually.....	x <u>1</u>
Total annual responses.....	600
Estimated hrs/response.....	x <u>4</u>
Estimated total burden/hrs.....	2400

Annual Recordkeeping Burden

Number of recordkeepers.....	600
Annual hours per recordkeeper.....	x <u>1</u>
Total recordkeeping burden hours.....	600 hrs

Annual Cost to the Public

Total response and recordkeeping burden hours.....	3000
Average wages + overhead*	x <u>\$48.95</u>
Total cost to the public.....	\$146,850

* Based on a GS-12, step 1 (equivalent), salary plus 36.45 percent burden per OMB Circular A-76.

14. Estimated cost to the Government. Time required for Governmentwide review is estimated at 10 minutes per response.

Annual Reviewing Burden and Cost

Total annual responses.....	600
Review time per response.....	x <u>1hr</u>
Total burden hours.....	600
Average wages + overhead*	x <u>\$48.95</u>
Total cost to the Government.....	\$29,370

* Based on a GS-12, step 1 (equivalent), salary plus 36.45 percent burden per OMB Circular A-76.

15. Explain reasons for program changes or adjustments reported in Item 13 or 14. This submission requests an extension of OMB approval of an information collection requirement in the FAR. The information collection requirement in the FAR remains unchanged. The estimated burden increased based on Fiscal Year 2012 (FY12) Federal Procurement Data System (FPDS) which revealed that approximately 1200 novations and non-novated mergers and acquisition were recorded as descriptions for modifications. We estimated that only 50 percent or 600 of such actions required compliance with FAR 52.215-19. The clause is only required to be inserted in solicitations and contracts for which it is contemplated that certified cost or pricing data will be required or for which any pre-award or post-award cost determination will be subject to [Subpart 31.2](#). The estimate of hours per response is adjusted upwards to allow for the internal coordination and analysis before submitting the information to the Government as stated by the respondent. However, the significant increase recommended by the respondent was not made because, apart from a notification to the ACO, the requirements of the clause are passive, requiring contractors to maintain rather than to create records to meet the specific requirements for Government submission, and should be part of the normal course of doing business. The cost to both the public and Government increased based on the adjustment to the estimated responses, estimated hours per response and increase in the average hourly labor rate. In the last approved collection the labor rates for the public and Government were \$42 and \$40, respectively. For this collection renewal, a rate of \$48.95 is being used for both the public and Government.

16. Outline plans for published results of information collections. Results will not be tabulated or published.

17. Approval not to display expiration date. Not applicable.

18. Explanation of exception to certification statement. Not applicable.

B. Collection of Information Employing Statistical Methods. Statistical methods are not used in this information collection.