

## SUBCHAPTER A—GENERAL

### PART 200 [RESERVED]

### PART 201—FEDERAL ACQUISITION REGULATIONS SYSTEM

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

SOURCE: 56 FR 36284, July 31, 1991, unless otherwise noted.

#### Subpart 201.1—Purpose, Authority, Issuance

##### 201.104 Applicability.

The FAR and the Defense Federal Acquisition Regulation Supplement (DFARS) also apply to purchases and contracts by DoD contracting activities made in support of foreign military sales or North Atlantic Treaty Organization cooperative projects without regard to the nature or sources of funds obligated, unless otherwise specified in this regulation.

[56 FR 36284, July 31, 1991. Redesignated at 64 FR 39430, July 22, 1999]

##### 201.105 Issuance.

##### 201.105-3 Copies.

The DFARS and the DFARS Procedures, Guidance, and Information (PGI) are available electronically via the World Wide Web at <http://www.acq.osd.mil/dpap/dars/index.htm>.

[69 FR 63326, Nov. 1, 2004]

##### 201.107 Certifications.

In accordance with 41 U.S.C. 1304, a new requirement for a certification by a contractor or offeror may not be included in the DFARS unless—

(1) The certification requirement is specifically imposed by statute; or

(2) Written justification for such certification is provided to the Secretary of Defense by the Under Secretary of Defense (Acquisition, Technology, and Logistics), and the Secretary of Defense approves in writing the inclusion of such certification requirement.

[63 FR 11528, Mar. 9, 1998, as amended at 65 FR 39704, June 27, 2000; 76 FR 58137, Sept. 20, 2011; 77 FR 35879, June 15, 2012]

##### 201.109 Statutory acquisition-related dollar thresholds-adjustment for inflation.

(a) Section 814(b) of the National Defense Authorization Act for Fiscal Year 2012 (Pub. L. 112-81) requires that the threshold established in 10 U.S.C. 2253(a)(2) for the acquisition of right-hand drive passenger sedans be included in the list of dollar thresholds

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that are subject to adjustment for inflation in accordance with the requirements of 41 U.S.C. 1908, and is adjusted pursuant to such provisions, as appropriate.

(d) A matrix showing the most recent escalation adjustments of statutory acquisition-related dollar thresholds is available at PGI 201.109.

[71 FR 75892, Dec. 19, 2006, as amended at 77 FR 19128, Mar. 30, 2012]

### 201.170 Peer reviews.

(a) *DoD peer reviews.* (1) The Office of the Director, Defense Procurement and Acquisition Policy, will organize teams of reviewers and facilitate peer reviews for solicitations and contracts, as follows using the procedures at PGI 201.170—

(i) Preaward peer reviews for competitive procurements will be conducted in three phases for all solicitations valued at \$1 billion or more;

(ii) Preaward peer reviews for non-competitive procurements will be conducted in two phases for new contract actions valued at \$500 million or more; and

(iii) Postaward peer reviews will be conducted for all contracts for services valued at \$1 billion or more.

(2) To facilitate planning for peer reviews, the military departments and defense agencies shall provide a rolling annual forecast of acquisitions at the end of each quarter (i.e., March 31; June 30; September 30; December 31), to the Deputy Director, Defense Procurement and Acquisition Policy (Contract Policy and International Contracting) via email to *osd.pentagon.ousd-atl.mbx.peer-reviews@mail.mil*.

(b) *Component peer reviews.* The military departments and defense agencies shall establish procedures for—

(1) Preaward peer reviews of solicitations for competitive procurements valued at less than \$1 billion;

(2) Preaward peer reviews for non-competitive procurements valued at less than \$500 million; and

(3) Postaward peer reviews of all contracts for services valued at less than \$1 billion.

[77 FR 19126, Mar. 30, 2012, as amended at 78 FR 54968, Sept. 9, 2013; 79 FR 51264, Aug. 28, 2014]

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### Subpart 201.2—Administration

#### 201.201 Maintenance of the FAR.

##### 201.201–1 The two councils.

(c) The composition and operation of the DAR Council is prescribed in DoD Instruction 5000.35, Defense Acquisition Regulations (DAR) System.

(d)(i) Departments and agencies process proposed revisions of FAR or DFARS through channels to the Director of the DAR Council. Process the proposed revision as a memorandum in the following format, addressed to the Director, DAR Council, OUSD(AT&L), 3060 Defense Pentagon, Washington, DC 20301–3060; datafax (571) 372–6094:

I. **PROBLEM:** Succinctly state the problem created by current FAR and/or DFARS coverage and describe the factual and/or legal reasons necessitating the change to the regulation.

II. **Recommendation:** Identify the FAR and/or DFARS citations to be revised. Attach as TAB A a copy of the text of the existing coverage, conformed to include the proposed additions and deletions. Indicate deleted coverage with dashed lines through the current words being deleted and insert proposed language in brackets at the appropriate locations within the existing coverage. If the proposed deleted portion is extensive, it may be outlined by lines forming a box with diagonal lines drawn connecting the corners.

III. **Discussion:** Include a complete, convincing explanation of why the change is necessary and how the recommended revision will solve the problem. Address advantages and disadvantages of the proposed revision, as well as any cost or administrative impact on Government activities and contractors. Identify any potential impact of the change on automated systems, e.g., automated financial and procurement systems. Provide any other background information that would be helpful in explaining the issue.

IV. **Collaterals:** Address the need for public comment (FAR 1.301(b) and subpart 1.5), the Paperwork Reduction Act, and the Regulatory Flexibility Act (FAR 1.301(c)).

V. **Deviations:** If a recommended revision of DFARS is a FAR deviation, identify the deviation and include under separate TAB a justification for the deviation that addresses the requirements of 201.402(2). The justification should be in the form of a memorandum for the Director of Defense Procurement and Acquisition Policy, Office of the Under Secretary of Defense (Acquisition, Technology, and Logistics).

(ii) The public may offer proposed revisions of FAR or DFARS by submission of a memorandum, in the format (including all of the information) prescribed in paragraph (d)(i) of this subsection, to the Director of the DAR Council.

[56 FR 36284, July 31, 1991, as amended at 60 FR 61591, Nov. 30, 1995; 61 FR 50451, Sept. 26, 1996; 63 FR 11528, Mar. 9, 1998; 65 FR 6552, Feb. 10, 2000; 68 FR 7439, Feb. 14, 2003; 73 FR 70906, Nov. 24, 2008; 77 FR 76937, Dec. 31, 2012; 78 FR 13543, Feb. 28, 2013]

**201.201-70 Maintenance of Procedures, Guidance, and Information.**

The DAR Council is also responsible for maintenance of the DFARS Procedures, Guidance, and Information (PGI).

[69 FR 63326, Nov. 1, 2004]

**Subpart 201.3—Agency Acquisition Regulations**

**201.301 Policy.**

(a)(1) DoD implementation and supplementation of the FAR is issued in the Defense Federal Acquisition Regulation Supplement (DFARS) under authorization and subject to the authority, direction, and control of the Secretary of Defense. The DFARS contains—

- (i) Requirements of law;
- (ii) DoD-wide policies;
- (iii) Delegations of FAR authorities;
- (iv) Deviations from FAR requirements; and
- (v) Policies/procedures that have a significant effect beyond the internal operating procedures of DoD or a significant cost or administrative impact on contractors or offerors.

(2) Relevant procedures, guidance, and information that do not meet the criteria in paragraph (a)(1) of this section are issued in the DFARS Procedures, Guidance, and Information (PGI).

(b) When FEDERAL REGISTER publication is required for any policy, procedure, clause, or form, the department or agency requesting Under Secretary of Defense (Acquisition, Technology, and Logistics) (USD (AT&L)) approval for use of the policy, procedure, clause, or form (see 201.304(1)) must include an

analysis of the public comments in the request for approval.

[56 FR 36284, July 31, 1991, as amended at 60 FR 61591, Nov. 30, 1995; 65 FR 6552, Feb. 10, 2000; 69 FR 63326, Nov. 1, 2004]

**201.303 Publication and codification.**

(a)(i) The DFARS is codified under chapter 2 in title 48, Code of Federal Regulations.

(ii) To the extent possible, all DFARS text (whether implemental or supplemental) is numbered as if it were implemental. Supplemental numbering is used only when the text cannot be integrated intelligibly with its FAR counterpart.

(A) Implemental numbering is the same as its FAR counterpart, except when the text exceeds one paragraph, the subdivisions are numbered by skipping a unit in the FAR 1.105-2(b)(2) prescribed numbering sequence. For example, three paragraphs implementing FAR 19.501 would be numbered 219.501 (1), (2), and (3) rather than (a), (b), and (c). Three paragraphs implementing FAR 19.501(a) would be numbered 219.501(a) (i), (ii), and (iii) rather than (a) (1), (2), and (3). Further subdivision of the paragraphs follows the prescribed numbering sequence, e.g., 219.501(1)(i)(A)(I)(i).

(B) Supplemental numbering is the same as its FAR counterpart, with the addition of a number of 70 and up or (S-70) and up. Parts, subparts, sections, or subsections are supplemented by the addition of a number of 70 and up. Lower divisions are supplemented by the addition of a number of (S-70) and up. When text exceeds one paragraph, the subdivisions are numbered using the FAR 1.105-2(b)(2) prescribed sequence, without skipping a unit. For example, DFARS text supplementing FAR 19.501 would be numbered 219.501-70. Its subdivisions would be numbered 219.501-70 (a), (b), and (c).

(C) Subdivision numbering below the 4th level does not repeat the numbering sequence. It uses italicized Arabic numbers and then italicized lower case Roman numerals.

(D) An example of DFARS numbering is in Table 1-1, DFARS Numbering.

(iii) Department/agency and component supplements must parallel the FAR and DFARS numbering, except

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department/agency supplemental numbering uses subsection numbering of 90 and up, instead of 70 and up.

TABLE 1-1—DFARS NUMBERING

FAR	Is implemented as	Is supplemented as
19	219	219.70
19.5	219.5	219.570
19.501	219.501	219.501-70
19.501-1	219.501-1	219.501-1-70
19.501-1(a)	219.501-1(a)	219.501-1(a)(S-70)
19.501-1(a)(1)	219.501-1(a)(1)	219.501-1(a)(1)(S-70)

[56 FR 36284, July 31, 1991, as amended at 64 FR 51074, Sept. 21, 1999]

### 201.304 Agency control and compliance procedures.

Departments and agencies and their component organizations may issue acquisition regulations as necessary to implement or supplement the FAR or DFARS.

(1)(i) Approval of the USD (AT&L) is required before including in a department/agency or component supplement, or any other contracting regulation document such as a policy letter or clause book, any policy, procedure, clause, or form that—

(A) Has a significant effect beyond the internal operating procedures of the agency; or

(B) Has a significant cost or administrative impact on contractors or offerors.

(ii) Except as provided in paragraph (2) of this section, the USD(AT&L) has delegated authority to the Director of Defense Procurement and Acquisition Policy (OUSD(AT&L)DPAP) to approve or disapprove the policies, procedures, clauses, and forms subject to paragraph (1)(i) of this section.

(2) In accordance with 41 U.S.C. 1304, a new requirement for a certification by a contractor or offeror may not be included in a department/agency or component procurement regulation unless—

(i) The certification requirement is specifically imposed by statute; or

(ii) Written justification for such certification is provided to the Secretary of Defense by USD(AT&L), and the Secretary of Defense approves in writing the inclusion of such certification requirement.

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(3) Contracting activities must obtain the appropriate approval (see 201.404) for any class deviation (as defined in FAR subpart 1.4) from the FAR or DFARS, before its inclusion in a department/agency or component supplement or any other contracting regulation document such as a policy letter or clause book.

(4) Each department and agency must develop and, upon approval by OUSD(AT&L)DPAP, implement, maintain, and comply with a plan for controlling the use of clauses other than those prescribed by FAR or DFARS.

(5) Departments and agencies must submit requests for the Secretary of Defense, USD(AT&L), and OUSD(AT&L)DPAP approvals required by this section through the Director of the DAR Council.

(6) The Director of Defense Procurement publishes changes to the DFARS in the FEDERAL REGISTER and electronically via the World Wide Web. Each change includes an effective date. Unless guidance accompanying a change states otherwise, contracting officers must include any new or revised clauses, provisions, or forms in solicitations issued on or after the effective date of the change.

[56 FR 36284, July 31, 1991, as amended at 60 FR 61591, Nov. 30, 1995; 63 FR 11528, Mar. 9, 1998; 64 FR 39430, July 22, 1999; 65 FR 6552, Feb. 10, 2000; 68 FR 7439, Feb. 14, 2003; 76 FR 58137, Sept. 20, 2011; 77 FR 35879, June 15, 2012]

### Subpart 201.4—Deviations From the FAR

#### 201.402 Policy.

(1) The Director of Defense Procurement and Acquisition Policy, Office of the Under Secretary of Defense (Acquisition, Technology, and Logistics) (OUSD(AT&L)DPAP), is the approval authority within DoD for any individual or class deviation from—

(i) FAR 3.104, Procurement Integrity, or DFARS 203.104, Procurement Integrity;

(ii) FAR Subpart 27.4, Rights in Data and Copyrights, or DFARS Subpart 227.4, Rights in Data and Copyrights;

(iii) FAR part 30, Cost Accounting Standards Administration, or DFARS part 230, Cost Accounting Standards Administration;

(iv) FAR subpart 31.1, Applicability, or DFARS subpart 231.1, Applicability (contract cost principles);

(v) FAR subpart 31.2, Contracts with Commercial Organizations, or DFARS subpart 231.2, Contracts with Commercial Organizations; or

(vi) FAR part 32, Contract Financing (except subparts 32.7 and 32.8 and the payment clauses prescribed by subpart 32.1), or DFARS part 232, Contract Financing (except subparts 232.7 and 232.8).

(2) Submit requests for deviation approval through department/agency channels to the approval authority in paragraph (1) of this section, 201.403, or 201.404, as appropriate. Submit deviations that require OUSD(AT&L)DPAP approval through the Director of the DAR Council. At a minimum, each request must—

(i) Identify the department/agency, and component if applicable, requesting the deviation;

(ii) Identify the FAR or DFARS citation from which a deviation is needed, state what is required by that citation, and indicate whether an individual or class deviation is requested;

(iii) Describe the deviation and indicate which of paragraphs (a) through (f) of FAR 1.401 best categorizes the deviation;

(iv) State whether the deviation will have a significant effect beyond the internal operating procedures of the agency and/or a significant cost or administrative impact on contractors or offerors, and give reasons to support the statement;

(v) State the period of time for which the deviation is required;

(vi) State whether approval for the same deviation has been received previously, and if so, when;

(vii) State whether the proposed deviation was published (see FAR subpart 1.5 for publication requirements) in the FEDERAL REGISTER and provide analysis of comments;

(viii) State whether the request for deviation has been reviewed by legal counsel, and if so, state results; and

(ix) Give detailed rationale for the request. State what problem or situa-

tion will be avoided, corrected, or improved if request is approved.

[56 FR 36284, July 31, 1991, as amended at 60 FR 61591, Nov. 30, 1995; 61 FR 50451, Sept. 26, 1996; 64 FR 8727, Feb. 23, 1999; 65 FR 6552, Feb. 10, 2000; 68 FR 7439, Feb. 14, 2003]

**201.403 Individual deviations.**

(1) Individual deviations, except those described in 201.402(1) and paragraph (2) of this section, must be approved in accordance with the department/agency plan prescribed by 201.304(4).

(2) Contracting officers outside the United States may deviate from prescribed nonstatutory FAR and DFARS clauses when—

(i) Contracting for support services, supplies, or construction, with the governments of North Atlantic Treaty Organization (NATO) countries or other allies (as described in 10 U.S.C. 2341(2)), or with United Nations or NATO organizations; and

(ii) Such governments or organizations will not agree to the standard clauses.

[65 FR 6552, Feb. 10, 2000]

**201.404 Class deviations.**

(b)(i) Except as provided in paragraph (b)(ii) of this section, OUSD(AT&L)DPAP is the approval authority within DoD for any class deviation.

(ii) The senior procurement executives for the Army, Navy, and Air Force, and the Directors of the Defense Commissary Agency, the Defense Contract Management Agency, and the Defense Logistics Agency, may approve any class deviation, other than those described in 201.402(1), that does not—

(A) Have a significant effect beyond the internal operating procedures of the department or agency;

(B) Have a significant cost or administrative impact on contractors or offerors;

(C) Diminish any preference given small business concerns by the FAR or DFARS; or

(D) Extend to requirements imposed by statute or by regulations of other agencies such as the Small Business

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Administration and the Department of Labor.

[65 FR 6552, Feb. 10, 2000, as amended at 65 FR 52951, Aug. 31, 2000; 68 FR 7439, Feb. 14, 2003]

### **Subpart 201.6—Career Development, Contracting Authority, and Responsibilities**

#### **201.602 Contracting officers.**

##### **201.602-2 Responsibilities.**

(d) Follow the procedures at PGI 201.602-2 regarding designation, assignment, and responsibilities of a contracting officer's representative (COR).

(1) A COR shall be an employee, military or civilian, of the U.S. Government, a foreign government, or a North Atlantic Treaty Organization/coalition partner. In no case shall contractor personnel serve as CORs.

[79 FR 22036, Apr. 21, 2014]

##### **201.602-70 Contract clause.**

Use the clause at 252.201-7000, Contracting Officer's Representative, in solicitations and contracts when appointment of a contracting officer's representative is anticipated.

#### **201.603 Selection, appointment, and termination of appointment for contracting officers.**

##### **201.603-2 Selection.**

(1) In accordance with 10 U.S.C. 1724, in order to qualify to serve as a contracting officer with authority to award or administer contracts for amounts above the simplified acquisition threshold, a person must—

(i) Have completed all contracting courses required for a contracting officer to serve in the grade in which the employee or member of the armed forces will serve;

(ii) Have at least 2 years experience in a contracting position;

(iii) Have—

(A) Received a baccalaureate degree from an accredited educational institution; and

(B) Completed at least 24 semester credit hours, or equivalent, of study from an accredited institution of higher education in any of the following

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disciplines: accounting, business finance, law, contracts, purchasing, economics, industrial management, marketing, quantitative methods, and organization and management; and

(iv) Meet such additional requirements, based on the dollar value and complexity of the contracts awarded or administered in the position, as may be established by the Secretary of Defense.

(2) The qualification requirements in paragraph (1)(iii) of this subsection do not apply to a DoD employee or member of the armed forces who—

(i) On or before September 30, 2000, occupied—

(A) A contracting officer position with authority to award or administer contracts above the simplified acquisition threshold; or

(B) A position either as an employee in the GS-1102 occupational series or a member of the armed forces in an occupational specialty similar to the GS-1102 series;

(ii) Is in a contingency contracting force; or

(iii) Is an individual appointed to a 3-year developmental position. Information on developmental opportunities is contained in DoD Instruction 5000.66, Operation of the Defense Acquisition, Technology, and Logistics Workforce Education, Training, and Career Development Program.

(3) Waivers to the requirements in paragraph (1) of this subsection may be authorized. Information on waivers is contained in DoD Instruction 5000.66.

[67 FR 65509, Oct. 25, 2002, as amended at 73 FR 21844, Apr. 23, 2008]

##### **201.603-3 Appointment.**

(a) Certificates of Appointment executed under the Armed Services Procurement Regulation or the Defense Acquisition Regulation have the same effect as if they had been issued under FAR.

(b) Agency heads may delegate the purchase authority in 213.301 to DoD civilian employees and members of the U.S. Armed Forces.

[56 FR 36284, July 31, 1991, as amended at 64 FR 56705, Oct. 21, 1999]

**201.670 Appointment of property administrators and plant clearance officers.**

(a) The appropriate agency authority shall appoint or terminate (in writing) property administrators and plant clearance officers.

(b) In appointing qualified property administrators and plant clearance officers, the appointing authority shall consider experience, training, education, business acumen, judgment, character, and ethics.

[76 FR 52142, ≤Aug. 19, 2011]

**PART 202—DEFINITIONS OF WORDS AND TERMS**

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

**Subpart 202.1—Definitions**

**202.101 Definitions.**

*Congressional defense committees* means—

(1) In accordance with 10 U.S.C. 101(a)(16), except as otherwise specified in paragraph (2) of this definition or as otherwise specified by statute for particular applications—

(i) The Committee on Armed Services of the Senate;

(ii) The Committee on Appropriations of the Senate;

(iii) The Committee on Armed Services of the House of Representatives; and

(iv) The Committee on Appropriations of the House of Representatives.

(2) For use in subpart 217.1, see the definition at 217.103.

*Contract administration office* also means a contract management office of the Defense Contract Management Agency.

*Contracting activity* for DoD also means elements designated by the director of a defense agency which has been delegated contracting authority through its agency charter. DoD contracting activities are listed at PGI 202.101.

*Contracting officer's representative* means an individual designated and authorized in writing by the contracting officer to perform specific technical or administrative functions.

*Counterfeit electronic part* means an unlawful or unauthorized reproduction, substitution, or alteration that has been knowingly mismarked, misidentified, or otherwise misrepresented to be an authentic, unmodified electronic part from the original manufacturer, or a source with the express written authority of the original manufacturer or current design activity, including an authorized aftermarket manufacturer. Unlawful or unauthorized substitution includes used electronic parts represented as new, or the false identification of grade, serial number, lot number, date code, or performance characteristics.

*Departments and agencies*, as used in DFARS, means the military departments and the defense agencies. The military departments are the Departments of the Army, Navy, and Air Force (the Marine Corps is a part of the Department of the Navy). The defense agencies are the Defense Advanced Research Projects Agency, the Defense Commissary Agency, the Defense Contract Management Agency, the Defense Finance and Accounting Service, the Defense Information Systems Agency, the Defense Intelligence Agency, the Defense Logistics Agency, the Defense Security Cooperation Agency, the Defense Security Service, the Defense Threat Reduction Agency, the Missile Defense Agency, the National Geospatial-Intelligence Agency, the National Security Agency, the United States Special Operations Command, and the United States Transportation Command.

*Department of Defense (DoD)*, as used in DFARS, means the Department of Defense, the military departments, and the defense agencies.

*Electronic part* means an integrated circuit, a discrete electronic component (including, but not limited to, a transistor, capacitor, resistor, or diode), or a circuit assembly (section 818(f)(2) of Pub. L. 112-81). The term “electronic part” includes any embedded software or firmware.

*Executive agency* means for DoD, the Department of Defense, the Department of the Army, the Department of the Navy, and the Department of the Air Force.

*General public and non-governmental* entities, as used in the definition of *commercial item* at FAR 2.101, do not include the Federal Government or a State, local, or foreign government (Pub. L. 110-181, section 815(b)).

*Head of the agency* means, for DoD, the Secretary of Defense, the Secretary of the Army, the Secretary of the Navy, and the Secretary of the Air Force. Subject to the direction of the Secretary of Defense, the Under Secretary of Defense (Acquisition, Technology, and Logistics), and the Director of Defense Procurement and Acquisition Policy, the directors of the defense agencies have been delegated authority to act as head of the agency for their respective agencies (i.e., to perform functions under the FAR or DFARS reserved to a head of agency or agency head), except for such actions that by terms of statute, or any delegation, must be exercised within the Office of the Secretary of Defense. (For emergency acquisition flexibilities, see 218.270.)

*Major defense acquisition program* is defined in 10.U.S.C. 2430(a).

*Obsolete electronic part* means an electronic part that is no longer in production by the original manufacturer or an aftermarket manufacturer that has been provided express written authorization from the current design activity or original manufacturer.

*Procedures, Guidance, and Information (PGI)* means a companion resource to the DFARS that—

(1) Contains mandatory internal DoD procedures. The DFARS will direct compliance with mandatory procedures using imperative language such as “Follow the procedures at \* \* \*” or similar directive language;

(2) Contains non-mandatory internal DoD procedures and guidance and supplemental information to be used at the discretion of the contracting officer. The DFARS will point to non-mandatory procedures, guidance, and information using permissive language such as “The contracting officer may use \* \* \*” or “Additional information is available at \* \* \*” or other similar language;

(3) Is numbered similarly to the DFARS, except that each PGI numer-

ical designation is preceded by the letters “PGI”; and

(4) Is available electronically at <http://www.acq.osd.mil/dpap/dars/index.htm>.

*Senior procurement executive* means, for DoD—

Department of Defense (including the defense agencies)—Under Secretary of Defense (Acquisition, Technology, and Logistics);

Department of the Army—Assistant Secretary of the Army (Acquisition, Logistics and Technology);

Department of the Navy—Assistant Secretary of the Navy (Research, Development and Acquisition);

Department of the Air Force—Assistant Secretary of the Air Force (Acquisition).

The directors of the defense agencies have been delegated authority to act as senior procurement executive for their respective agencies, except for such actions that by terms of statute, or any delegation, must be exercised by the Under Secretary of Defense (Acquisition, Technology, and Logistics).

*Suspect counterfeit electronic part* means an electronic part for which credible evidence (including, but not limited to, visual inspection or testing) provides reasonable doubt that the electronic part is authentic.

*Tiered evaluation of offers*, also known as *cascading evaluation of offers*, means a procedure used in negotiated acquisitions, when market research is inconclusive for justifying limiting competition to small business concerns, whereby the contracting officer—

(1) Solicits and receives offers from both small and other than small business concerns;

(2) Establishes a tiered or cascading order of precedence for evaluating offers that is specified in the solicitation; and

(3) If no award can be made at the first tier, evaluates offers at the next lower tier, until award can be made.

*Simplified acquisition threshold*, in addition to the meaning at FAR 2.101, means \$300,000 when soliciting or awarding contracts to be awarded and performed outside the United States, or making purchases outside the United States, for acquisitions of supplies and services that, as determined



by the head of the contracting activity, are to be used to support a humanitarian or peacekeeping operation, as defined at FAR 2.101.

[56 FR 36287, July 31, 1991]

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting §202.101, see the List of CFR Sections Affected, which appears in the Finding Aids section of the printed volume and at *www.fdsys.gov*.

**PART 203—IMPROPER BUSINESS PRACTICES AND PERSONAL CONFLICTS OF INTEREST**

Sec.

203.070 Reporting of violations and suspected violations.

**Subpart 203.1—Safeguards**

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203.104-4 Disclosure, protection, and marking of contractor bid or proposal information and source selection information.

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203.171 Senior DoD officials seeking employment with defense contractors.

203.171-1 Scope.

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**Subpart 203.5—Other Improper Business Practices**

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203.570 Prohibition on persons convicted of frauds or other defense-contract-related felonies.

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**Subpart 203.7—Voiding and Rescinding Contracts**

203.703 Authority.

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**Subpart 203.9—Whistleblower Protections for Contractor Employees**

203.900 Scope of subpart.

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**Subpart 203.10—Contractor Code of Business Ethics and Conduct**

203.1003 Requirements.

203.1004 Contract clauses.

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

SOURCE: 56 FR 36288, July 31, 1991, unless otherwise noted.

**203.070 Reporting of violations and suspected violations.**

Report violations and suspected violations of the following requirements in accordance with 209.406-3 or 209.407-3 and DoDD 7050.5, Coordination of Remedies for Fraud and Corruption Related to Procurement Activities:

(a) Certificate of Independent Price Determination (FAR 3.103).

(b) Procurement integrity (FAR 3.104).

(c) Gratuities clause (FAR 3.203).

(d) Antitrust laws (FAR 3.303).

(e) Covenant Against Contingent Fees (FAR 3.405).

(f) Kickbacks (FAR 3.502).

(g) Prohibitions on persons convicted of defense-related contract felonies (203.570).

[69 FR 74990, Dec. 15, 2004, as amended at 77 FR 35879, June 15, 2012]

**Subpart 203.1—Safeguards**

**203.104 Procurement integrity.**

**203.104-4 Disclosure, protection, and marking of contractor bid or proposal information and source selection information.**

(d)(3) For purposes of FAR 3.104-4(d)(3) only, DoD follows the notification procedures in FAR 27.404-5(a). However, FAR 27.404-5(a)(1) does not apply to DoD.

[74 FR 2409, Jan. 15, 2009]

**203.170 Business practices.**

To ensure the separation of functions for oversight, source selection, contract negotiation, and contract award, departments and agencies shall adhere to the following best practice policies:

(a) Senior leaders shall not perform multiple roles in source selection for a major weapon system or major service

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acquisition. Departments and agencies shall certify every 2 years that no senior leader has performed multiple roles in the acquisition of a major weapon system or major service. Completed certifications shall be forwarded to the Director, Defense Procurement, in accordance with the procedures at PGI 203.170.

(b) Vacant acquisition positions shall be filled on an “acting” basis from below until a permanent appointment is made. To provide promising professionals an opportunity to gain experience by temporarily filling higher positions, these oversight duties shall not be accrued at the top.

(c) Acquisition process reviews of the military departments shall be conducted to assess and improve acquisition and management processes, roles, and structures. The scope of the reviews should include—

(1) Distribution of acquisition roles and responsibilities among personnel;

(2) Processes for reporting concerns about unusual or inappropriate actions; and

(3) Application of DoD Instruction 5000.2, Operation of the Defense Acquisition System, and the disciplines in the Defense Acquisition Guidebook.

(d) Source selection processes shall be—

(1) Reviewed and approved by cognizant organizations responsible for oversight;

(2) Documented by the head of the contracting activity or at the agency level; and

(3) Periodically reviewed by outside officials independent of that office or agency.

(e) Legal review of documentation of major acquisition system source selection shall be conducted prior to contract award, including the supporting documentation of the source selection evaluation board, source selection advisory council, and source selection authority.

(f) Procurement management reviews shall determine whether clearance threshold authorities are clear and that independent review is provided for acquisitions exceeding the simplified acquisition threshold.

[72 FR 20757, Apr. 26, 2007, as amended at 74 FR 2408, Jan. 15, 2009]

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### **203.171 Senior DoD officials seeking employment with defense contractors.**

#### **203.171–1 Scope.**

This section implements Section 847 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110–181).

[74 FR 2409, Jan. 15, 2009]

#### **203.171–2 Definition.**

*Covered DoD official* as used in this section, is defined in the clause at 252.203–7000, Requirements Relating to Compensation of Former DoD Officials.

[74 FR 2409, Jan. 15, 2009]

#### **203.171–3 Policy.**

(a) A DoD official covered by the requirements of Section 847 of Public Law 110–181 (a “covered DoD official”) who, within 2 years after leaving DoD service, expects to receive compensation from a DoD contractor, shall, prior to accepting such compensation, request a written opinion from the appropriate DoD ethics counselor regarding the applicability of post-employment restrictions to activities that the official may undertake on behalf of a contractor.

(b) A DoD contractor may not knowingly provide compensation to a covered DoD official within 2 years after the official leaves DoD service unless the contractor first determines that the official has received, or has requested at least 30 days prior to receiving compensation from the contractor, the post-employment ethics opinion described in paragraph (a) of this section.

(c) If a DoD contractor knowingly fails to comply with the requirements of the clause at 252.203–7000, administrative and contractual actions may be taken, including cancellation of a procurement, rescission of a contract, or initiation of suspension or debarment proceedings.

[74 FR 2409, Jan. 15, 2009]

#### **203.171–4 Solicitation provision and contract clause.**

(a) Use the clause at 252.203–7000, Requirements Relating to Compensation

of Former DoD Officials, in all solicitations and contracts, including solicitations and contracts using FAR part 12 procedures for the acquisition of commercial items.

(b) Use the provision at 252.203-7005, Representation Relating to Compensation of Former DoD Officials, in all solicitations, including solicitations using FAR part 12 procedures for the acquisition of commercial items and solicitations for task and delivery orders

[76 FR 71829, Nov. 18, 2011, as amended at 78 FR 37983, June 25, 2013]

**Subpart 203.5—Other Improper Business Practices**

**203.502-2 Subcontractor kickbacks.**

(h) The DoD Inspector General has designated Special Agents of the following investigative organizations as representatives for conducting inspections and audits under 41 U.S.C. chapter 87, Kickbacks:

- (i) U.S. Army Criminal Investigation Command.
- (ii) Naval Criminal Investigative Service.
- (iii) Air Force Office of Special Investigations.
- (iv) Defense Criminal Investigative Service.

[56 FR 36288, July 31, 1991, as amended at 60 FR 29497, June 5, 1995; 77 FR 35879, June 15, 2012]

**203.570 Prohibition on persons convicted of frauds or other defense-contract-related felonies.**

**203.570-1 Scope.**

This subpart implements 10 U.S.C. 2408. For information on 10 U.S.C. 2408, see PGI 203.570-1.

[71 FR 14100, Mar. 21, 2006]

**203.570-2 Prohibition period.**

DoD has sole responsibility for determining the period of the prohibition described in paragraph (b) of the clause at 252.203-7001, Prohibition on Persons Convicted of Fraud or Other Defense-Contract-Related Felonies. The prohibition period—

(a) Shall not be less than 5 years from the date of conviction unless the

agency head or a designee grants a waiver in the interest of national security. Follow the waiver procedures at PGI 203.570-2(a); and

(b) May be more than 5 years from the date of conviction if the agency head or a designee makes a written determination of the need for the longer period. The agency shall provide a copy of the determination to the address at PGI 203.570-2(b).

[69 FR 74990, Dec. 15, 2004]

**203.570-3 Contract clause.**

Use the clause at 252.203-7001, Prohibition on Persons Convicted of Fraud or Other Defense-Contract-Related Felonies, in all solicitations and contracts exceeding the simplified acquisition threshold, except solicitations and contracts for commercial items.

[64 FR 14398, Mar. 25, 1999. Redesignated at 69 FR 74990, Dec. 15, 2004]

**Subpart 203.7—Voiding and Rescinding Contracts**

**203.703 Authority.**

The authority to act for the agency head under this subpart is limited to a level no lower than an official who is appointed by and with the advice of the Senate, without power of redelegation. For the defense agencies, for purposes of this subpart, the agency head designee is the Under Secretary of Defense (Acquisition, Technology, and Logistics).

[56 FR 36288, July 31, 1991, as amended at 60 FR 61592, Nov. 30, 1995; 65 FR 39704, June 27, 2000]

**Subpart 203.8—Limitations on the Payment of Funds To Influence Federal Transactions**

SOURCE: 77 FR 19128, Mar. 30, 2012, unless otherwise noted.

**203.806 Processing suspected violations.**

Report suspected violations to the address at PGI 203.8(a).

### Subpart 203.9—Whistleblower Protections for Contractor Employees

#### 203.900 Scope of subpart.

This subpart applies to DoD instead of FAR subpart 3.9.

(1) This subpart implements 10 U.S.C. 2409 as amended by section 846 of the National Defense Authorization Act for Fiscal Year 2008 (Pub. L. 110–181), section 842 of the National Defense Authorization Act for Fiscal Year 2009 (Pub. L. 110–417), and section 827 of the National Defense Authorization Act for Fiscal Year 2013 (Pub. L. 112–239).

(2) This subpart does not apply to any element of the intelligence community, as defined in 50 U.S.C. 3003(4). This subpart does not apply to any disclosure made by an employee of a contractor or subcontractor of an element of the intelligence community if such disclosure—

- (i) Relates to an activity or an element of the intelligence community; or
- (ii) Was discovered during contract or subcontract services provided to an element of the intelligence community.

[58 FR 59853, Sept. 30, 2013, as amended at 79 FR 11337, Feb. 28, 2014]

#### 203.901 Definitions.

*Abuse of authority*, as used in this subpart, means an arbitrary and capricious exercise of authority that is inconsistent with the mission of DoD or the successful performance of a DoD contract.

#### 203.903 Policy.

(1) *Prohibition*. 10 U.S.C. 2409 prohibits contractors and subcontractors from discharging, demoting, or otherwise discriminating against an employee as a reprisal for disclosing, to any of the entities listed at paragraph (3) of this section, information that the employee reasonably believes is evidence of gross mismanagement of a DoD contract, a gross waste of DoD funds, an abuse of authority relating to a DoD contract, a violation of law, rule, or regulation related to a DoD contract (including the competition for or negotiation of a contract), or a substantial and specific danger to public health or safety. Such reprisal is prohibited even if it is un-

dertaken at the request of an executive branch official, unless the request takes the form of a non-discretionary directive and is within the authority of the executive branch official making the request.

(2) *Classified information*. As provided in section 827(h) of the National Defense Authorization Act for Fiscal Year 2013, nothing in this subpart provides any rights to disclose classified information not otherwise provided by law.

(3) Entities to whom disclosure may be made:

(i) A Member of Congress or a representative of a committee of Congress.

(ii) An Inspector General that receives funding from or has oversight over contracts awarded for or on behalf of DoD.

(iii) The Government Accountability Office.

(iv) A DoD employee responsible for contract oversight or management.

(v) An authorized official of the Department of Justice or other law enforcement agency.

(vi) A court or grand jury.

(vii) A management official or other employee of the contractor or subcontractor who has the responsibility to investigate, discover, or address misconduct.

(4) *Disclosure clarified*. An employee who initiates or provides evidence of contractor or subcontractor misconduct in any judicial or administrative proceeding relating to waste, fraud, or abuse on a DoD contract shall be deemed to have made a disclosure.

(5) *Contracting officer actions*. A contracting officer who receives a complaint of reprisal of the type described in paragraph (1) of this section shall forward it to legal counsel or to the appropriate party in accordance with agency procedures.

[58 FR 59853, Sept. 30, 2013, as amended at 79 FR 11337, Feb. 28, 2014; 79 FR 23278, Apr. 28, 2014]

#### 203.904 Procedures for filing complaints.

(1) Any employee of a contractor or subcontractor who believes that he or she has been discharged, demoted, or otherwise discriminated against contrary to the policy in 203.903 may file a

complaint with the Inspector General of the Department of Defense.

(2) A complaint may not be brought under this section more than three years after the date on which the alleged reprisal took place.

(3) The complaint shall be signed and shall contain—

- (i) The name of the contractor;
- (ii) The contract number, if known; if not, a description reasonably sufficient to identify the contract(s) involved;
- (iii) The violation of law, rule, or regulation giving rise to the disclosure;
- (iv) The nature of the disclosure giving rise to the discriminatory act, including the party to whom the information was disclosed; and
- (v) The specific nature and date of the reprisal.

[58 FR 59853, Sept. 30, 2013, as amended at 79 FR 11337, Feb. 28, 2014]

**203.905 Procedures for investigating complaints.**

(1) Unless the DoD Inspector General makes a determination that the complaint is frivolous, fails to allege a violation of the prohibition in 203.903, or has been previously addressed in another Federal or State judicial or administrative proceeding initiated by the complainant, the DoD Inspector General will investigate the complaint.

(2) If the DoD Inspector General investigates the complaint, the DoD Inspector General will—

- (i) Notify the complainant, the contractor alleged to have committed the violation, and the head of the agency; and
- (ii) Provide a written report of findings to the complainant, the contractor alleged to have committed the violation, and the head of the agency.

(3) Upon completion of the investigation, the DoD Inspector General—

- (i) Either will determine that the complaint is frivolous, fails to allege a violation of the prohibition in 203.903, or has been previously addressed in another Federal or State judicial or administrative proceeding initiated by the complainant, or will submit the report addressed in paragraph (2) of this section within 180 days after receiving the complaint; and
- (ii) If unable to submit a report within 180 days, will submit the report

within the additional time period, up to 180 days, as agreed to by the person submitting the complaint.

(4) The DoD Inspector General may not respond to any inquiry or disclose any information from or about any person alleging the reprisal, except to the extent that such response or disclosure is—

- (i) Made with the consent of the person alleging reprisal;
- (ii) Made in accordance with 5 U.S.C. 552a (the Freedom of Information Act) or as required by any other applicable Federal law; or
- (iii) Necessary to conduct an investigation of the alleged reprisal.

(5) The legal burden of proof specified at paragraph (e) of 5 U.S.C. 1221 (Individual Right of Action in Certain Reprisal Cases) shall be controlling for the purposes of an investigation conducted by the DoD Inspector General, decision by the head of an agency, or judicial or administrative proceeding to determine whether prohibited discrimination has occurred.

[74 FR 2410, Jan. 15, 2009, as amended at 78 FR 59853, Sept. 30, 2013; 79 FR 11337, Feb. 28, 2014]

**203.906 Remedies.**

(1) Not later than 30 days after receiving a DoD Inspector General report in accordance with 203.905, the head of the agency shall determine whether sufficient basis exists to conclude that the contractor has subjected the complainant to a reprisal as prohibited by 203.903 and shall either issue an order denying relief or shall take one or more of the following actions:

- (i) Order the contractor to take affirmative action to abate the reprisal.
- (ii) Order the contractor to reinstate the person to the position that the person held before the reprisal, together with compensatory damages (including back pay), employment benefits, and other terms and conditions of employment that would apply to the person in that position if the reprisal had not been taken.

(iii) Order the contractor to pay the complainant an amount equal to the aggregate amount of all costs and expenses (including attorneys' fees and expert witnesses' fees) that were reasonably incurred by the complainant

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for, or in connection with, bringing the complaint regarding the reprisal, as determined by the head of the agency.

(2) If the head of the agency issues an order denying relief or has not issued an order within 210 days after the submission of the complaint or within 30 days after the expiration of an extension of time granted in accordance with 203.905(3)(ii), and there is no showing that such delay is due to the bad faith of the complainant—

(i) The complainant shall be deemed to have exhausted all administrative remedies with respect to the complaint; and

(ii) The complainant may bring a de novo action at law or equity against the contractor to seek compensatory damages and other relief available under 10 U.S.C. 2409 in the appropriate district court of the United States, which shall have jurisdiction over such an action without regard to the amount in controversy. Such an action shall, at the request of either party to the action, be tried by the court with a jury. An action under this authority may not be brought more than two years after the date on which remedies are deemed to have been exhausted.

(3) An Inspector General determination and an agency head order denying relief under paragraph (2) of this section shall be admissible in evidence in any de novo action at law or equity brought pursuant to 10 U.S.C. 2409(c).

(4) Whenever a contractor fails to comply with an order issued by the head of agency in accordance with 10 U.S.C. 2409, the head of the agency or designee shall request the Department of Justice to file an action for enforcement of such order in the United States district court for a district in which the reprisal was found to have occurred. In any action brought under this paragraph, the court may grant appropriate relief, including injunctive relief, compensatory and exemplary damages, and reasonable attorney fees and costs. The person upon whose behalf an order was issued may also file such an action or join in an action filed by the head of the agency.

(5) Any person adversely affected or aggrieved by an order issued by the head of the agency in accordance with 10 U.S.C. 2409 may obtain judicial re-

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view of the order's conformance with the law, and the implementing regulation, in the United States Court of Appeals for a circuit in which the reprisal is alleged in the order to have occurred. No petition seeking such review may be filed more than 60 days after issuance of the order by the head of the agency or designee. Review shall conform to Chapter 7 of Title 5, United States Code. Filing such an appeal shall not act to stay the enforcement of the order by the head of an agency, unless a stay is specifically entered by the court.

(6) The rights and remedies provided for in this subpart may not be waived by any agreement, policy, form, or condition of employment.

[74 FR 2410, Jan. 15, 2009, as amended at 78 FR 59854, Sept. 30, 2013; 78 FR 73450, Dec. 6, 2013]

### 203.970 Contract clause.

Use the clause at 252.203-7002, Requirement to Inform Employees of Whistleblower Rights, in all solicitations and contracts.

[74 FR 2410, Jan. 15, 2009]

## Subpart 203.10—Contractor Code of Business Ethics and Conduct

### 203.1003 Requirements.

(b) Notification of possible contractor violation. Upon notification of a possible contractor violation of the type described in FAR 3.1003(b), coordinate the matter with the following office:

Department of Defense Office of Inspector General, Investigative Policy and Oversight Contractor Disclosure Program, 4800 Mark Center Drive, Suite 11H25, Arlington, VA 22350-1500.

Toll-Free Telephone: 866-429-8011.

[77 FR 76937, Dec. 31, 2012]

### 203.1004 Contract clauses.

(a) Use the clause at 252.203-7003, Agency Office of the Inspector General, in solicitations and contracts, including solicitations and contracts using FAR part 12 procedures for the acquisition of commercial items, that include the FAR clause 52.203-13, Contractor Code of Business Ethics and Conduct.

(b)(2)(ii) Unless the contract is for the acquisition of a commercial item or will be performed entirely outside the United States, if the contract exceeds \$5 million, use the clause at 252.203-7004, Display of Fraud Hotline Poster(s), in lieu of the clause at FAR 52.203-14, Display of Hotline Poster(s). If the Department of Homeland Security (DHS) provides disaster relief funds for the contract, DHS will provide information on how to obtain and display the DHS fraud hotline poster.

[73 FR 46815, Aug. 12, 2008, as amended at 74 FR 53413, Oct. 19, 2009; 75 FR 59101, Sept. 27, 2010, as amended at 76 FR 32840, June 6, 2011; 76 FR 57674, Sept. 16, 2011; 78 FR 37983, June 25, 2013]

**PART 204—ADMINISTRATIVE MATTERS**

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

SOURCE: 56 FR 36289, July 31, 1991, unless otherwise noted.

### Subpart 204.1—Contract Execution

#### 204.101 Contracting officer's signature.

Follow the procedures at PGI 204.101 for signature of contract documents.

[71 FR 9268, Feb. 23, 2006]

### Subpart 204.2—Contract Distribution

#### 204.201 Procedures.

Follow the procedures at PGI 204.201 for the distribution of contracts and modifications.

[70 FR 58982, Oct. 11, 2005]

#### 204.203 Taxpayer identification information.

(b) The procedure at FAR 4.203(b) does not apply to contracts that include the provision at FAR 52.204-7, System for Award Management. The payment office obtains the taxpayer identification number and the type of organization from the System for Award Management database.

[78 FR 28757, May 16, 2013]

#### 204.270 Electronic Document Access.

Follow the procedures at PGI 204.270 relating to obtaining an account in the Electronic Document Access system.

[75 FR 59102, Sept. 27, 2010]

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### Subpart 204.4—Safeguarding Classified Information Within Industry

#### 204.402 General.

DoD employees or members of the Armed Forces who are assigned to or visiting a contractor facility and are engaged in oversight of an acquisition program will retain control of their work products, both classified and unclassified (see PGI 204.402).

[71 FR 9268, Feb. 23, 2006, as amended at 76 FR 76319, Dec. 7, 2011]

#### 204.403 Responsibilities of contracting officers.

(1) Contracting officers shall ensure that solicitations comply with PGI 204.403(1).

(2) For additional guidance on determining a project to be fundamental research in accordance with 252.204-7000(a)(3), see PGI 204.403(2).

[79 FR 56278, Sept. 19, 2014]

#### 204.404 Contract clause.

#### 204.404-70 Additional contract clauses.

(a) Use the clause at 252.204-7000, Disclosure of Information, in solicitations and contracts when the contractor will have access to or generate unclassified information that may be sensitive and inappropriate for release to the public.

(b) Use the clause at 252.204-7003, Control of Government Personnel Work Product, in all solicitations and contracts.

(c) Use the clause at 252.204-7005, Oral Attestation of Security Responsibilities, in solicitations and contracts that include the clause at FAR 52.204-2, Security Requirements.

[57 FR 14992, Apr. 23, 1992, as amended at 64 FR 45197, Aug. 19, 1999]

#### 204.470 U.S.-International Atomic Energy Agency Additional Protocol.

##### 204.470-1 General.

Under the U.S.-International Atomic Energy Agency Additional Protocol (U.S.-IAEA AP), the United States is



required to declare a wide range of public and private nuclear-related activities to the IAEA and potentially provide access to IAEA inspectors for verification purposes.

[74 FR 2412, Jan. 15, 2009]

**204.470-2 National security exclusion.**

(a) The U.S.-IAEA AP permits the United States unilaterally to declare exclusions from inspection requirements for activities, or locations or information associated with such activities, with direct national security significance.

(b) In order to ensure that all relevant activities are reviewed for direct national security significance, both current and former activities, and associated locations or information, are to be considered for applicability for a national security exclusion.

(c) If a DoD program manager receives notification from a contractor that the contractor is required to report any of its activities in accordance with the U.S.-IAEA AP, the program manager will—

(1) Conduct a security assessment to determine if, and by what means, access may be granted to the IAEA; or

(2) Provide written justification to the component or agency treaty office for application of the national security exclusion at that location to exclude access by the IAEA, in accordance with DoD Instruction 2060.03, Application of the National Security Exclusion to the Agreements Between the United States of America and the International Atomic Energy Agency for the Application of Safeguards in the United States of America.

[74 FR 2412, Jan. 15, 2009]

**204.470-3 Contract clause.**

Use the clause at 252.204-7010, Requirement for Contractor to Notify DoD if the Contractor's Activities are Subject to Reporting Under the U.S.-International Atomic Energy Agency Additional Protocol, in solicitations and contracts for research and development or major defense acquisition programs involving—

(a) Any fissionable materials (e.g., uranium, plutonium, neptunium, thorium, americium);

(b) Other radiological source materials; or

(c) Technologies directly related to nuclear power production, including nuclear or radiological waste materials.

[74 FR 2412, Jan. 15, 2009]

**Subpart 204.6—Contract Reporting**

**204.602 General.**

See PGI 204.602 for additional information on the Federal Procurement Data System (FPDS) and procedures for resolving technical or policy issues relating to FPDS.

[74 FR 37644, July 29, 2009]

**204.604 Responsibilities.**

(1) The process for reporting contract actions to FPDS should, where possible, be automated by incorporating it into contract writing systems.

(2) Data in FPDS is stored indefinitely and is electronically retrievable. Therefore, the contracting officer may reference the contract action report (CAR) approval date in the associated Government contract file instead of including a paper copy of the electronically submitted CAR in the file. Such reference satisfies contract file documentation requirements of FAR 4.803(a).

(3) By December 15th of each year, the chief acquisition officer of each DoD component required to report its contract actions shall submit to the Director, Defense Procurement and Acquisition Policy, its annual certification and data validation results for the preceding fiscal year in accordance with the DoD Data Improvement Plan requirements at <http://www.acq.osd.mil/dpap/pdi/eb>. The Director, Defense Procurement and Acquisition Policy, will submit a consolidated DoD annual certification to the Office of Management and Budget by January 5th of each year.

[74 FR 37644, July 29, 2009]

**204.606 Reporting data.**

In addition to FAR 4.606, follow the procedures at PGI 204.606 for reporting data to FPDS.

[74 FR 37644, July 29, 2009]

**Subpart 204.8—Contract Files****204.802 Contract files.**

Official contract files shall consist of—

(1) Only original, authenticated or conformed copies of contractual instruments—

(i) *Authenticated copies* means copies that are shown to be genuine in one of two ways—

(A) Certification as true copy by signature of an authorized person; or

(B) Official seal.

(ii) *Conformed copies* means copies that are complete and accurate, including the date signed and the names and titles of the parties who signed them.

(2) Signed or official record copies of correspondence, memoranda, and other documents.

**204.804 Closeout of contract files.**

(1) Contracting officers shall close out contracts in accordance with the procedures at PGI 204.804. The closeout date for file purposes shall be determined and documented by the procuring contracting officer.

(2) The head of the contracting activity shall assign the highest priority to closeout of contracts awarded for performance in a contingency area. Heads of contracting activities must monitor and assess on a regular basis the progress of contingency contract closeout activities and take appropriate steps if a backlog occurs. For guidance on the planning and execution of closing out such contracts, see PGI 207.105(b)(20)(C)(8) and PGI 225.7404(e).

[77 FR 30367, May 22, 2012]

**204.805 Disposal of contract files.**

(1) The sources of the period for which official contract files must be retained are General Records Schedule 3 (Procurement, Supply, and Grant Records) and General Records Schedule 6 (Accountable Officers' Accounts Records). Copies of the General Records Schedule may be obtained from the National Archives and Records Administration, Washington, DC 20408.

(2) Deviations from the periods cannot be granted by the Defense Acquisition Regulatory Council. Forward re-

quests for deviations to both the Government Accountability Office and the National Archives and Records Administration.

(3) Hold completed contract files in the office responsible for maintaining them for a period of 12 months after completion. After the initial 12 month period, send the records to the local records holding or staging area until they are eligible for destruction. If no space is available locally, transfer the files to the General Services Administration Federal Records Center that services the area.

(4) Duplicate or working contract files should contain no originals of materials that properly belong in the official files. Destroy working files as soon as practicable once they are no longer needed.

(5) Retain pricing review files, containing documents related to reviews of the contractor's price proposals, subject to certified cost or pricing data (see FAR 15.403–4), for six years. If it is impossible to determine the final payment date in order to measure the six year period, retain the files for nine years.

[56 FR 36289, July 31, 1991, as amended at 62 FR 40472, July 29, 1997; 63 FR 11528, Mar. 9, 1998; 71 FR 53044, Sept. 8, 2006; 77 FR 76939, Dec. 31, 2012]

**Subpart 204.9—Taxpayer Identification Number Information**

SOURCE: 64 FR 43099, Aug. 9, 1999, unless otherwise noted.

**204.902 General.**

(b) DoD uses the Federal Procurement Data System (FPDS) to meet these reporting requirements.

[74 FR 37645, July 29, 2009]

**Subpart 204.11—System For Award Management**

SOURCE: 68 FR 64558, Nov. 14, 2003, unless otherwise noted.

**204.1103 Procedures.**

See PGI 204.1103 for helpful information on navigation and data entry in the System for Award Management (SAM) database.

(1) On contract award documents, use the contractor's legal or "doing business as" name and physical address information as recorded in the (SAM) database at the time of award.

(2) When making a determination to exercise an option, or at any other time before issuing a modification other than a unilateral modification making an administrative change, ensure that—

(i) The contractor's record is active in the SAM database; and

(ii) The contractor's Data Universal Numbering System (DUNS) number, Commercial and Government Entity (CAGE) code, name, and physical address are accurately reflected in the contract document.

(3) At any time, if the DUNS number, CAGE code, contractor name, or physical address on a contract no longer matches the information on the contractor's record in the SAM database, the contracting officer shall process a novation or change-of-name agreement, or an address change, as appropriate.

(4) See PGI 204.1103 for additional requirements relating to use of information in the SAM database.

(5) On contractual documents transmitted to the payment office, provide the CAGE code, instead of the DUNS number or DUNS+4 number, in accordance with agency procedures.

[74 FR 37643, July 29, 2009, as amended at 78 FR 28757, May 16, 2013]

**204.1105 Solicitation provision and contract provisions.**

When using the provision at FAR 52.204-7, System for Award Management, use the provision with 252.204-7004, Alternate A, System for Award Management.

[78 FR 28757, May 16, 2013, as amended at 78 FR 30232, May 22, 2013; 79 FR 11342, Feb. 28, 2014]

**Subpart 204.12—Annual Representations and Certifications**

SOURCE: 73 FR 1823, Jan. 10, 2008, unless otherwise noted.

**204.1202 Solicitation provision.**

(1) When using the provision at FAR 52.204-8, Annual Representations and Certifications, use the provision with 252.204-7007, Alternate A, Annual Representations and Certifications; and

(2) When the provision at FAR 52.204-7, System for Award Management, is included in the solicitation, do not include separately in the solicitation the following provisions, which are included in DFARS 252.204-7007:

(i) 252.209-7001, Disclosure of Ownership or Control by the Government of a Terrorist Country.

(ii) 252.209-7002, Disclosure of Ownership or Control by a Foreign Government.

(iii) 252.209-7003, Reserve Officer Training Corps and Military Recruiting on Campus—Representation.

(iv) 252.216-7008, Economic Price Adjustment—Wage Rates or Material Prices Controlled by a Foreign Government—Representation.

(v) 252.225-7000, Buy American—Balance of Payments Program Certificate.

(vi) 252.225-7020, Trade Agreements Certificate.

(vii) 252.225-7031, Secondary Arab Boycott of Israel.

(viii) 252.225-7035, Buy American—Free Trade Agreements—Balance of Payments Program Certificate.

(ix) 252.225-7042, Authorization to Perform.

(x) 252.225-7049, Prohibition on Acquisition of Commercial Satellite Services from Certain Foreign Entities—Representations.

(xi) 252.229-7012, Tax Exemptions (Italy)—Representation.

(xii) 252.229-7013, Tax Exemptions (Spain)—Representation.

(xiii) 252.247-7022, Representation of Extent of Transportation by Sea.

[76 FR 58141, Sept. 20, 2011, as amended at 77 FR 19129, Mar. 30, 2012; 77 FR 35879, June 15, 2012; 78 FR 37983, June 25, 2013; 78 FR 40043, July 3, 2013; 79 FR 45664, Aug. 5, 2014; 79 FR 51264, Aug. 28, 2014]

**Subpart 204.70—Uniform Procurement Instrument Identification Numbers**

**204.7000 Scope.**

This subpart—

## 204.7001

(a) Prescribes policies and procedures for assigning numbers to all solicitations, contracts, and related instruments; and

(b) Does not apply to solicitations or orders for communication service authorizations issued by the Defense Information Technology Contracting Organization of the Defense Information Systems Agency in accordance with 239.7407-2.

[68 FR 64556, Nov. 14, 2003]

### 204.7001 Policy.

(a) Use the uniform procurement instrument identification (PII) numbering system prescribed by this subpart for the solicitation/contract instruments described in 204.7003 and 204.7004.

(b) Retain the basic PII number unchanged for the life of the instrument unless the conditions in paragraph (c) of this section exist.

(c)(1) If continued performance under a contract number is not possible or is not in the Government's best interest solely for administrative reasons (*e.g.*, when the supplementary PII serial numbering system is exhausted or for lengthy major systems contracts with multiple options), the contracting officer may assign an additional PII number by issuing a separate continued contract to permit continued contract performance.

(2) A continued contract—

(i) Does not constitute a new procurement;

(ii) Incorporates all prices, terms, and conditions of the predecessor contract effective at the time of issuance of the continued contract;

(iii) Operates as a separate contract independent of the predecessor contract once issued; and

(iv) Shall not evade competition, expand the scope of work, or extend the period of performance beyond that of the predecessor contract.

(3) When issuing a continued contract, the contracting officer shall—

(i) Issue an administrative modification to the predecessor contract to clearly state that—

(A) Any future awards provided for under the terms of the predecessor contract (*e.g.*, issuance of orders or exer-

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cise of options) will be accomplished under the continued contract; and

(B) Supplies and services already acquired under the predecessor contract shall remain solely under that contract for purposes of Government inspection, acceptance, payment, and closeout; and

(ii) Follow the procedures at PGI 204.7001(c).

[71 FR 27640, May 12, 2006]

### 204.7002 Procedures.

(a) In assigning PII numbers—

(1) Use only the alpha-numeric characters, as prescribed in this subpart; and

(2) Do not use the letter “I” or “O”.

(b) If department/agency procedures require other identification on the solicitation, contract, or other related instrument forms, enter it in such a location so as to separate it clearly from the PII number.

(c) Enter the basic PII number, including Federal supply contract numbers and any supplementary numbers, in the spaces provided on the solicitation, contract, or related instrument forms. Separate the major elements by dashes, *e.g.*, N00023-90-D-0009 (not necessary in electronic transmission). If there is no space provided on the form, enter the number in the upper right corner of the form and identify what it is (*e.g.*, Supplementary Number N00023-90-F-0120).

[56 FR 36289, July 31, 1991, as amended at 65 FR 14398, Mar. 16, 2000; 68 FR 64556, Nov. 14, 2003]

### 204.7003 Basic PII number.

(a) *Elements of a number.* The number consists of 13 alpha-numeric characters grouped to convey certain information.

(1) *Positions 1 through 6.* The first six positions identify the department/agency and office issuing the instrument. Use the DoD Activity Address Code (DoDAAC) assigned to the issuing office. DoDAACs can be found at <https://www2.transactionservices.dla.mil/edaasinq/>.

(2) *Positions 7 through 8.* The seventh and eighth positions are the last two digits of the fiscal year in which the procurement instrument is issued or awarded.

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(3) *Position 9.* Indicate the type of instrument by entering one of the following upper case letters in position nine—

- (i) Blanket purchase agreements—A
- (ii) Invitations for bids—B
- (iii) Contracts of all types except indefinite-delivery contracts, sales contracts, and short form research contracts. Do not use this code for contracts or agreements with provisions for orders or calls.—C
- (iv) Indefinite delivery contracts—D
- (v) Reserved—E
- (vi) Calls against blanket purchase agreements and orders under contracts (including Federal Supply Schedules, Governmentwide acquisition contracts, and multi-agency contracts) and basic ordering agreements issued by departments or agencies outside DoD. Do not use the 'F' designation on DoD-issued purchase orders, contracts, agreements, or orders placed under DoD-issued contracts or agreements.—F
- (vii) Basic ordering agreements—G
- (viii) Agreements, including basic agreements and loan agreements, but excluding blanket purchase agreements, basic ordering agreements, and leases. Do not use this code for contracts or agreements with provisions for orders or calls—H
- (ix) Do not use—I
- (x) Reserved—J
- (xi) Short form research contract—K
- (xii) Lease agreement—L

- (xiii) Purchase orders—manual (assign W when numbering capacity of M is exhausted during the fiscal year)—M
- (xiv) Notice of intent to purchase—N
- (xv) Do not use—O
- (xvi) Purchase order—automated (assign V when numbering capacity of P is exhausted during a fiscal year)—P
- (xvii) Request for quotation—manual—Q
- (xviii) Request for proposal—R
- (xix) Sales contract—S
- (xx) Request for quotation—automated (assign U when numbering capacity of T is exhausted during a fiscal year)—T
- (xxi) See T—U
- (xxii) See P—V
- (xxiii) See M—W
- (xxiv) Reserved for departmental use—X
- (xxv) Imprest fund—Y
- (xxvi) Reserved for departmental use—Z

(4) *Position 10 through 13.* Enter the serial number of the instrument in these positions. A separate series of serial numbers may be used for any type of instrument listed in paragraph (a)(3) of this section. Activities shall assign such series of PII numbers sequentially. An activity may reserve blocks of numbers or alpha-numeric numbers for use by its various components.

(b) *Illustration of PII number.* The following illustrates a properly configured PII number:

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Position	Contents	N00062	09	C	0001
1-6	Identification of department/agency office				
7-8	Last two digits of the fiscal year in which the procurement instrument is issued or awarded				
9	Type of instrument				
10-13	Four position serial number				

[56 FR 36289, July 31, 1991, as amended at 56 FR 67212, Dec. 30, 1991; 59 FR 27668, May 27, 1994; 60 FR 61592, Nov. 30, 1995; 61 FR 50451, Sept. 26, 1996; 62 FR 34121, June 24, 1997; 64 FR 51075, Sept. 21, 1999; 65 FR 14398, Mar. 16, 2000; 65 FR 39704, June 27, 2000; 68 FR 7439, Feb. 14, 2003; 68 FR 64557, Nov. 14, 2003; 69 FR 63327, Nov. 1, 2004; 74 FR 37643, 37646, July 29, 2009; 77 FR 35879, June 15, 2012; 78 FR 30232, May 22, 2013; 79 FR 13568, Mar. 11, 2014]

**204.7004 Supplementary PII numbers.**

(a) *Uses of the supplementary number.* Use supplementary numbers with the basic PII number, to identify—

- (1) Amendments to solicitations;
- (2) Modifications to contracts and agreements, including provisioned item orders; and
- (3) Calls or orders under contracts, basic ordering agreements, or blanket purchase agreements, issued by the contracting office or by a DoD activity other than the contracting office, including DoD orders against Federal supply schedules.

(b) *Amendments to solicitations.* Number amendments to solicitations sequentially using a four position numeric serial number added to the basic PII number and beginning with 0001, e.g., N00062-91-R-1234-0001.

(c) *Modifications to contracts and agreements.* (1) Number modifications to contracts and agreements using a six position alpha-numeric added to the basic PII number.

(2) *Position 1.* Identify the office issuing the modification—

- (i) Contract administration office—A
- (ii) Contracting office—P

(3) *Positions 2 through 3.* These are the first two digits in a serial number. They may be either alpha or numeric. Use the letters K, L, M, N, P, Q, S, T, U, V, W, X, Y, or Z only in the second position and only in the following circumstances—

(i) Use K, L, M, N, P, and Q in the second position only if the modification is issued by the Air Force and is a provisioned item order.

(ii) Use S, and only S, in the second position to identify modifications issued to provide initial or amended shipping instructions when—

(A) The contract has either FOB origin or destination delivery terms; and

(B) The price changes.

(iii) Use T, U, V, W, X, or Y, and only those characters, in the second position to identify modifications issued to provide initial or amended shipping instructions when—

(A) The contract has FOB origin delivery terms; and

(B) The price does not change.

(iv) Only use Z in the second position to identify a modification which defines a letter contract.

(4) *Positions 4 through 6.* These positions are always numeric. Use a separate series of serial numbers for each type of modification listed in paragraph (c)(3) of this section. Examples of proper numbering for positions 2-6 (the first position will be either "A" or "P") are as follows:

Normal modification	Provisioned items order (reserved for exclusive use by the Air Force only)	Shipping instructions
00001-99999 .....	K0001-K9999	S0001-S9999
then .....	KA001-KZ999	SA001-SZ999
A0001-A9999 .....	L0001-L9999	T0001-T9999
B0001-B9999 .....	LA001-LZ999	TA001-TZ999
and so on to .....	M0001-M9999	U0001-U9999
H0001-H9999 .....	MA001-MZ999	UA001-UZ999
then .....	N0001-N9999	V0001-V9999
J0001-J9999 .....	NA001-NZ999	VA001-VZ999
then .....	P0001-P9999	W0001-W9999
R0001-R9999 .....	PA001-PZ999	WA001-WZ999
then .....	Q0001-Q9999	X0001-X9999
AA001-AZ999 .....	QA001-QZ999	XA001-XZ999
then .....		Y0001-Y9999
JA001-JZ999 .....		YA001-YZ999
RA001-RZ999 .....		

(5) If the contract administration office is changing the contract administration or disbursement office for the first time and is using computer generated modifications to notify many offices, it uses the six position supplementary number ARZ999. If either office has to be changed again during the life of the contract, the supplementary number will be ARZ998, and on down as needed.

(6) Each office authorized to issue modifications shall assign the supplementary identification numbers in sequence. Do not assign the numbers until it has been determined that a modification is to be issued.

(d) *Delivery orders under indefinite delivery contracts, orders under basic ordering agreements, and calls under blanket purchase agreements.* (1) Calls or orders issued by the office issuing the contract or agreement. Use a four position alpha-numeric call or order serial number added to the basic PII number. These shall be identified by using serial numbers beginning 0001 through 9999. When the numeric identifiers run out, use alpha characters in the third and fourth positions. Never use alpha

characters in the first and second positions.

(2) Orders placed against another activity's contract or agreement.

(i) If the office placing the order or call is different from the office identified in the basic PII number, assign a serial number to the order or call. The first and second positions contain the call/order code assigned to the ordering office in accordance with 204.7005. Do not use the letters A or P in the first position. The third and fourth positions are a two position serial number assigned by the ordering office. The series will begin with 01. When the numbers exceed 99, the office will assign a uniform series of identifiers containing alpha and/or numeric characters, e.g., Basic #: N00383-91-D-0001 serial #: TU01.

(ii) If an office is placing calls against non-DoD blanket purchase agreements or orders under non-DoD issued contracts (including Federal Supply Schedules, Governmentwide acquisition contracts, and multi-agency contracts), or basic ordering agreements, the office shall identify the instrument with a 13 position supplementary PII number using an F in the 9th position. Do not use the same supplementary PII number with an F in the 9th position on more than one order. Modifications to these calls or orders shall be numbered in accordance with paragraph (c) of this section.

(e) *Modifications to calls or orders.* Use a two position alpha-numeric suffix, known as a call or order modification indicator, to identify a modification to a call or order.

(1) Modifications to a call or order issued by a purchasing office begin with 01, 02, and so on through 99, then B1 through B9, BA through BZ, C1 through C9, and so on through ZZ.

(2) Modifications to a call or order issued by a contract administration office begin with 1A, 1B, and so on through 9Z, followed by A1, A2, and so on to A9, then AA, AB, and so on through AZ.

[64 FR 43099, Aug. 9, 1999, as amended at 68 FR 64557, Nov. 14, 2003; 78 FR 30232, May 22, 2013]

## 204.7005

### 204.7005 Assignment of order codes.

(a) Defense Procurement and Acquisition Policy, Program Development and Implementation, maintains the order code assignments for use in the first two positions of an order number when an activity places an order against another activity's contract or agreement (see 204.7004(d)(2)).

(b) Contracting activities shall follow the procedures at PGI 204.7005 for requests for assignment of or changes in two-character order codes.

[76 FR 38047, June 29, 2011]

### 204.7006 Cross reference to Federal Procurement Data System.

Detailed guidance on mapping PII and supplementary PII numbers stored in the Electronic Document Access system to data elements reported in the Federal Procurement Data System can be found in PGI 204.7006.

[75 FR 59102, Sept. 27, 2010]

### 204.7007 Order of application for modifications.

(a) Circumstances may exist in which the numeric order of the modifications to a contract is not the order in which the changes to the contract actually take effect.

(b) In order to determine the sequence of modifications to a contract or order, the modifications will be applied in the following order:

(1) Modifications will be applied in order of the effective date on the modification;

(2) In the event of two or more modifications with the same effective date, modifications will be applied in signature date order;

(3) In the event of two or more modifications with the same effective date and the same signature date, procuring contracting office modifications will be applied in numeric order, followed by contract administration office modifications in numeric order.

[77 FR 30368, May 22, 2012]

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### Subpart 204.71—Uniform Contract Line Item Numbering System

#### 204.7100 Scope.

This subpart prescribes policies and procedures for assigning contract line item numbers.

#### 204.7101 Definitions.

*Accounting classification reference number (ACRN)* means any combination of a two position alpha/numeric code used as a method of relating the accounting classification citation to detailed line item information contained in the schedule.

*Attachment* means any documentation, appended to a contract or incorporated by reference, which does not establish a requirement for deliverables.

*Definitized item*, as used in this subpart, means an item for which a firm price has been established in the basic contract or by modification.

*Exhibit* means a document, referred to in a contract, which is attached and establishes requirements for deliverables. The term shall not be used to refer to any other kind of attachment to a contract. The DD Form 1423, Contract Data Requirements List, is always an exhibit, rather than an attachment.

*Nonseverable deliverable*, as used in this subpart, means a deliverable item that is a single end product or undertaking, entire in nature, that cannot be feasibly subdivided into discrete elements or phases without losing its identity.

*Undefinitized item*, as used in this subpart, means an item for which a price has not been established in the basic contract or by modification.

[56 FR 36289, July 31, 1991, as amended at 60 FR 34468, July 3, 1995; 70 FR 58982, Oct. 11, 2005]

#### 204.7102 Policy.

(a) The numbering procedures of this subpart shall apply to all—

(1) Solicitations;

(2) Solicitation line and subline item numbers;

(3) Contracts as defined in FAR Subpart 2.1;



(4) Contract line and subline item numbers;

(5) Exhibits;

(6) Exhibit line items; and

(7) Any other document expected to become part of the contract.

(b) The numbering procedures are mandatory for all contracts where separate contract line item numbers are assigned, unless—

(1) The contract is an indefinite-delivery type for petroleum products against which posts, camps, and stations issue delivery orders for products to be consumed by them; or

(2) The contract is a communications service authorization issued by the Defense Information Systems Agency's Defense Information Technology Contracting Organization.

[71 FR 9269, Feb. 23, 2006, as amended at 77 FR 76937, Dec. 31, 2012]

**204.7103 Contract line items.**

Follow the procedures at PGI 204.7103 for establishing contract line items.

[56 FR 36284, July 31, 1991, as amended at 79 FR 51264, Aug. 28, 2014]

**204.7103-1 Criteria for establishing.**

Contracts shall identify the items or services to be acquired as separate contract line items unless it is not feasible to do so.

(a) Contract line items shall have all four of the following characteristics; however, there are exceptions within the characteristics, which may make establishing a separate contract line item appropriate even though one of the characteristics appears to be missing—

(1) *Single unit price.* The item shall have a single unit price or a single total price, except—

(i) If the item is not separately priced (NSP) but the price is included in the unit price of another contract line item, enter NSP instead of the unit price;

(ii) When there are associated subline items, established for other than informational reasons, and those subline items are priced in accordance with 204.7104;

(iii) When the items or services are being acquired on a cost-reimbursement contract;

(iv) When the contract is for maintenance and repair services (e.g., a labor hour contract) and firm prices have been established for elements of the total price of an item but the actual number and quantity of the elements are not known until performance. The contracting officer may structure these contracts to reflect a firm or estimated total amount for each line item;

(v) When the contract line item is established to refer to an exhibit or an attachment (if management needs dictate that a unit price be entered, the price shall be set forth in the item description block and enclosed in parentheses); or

(vi) When the contract is an indefinite delivery type contract and provides that the price of an item shall be determined at the time a delivery order is placed and the price is influenced by such factors as the quantity ordered (e.g., 10-99 @ \$1.00, 100-249 @ \$.98, 250+ @ \$.95), the destination, the FOB point, or the type of packaging required.

(2) *Separately identifiable.* A contract line item must be identified separately from any other items or services on the contract.

(i) Supplies are separately identifiable if they have no more than one—

(A) National stock number (NSN);

(B) Item description; or

(C) Manufacturer's part number.

(ii) Services are separately identifiable if they have no more than one—

(A) Scope of work; or

(B) Description of services.

(iii) This requirement does not apply if there are associated subline items, established for other than informational reasons, and those subline items include the actual detailed identification in accordance with 204.7104. Where this exception applies, use a general narrative description instead of the contract item description.

(3) *Separate delivery schedule.* Each contract line item or service shall have its own delivery schedule, period of performance, or completion date expressly stated ("as required" constitutes an expressly stated delivery term).

(i) The fact that there is more than one delivery date, destination, performance date, or performance point

may be a determining factor in the decision as to whether to establish more than one contract line item.

(ii) If a contract line item has more than one destination or delivery date, the contracting officer may create individual contract line items for the different destinations or delivery dates, or may specify the different delivery dates for the units by destination in the delivery schedule.

(4) *Single accounting classification citation.* (i) Each contract line item shall reference a single accounting classification citation except as provided in paragraph (a)(4)(ii) of this subsection.

(ii) The use of multiple accounting classification citations for a contract line item is authorized in the following situations:

(A) A single, nonseverable deliverable to be paid for with R&D or other funds properly incrementally obligated over several fiscal years in accordance with DoD policy;

(B) A single, nonseverable deliverable to be paid for with different authorizations or appropriations, such as in the acquisition of a satellite or the modification of production tooling used to produce items being acquired by several activities; or

(C) A modification to an existing contract line item for a nonseverable deliverable that results in the delivery of a modified item(s) where the item(s) and modification are to be paid for with different accounting classification citations.

(iii) When the use of multiple accounting classification citations is authorized for a single contract line item, establish informational subline items for each accounting classification citation in accordance with 204.7104-1(a).

(b) All subline items and exhibit line items under one contract line item shall be the same contract type as the contract line item.

(c) For a contract that contains a combination of fixed-price line items, time-and-materials/labor-hour line items, and/or cost-reimbursement line items, identify the contract type for each contract line item in Section B, Supplies or Services and Prices/Costs, to facilitate appropriate payment.

(d) Exhibits may be used as an alternative to putting a long list of contract

line items in the schedule. If exhibits are used, create a contract line item citing the exhibit's identifier. See 204.7105.

(e) If the contract involves a test model or a first article which must be approved, establish a separate contract line item or subline item for each item of supply or service which must be approved. If the test model or first article consists of a lot composed of a mixture of items, a single line item or subline item may be used for the lot.

(f) If a supply or service involves ancillary functions, like packaging and handling, transportation, payment of state or local taxes, or use of reusable containers, and these functions are normally performed by the contractor and the contractor is normally entitled to reimbursement for performing these functions, do not establish a separate contract line item solely to account for these functions. However, do identify the functions in the contract schedule. If the offeror separately prices these functions, contracting officers may establish separate contract line items for the functions; however, the separate line items must conform to the requirements of paragraph (a) of this subsection.

(g) Certain commercial items and initial provisioning spares for weapons systems are requested and subsequently solicited using units of measure such as kit, set, or lot. However, there are times when individual items within that kit, set, or lot are not grouped and delivered in a single shipment. This creates potential contract administration issues with inspection, acceptance, and payment. In such cases, solicitations should be structured to allow offerors to provide information about products that may not have been known to the Government prior to solicitation and propose an alternate line item structure as long as the alternate is consistent with the requirements of 204.71, which provides explicit guidance on the use of contract line items and subline items, and with PGI 204.71.

[56 FR 36289, July 31, 1991, as amended at 60 FR 34468, July 3, 1995; 60 FR 43191, Aug. 18, 1995; 70 FR 58982, Oct. 11, 2005; 76 FR 58139, Sept. 20, 2011; 79 FR 11342, Feb. 28, 2014]

**204.7103-2 Numbering procedures.**

Follow the procedures at PGI 204.7103-2 for numbering contract line items.

[70 FR 58983, Oct. 11, 2005]

**204.7104 Contract subline items.**

**204.7104-1 Criteria for establishing.**

Contract subline items provide flexibility to further identify elements within a contract line item for tracking performance or simplifying administration. There are only two kinds of subline items: those which are informational in nature and those which consist of more than one item that requires separate identification.

(a) *Informational subline items.* (1) This type of subline item identifies information that relates directly to the contract line item and is an integral part of it (e.g., parts of an assembly or parts of a kit). These subline items shall not be scheduled separately for delivery, identified separately for shipment or performance, or priced separately for payment purposes.

(2) The informational subline item may include quantities, prices, or amounts, if necessary to satisfy management requirements. However, these elements shall be included within the item description in the supplies/services column and enclosed in parentheses to prevent confusing them with quantities, prices, or amounts that have contractual significance. Do not enter these elements in the quantity and price columns.

(3) Informational subline items shall be used to identify each accounting classification citation assigned to a single contract line item number when use of multiple citations is authorized (see 204.7103-1(a)(4)(ii)).

(b) *Separately identified subline items.*

(1) Subline items will be used instead of contract line items to facilitate payment, delivery tracking, contract funds accounting, or other management purposes. Such subline items shall be used when items bought under one contract line item number—

(i) Are to be paid for from more than one accounting classification. A subline item shall be established for the quantity associated with the single

accounting classification citation. Establish a line item rather than a subline item if it is likely that a subline item may be assigned additional accounting classification citations at a later date. Identify the funding as described in 204.7104-1(a)(3);

(ii) Are to be packaged in different sizes, each represented by its own NSN;

(iii) Have collateral costs, such as packaging costs, but those costs are not a part of the unit price of the contract line item;

(iv) Have different delivery dates or destinations or requisitions, or a combination of the three; or

(v) Identify parts of an assembly or kit which—

(A) Have to be separately identified at the time of shipment or performance; and

(B) Are separately priced.

(2) Each separately identified contract subline item shall have its own—

(i) Delivery schedule, period of performance, or completion date;

(ii) Unit price or single total price or amount (not separately priced (NSP) is acceptable as an entry for price or amount if the price is included in another subline item or a different contract line item). This requirement does not apply—

(A) If the subline item was created to refer to an exhibit or an attachment. If management needs dictate that a unit price be entered, the price shall be set forth in the item description block of the schedule and enclosed in parentheses; or

(B) In the case of indefinite delivery contracts described at 204.7103-1(a)(1)(vi).

(iii) Identification (e.g., NSN, item description, manufacturer's part number, scope of work, description of services).

(3) Unit prices and extended amounts.

(i) The unit price and total amount for all subline items may be entered at the contract line item number level if the unit price for the subline items is identical. If there is any variation, the subline item unit prices shall be entered at the subline item level only.

(ii) The unit price and extended amounts may be entered at the subline items level.

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(iii) The two methods in paragraphs (b)(3) (i) and (ii) of this subsection shall not be combined in a contract line item.

(iv) When the price for items not separately priced is included in the price of another subline item or contract line item, it may be necessary to withhold payment on the priced subline item until all the related subline items that are not separately priced have been delivered. In those cases, use the clause at 252.204-7002, Payment for Subline Items Not Separately Priced.

[56 FR 36289, July 31, 1991, as amended at 60 FR 34468, July 3, 1995; 68 FR 75200, Dec. 30, 2003]

### 204.7104-2 Numbering procedures.

Follow the procedures at PGI 204.7104-2 for numbering contract subline items.

[70 FR 58983, Oct. 11, 2005]

### 204.7105 Contract exhibits and attachments.

Follow the procedures at PGI 204.7105 for use and numbering of contract exhibits and attachments.

[71 FR 9269, Feb. 23, 2006]

### 204.7106 Contract modifications.

(a) If new items are added, assign new contract line or subline item numbers or exhibit line item numbers, in accordance with the procedures established at 204.7103, 204.7104, and 204.7105.

(b) Modifications to existing contract line items or exhibit line items. (1) If the modification relates to existing contract line items or exhibit line items, the modification shall refer to those item numbers.

(2) If the contracting officer decides to assign new identifications to existing contract or exhibit line items, the following rules apply—

(i) *Definitized and undefinitized items.*

(A) The original line item or subline item number may be used if the modification applies to the total quantity of the original line item or subline.

(B) The original line item or subline item number may be used if the modification makes only minor changes in the specifications of some of the items ordered on the original line item or subline item and the resulting changes

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in unit price can be averaged to provide a new single unit price for the total quantity. If the changes in the specifications make the item significantly distinguishable from the original item or the resulting changes in unit price cannot be averaged, create a new line item.

(C) If the modification affects only a partial quantity of an existing contract line item or subline item or exhibit line item and the change does not involve either the delivery date or the ship-to/mark-for data, the original contract line item or subline item or exhibit line item number shall remain with the unchanged quantity. Assign the changed quantity the next available number.

(ii) *Undefinitized items.* In addition to the rules in paragraph (b)(2)(i), the following additional rules apply to undefinitized items—

(A) If the modification is undefinitized and increases the quantity of an existing definitized item, assign the undefinitized quantity the next available number.

(B) If the modification increases the quantity of an existing undefinitized item, the original contract line item or subline item or exhibit line item may be used if the unit price for the new quantity is expected to be the same as the price for the original quantity. If the unit prices of the two quantities will be different, assign the new quantity the next available number.

(C) If the modification both affects only a partial quantity of the existing contract line item or subline item or exhibit line item and definitizes the price for the affected portion, the definitized portion shall retain the original item number. If there is any undefinitized portion of the item, assign it the next available number. However, if the modification definitizes the price for the whole quantity of the line item, and price impact of the changed work can be apportioned equally over the whole to arrive at a new unit price, the quantity with the changes can be added into the quantity of the existing item.

(D) If the modification affects only a partial quantity of an existing contract line item or subline item or exhibit

line item but does not change the delivery schedule or definitize price, the unchanged portion shall retain the original contract line item or subline item or exhibit line item number. Assign the changed portion the next available number.

(3) If the modification will decrease the amount obligated—

(i) There shall be coordination between the administrative and procuring contracting offices before issuance of the modification; and

(ii) The contracting officer shall not issue the modification unless sufficient unliquidated obligation exists or the purpose is to recover monies owed to the Government.

[56 FR 36289, July 31, 1991, as amended at 70 FR 58983, Oct. 11, 2005; 77 FR 76937, Dec. 31, 2012; 78 FR 13543, Feb. 28, 2013]

**204.7107 Contract accounting classification reference number (ACRN) and agency accounting identifier (AAI).**

Traceability of funds from accounting systems to contract actions is accomplished using ACRNs and AAIs. Follow the procedures at PGI 204.7107 for use of ACRNs and AAIs.

[74 FR 52895, Oct. 15, 2009]

**204.7108 Payment instructions.**

Follow the procedures at PGI 204.7108 for inclusion of payment instructions in contracts.

[70 FR 58983, Oct. 11, 2005]

**204.7109 Solicitation provision and contract clause.**

(a) Use the clause at 252.204-7006, Billing Instructions, in solicitations and contracts if Section G includes—

(1) Any of the standard payment instructions at PGI 204.7108(d)(1) through (6); or

(2) Other payment instructions, in accordance with PGI 204.7108(d)(12), that require contractor identification of the contract line item(s) on the payment request.

(b) Use the provision at 252.204-7011, Alternative Line Item Structure, in solicitations using FAR part 12 proce-

dures for the acquisition of commercial items or for initial provisioning spares.

[76 FR 58139, Sept. 20, 2011, as amended at 78 FR 37983, June 25, 2013]

**Subpart 204.72—Contractor Identification**

**204.7200 Scope of subpart.**

This subpart prescribes uniform policies and procedures for identification of commercial and Government entities when it is necessary to—

(a) Exchange data with another contracting activity, including contract administration activities and contract payment activities, or comply with the reporting requirements of subpart 204.6; or

(b) Identify contractors for the purpose of developing computerized acquisition systems or solicitation mailing lists.

[64 FR 43099, Aug. 9, 1999]

**204.7201 Definitions.**

(a) *Commercial and Government Entity (CAGE) code* means—

(1) A code assigned by the DLA Logistics Information Service to identify a commercial or Government entity; or

(2) A code assigned by a member of the North Atlantic Treaty Organization (NATO) that DLA Logistics Information Service records and maintains in the CAGE master file. This type of code is known as an “NCAGE code.”

(b) *Contractor identification code* means a code that the contracting office uses to identify an offeror. The three types of contractor identification codes are CAGE codes, Data Universal Numbering System (DUNS) numbers, and Taxpayer Identification Numbers (TINs).

[64 FR 43099, Aug. 9, 1999, as amended at 76 FR 21809, Apr. 19, 2011]

**204.7202 General.**

**204.7202-1 CAGE codes.**

(a) DLA Logistics Information Service assigns or records and maintains CAGE codes to identify commercial and Government entities. DoD 4000.25-5-M, Military Standard Contract Administration Procedures (MILSCAP), and Volume 7 of DoD 4100.39-M, Federal

## 204.7202-2

Logistics Information System (FLIS) Procedures Manual, prescribe use of CAGE codes.

(b)(1) If a prospective contractor located in the United States must register in the System for Award Management (SAM) database (see FAR subpart 4.11) and does not have a CAGE code, DLA Logistics Information Service will assign a CAGE code when the prospective contractor submits its request for registration in the SAM database. Foreign registrants must obtain a North Atlantic Treaty Organization CAGE (NCAGE) code in order to register in the SAM database. NCAGE codes may be obtained from the Codification Bureau in the foreign registrant's country. Additional information on obtaining NCAGE codes is available at [http://www.dlis.dla.mil/Forms/Form\\_AC135.asp](http://www.dlis.dla.mil/Forms/Form_AC135.asp).

(2) If registration in the SAM database is not required, the prospective contractor's CAGE code is not already available in the contracting office, and the prospective contractor does not respond to the provision at 252.204-7001, Commercial and Government Entity (CAGE) Code Reporting, use the following procedures:

(i) To identify the prospective contractor's CAGE code, use—

(A) The monthly H-series CD-ROM that contains the H-4/H-8 CAGE master file issued by DLA Logistics Information Service. (Their address is: Customer Service, Federal Center, 74 Washington Avenue, North, Battle Creek, MI 49017-3084. Their telephone number is: Toll-free 888-352-9333);

(B) The on-line access to the CAGE file through the DLA Logistics Information System [Service];

(C) The on-line access to the Defense Logistics Agency (DLA) CAGE file through the DLA Network or dial-up capability; or

(D) The Internet to access the CAGE Lookup Server at [http://www.dlis.dla.mil/cage\\_welcome.asp](http://www.dlis.dla.mil/cage_welcome.asp).

(ii) If no CAGE code is identified through use of the procedures in paragraph (b)(2)(i) of this subsection, ask DLA Logistics Information Service to assign a CAGE code. Submit a DD Form 2051, Request for Assignment of a Commercial and Government Entity (CAGE) Code, (or electronic equivalent)

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to the address in paragraph (b)(2)(i)(A) of this subsection, ATTN: DLIS-SBB. The contracting office completes Section A of the DD Form 2051, and the contractor completes Section B. The contracting office must verify Section B before submitting the form.

(c) Direct questions on obtaining computer tapes, electronic updates, or code assignments to DLA Logistics Information Service Customer Service: Toll-free 888-227-2423 or 888-352-9333; DSN 932-4725; or commercial 616-961-4725.

[64 FR 43100, Aug. 9, 1999, as amended at 65 FR 63804, Oct. 25, 2000; 67 FR 49252, July 30, 2002; 68 FR 15380, Mar. 31, 2003; 68 FR 64558, Nov. 14, 2003; 76 FR 21809, Apr. 19, 2011; 78 FR 28757, May 16, 2013]

### 204.7202-2 DUNS numbers.

Requirements for use of DUNS numbers are in FAR 4.605(b) and 4.607(a).

[74 FR 34265, July 15, 2009]

### 204.7202-3 TINs.

Requirements for use of TINs are in FAR subpart 4.9.

[64 FR 43100, Aug. 9, 1999]

### 204.7203 Responsibilities of contracting officers.

(a) Assist offerors in obtaining the required CAGE codes.

(b) Do not deny a potential offeror a solicitation package because the offeror does not have a contractor identification code.

[64 FR 43100, Aug. 9, 1999, as amended at 74 FR 37645, July 29, 2009]

### 204.7204 Maintenance of the CAGE file.

(a) DLA Logistics Information Service will accept written requests for changes to CAGE files, other than name changes, from the following entities:

(1) The entity identified by the code. The entity must use company letterhead to forward the request.

(2) The contracting office.

(3) The contract administration office.

(b) Submit requests for changes to CAGE files on DD Form 2051, or electronic equivalent, to—

DLA Logistics Information Service, DLIS-SBB, Federal Center, 74 Washington Avenue, North, Battle Creek, MI 49017-3084. Telephone Numbers: toll-free 888-352-9333, DSN 932-4725, commercial 616-961-4725. Facsimile: 616-961-4388, -4485.

(c) The contracting officer responsible for execution of a change-of-name agreement (see FAR subpart 42.12) must submit the agreement to DLIS-SBB. If there are no current contracts, each contracting and contract administration office receiving notification of changes from the commercial entity must forward a copy of the change notice annotated with the CAGE code to DLIS-SBB unless the change notice indicates that DLIS-SBB already has been notified.

(d) Additional guidance for maintaining CAGE codes is in Volume 7 of DoD 4100.39-M, Federal Logistics Information System (FLIS) Procedures Manual.

[64 FR 43100, Aug. 9, 1999; 64 FR 46474, Aug. 25, 1999, as amended at 65 FR 63804, Oct. 25, 2000; 76 FR 21809, Apr. 19, 2011]

**204.7205 Novation agreements, mergers and sales of assets.**

Contracting officers shall process and execute novation agreements in accordance with FAR Subpart 42.12, Novation and Change-of-Name Agreements. These actions are independent of code and name assignments made as a result of the occasion which created the need for the novation agreement. The maintenance activity will determine which entity(s) will retain the existing code(s) and which entities will be assigned new codes. The contracting officer responsible for processing the novation agreement shall provide the maintenance activity with the following information:

(a) Name(s), address(es), and code(s) of the contractor(s) transferring the original contractual rights and obligations (transferor).

(b) Name(s), address(es), and code(s) (if any) of the entity who is the successor in interest (transferee).

(c) Name(s), address(es), and code(s) (if any) of the entity who is retaining or receiving the rights to the technical data.

(d) Description of the circumstances surrounding the novation agreement and especially the relationship of each entity to the other.

[56 FR 36289, July 31, 1991, as amended at 66 FR 49861, Oct. 1, 2001]

**204.7206 Using CAGE codes to identify agents and brokers.**

Authorized agents and brokers are entities and, as such, may be assigned CAGE codes for identification and processing purposes.

(a) A single CAGE code will be assigned to the agent/broker establishment in addition to any codes assigned to the entities represented by the agent/broker, i.e., only one code will be assigned to a specific agent/broker entity regardless of the number of firms represented by that agent/broker.

(b) Additional codes may be assigned to an agent/broker if they meet the criteria for assigning additional codes for entities, e.g., different location.

(c) Codes will not be assigned to an agent/broker in care of the entity being represented or in any way infer that the agent/broker is a separate establishment bearing the name of the entity represented by the agent/broker.

[56 FR 36289, July 31, 1991, as amended at 61 FR 51032, Sept. 30, 1996; 62 FR 48182, Sept. 15, 1997]

**204.7207 Solicitation provision.**

Use the provision at 252.204-7001, Commercial and Government Entity (CAGE) Code Reporting, in solicitations when—

(a) The solicitation does not include the provision at FAR 52.204-7, System for Award Management; and

(b) The CAGE codes for the potential offerors are not available to the contracting office.

[66 FR 47097, Sept. 11, 2001, as amended at 68 FR 64558, Nov. 14, 2003; 78 FR 28757, May 16, 2012; 78 FR 73450, Dec. 6, 2013]

**Subpart 204.73—Safeguarding Unclassified Controlled Technical Information**

SOURCE: 78 FR 69279, Nov. 18, 2013, unless otherwise noted.

## 204.7300

### 204.7300 Scope.

(a) This subpart applies to contracts and subcontracts requiring safeguarding of unclassified controlled technical information resident on or transiting through contractor unclassified information systems.

(b) This subpart does not abrogate any existing contractor physical, personnel, or general administrative security operations governing the protection of unclassified DoD information, nor does it impact requirements of the National Industrial Security Program.

### 204.7301 Definitions.

As used in this subpart—

*Adequate security* means protective measures that are commensurate with the consequences and probability of loss, misuse, or unauthorized access to, or modification of information.

*Controlled technical information* means technical information with military or space application that is subject to controls on the access, use, reproduction, modification, performance, display, release, disclosure, or dissemination. Controlled technical information is to be marked with one of the distribution statements B through F, in accordance with DoD Instruction 5230.24, Distribution Statements on Technical Documents. The term does not include information that is lawfully publicly available without restrictions.

*Cyber incident* means actions taken through the use of computer networks that result in an actual or potentially adverse effect on an information system and/or the information residing therein.

*Technical information* means technical data or computer software, as those terms are defined in the clause at DFARS 252.227-7013, Rights in Technical Data—Non Commercial Items, regardless of whether or not the clause is incorporated in this solicitation or contract. Examples of technical information include research and engineering data, engineering drawings, and associated lists, specifications, standards, process sheets, manuals, technical reports, technical orders, catalog-item identifications, data sets, studies and analyses and related information,

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and computer software executable code and source code.

### 204.7302 Policy.

(a) DoD and its contractors and subcontractors will provide adequate security to safeguard unclassified controlled technical information on their unclassified information systems from unauthorized access and disclosure.

(b) When safeguarding is applied to controlled technical information resident on or transiting contractor unclassified information systems—

(1) Contractors must report to DoD certain cyber incidents that affect unclassified controlled technical information resident on or transiting contractor unclassified information systems. Detailed reporting criteria and requirements are set forth in the clause at 252.204-7012, Safeguarding of Unclassified Controlled Technical Information.

(2) A cyber incident that is properly reported by the contractor shall not, by itself, be interpreted under this clause as evidence that the contractor has failed to provide adequate information safeguards for unclassified controlled technical information, or has otherwise failed to meet the requirements of the clause at 252.204-7012. When a cyber incident is reported, the contracting officer shall consult with a security manager of the requiring activity prior to assessing contractor compliance. The contracting officer shall consider such cyber incidents in the context of an overall assessment of the contractor's compliance with the requirements of the clause at 252.204-7012.

### 204.7303 Contract clause.

Use the clause at 252.204-7012, Safeguarding of Unclassified Controlled Technical Information, in all solicitations and contracts, including solicitations and contracts using FAR part 12 procedures for the acquisition of commercial items.



**Subpart 204.74—Disclosure of information to litigation support contractors**

SOURCE: 79 FR 11339, Feb. 28, 2014, unless otherwise noted.

**204.7400 Scope of subpart.**

This subpart prescribes policies and procedures for the release and safeguarding of information to litigation support contractors. It implements the requirements at 10 U.S.C. 129d.

**204.7401 Definitions.**

“Litigation support,” “litigation support contractor,” and “sensitive information,” as used in this subpart, are defined in the clause at 252.204-7014, Limitations on the Use or Disclosure of Information by Litigation Support Contractors.

**204.7402 Policy.**

(a) Any release or disclosure of litigation information that includes sensitive information to a litigation support contractor, and the litigation support contractor’s use and handling of such information, shall comply with the requirements of 10 U.S.C. 129d.

(b) To the maximum extent practicable, DoD will provide notice to an offeror or contractor submitting, deliv-

ering, or otherwise providing information to DoD in connection with an offer or performance of a contract that such information may be released or disclosed to litigation support contractors.

**204.7403 Solicitation provision and contract clauses.**

(a) Use the provision at 252.204-7013, Limitations on the Use or Disclosure of Information by Litigation Support Solicitation Offerors, in all solicitations, including solicitations using FAR part 12 procedures for the acquisition of commercial items, that involve litigation support services.

(b) Use the clause at 252.204-7014, Limitations on the Use or Disclosure of Information by Litigation Support Contractors, in all solicitations and contracts, including solicitations and contracts using FAR part 12 procedures for the acquisition of commercial items, that involve litigation support services.

(c) Use the clause at 252.204-7015, Disclosure of Information to Litigation Support Contractors, in all solicitations and contracts, including solicitations and contracts using FAR part 12 procedures for the acquisition of commercial items.

[79 FR 11339, Feb. 28, 2014, as amended at 79 FR 13568, Mar. 11, 2014]

**SUBCHAPTER B—ACQUISITION PLANNING**

**PART 205—PUBLICIZING CONTRACT ACTIONS**

**Subpart 205.2—Synopsis of Proposed Contract Actions**

- Sec.
- 205.203 Publicizing and response time.
- 205.205 Special situations.
- 205.207 Preparation and transmittal of synopses.

**Subpart 205.3—Synopsis of Contract Awards**

- 205.301 General.
- 205.303 Announcement of contract awards.

**Subpart 205.4—Release of Information**

- 205.470 Contract clause.

**Subpart 205.5—Paid Advertisements**

- 205.502 Authority.

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

SOURCE: 56 FR 36302, July 31, 1991, unless otherwise noted.

**Subpart 205.2—Synopsis of Proposed Contract Actions**

**205.203 Publicizing and response time.**

(b) Allow at least 45 days response time when requested by a qualifying or