

in connection with the decision, shall be prepared and be retained in the files of the executive agency.

(f) NOTICE.—The head of each executive agency shall prescribe procedures to ensure that, before the head of the executive agency decides to reduce or suspend payments in the case of a contractor under subsection (c), the contractor is afforded notice of the proposed reduction or suspension and an opportunity to submit matters to the executive agency in response to the proposed reduction or suspension.

(g) REVIEW.—Not later than 180 days after the date on which the head of an executive agency reduces or suspends payments to a contractor under subsection (c), the remedy coordination official of the executive agency shall—

(1) review the determination of fraud on which the reduction or suspension is based; and

(2) transmit a recommendation to the head of the executive agency whether the suspension or reduction should continue.

(h) REPORT.—The head of each executive agency who receives recommendations made by the remedy coordination official of the executive agency to reduce or suspend payments under subsection (c) during a fiscal year shall prepare for that year a report that contains the recommendations, the actions taken on the recommendations and the reasons for those actions, and an assessment of the effects of those actions on the Federal Government. The report shall be available to any Member of Congress on request.

(i) RESTRICTION ON DELEGATION.—The head of an executive agency may not delegate responsibilities under this section to an individual in a position below level IV of the Executive Schedule.

(Pub. L. 111-350, § 3, Jan. 4, 2011, 124 Stat. 3792.)

HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
4506	41:255(g).	June 30, 1949, ch. 288, title III, § 305(g), as added Pub. L. 103-355, title II, § 2051(e), Oct. 13, 1994, 108 Stat. 3305, as amended Pub. L. 104-106, title XLIII, § 4321(a)(4), Feb. 10, 1996, 110 Stat. 671.

CHAPTER 47—MISCELLANEOUS

<i>Sec.</i>	
4701.	Determinations and decisions.
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4714.	Prohibition on criminal history inquiries by contractors prior to conditional offer.

Editorial Notes

AMENDMENTS

2019—Pub. L. 116-92, div. A, title XI, § 1123(a)(2), Dec. 20, 2019, 133 Stat. 1612, added item 4714.

2018—Pub. L. 115-390, title II, § 203(b), Dec. 21, 2018, 132 Stat. 5192, added item 4713.

2016—Pub. L. 114-261, § 1(a)(3)(B), Dec. 14, 2016, 130 Stat. 1362, added item 4712 and struck out former item 4712 ‘‘Pilot program for enhancement of contractor protection from reprisal for disclosure of certain information’’.

2013—Pub. L. 112-239, div. A, title VIII, § 828(a)(2), Jan. 2, 2013, 126 Stat. 1840, added item 4712.

§ 4701. Determinations and decisions

(a) INDIVIDUAL OR CLASS DETERMINATIONS AND DECISIONS AUTHORIZED.—

(1) IN GENERAL.—Determinations and decisions required to be made under this division by the head of an executive agency or provided in this division or chapters 1 to 11 of title 40 to be made by the Administrator of General Services or other agency head may be made for an individual purchase or contract or, except for determinations or decisions made under sections 3105, 3301, 3303 to 3305, 3306(a)–(e), and 3308, chapter 37, and section 4702 of this title or to the extent expressly prohibited by another law, for a class of purchases or contracts.

(2) DELEGATION.—Except as provided in section 3304(a)(7) of this title, and except as provided in section 121(d)(1) and (2) of title 40 with respect to the Administrator of General Services, the agency head, in the discretion and subject to the direction of the agency head, may delegate powers provided by this division or chapters 1 to 11 of title 40, including the making of determinations and decisions described in paragraph (1), to other officers or officials of the agency.

(3) FINALITY.—The determinations and decisions are final.

(b) WRITTEN FINDINGS.—

(1) BASIS FOR CERTAIN DETERMINATIONS.—Each determination or decision under section 3901, 3905, 4503, or 4706(d)(2)(B) of this title shall be based on a written finding by the individual making the determination or decision. A finding under section 4503 or 4706(d)(2)(B) shall set out facts and circumstances that support the determination or decision.

(2) FINALITY.—Each finding referred to in paragraph (1) is final.

(3) MAINTAINING COPIES OF FINDINGS.—The head of an executive agency shall maintain for a period of not less than 6 years a copy of each finding referred to in paragraph (1) that is made by an individual in that executive agen-

cy. The period begins on the date of the determination or decision to which the finding relates.

(Pub. L. 111-350, §3, Jan. 4, 2011, 124 Stat. 3793.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
4701	41:257.	June 30, 1949, ch. 288, title III, §307, 63 Stat. 396; Pub. L. 85-800, §5, Aug. 28, 1958, 72 Stat. 967; Pub. L. 89-343, §§3, 4, Nov. 8, 1965, 79 Stat. 1303; Pub. L. 98-369, title VII, §2714(a)(4), July 18, 1984, 98 Stat. 1184; Pub. L. 104-106, title XLIII, §4321(e)(6), Feb. 10, 1996, 110 Stat. 675; Pub. L. 104-316, title I, §121(c), Oct. 19, 1996, 110 Stat. 3836.
	41:262.	June 30, 1949, ch. 288, title III, §312, as added Pub. L. 103-355, title I, §1553, Oct. 13, 1994, 108 Stat. 3300.

§ 4702. Prohibition on release of contractor proposals

(a) DEFINITION.—In this section, the term “proposal” means a proposal, including a technical, management, or cost proposal, submitted by a contractor in response to the requirements of a solicitation for a competitive proposal.

(b) PROHIBITION.—A proposal in the possession or control of an executive agency may not be made available to any person under section 552 of title 5.

(c) NONAPPLICATION.—Subsection (b) does not apply to a proposal that is set forth or incorporated by reference in a contract entered into between the agency and the contractor that submitted the proposal.

(Pub. L. 111-350, §3, Jan. 4, 2011, 124 Stat. 3794.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
4702(a)	41:253b(m)(3).	June 30, 1949, ch. 288, title III, §303B(m), as added Pub. L. 104-201, title VIII, §821(b), Sept. 23, 1996, 110 Stat. 2609.
4702(b)	41:253b(m)(1).	
4702(c)	41:253b(m)(2).	

In subsection (b), the words “Except as provided in paragraph (2)” are omitted as unnecessary.

§ 4703. Validation of proprietary data restrictions

(a) CONTRACT THAT PROVIDES FOR DELIVERY OF TECHNICAL DATA.—A contract for property or services entered into by an executive agency that provides for the delivery of technical data shall provide that—

(1) a contractor or subcontractor at any tier shall be prepared to furnish to the contracting officer a written justification for any restriction the contractor or subcontractor asserts on the right of the Federal Government to use the data; and

(2) the contracting officer may review the validity of a restriction the contractor or subcontractor asserts under the contract on the right of the Federal Government to use technical data furnished to the Federal Government under the contract if the contracting of-

ficer determines that reasonable grounds exist to question the current validity of the asserted restriction and that the continued adherence to the asserted restriction by the Federal Government would make it impracticable to procure the item competitively at a later time.

(b) CHALLENGE OF RESTRICTION.—If after a review the contracting officer determines that a challenge to the asserted restriction is warranted, the contracting officer shall provide written notice to the contractor or subcontractor asserting the restriction. The notice shall state—

(1) the grounds for challenging the asserted restriction; and

(2) the requirement for a response within 60 days justifying the current validity of the asserted restriction.

(c) ADDITIONAL TIME FOR RESPONSES.—If a contractor or subcontractor asserting a restriction subject to this section submits to the contracting officer a written request showing the need for additional time to comply with the requirement to justify the current validity of the asserted restriction, the contracting officer shall provide appropriate additional time to adequately permit the justification to be submitted.

(d) MULTIPLE CHALLENGES.—If a party asserting a restriction receives notices of challenges to restrictions on technical data from more than one contracting officer, and notifies each contracting officer of the existence of more than one challenge, the contracting officer initiating the earliest challenge, after consultation with the party asserting the restriction and the other contracting officers, shall formulate a schedule of responses to each of the challenges that will afford the party asserting the restriction with an equitable opportunity to respond to each challenge.

(e) DECISION ON VALIDITY OF ASSERTED RESTRICTION.—

(1) NO RESPONSE SUBMITTED.—The contracting officer shall issue a decision pertaining to the validity of the asserted restriction if the contractor or subcontractor does not submit a response under subsection (b).

(2) RESPONSE SUBMITTED.—Within 60 days of receipt of a justification submitted in response to the notice provided pursuant to subsection (b), a contracting officer shall issue a decision or notify the party asserting the restriction of the time within which a decision will be issued.

(f) CLAIM DEEMED CLAIM WITHIN CHAPTER 71.—A claim pertaining to the validity of the asserted restriction that is submitted in writing to a contracting officer by a contractor or subcontractor at any tier is deemed to be a claim within the meaning of chapter 71 of this title.

(g) FINAL DISPOSITION OF CHALLENGE.—

(1) CHALLENGE IS SUSTAINED.—If the contracting officer's challenge to the restriction on the right of the Federal Government to use technical data is sustained on final disposition—

(A) the restriction is cancelled; and

(B) if the asserted restriction is found not to be substantially justified, the contractor

or subcontractor, as appropriate, is liable to the Federal Government for payment of the cost to the Federal Government of reviewing the asserted restriction and the fees and other expenses (as defined in section 2412(d)(2)(A) of title 28) incurred by the Federal Government in challenging the asserted restriction, unless special circumstances would make the payment unjust.

(2) CHALLENGE NOT SUSTAINED.—If the contracting officer's challenge to the restriction on the right of the Federal Government to use technical data is not sustained on final disposition, the Federal Government—

(A) continues to be bound by the restriction; and

(B) is liable for payment to the party asserting the restriction for fees and other expenses (as defined in section 2412(d)(2)(A) of title 28) incurred by the party asserting the restriction in defending the asserted restriction if the challenge by the Federal Government is found not to be made in good faith.

(Pub. L. 111-350, §3, Jan. 4, 2011, 124 Stat. 3794.)

HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
4703(a)	41:253d(a).	June 30, 1949, ch. 288, title III, §303D, formerly §303E, as added Pub. L. 98-577, title II, §203(a), Oct. 30, 1984, 98 Stat. 3071; renumbered §303D, Pub. L. 99-145, title XIII, §1304(c)(4)(A), Nov. 8, 1985, 99 Stat. 742.
4703(b)	41:253d(b).	
4703(c)	41:253d(c) (1st sentence).	
4703(d)	41:253d(c) (last sentence).	
4703(e)	41:253d(d).	
4703(f)	41:253d(e).	
4703(g)	41:253d(f).	

§ 4704. Prohibition of contractors limiting subcontractor sales directly to Federal Government

(a) CONTRACT RESTRICTIONS.—Each contract for the purchase of property or services made by an executive agency shall provide that the contractor will not—

(1) enter into an agreement with a subcontractor under the contract that has the effect of unreasonably restricting sales by the subcontractor directly to the Federal Government of any item or process (including computer software) made or furnished by the subcontractor under the contract (or any follow-on production contract); or

(2) otherwise act to restrict unreasonably the ability of a subcontractor to make sales described in paragraph (1) to the Federal Government.

(b) RIGHTS UNDER LAW PRESERVED.—This section does not prohibit a contractor from asserting rights it otherwise has under law.

(c) INAPPLICABILITY TO CERTAIN CONTRACTS.—This section does not apply to a contract for an amount that is not greater than the simplified acquisition threshold.

(d) INAPPLICABILITY WHEN GOVERNMENT TREATED SIMILARLY TO OTHER PURCHASERS.—An agree-

ment between the contractor in a contract for the acquisition of commercial products or commercial services and a subcontractor under the contract that restricts sales by the subcontractor directly to persons other than the contractor may not be considered to unreasonably restrict sales by that subcontractor to the Federal Government in violation of the provision included in the contract pursuant to subsection (a) if the agreement does not result in the Federal Government being treated differently with regard to the restriction than any other prospective purchaser of the commercial products or commercial services from that subcontractor.

(Pub. L. 111-350, §3, Jan. 4, 2011, 124 Stat. 3795; Pub. L. 115-232, div. A, title VIII, §836(b)(19), Aug. 13, 2018, 132 Stat. 1864.)

HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
4704(a)	41:253g(a).	June 30, 1949, ch. 288, title III, §303G(a), (b), formerly §303H, as added Pub. L. 98-577, title II, §206(a), Oct. 30, 1984, 98 Stat. 3073; renumbered §303G, Pub. L. 99-145, title XIII, §1304(c)(4)(A), Nov. 8, 1985, 99 Stat. 742.
4704(b)	41:253g(b).	
4704(c)	41:253g(c).	June 30, 1949, ch. 288, title III, §303G(c), as added Pub. L. 103-355, title IV, §4103(b), Oct. 13, 1994, 108 Stat. 3341.
4704(d)	41:253g(d).	June 30, 1949, ch. 288, title III, §303G(d), as added Pub. L. 103-355, title VIII, §8204(a), Oct. 13, 1994, 108 Stat. 3396.

Editorial Notes

AMENDMENTS

2018—Subsec. (d). Pub. L. 115-232 substituted “commercial products or commercial services” for “commercial items” in two places.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2018 AMENDMENT

Amendment by Pub. L. 115-232 effective Jan. 1, 2020, subject to a savings provision, see section 836(h) of Pub. L. 115-232, set out as an Effective Date of 2018 Amendment; Savings Provision note under section 453b of Title 6, Domestic Security.

§ 4705. Protection of contractor employees from reprisal for disclosure of certain information

(a) DEFINITIONS.—In this section:

(1) CONTRACT.—The term “contract” means a contract awarded by the head of an executive agency.

(2) CONTRACTOR.—The term “contractor” means a person awarded a contract with an executive agency.

(3) INSPECTOR GENERAL.—The term “Inspector General” means an Inspector General appointed under chapter 4 of title 5.

(b) PROHIBITION OF REPRISALS.—An employee of a contractor may not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing to a Member of Congress or an authorized official of an executive agency or the Department of Justice information relating to a

substantial violation of law related to a contract (including the competition for, or negotiation of, a contract).

(c) **INVESTIGATION OF COMPLAINTS.**—An individual who believes that the individual has been subjected to a reprisal prohibited by subsection (b) may submit a complaint to the Inspector General of the executive agency. Unless the Inspector General determines that the complaint is frivolous, the Inspector General shall investigate the complaint and, on completion of the investigation, submit a report of the findings of the investigation to the individual, the contractor concerned, and the head of the agency. If the executive agency does not have an Inspector General, the duties of the Inspector General under this section shall be performed by an official designated by the head of the executive agency.

(d) **REMEDY AND ENFORCEMENT AUTHORITY.**—

(1) **ACTIONS CONTRACTOR MAY BE ORDERED TO TAKE.**—If the head of an executive agency determines that a contractor has subjected an individual to a reprisal prohibited by subsection (b), the head of the executive agency may take one or more of the following actions:

(A) **ABATEMENT.**—Order the contractor to take affirmative action to abate the reprisal.

(B) **REINSTATEMENT.**—Order the contractor to reinstate the individual to the position that the individual held before the reprisal, together with the compensation (including back pay), employment benefits, and other terms and conditions of employment that would apply to the individual in that position if the reprisal had not been taken.

(C) **PAYMENT.**—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 the complainant reasonably incurred for, or in connection with, bringing the complaint regarding the reprisal, as determined by the head of the executive agency.

(2) **ENFORCEMENT ORDER.**—When a contractor fails to comply with an order issued under paragraph (1), the head of the executive agency shall file an action for enforcement of the order in the United States district court for a district in which the reprisal was found to have occurred. In an action brought under this paragraph, the court may grant appropriate relief, including injunctive relief and compensatory and exemplary damages.

(3) **REVIEW OF ENFORCEMENT ORDER.**—A person adversely affected or aggrieved by an order issued under paragraph (1) may obtain review of the order's conformance with this subsection, and regulations issued to carry out this section, in the United States court of appeals for a circuit in which the reprisal is alleged in the order to have occurred. A petition seeking review must be filed no more than 60 days after the head of the agency issues the order. Review shall conform to chapter 7 of title 5.

(e) **SCOPE OF SECTION.**—This section does not—

(1) authorize the discharge of, demotion of, or discrimination against an employee for a

disclosure other than a disclosure protected by subsection (b); or

(2) modify or derogate from a right or remedy otherwise available to the employee.

(f) **FOUR-YEAR SUSPENSION OF EFFECTIVENESS WHILE PILOT PROGRAM IS IN EFFECT.**—While section 4712¹ of this title is in effect, this section shall not be in effect.

(Pub. L. 111-350, §3, Jan. 4, 2011, 124 Stat. 3796; Pub. L. 112-239, div. A, title VIII, §828(c), Jan. 2, 2013, 126 Stat. 1841; Pub. L. 117-286, §4(b)(72), Dec. 27, 2022, 136 Stat. 4351.)

HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
4705(a)	41:265(e).	June 30, 1949, ch. 288, title III, §315, as added Pub. L. 103-355, title VI, §6006, Oct. 13, 1994, 108 Stat. 3365; Pub. L. 104-106, title XLIII, §4321(e)(8), Feb. 10, 1996, 110 Stat. 675.
4705(b)	41:265(a).	
4705(c)	41:265(b).	
4705(d)	41:265(c).	
4705(e)	41:265(d).	

In subsection (d)(2), the word “contractor” is substituted for “person” for clarity and for consistency with subsection (d)(1).

Editorial Notes

REFERENCES IN TEXT

Section 4712 of this title, referred to in subsec. (f), formerly referred to a pilot program in the section catchline and contained a subsec. (i) which provided that section 4712 would be in effect for a specified four-year period. The section catchline was amended and subsec. (i) was struck out by Pub. L. 114-261, §1(a)(3)(A), Dec. 14, 2016, 130 Stat. 1362.

AMENDMENTS

2022—Subsec. (a)(3), Pub. L. 117-286 substituted “chapter 4 of title 5.” for “the Inspector General Act of 1978 (5 U.S.C. App.).”

2013—Subsec. (f), Pub. L. 112-239 added subsec. (f).

§ 4706. Examination of facilities and records of contractor

(a) **DEFINITION.**—In this section, the term “records” includes books, documents, accounting procedures and practices, and other data, regardless of type and regardless of whether the items are in written form, in the form of computer data, or in any other form.

(b) **AGENCY AUTHORITY.**—

(1) **INSPECTION OF PLANT AND AUDIT OF RECORDS.**—The head of an executive agency, acting through an authorized representative, may inspect the plant and audit the records of—

(A) a contractor performing a cost-reimbursement, incentive, time-and-materials, labor-hour, or price-redeterminable contract, or any combination of those contracts, the executive agency makes under this division; and

(B) a subcontractor performing a cost-reimbursement, incentive, time-and-materials, labor-hour, or price-redeterminable subcontract, or any combination of those sub-

¹ See References in Text note below.

contracts, under a contract referred to in subparagraph (A).

(2) EXAMINATION OF RECORDS.—The head of an executive agency, acting through an authorized representative, may, for the purpose of evaluating the accuracy, completeness, and currency of certified cost or pricing data required to be submitted pursuant to chapter 35 of this title with respect to a contract or subcontract, examine all records of the contractor or subcontractor related to—

- (A) the proposal for the contract or subcontract;
- (B) the discussions conducted on the proposal;
- (C) pricing of the contract or subcontract; or
- (D) performance of the contract or subcontract.

(c) SUBPOENA POWER.—

(1) AUTHORITY TO REQUIRE THE PRODUCTION OF RECORDS.—The Inspector General of an executive agency appointed under section 403 or 415 of title 5 or, on request of the head of an executive agency, the Director of the Defense Contract Audit Agency (or any successor agency) of the Department of Defense or the Inspector General of the General Services Administration may require by subpoena the production of records of a contractor, access to which is provided for that executive agency by subsection (b).

(2) ENFORCEMENT OF SUBPOENA.—A subpoena under paragraph (1), in the case of contumacy or refusal to obey, is enforceable by order of an appropriate United States district court.

(3) AUTHORITY NOT DELEGABLE.—The authority provided by paragraph (1) may not be delegated.

(4) REPORT.—In the year following a year in which authority provided in paragraph (1) is exercised for an executive agency, the head of the executive agency shall submit to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Government Reform of the House of Representatives a report on the exercise of the authority during the preceding year and the reasons why the authority was exercised in any instance.

(d) AUTHORITY OF COMPTROLLER GENERAL.—

(1) IN GENERAL.—Except as provided in paragraph (2), each contract awarded after using procedures other than sealed bid procedures shall provide that the Comptroller General and representatives of the Comptroller General may examine records of the contractor, or any of its subcontractors, that directly pertain to, and involve transactions relating to, the contract or subcontract and to interview any current employee regarding the transactions.

(2) EXCEPTION FOR FOREIGN CONTRACTOR OR SUBCONTRACTOR.—Paragraph (1) does not apply to a contract or subcontract with a foreign contractor or foreign subcontractor if the executive agency concerned determines, with the concurrence of the Comptroller General or the designee of the Comptroller General, that applying paragraph (1) to the contract or sub-

contract would not be in the public interest. The concurrence of the Comptroller General or the designee is not required when—

(A) the contractor or subcontractor is—

- (i) the government of a foreign country or an agency of that government; or
- (ii) precluded by the laws of the country involved from making its records available for examination; and

(B) the executive agency determines, after taking into account the price and availability of the property and services from United States sources, that the public interest would be best served by not applying paragraph (1).

(3) ADDITIONAL RECORDS NOT REQUIRED.—Paragraph (1) does not require a contractor or subcontractor to create or maintain a record that the contractor or subcontractor does not maintain in the ordinary course of business or pursuant to another law.

(e) LIMITATION ON AUDITS RELATING TO INDIRECT COSTS.—An executive agency may not perform an audit of indirect costs under a contract, subcontract, or modification before or after entering into the contract, subcontract, or modification when the contracting officer determines that the objectives of the audit can reasonably be met by accepting the results of an audit that was conducted by another department or agency of the Federal Government within one year preceding the date of the contracting officer's determination.

(f) EXPIRATION OF AUTHORITY.—The authority of an executive agency under subsection (b) and the authority of the Comptroller General under subsection (d) shall expire 3 years after final payment under the contract or subcontract.

(g) INAPPLICABILITY TO CERTAIN CONTRACTS.—This section does not apply to the following contracts:

(1) Contracts for utility services at rates not exceeding those established to apply uniformly to the public, plus any applicable reasonable connection charge.

(2) A contract or subcontract that is not greater than the simplified acquisition threshold.

(h) ELECTRONIC FORM ALLOWED.—This section does not preclude a contractor from duplicating or storing original records in electronic form.

(i) ORIGINAL RECORDS NOT REQUIRED.—An executive agency shall not require a contractor or subcontractor to provide original records in an audit carried out pursuant to this section if the contractor or subcontractor provides photographic or electronic images of the original records and meets the following requirements:

(1) PRESERVATION PROCEDURES ESTABLISHED.—The contractor or subcontractor has established procedures to ensure that the imaging process preserves the integrity, reliability, and security of the original records.

(2) INDEXING SYSTEM MAINTAINED.—The contractor or subcontractor maintains an effective indexing system to permit timely and convenient access to the imaged records.

(3) ORIGINAL RECORDS RETAINED.—The contractor or subcontractor retains the original

records for a minimum of one year after imaging to permit periodic validation of the imaging systems.

(Pub. L. 111-350, §3, Jan. 4, 2011, 124 Stat. 3797; Pub. L. 117-286, §4(b)(73), Dec. 27, 2022, 136 Stat. 4351.)

HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
4706(a)	41:254d(i).	June 30, 1949, ch. 288, title III, §304C(a)(1), (b), (g)-(i), as added Pub. L. 103-355, title II, §2251(a), Oct. 13, 1994, 108 Stat. 3318, 3320.
4706(b)(1)	41:254d(a)(1).	June 30, 1949, ch. 288, title III, §304C(a)(2), as added Pub. L. 103-355, title II, §2251(a), Oct. 13, 1994, 108 Stat. 3318; Pub. L. 104-106, title XLIII, §4321(e)(5), Feb. 10, 1996, 110 Stat. 675.
4706(b)(2)	41:254d(a)(2).	
4706(c)	41:254d(b).	June 30, 1949, ch. 288, title III, §304C(c), as added Pub. L. 103-355, title II, §2251(a), Oct. 13, 1994, 108 Stat. 3319; Pub. L. 110-417, title VIII, §871(a), Oct. 14, 2008, 122 Stat. 4555.
4706(d)	41:254d(c).	
4706(e)	41:254d(d).	June 30, 1949, ch. 288, title III, §304C(d), as added Pub. L. 103-355, title II, §2251(a), Oct. 13, 1994, 108 Stat. 3319; Pub. L. 104-201, title VIII, §808(b), Sept. 23, 1996, 110 Stat. 2607.
4706(f)	41:254d(e).	June 30, 1949, ch. 288, title III, §304C(f), as added and amended Pub. L. 103-355, title II, §2251(a), title IV, §4103(d), Oct. 13, 1994, 108 Stat. 3320, 3341.
4706(g)	41:254d(f).	
4706(h)	41:254d(g).	
4706(i)	41:254d(h).	

In subsection (c)(4), the words “Committee on Oversight and Government Reform” are substituted for “Committee on Government Operations” on authority of section 1(a)(6) of Public Law 104-14 (2 U.S.C. note prec. 21), Rule X(1)(h) of the Rules of the House of Representatives, adopted by House Resolution No. 5 (106th Congress, January 6, 1999), and Rule X(1)(m) of the Rules of the House of Representatives, adopted by House Resolution No. 6 (110th Congress, January 5, 2007). The words “Committee on Homeland Security and Governmental Affairs” are substituted for “Committee on Governmental Affairs” on authority of Senate Resolution No. 445 (108th Congress, October 9, 2004).

Editorial Notes

AMENDMENTS

2022—Subsec. (c)(1). Pub. L. 117-286 substituted “section 403 or 415 of title 5” for “section 3 or 8G of the Inspector General Act of 1978 (5 U.S.C. App.)”.

Statutory Notes and Related Subsidiaries

CHANGE OF NAME

Committee on Oversight and Government Reform of House of Representatives changed to Committee on Oversight and Reform of House of Representatives by House Resolution No. 6, One Hundred Sixteenth Congress, Jan. 9, 2019.

§ 4707. Remission of liquidated damages

When a contract made on behalf of the Federal Government by the head of a Federal agency, or by an authorized officer of the agency, includes a provision for liquidated damages for delay, the Secretary of the Treasury on recommendation of the head of the agency may remit any part of

the damages as the Secretary of the Treasury believes is just and equitable.

(Pub. L. 111-350, §3, Jan. 4, 2011, 124 Stat. 3799.)

HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
4707	41:256a.	Sept. 5, 1950, ch. 849, §10(a), 64 Stat. 591; Pub. L. 104-316, title II, §202(u), Oct. 19, 1996, 110 Stat. 3845.

§ 4708. Payment of reimbursable indirect costs in cost-type research and development contracts with educational institutions

A cost-type research and development contract (including a grant) with a university, college, or other educational institution may provide for payment of reimbursable indirect costs on the basis of predetermined fixed-percentage rates applied to the total of the reimbursable direct costs incurred or to an element of the total of the reimbursable direct costs incurred.

(Pub. L. 111-350, §3, Jan. 4, 2011, 124 Stat. 3799.)

HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
4708	41:254a.	Pub. L. 87-638, Sept. 5, 1962, 76 Stat. 437.

The words “On and after September 5, 1962” are omitted as obsolete.

§ 4709. Implementation of electronic commerce capability

(a) **ROLE OF HEAD OF EXECUTIVE AGENCY.**—The head of each executive agency shall implement the electronic commerce capability required by section 2301 of this title. In implementing the capability, the head of an executive agency shall consult with the Administrator.

(b) **PROGRAM MANAGER.**—The head of each executive agency shall designate a program manager to implement the electronic commerce capability for the agency. The program manager reports directly to an official at a level not lower than the senior procurement executive designated for the agency under section 1702(c) of this title.

(Pub. L. 111-350, §3, Jan. 4, 2011, 124 Stat. 3800.)

HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
4709	41:252c.	June 30, 1949, ch. 288, title III, §302C, as added Pub. L. 103-355, title IX, §9003, Oct. 13, 1994, 108 Stat. 3403; Pub. L. 105-85, title VIII, §850(f)(4)(A), Nov. 18, 1997, 111 Stat. 1850.

§ 4710. Limitations on tiering of subcontractors

(a) **DEFINITION.**—In this section, the term “executive agency” has the same meaning given in section 133 of this title.

(b) **REGULATIONS.**—For executive agencies other than the Department of Defense, the Federal Acquisition Regulation shall—

(1) require contractors to minimize the excessive use of subcontractors, or of tiers of

subcontractors, that add no or negligible value; and

(2) ensure that neither a contractor nor a subcontractor receives indirect costs or profit on work performed by a lower-tier subcontractor to which the higher-tier contractor or subcontractor adds no or negligible value (but not to limit charges for indirect costs and profit based on the direct costs of managing lower-tier subcontracts).

(c) COVERED CONTRACTS.—This section applies to any cost-reimbursement type contract or task or delivery order in an amount greater than the simplified acquisition threshold (as defined by section 134 of this title).

(d) RULE OF CONSTRUCTION.—Nothing in this section shall be construed as limiting the ability of the Department of Defense to implement more restrictive limitations on the tiering of subcontractors.

(e) APPLICABILITY.—The Department of Defense shall continue to be subject to guidance on limitations on tiering of subcontractors issued by the Department of Defense pursuant to section 852 of the John Warner National Defense Authorization Act for Fiscal Year 2007 (Public Law 109-364, 10 U.S.C. 2324 note).

(Pub. L. 111-350, §3, Jan. 4, 2011, 124 Stat. 3800.)

HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
4710	41:254b note.	Pub. L. 110-417, [div. A], title VIII, §866, Oct. 14, 2008, 122 Stat. 4551.

In subsection (b), the words “Not later than one year after the date of the enactment of this Act” are omitted because of section 6(f) of the bill. The word “shall” is substituted for the words “shall be amended” to reflect the permanence of the provision.

§ 4711. Linking of award and incentive fees to acquisition outcomes

(a) DEFINITION.—In this section, the term “executive agency” has the same meaning given in section 133 of this title.

(b) GUIDANCE FOR EXECUTIVE AGENCIES ON LINKING OF AWARD AND INCENTIVE FEES TO ACQUISITION OUTCOMES.—The Federal Acquisition Regulation shall provide executive agencies other than the Department of Defense with instructions, including definitions, on the appropriate use of award and incentive fees in Federal acquisition programs.

(c) ELEMENTS.—The regulations under subsection (b) shall—

(1) ensure that all new contracts using award fees link the fees to acquisition outcomes (which shall be defined in terms of program cost, schedule, and performance);

(2) establish standards for identifying the appropriate level of officials authorized to approve the use of award and incentive fees in new contracts;

(3) provide guidance on the circumstances in which contractor performance may be judged to be “excellent” or “superior” and the percentage of the available award fee which contractors should be paid for the performance;

(4) establish standards for determining the percentage of the available award fee, if any,

which contractors should be paid for performance that is judged to be “acceptable”, “average”, “expected”, “good”, or “satisfactory”;

(5) ensure that no award fee may be paid for contractor performance that is judged to be below satisfactory performance or performance that does not meet the basic requirements of the contract;

(6) provide specific direction on the circumstances, if any, in which it may be appropriate to roll over award fees that are not earned in one award fee period to a subsequent award fee period or periods;

(7) ensure consistent use of guidelines and definitions relating to award and incentive fees across the Federal Government;

(8) ensure that each executive agency—

(A) collects relevant data on award and incentive fees paid to contractors; and

(B) has mechanisms in place to evaluate the data on a regular basis;

(9) include performance measures to evaluate the effectiveness of award and incentive fees as a tool for improving contractor performance and achieving desired program outcomes; and

(10) provide mechanisms for sharing proven incentive strategies for the acquisition of different types of products and services among contracting and program management officials.

(d) GUIDANCE FOR DEPARTMENT OF DEFENSE.—The Department of Defense shall continue to be subject to guidance on award and incentive fees issued by the Secretary of Defense pursuant to section 814 of the John Warner National Defense Authorization Act for Fiscal Year 2007 (Public Law 109-364, 10 U.S.C. 2302 note).

(Pub. L. 111-350, §3, Jan. 4, 2011, 124 Stat. 3800.)

HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
4711	41:251 note.	Pub. L. 110-417, [div. A], title VIII, §867, Oct. 14, 2008, 122 Stat. 4551.

In subsection (b), the words “Not later than 1 year after the date of the enactment of this Act” are omitted because of section 6(f) of the bill. The words “shall provide” are substituted for “shall be amended to provide” to reflect the permanence of the provision.

§ 4712. Enhancement of contractor protection from reprisal for disclosure of certain information

(a) PROHIBITION OF REPRISALS.—

(1) IN GENERAL.—An employee of a contractor, subcontractor, grantee, subgrantee, or personal services contractor may not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing to a person or body described in paragraph (2) information that the employee reasonably believes is evidence of gross mismanagement of a Federal contract or grant, a gross waste of Federal funds, an abuse of authority relating to a Federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a Federal contract (including the competition for or negotiation of a contract) or grant.

(2) **PERSONS AND BODIES COVERED.**—The persons and bodies described in this paragraph are the persons and bodies as follows:

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

(B) An Inspector General.

(C) The Government Accountability Office.

(D) A Federal employee responsible for contract or grant oversight or management at the relevant agency.

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

(F) A court or grand jury.

(G) A management official or other employee of the contractor, subcontractor, grantee, subgrantee, or personal services contractor who has the responsibility to investigate, discover, or address misconduct.

(3) **RULES OF CONSTRUCTION.**—For the purposes of paragraph (1)—

(A) an employee who initiates or provides evidence of contractor, subcontractor, grantee, subgrantee, or personal services contractor misconduct in any judicial or administrative proceeding relating to waste, fraud, or abuse on a Federal contract or grant shall be deemed to have made a disclosure covered by such paragraph; and

(B) a reprisal described in paragraph (1) is prohibited even if it is undertaken 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.

(b) **INVESTIGATION OF COMPLAINTS.**—

(1) **SUBMISSION OF COMPLAINT.**—A person who believes that the person has been subjected to a reprisal prohibited by subsection (a) may submit a complaint to the Inspector General of the executive agency involved. Unless the Inspector General determines that the complaint is frivolous, fails to allege a violation of the prohibition in subsection (a), or has previously been addressed in another Federal or State judicial or administrative proceeding initiated by the complainant, the Inspector General shall investigate the complaint and, upon completion of such investigation, submit a report of the findings of the investigation to the person, the contractor, subcontractor, grantee, subgrantee, or personal services contractor concerned, and the head of the agency.

(2) **INSPECTOR GENERAL ACTION.**—

(A) **DETERMINATION OR SUBMISSION OF REPORT ON FINDINGS.**—Except as provided under subparagraph (B), the Inspector General shall make a determination that a complaint is frivolous, fails to allege a violation of the prohibition in subsection (a), or has previously been addressed in another Federal or State judicial or administrative proceeding initiated by the complainant or submit a report under paragraph (1) within 180 days after receiving the complaint.

(B) **EXTENSION OF TIME.**—If the Inspector General is unable to complete an investigation in time to submit a report within the 180-day period specified in subparagraph (A)

and the person submitting the complaint agrees to an extension of time, the Inspector General shall submit a report under paragraph (1) within such additional period of time, up to 180 days, as shall be agreed upon between the Inspector General and the person submitting the complaint.

(3) **PROHIBITION ON DISCLOSURE.**—The 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—

(A) made with the consent of the person alleging the reprisal;

(B) made in accordance with the provisions of section 552a of title 5 or as required by any other applicable Federal law; or

(C) necessary to conduct an investigation of the alleged reprisal.

(4) **TIME LIMITATION.**—A complaint may not be brought under this subsection more than three years after the date on which the alleged reprisal took place.

(c) **REMEDY AND ENFORCEMENT AUTHORITY.**—

(1) **IN GENERAL.**—Not later than 30 days after receiving an Inspector General report pursuant to subsection (b), the head of the executive agency concerned shall determine whether there is sufficient basis to conclude that the contractor, subcontractor, grantee, subgrantee, or personal services contractor concerned has subjected the complainant to a reprisal prohibited by subsection (a) and shall either issue an order denying relief or shall take one or more of the following actions:

(A) Order the contractor, subcontractor, grantee, subgrantee, or personal services contractor to take affirmative action to abate the reprisal.

(B) Order the contractor, subcontractor, grantee, subgrantee, or personal services 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.

(C) Order the contractor, subcontractor, grantee, subgrantee, or personal services 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 for, or in connection with, bringing the complaint regarding the reprisal, as determined by the head of the executive agency.

(D) Consider disciplinary or corrective action against any official of the executive agency, if appropriate.

(2) **EXHAUSTION OF REMEDIES.**—If the head of an executive agency issues an order denying relief under paragraph (1) or has not issued an order within 210 days after the submission of a complaint under subsection (b), or in the case of an extension of time under paragraph (b)(2)(B), not later than 30 days after the expiration of the extension of time, and there is no

showing that such delay is due to the bad faith of the complainant, the complainant shall be deemed to have exhausted all administrative remedies with respect to the complaint, and the complainant may bring a de novo action at law or equity against the contractor, subcontractor, grantee, subgrantee, or personal services contractor to seek compensatory damages and other relief available under this section 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 paragraph may not be brought more than two years after the date on which remedies are deemed to have been exhausted.

(3) **ADMISSIBILITY OF EVIDENCE.**—An Inspector General determination and an agency head order denying relief under paragraph (2) shall be admissible in evidence in any de novo action at law or equity brought pursuant to this subsection.

(4) **ENFORCEMENT OF ORDERS.**—Whenever a person fails to comply with an order issued under paragraph (1), the head of the executive agency concerned shall 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 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 executive agency.

(5) **JUDICIAL REVIEW.**—Any person adversely affected or aggrieved by an order issued under paragraph (1) may obtain review of the order's conformance with this subsection, and any regulations issued to carry out this section, 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 executive agency. Review shall conform to chapter 7 of title 5. Filing such an appeal shall not act to stay the enforcement of the order of the head of an executive agency, unless a stay is specifically entered by the court.

(6) **BURDENS OF PROOF.**—The legal burdens of proof specified in section 1221(e) of title 5 shall be controlling for the purposes of any investigation conducted by an Inspector General, decision by the head of an executive agency, or judicial or administrative proceeding to determine whether discrimination prohibited under this section has occurred.

(7) **RIGHTS AND REMEDIES NOT WAIVABLE.**—The rights and remedies provided for in this section may not be waived by any agreement, policy, form, or condition of employment.

(d) **NOTIFICATION OF EMPLOYEES.**—The head of each executive agency shall ensure that contractors, subcontractors, grantees, subgrantees, and personal services contractors of the agency inform their employees in writing of the rights and remedies provided under this section, in the predominant native language of the workforce.

(e) **CONSTRUCTION.**—Nothing in this section may be construed to authorize the discharge of, demotion of, or discrimination against an employee for a disclosure other than a disclosure protected by subsection (a) or to modify or derogate from a right or remedy otherwise available to the employee.

(f) **EXCEPTIONS.**—(1) This section shall not apply to any element of the intelligence community, as defined in section 3(4) of the National Security Act of 1947 (50 U.S.C. 401a(4)).

(2) This section shall not apply to any disclosure made by an employee of a contractor, subcontractor, grantee, subgrantee, or personal services contractor of an element of the intelligence community if such disclosure—

(A) relates to an activity of an element of the intelligence community; or

(B) was discovered during contract, subcontract, grantee, subgrantee, or personal services contractor services provided to an element of the intelligence community.

(g) **DEFINITIONS.**—In this section:

(1) The term “abuse of authority” means an arbitrary and capricious exercise of authority that is inconsistent with the mission of the executive agency concerned or the successful performance of a contract or grant of such agency.

(2) The term “Inspector General” means an Inspector General appointed under chapter 4 of title 5 and any Inspector General that receives funding from, or has oversight over contracts or grants awarded for or on behalf of, the executive agency concerned.

(h) **CONSTRUCTION.**—Nothing in this section, or the amendments made by this section,¹ shall be construed to provide any rights to disclose classified information not otherwise provided by law.

(Added Pub. L. 112-239, div. A, title VIII, §828(a)(1), Jan. 2, 2013, 126 Stat. 1837; amended Pub. L. 113-66, div. A, title X, §1091(e), Dec. 26, 2013, 127 Stat. 876; Pub. L. 114-261, §1(a)(2), (3)(A), Dec. 14, 2016, 130 Stat. 1362; Pub. L. 116-260, div. U, title VIII, §801, Dec. 27, 2020, 134 Stat. 2297; Pub. L. 117-263, div. A, title VIII, §807(b), Dec. 23, 2022, 136 Stat. 2704; Pub. L. 117-286, §4(b)(74), Dec. 27, 2022, 136 Stat. 4351.)

Editorial Notes

AMENDMENTS

2022—Subsec. (a)(1). Pub. L. 117-263, §807(b)(1)(A), substituted “subgrantee,” for “or subgrantee”.

Subsec. (a)(2). Pub. L. 117-263, §807(b)(1)(B), substituted “subgrantee, or personal services contractor” for “or subgrantee”.

Subsec. (a)(3). Pub. L. 117-263, §807(b)(1)(C), substituted “subgrantee, or personal services contractor” for “or subgrantee”.

Subsec. (b)(1). Pub. L. 117-263, §807(b)(2), substituted “subgrantee, or personal services contractor concerned” for “or subgrantee concerned”.

Subsec. (c)(1). Pub. L. 117-263, §807(b)(3)(A)(i), substituted “subgrantee, or personal services contractor concerned” for “or subgrantee concerned” in introductory provisions.

Subsec. (c)(1)(A). Pub. L. 117-263, §807(b)(3)(A)(ii), substituted “subgrantee, or personal services contractor” for “or subgrantee”.

¹ So in original.

Subsec. (c)(1)(B). Pub. L. 117-263, § 807(b)(3)(A)(iii), substituted “subgrantee, or personal services contractor” for “or subgrantee”.

Subsec. (c)(1)(C). Pub. L. 117-263, § 807(b)(3)(A)(iv), substituted “subgrantee, or personal services contractor” for “or subgrantee”.

Subsec. (c)(1)(D). Pub. L. 117-263, § 807(b)(3)(A)(v), added subpar. (D).

Subsec. (c)(2). Pub. L. 117-263, § 807(b)(3)(B), substituted “subgrantee, or personal services contractor” for “or subgrantee”.

Subsec. (d). Pub. L. 117-263, § 807(b)(4), substituted “subgrantees, and personal services contractors” for “and subgrantees”.

Subsec. (f)(2). Pub. L. 117-263, § 807(b)(5), substituted “subgrantee, or personal services contractor” for “or subgrantee” in two places.

Subsec. (g)(2). Pub. L. 117-286 substituted “chapter 4 of title 5” for “the Inspector General Act of 1978”.

2020—Subsec. (a)(2)(G). Pub. L. 116-260, § 801(1), substituted “grantee, or subgrantee” for “or grantee”.

Subsec. (a)(3)(A). Pub. L. 116-260, § 801(2), substituted “contractor, subcontractor, grantee, or subgrantee” for “contractor, subcontractor, or grantee”.

Subsec. (b)(1). Pub. L. 116-260, § 801(3), substituted “contractor, subcontractor, grantee, or subgrantee” for “contractor or grantee”.

Subsec. (c). Pub. L. 116-260, § 801(4), substituted “contractor, subcontractor, grantee, or subgrantee” for “contractor or grantee” wherever appearing.

Subsec. (d). Pub. L. 116-260, § 801(5), substituted “grantees, and subgrantees” for “and grantees”.

Subsec. (f). Pub. L. 116-260, § 801(6), substituted “grantee, or subgrantee” for “or grantee” in two places.

2016—Pub. L. 114-261, § 1(a)(3)(A)(i), substituted “Enhancement” for “Pilot program for enhancement” in section catchline.

Subsec. (a)(1). Pub. L. 114-261, § 1(a)(2), substituted “grantee, or subgrantee or personal services contractor” for “or grantee”.

Subsec. (i). Pub. L. 114-261, § 1(a)(3)(A)(ii), struck out subsec. (i). Text read as follows: “This section shall be in effect for the four-year period beginning on the date of that is 180 days after the date the enactment of this section.”

2013—Subsec. (i). Pub. L. 113-66 inserted “that is 180 days after the date” before “the enactment”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2013 AMENDMENT

Pub. L. 112-239, div. A, title VIII, § 828(b), Jan. 2, 2013, 126 Stat. 1840, provided that:

“(1) IN GENERAL.—The amendments made by subsection (a) [enacting this section] shall take effect on the date that is 180 days after the date of the enactment of this Act [Jan. 2, 2013], and shall, during the period section 4712 of title 41, United States Code, as added by such subsection, is in effect, apply to—

“(A) all contracts and grants awarded on or after such date;

“(B) all task orders entered on or after such date pursuant to contracts awarded before, on, or after such date; and

“(C) all contracts awarded before such date that are modified to include a contract clause providing for the applicability of such amendments.

“(2) REVISION OF FEDERAL ACQUISITION REGULATION.—Not later than 180 days after the date of the enactment of this Act, the Federal Acquisition Regulation shall be revised to implement the requirements arising under the amendments made by this section [enacting this section and amending sections 4310 and 4705 of this title].

“(3) INCLUSION OF CONTRACT CLAUSE IN CONTRACTS AWARDED BEFORE EFFECTIVE DATE.—At the time of any major modification to a contract that was awarded before the date that is 180 days after the date of the en-

actment of this Act [Jan. 2, 2013], the head of the contracting agency shall make best efforts to include in the contract a contract clause providing for the applicability of the amendments made by this section to the contract.”

§ 4713. Authorities relating to mitigating supply chain risks in the procurement of covered articles

(a) AUTHORITY.—Subject to subsection (b), the head of an executive agency may carry out a covered procurement action.

(b) DETERMINATION AND NOTIFICATION.—Except as authorized by subsection (c) to address an urgent national security interest, the head of an executive agency may exercise the authority provided in subsection (a) only after—

(1) obtaining a joint recommendation, in unclassified or classified form, from the chief acquisition officer and the chief information officer of the agency, or officials performing similar functions in the case of executive agencies that do not have such officials, which includes a review of any risk assessment made available by the executive agency identified under section 1323(a)(3) of this title, that there is a significant supply chain risk in a covered procurement;

(2) providing notice of the joint recommendation described in paragraph (1) to any source named in the joint recommendation advising—

(A) that a recommendation is being considered or has been obtained;

(B) to the extent consistent with the national security and law enforcement interests, of information that forms the basis for the recommendation;

(C) that, within 30 days after receipt of the notice, the source may submit information and argument in opposition to the recommendation; and

(D) of the procedures governing the consideration of the submission and the possible exercise of the authority provided in subsection (a);

(3) making a determination in writing, in unclassified or classified form, after considering any information submitted by a source under paragraph (2) and in consultation with the chief information security officer of the agency, that—

(A) use of the authority under subsection (a) is necessary to protect national security by reducing supply chain risk;

(B) less intrusive measures are not reasonably available to reduce such supply chain risk; and

(C) the use of such authorities will apply to a single covered procurement or a class of covered procurements, and otherwise specifies the scope of the determination; and

(4) providing a classified or unclassified notice of the determination made under paragraph (3) to the appropriate congressional committees and leadership that includes—

(A) the joint recommendation described in paragraph (1);

(B) a summary of any risk assessment reviewed in support of the joint recommendation required by paragraph (1); and

(C) a summary of the basis for the determination, including a discussion of less intrusive measures that were considered and why such measures were not reasonably available to reduce supply chain risk.

(c) **PROCEDURES TO ADDRESS URGENT NATIONAL SECURITY INTERESTS.**—In any case in which the head of an executive agency determines that an urgent national security interest requires the immediate exercise of the authority provided in subsection (a), the head of the agency—

(1) may, to the extent necessary to address such national security interest, and subject to the conditions in paragraph (2)—

(A) temporarily delay the notice required by subsection (b)(2);

(B) make the determination required by subsection (b)(3), regardless of whether the notice required by subsection (b)(2) has been provided or whether the notified source has submitted any information in response to such notice;

(C) temporarily delay the notice required by subsection (b)(4); and

(D) exercise the authority provided in subsection (a) in accordance with such determination within 60 calendar days after the day the determination is made; and

(2) shall take actions necessary to comply with all requirements of subsection (b) as soon as practicable after addressing the urgent national security interest, including—

(A) providing the notice required by subsection (b)(2);

(B) promptly considering any information submitted by the source in response to such notice, and making any appropriate modifications to the determination based on such information;

(C) providing the notice required by subsection (b)(4), including a description of the urgent national security interest, and any modifications to the determination made in accordance with subparagraph (B); and

(D) providing notice to the appropriate congressional committees and leadership within 7 calendar days of the covered procurement actions taken under this section.

(d) **CONFIDENTIALITY.**—The notice required by subsection (b)(2) shall be kept confidential until a determination with respect to a covered procurement action has been made pursuant to subsection (b)(3).

(e) **DELEGATION.**—The head of an executive agency may not delegate the authority provided in subsection (a) or the responsibility identified in subsection (f) to an official below the level one level below the Deputy Secretary or Principal Deputy Director.

(f) **ANNUAL REVIEW OF DETERMINATIONS.**—The head of an executive agency shall conduct an annual review of all determinations made by such head under subsection (b) and promptly amend any covered procurement action as appropriate.

(g) **REGULATIONS.**—The Federal Acquisition Regulatory Council shall prescribe such regulations as may be necessary to carry out this section.

(h) **REPORTS REQUIRED.**—Not less frequently than annually, the head of each executive agen-

cy that exercised the authority provided in subsection (a) or (c) during the preceding 12-month period shall submit to the appropriate congressional committees and leadership a report summarizing the actions taken by the agency under this section during that 12-month period.

(i) **RULE OF CONSTRUCTION.**—Nothing in this section shall be construed to authorize the head of an executive agency to carry out a covered procurement action based solely on the fact of foreign ownership of a potential procurement source that is otherwise qualified to enter into procurement contracts with the Federal Government.

(j) **TERMINATION.**—The authority provided under subsection (a) shall terminate on December 31, 2033.

(k) **DEFINITIONS.**—In this section:

(1) **APPROPRIATE CONGRESSIONAL COMMITTEES AND LEADERSHIP.**—The term “appropriate congressional committees and leadership” means—

(A) the Committee on Homeland Security and Governmental Affairs, the Committee on the Judiciary, the Committee on Appropriations, the Committee on Armed Services, the Committee on Commerce, Science, and Transportation, the Select Committee on Intelligence, and the majority and minority leader of the Senate; and

(B) the Committee on Oversight and Government Reform, the Committee on the Judiciary, the Committee on Appropriations, the Committee on Homeland Security, the Committee on Armed Services, the Committee on Energy and Commerce, the Permanent Select Committee on Intelligence, and the Speaker and minority leader of the House of Representatives.

(2) **COVERED ARTICLE.**—The term “covered article” means—

(A) information technology, as defined in section 11101 of title 40, including cloud computing services of all types;

(B) telecommunications equipment or telecommunications service, as those terms are defined in section 3 of the Communications Act of 1934 (47 U.S.C. 153);

(C) the processing of information on a Federal or non-Federal information system, subject to the requirements of the Controlled Unclassified Information program; or

(D) hardware, systems, devices, software, or services that include embedded or incidental information technology.

(3) **COVERED PROCUREMENT.**—The term “covered procurement” means—

(A) a source selection for a covered article involving either a performance specification, as provided in subsection (a)(3)(B) of section 3306 of this title, or an evaluation factor, as provided in subsection (b)(1)(A) of such section, relating to a supply chain risk, or where supply chain risk considerations are included in the agency’s determination of whether a source is a responsible source as defined in section 113 of this title;

(B) the consideration of proposals for and issuance of a task or delivery order for a covered article, as provided in section

4106(d)(3) of this title, where the task or delivery order contract includes a contract clause establishing a requirement relating to a supply chain risk;

(C) any contract action involving a contract for a covered article where the contract includes a clause establishing requirements relating to a supply chain risk; or

(D) any other procurement in a category of procurements determined appropriate by the Federal Acquisition Regulatory Council, with the advice of the Federal Acquisition Security Council.

(4) **COVERED PROCUREMENT ACTION.**—The term “covered procurement action” means any of the following actions, if the action takes place in the course of conducting a covered procurement:

(A) The exclusion of a source that fails to meet qualification requirements established under section 3311 of this title for the purpose of reducing supply chain risk in the acquisition or use of covered articles.

(B) The exclusion of a source that fails to achieve an acceptable rating with regard to an evaluation factor providing for the consideration of supply chain risk in the evaluation of proposals for the award of a contract or the issuance of a task or delivery order.

(C) The determination that a source is not a responsible source as defined in section 113 of this title based on considerations of supply chain risk.

(D) The decision to withhold consent for a contractor to subcontract with a particular source or to direct a contractor to exclude a particular source from consideration for a subcontract under the contract.

(5) **INFORMATION AND COMMUNICATIONS TECHNOLOGY.**—The term “information and communications technology” means—

(A) information technology, as defined in section 11101 of title 40;

(B) information systems, as defined in section 3502 of title 44; and

(C) telecommunications equipment and telecommunications services, as those terms are defined in section 3 of the Communications Act of 1934 (47 U.S.C. 153).

(6) **SUPPLY CHAIN RISK.**—The term “supply chain risk” means the risk that any person may sabotage, maliciously introduce unwanted function, extract data, or otherwise manipulate the design, integrity, manufacturing, production, distribution, installation, operation, maintenance, disposition, or retirement of covered articles so as to surveil, deny, disrupt, or otherwise manipulate the function, use, or operation of the covered articles or information stored or transmitted on the covered articles.

(7) **EXECUTIVE AGENCY.**—Notwithstanding section 3101(c)(1), this section applies to the Department of Defense, the Coast Guard, and the National Aeronautics and Space Administration.

(Added Pub. L. 115-390, title II, §203(a), Dec. 21, 2018, 132 Stat. 5189; amended Pub. L. 117-263, div. E, title LIX, §5949(k)(2), Dec. 23, 2022, 136 Stat. 3492.)

Editorial Notes

REFERENCES IN TEXT

Section 3101(c)(1), referred to in subsec. (k)(7), probably means section 3101(c)(1) of this title, which excepts the Department of Defense, the Coast Guard, and the National Aeronautics and Space Administration from applicability of the Procurement procedures and regulations of the Administrator of General Services.

AMENDMENTS

2022—Subsec. (j). Pub. L. 117-263 substituted “December 31, 2033” for “the date that is 5 years after the date of the enactment of the Federal Acquisition Supply Chain Security Act of 2018”.

Statutory Notes and Related Subsidiaries

CHANGE OF NAME

Committee on Oversight and Government Reform of House of Representatives changed to Committee on Oversight and Reform of House of Representatives by House Resolution No. 6, One Hundred Sixteenth Congress, Jan. 9, 2019.

EFFECTIVE DATE

Pub. L. 115-390, title II, §203(c), Dec. 21, 2018, 132 Stat. 5192, provided that: “The amendments made by this section [enacting this section] shall take effect on the date that is 90 days after the date of the enactment of this Act [Dec. 21, 2018] and shall apply to contracts that are awarded before, on, or after that date.”

Title II of Pub. L. 115-390 effective 90 days after Dec. 21, 2018, see section 205 of Pub. L. 115-390, set out as a note under section 1321 of this title.

PROHIBITION ON CERTAIN SEMICONDUCTOR PRODUCTS AND SERVICES

Pub. L. 117-263, div. E, title LIX, §5949, Dec. 23, 2022, 136 Stat. 3485, provided that:

“(a) **PROHIBITION ON USE OR PROCUREMENT.**—

“(1) **IN GENERAL.**—The head of an executive agency may not—

“(A) procure or obtain, or extend or renew a contract to procure or obtain, any electronic parts, products, or services that include covered semiconductor products or services; or

“(B) enter into a contract (or extend or renew a contract) with an entity to procure or obtain electronic parts or products that use any electronic parts or products that include covered semiconductor products or services.

“(2) **RULE OF CONSTRUCTION.**—

“(A) **IN GENERAL.**—Nothing in paragraph (1) shall be construed—

“(i) to require any covered semiconductor products or services resident in equipment, systems, or services as of the day before the applicable effective date specified in subsection (c) to be removed or replaced;

“(ii) to prohibit or limit the utilization of such covered semiconductor products or services throughout the lifecycle of such existing equipment;

“(iii) to require the recipient of a Federal contract, grant, loan, or loan guarantee to replace covered semiconductor products or services resident in equipment, systems, or services before the effective date specified in subsection (c); or

“(iv) to require the Federal Communications Commission to designate covered semiconductor products or services to its Covered Communications Equipment or Services List maintained under section 2 of the Secured and Trusted Communications Networks Act of 2019 (47 U.S.C. 1603) [probably should be “(47 U.S.C. 1601)”.]

“(B) **CONTRACTING PROHIBITION.**—Nothing in paragraph (1)(B) shall be construed to cover products or

services that include covered semiconductor products or services in a system that is not a critical system.

“(b) WAIVER AUTHORITY.—

“(1) SECRETARY OF DEFENSE.—The Secretary of Defense may provide a waiver on a date later than the effective date described in subsection (c) if the Secretary determines the waiver is in the critical national security interests of the United States.

“(2) DIRECTOR OF NATIONAL INTELLIGENCE.—The Director of National Intelligence may provide a waiver on a date later than the effective date described in subsection (c) if the Director determines the waiver is in the critical national security interests of the United States.

“(3) SECRETARY OF COMMERCE.—The Secretary of Commerce, in consultation with the Director of National Intelligence or the Secretary of Defense, may provide a waiver on a date later than the effective date described in subsection (c) if the Secretary determines the waiver is in the critical national security interests of the United States.

“(4) SECRETARY OF HOMELAND SECURITY.—The Secretary of Homeland Security, in consultation with the Director of National Intelligence or the Secretary of Defense, may provide a waiver on a date later than the effective date described in subsection (c) if the Secretary determines the waiver is in the critical national security interests of the United States.

“(5) SECRETARY OF ENERGY.—The Secretary of Energy, in consultation with the Director of National Intelligence or the Secretary of Defense, may provide a waiver on a date later than the effective date described in subsection (c) if the Secretary determines the waiver is in the critical national security interests of the United States.

“(6) EXECUTIVE AGENCIES.—The head of an executive agency may waive, for a renewable period of not more than two years per waiver, the prohibitions under subsection (a) if—

“(A) the head of the agency, in consultation with the Secretary of Commerce, determines that no compliant product or service is available to be procured as, and when, needed at United States market prices or a price that is not considered prohibitively expensive; and

“(B) the head of the agency, in consultation with the Secretary of Defense or the Director of National Intelligence, determines that such waiver could not reasonably be expected to compromise the critical national security interests of the United States.

“(7) REPORT TO CONGRESS.—Not later than 30 days after granting a waiver under this subsection, the head of the executive agency granting such waiver shall submit to the appropriate committees of Congress and leadership a report with a notification of such waiver, including a justification for the waiver.

“(c) EFFECTIVE DATES AND REGULATIONS.—

“(1) EFFECTIVE DATE.—The prohibitions under subsection (a) shall take effect five years after the date of the enactment of this Act [Dec. 23, 2022].

“(2) REGULATIONS.—Not later than three years after the date of the enactment of this Act, the Federal Acquisition Regulatory Council shall prescribe regulations implementing the prohibitions under subsection (a), including a requirement for prime contractors to incorporate the substance of such prohibitions and applicable implementing contract clauses into contracts for the supply of electronic parts or products.

“(d) OFFICE OF MANAGEMENT AND BUDGET REPORT AND BRIEFING.—Not later than 270 days after the effective date described in subsection (c)(1), the Director of the Office of Management and Budget, in coordination with the Director of National Intelligence and the National Cyber Director, shall provide to the appropriate committees of Congress and leadership a report and briefing on—

“(1) the implementation of the prohibitions under subsection (a), including any challenges in the implementation; and

“(2) the effectiveness and utility of the waiver authority under subsection (b).

“(e) ANALYSIS, ASSESSMENT, AND STRATEGY.—Not later than 180 days after the date of the enactment of this Act, the Secretary of Commerce, in coordination with the Secretary of Defense, the Secretary of Homeland Security, the Director of National Intelligence, and the Secretary of Energy and, to the greatest extent practicable, leveraging relevant previous analyses and assessments, shall—

“(1) conduct an analysis of semiconductor design and production capacity domestically and by allied or partner countries required to meet the needs of the Federal Government, including analyses regarding—

“(A) semiconductors critical to national security, as determined by the Secretary of Commerce, in consultation with the Secretary of Defense and the Director of National Intelligence, in accordance with section 9902(a)(6)(A)(i) of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (Public Law 116-283) [15 U.S.C. 4652(a)(6)(A)(i)]; and

“(B) semiconductors classified as legacy semiconductors pursuant to section 9902(a)(6)(A)(i) of William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (Public Law 116-283);

“(2) assess the risk posed by the presence of covered semiconductor products or services in Federal systems;

“(3) assess the risk posed by the presence of covered semiconductor products or services in the supply chains of Federal contractors and subcontractors, including for non-Federal systems;

“(4) develop a strategy to—

“(A) improve the availability of domestic semiconductor design and production capacity required to meet the requirements of the Federal Government;

“(B) support semiconductor product and service suppliers seeking to contract with domestic, allied, or partner semiconductor producers and to improve supply chain traceability, including to meet the prohibitions under subsection (a); and

“(C) either certify the feasibility of implementing such prohibitions or exercising waiver authorities under subsection (b), to ensure uninterrupted Federal Government access to required semiconductor products and services; and

“(5) provide the results of the analysis, assessment, and strategy developed under paragraphs (1) through (4) to the Federal Acquisition Security Council.

“(f) GOVERNMENTWIDE TRACEABILITY AND DIVERSIFICATION INITIATIVE.—

“(1) IN GENERAL.—Not later than two years after the date of the enactment of this Act [Dec. 23, 2022], the Secretary of Commerce, in coordination with the Secretary of Homeland Security, the Secretary of Defense, the Director of National Intelligence, the Director of the Office of Management and Budget, and the Director of the Office of Science and Technology Policy, and in consultation with industry, shall establish a microelectronics traceability and diversification initiative to coordinate analysis of and response to the Federal Government microelectronics supply chain vulnerabilities.

“(2) ELEMENTS.—The initiative established under paragraph (1) shall include the following elements:

“(A) Sharing best practices, refining microelectronics standards, such as those established pursuant to section 224 of the National Defense Authorization Act for Fiscal Year 2020 (Public Law 116-92) [10 U.S.C. 4501 note prec.], and developing recommendations to identify and mitigate, through diversification efforts, microelectronics supply chain concerns.

“(B) Developing an assessment framework to inform Federal decisions on sourcing microelectronics, considering—

“(i) chain of custody and traceability, including origin and location of design, manufacturing, distribution, shipping, and quantities;

“(ii) confidentiality, including protection, verification, and validation of intellectual property included in microelectronics;

“(iii) integrity, including—

“(I) security weaknesses and vulnerabilities that include potential supply chain attacks;

“(II) risk analysis and consequence to system;

“(III) risk of intentional or unintentional modification or tampering; and

“(IV) risk of insider threats, including integrity of people and processes involved in the design and manufacturing of microelectronics; and

“(iv) availability, including—

“(I) potential supply chain disruptions, including due to natural disasters or geopolitical events;

“(II) prioritization of parts designed and manufactured in the United States and in allied or partner countries to support and sustain the defense and technology industrial base;

“(III) risk associated with sourcing parts from suppliers outside of the United States and allied and partner countries, including long-term impacts on availability of microelectronics produced domestically or in allied or partner countries; and

“(IV) obsolescence management and counterfeited avoidance and detection.

“(C) Developing a process for provenance and traceability from design to disposal of microelectronics components and intellectual property contained therein implementable across the Federal acquisition system to improve reporting, data analysis, and tracking.

“(D) Developing and implementing policies and plans to support the following:

“(i) Development of domestic design and manufacturing capabilities to replace covered semiconductor products or services.

“(ii) Utilization of the assessment framework developed under subparagraph (B).

“(iii) Implementation of the strategy required under subsection (e)(4) as applicable.

“(iv) Identification of and integration with existing information reporting and data visualization systems in the Federal Government, including modification to such systems to track the information.

“(v) A requirement to document microelectronics used in systems and subsystems, including origin and location of design and manufacturing, technologies used, and quantities procured.

“(vi) Elimination from Federal Government supply chains of microelectronics from entities included on the Consolidated Screening List maintained by the International Trade Administration of the Department of Commerce.

“(3) COORDINATION REQUIRED.—In carrying out this subsection, the Secretary of Commerce shall coordinate, as necessary, with the following entities:

“(A) The National Science and Technology Council Subcommittee on Microelectronics Leadership.

“(B) The Department of Commerce semiconductor industrial advisory committee established under subsection 9906(b) of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (Public Law 116-283) [15 U.S.C. 4656(b)].

“(C) The White House Coordinator for CHIPS Implementation.

“(D) The Federal Acquisition Security Council (FASC).

“(E) The Government-Industry Working Group on Microelectronics.

“(F) The Joint Defense Manufacturing Technology Panel (JDMTP).

“(G) Standards development organizations.

“(g) FEDERAL ACQUISITION SECURITY COUNCIL.—Not later than two years after the date of the enactment of

this Act [Dec. 23, 2022], the Federal Acquisition Security Council, in consultation with the Secretary of Commerce, the Secretary of Defense, the Secretary of Homeland Security, the Director of National Intelligence, and the Secretary of Energy, and after engagement with the private sector and other nongovernmental stakeholders in accordance with section 1323 of title 41, United States Code, shall—

“(1) issue recommendations to mitigate supply chain risks relevant to Federal Government acquisition of semiconductor products and services, considering—

“(A) the analysis, assessment, and strategy developed under subsection (e) and any related updates;

“(B) the standards provided under section 224 of the National Defense Authorization Act for Fiscal Year 2020 (Public Law 116-92) [10 U.S.C. 4501 note prec.], including any tiers of trust, levels of security, or risk-based approaches established under such section;

“(C) the extent to which such recommendations would enhance the security of critical systems;

“(D) the extent to which such recommendations would impact Federal access to commercial technologies; and

“(E) any risks to the Federal Government from contracting with microelectronics suppliers that include covered semiconductor products or services in non-Federal supply chains; and

“(2) make recommendations to the Federal Acquisition Regulatory Council and the heads of executive agencies for any needed regulations to mitigate supply chain risks.

“(h) APPLICABILITY AND RESPONSIBILITIES OF COVERED ENTITIES AND CONTRACTORS.—The regulations prescribed pursuant to subsection (c)(2) shall—

“(1) provide that contractors who supply a Federal agency with electronic parts or products are responsible for—

“(A) certifying to the non-use of covered semiconductor products or services in such parts or products;

“(B) detecting and avoiding the use or inclusion of such covered semiconductor products or services in such parts or products; and

“(C) any rework or corrective action that may be required to remedy the use or inclusion of such covered semiconductor products or services in such parts or products;

“(2) require covered entities to disclose to direct customers the inclusion of a covered semiconductor product or service in electronic parts, products, or services included in electronic parts, products, or services subject to the contracting prohibition under subsection (a) as to whether such supplied parts, products, or services include covered semiconductors products or services;

“(3) provide that a covered entity that fails to disclose the inclusion to direct customers of a covered semiconductor product or service in electronic parts, products, or services procured or obtained by an executive agency in contravention of subsection (a) shall be responsible for any rework or corrective action that may be required to remedy the use or inclusion of such covered semiconductor product or service;

“(4) provide that the costs of covered semiconductor products or services, suspect semiconductor products, and any rework or corrective action that may be required to remedy the use or inclusion of such products are not allowable costs for Federal contracts;

“(5) provide that—

“(A) any covered entity or Federal contractor or subcontractor who becomes aware, or has reason to suspect, that any end item, component, or part of a critical system purchased by the Federal Government, or purchased by a Federal contractor or subcontractor for delivery to the Federal Government for any critical system, that contains covered semiconductor products or services shall notify appro-

appropriate Federal authorities in writing within 60 days; and

“(B) the Federal authorities shall report such information to the appropriate committees of Congress and leadership within 120 days;

“(6) provide that Federal bidders and contractors—

“(A) may reasonably rely on the certifications of compliance from covered entities and subcontractors who supply electronic parts, products, or services when providing proposals to the Federal Government; and

“(B) are not required to conduct independent third party audits or other formal reviews related to such certifications;

“(7) provide that a Federal contractor or subcontractor that provides a notification under paragraph (5) that does not regard electronic parts or products manufactured or assembled by such Federal contractor or subcontractor shall not be subject to civil liability nor determined to not be a presently responsible contractor on the basis of such notification; and

“(8) provide that a Federal contractor or subcontractor that provides a notification under paragraph (5) that regards electronic parts or products manufactured or assembled by such Federal contractor or subcontractor shall not be subject to civil liability nor determined to not be a presently responsible contractor on the basis of such notification if the Federal contractor or subcontractor makes a comprehensive and documentable effort to identify and remove covered semiconductor products or services from the Federal supply.

“(i) REPORTS.—

“(1) SECRETARY OF COMMERCE.—Not later than 60 days after completing the assessment required under subsection (e), the Secretary of Commerce shall submit to the appropriate committees of Congress and leadership—

“(A) a report of the findings and recommendations of the analyses, assessment, and strategy developed under such subsection; and

“(B) a report on development of the microelectronics traceability and diversification initiative under subsection (f)(1).

“(2) FEDERAL ACQUISITION SECURITY COUNCIL.—Not later than one year after the date of the enactment of this Act [Dec. 23, 2022], and annually thereafter for ten years, the Federal Acquisition Security Council shall include in the annual report submitted under section 1325 of title 41, United States Code, a description of—

“(A) the development of recommendations under subsection (g), including the considerations described in paragraph (1) of such subsection; and

“(B) as applicable, the impact of any recommendations or regulations implemented.

“(j) DEFINITIONS.—In this section:

“(1) APPROPRIATE COMMITTEES OF CONGRESS AND LEADERSHIP.—The term ‘appropriate committees of Congress and leadership’ means—

“(A) the Committee on Armed Services, the Committee on Commerce, Science, and Transportation, the Committee on Homeland Security and Governmental Affairs, the Committee on Energy and Natural Resources, the Committee on Foreign Relations, the Committee on Banking, Housing, and Urban Affairs, the Select Committee on Intelligence, and the majority and minority leaders of the Senate; and

“(B) the Committee on Armed Services, the Committee on Energy and Commerce, the Committee on Science, Space, and Technology, the Committee on Oversight and Reform, the Committee on Foreign Affairs, the Committee on Homeland Security, the Permanent Select Committee on Intelligence, and the Speaker, the majority leader, and the minority leader of the of the House of Representatives.

“(2) COVERED ENTITY.—The term ‘covered entity’ means an entity that—

“(A) develops, domestically or abroad, a design of a semiconductor that is the direct product of United States origin technology or software; and

“(B) purchases covered semiconductor products or services from an entity described in subparagraph (A) or (C) of paragraph (3).

“(3) COVERED SEMICONDUCTOR PRODUCT OR SERVICES.—The term ‘covered semiconductor product or services’ means any of the following:

“(A) A semiconductor, a semiconductor product, a product that incorporates a semiconductor product, or a service that utilizes such a product, that is designed, produced or provided by, Semiconductor Manufacturing International Corporation (SMIC) (or any subsidiary, affiliate, or successor of such entity).

“(B) A semiconductor, a semiconductor product, a product that incorporates a semiconductor product, or a service that utilizes such a product, that is designed, produced, or provided by ChangXin Memory Technologies (CXMT) or Yangtze Memory Technologies Corp (YMTC) (or any subsidiary, affiliate, or successor of such entities).

“(C) A semiconductor, semiconductor product, or semiconductor service produced or provided by an entity that the Secretary of Defense or the Secretary of Commerce, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, determines to be an entity owned or controlled by, or otherwise connected to, the government of a foreign country of concern, provided that the determination with respect to such entity is published in the Federal Register.

“(4) CRITICAL SYSTEM.—The term ‘critical system’—

“(A) has the meaning given the term ‘national security system’ in section 11103(a)(1) of title 40, United States Code;

“(B) shall include additional systems identified by the Federal Acquisition Security Council;

“(C) shall include additional systems identified by the Department of Defense, consistent with guidance provided under section 224 of the National Defense Authorization Act for Fiscal Year 2020 (Public Law 116-92) [10 U.S.C. 4501 note prec.]; and

“(D) shall not include a system to be used for routine administrative and business applications (including payroll, finance, logistics, and personnel management applications).

“(5) FOREIGN COUNTRY OF CONCERN.—The term ‘foreign country of concern’ has the meaning given the term in paragraph (7) of section 9901 of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (15 U.S.C. 4651), as added by section 103(a)(4) of the CHIPS Act of 2022 (division A of Public Law 117-167).

“(k) EXTENSION OF FEDERAL ACQUISITION SECURITY SUPPLY CHAIN ACT OF 2018.—

“(1) SUBCHAPTER III OF CHAPTER 13 OF TITLE 41, UNITED STATES CODE.—[Amended section 1328 of this title.]

“(2)—[Amended this section.]

“(l) AUTHORIZATION OF APPROPRIATIONS FOR FEDERAL ACQUISITION SECURITY COUNCIL.—

“(1) IN GENERAL.—There is authorized to be appropriated \$3,000,000 for each of fiscal years 2023 through 2033 for the Office of Management and Budget to support the activities of the Federal Acquisition Security Council.

“(2) TRANSFER AUTHORITY.—The Director of the Office of Management and Budget may transfer funds authorized to be appropriated under paragraph (1) to other Federal agencies for the performance of work for which the funds were authorized.”

§ 4714. Prohibition on criminal history inquiries by contractors prior to conditional offer

(a) LIMITATION ON CRIMINAL HISTORY INQUIRIES.—

(1) **IN GENERAL.**—Except as provided in paragraphs (2) and (3), an executive agency—

(A) may not require that an individual or sole proprietor who submits a bid for a contract to disclose criminal history record information regarding that individual or sole proprietor before determining the apparent awardee; and

(B) shall require, as a condition of receiving a Federal contract and receiving payments under such contract that the contractor may not verbally, or through written form, request the disclosure of criminal history record information regarding an applicant for a position related to work under such contract before the contractor extends a conditional offer to the applicant.

(2) **OTHERWISE REQUIRED BY LAW.**—The prohibition under paragraph (1) does not apply with respect to a contract if consideration of criminal history record information prior to a conditional offer with respect to the position is otherwise required by law.

(3) **EXCEPTION FOR CERTAIN POSITIONS.**—

(A) **IN GENERAL.**—The prohibition under paragraph (1) does not apply with respect to—

(i) a contract that requires an individual hired under the contract to access classified information or to have sensitive law enforcement or national security duties; or

(ii) a position that the Administrator of General Services identifies under the regulations issued under subparagraph (B).

(B) **REGULATIONS.**—

(i) **ISSUANCE.**—Not later than 16 months after the date of enactment of the Fair Chance to Compete for Jobs Act of 2019, the Administrator of General Services, in consultation with the Secretary of Defense, shall issue regulations identifying additional positions with respect to which the prohibition under paragraph (1) shall not apply, giving due consideration to positions that involve interaction with minors, access to sensitive information, or managing financial transactions.

(ii) **COMPLIANCE WITH CIVIL RIGHTS LAWS.**—The regulations issued under clause (i) shall—

(I) be consistent with, and in no way supersede, restrict, or limit the application of title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000e et seq.) or other relevant Federal civil rights laws; and

(II) ensure that all hiring activities conducted pursuant to the regulations are conducted in a manner consistent with relevant Federal civil rights laws.

(b) **COMPLAINT PROCEDURES.**—The Administrator of General Services shall establish and publish procedures under which an applicant for a position with a Federal contractor may submit to the Administrator a complaint, or any other information, relating to compliance by the contractor with subsection (a)(1)(B).

(c) **ACTION FOR VIOLATIONS OF PROHIBITION ON CRIMINAL HISTORY INQUIRIES.**—

(1) **FIRST VIOLATION.**—If the head of an executive agency determines that a contractor has violated subsection (a)(1)(B), such head shall—

(A) notify the contractor;

(B) provide 30 days after such notification for the contractor to appeal the determination; and

(C) issue a written warning to the contractor that includes a description of the violation and the additional remedies that may apply for subsequent violations.

(2) **SUBSEQUENT VIOLATION.**—If the head of an executive agency determines that a contractor that was subject to paragraph (1) has committed a subsequent violation of subsection (a)(1)(B), such head shall notify the contractor, shall provide 30 days after such notification for the contractor to appeal the determination, and, in consultation with the relevant Federal agencies, may take actions, depending on the severity of the infraction and the contractor's history of violations, including—

(A) providing written guidance to the contractor that the contractor's eligibility for contracts requires compliance with this section;

(B) requiring that the contractor respond within 30 days affirming that the contractor is taking steps to comply with this section; and

(C) suspending payment under the contract for which the applicant was being considered until the contractor demonstrates compliance with this section.

(d) **DEFINITIONS.**—In this section:

(1) **CONDITIONAL OFFER.**—The term “conditional offer” means an offer of employment for a position related to work under a contract that is conditioned upon the results of a criminal history inquiry.

(2) **CRIMINAL HISTORY RECORD INFORMATION.**—The term “criminal history record information” has the meaning given that term in section 9201 of title 5.

(Added Pub. L. 116–92, div. A, title XI, § 1123(a)(1), Dec. 20, 2019, 133 Stat. 1610.)

Editorial Notes

REFERENCES IN TEXT

The date of enactment of the Fair Chance to Compete for Jobs Act of 2019, referred to in subsec. (a)(3)(B)(i), is the date of enactment of subtitle B (§§ 1121–1124) of title XI of div. A of Pub. L. 116–92, which was approved Dec. 20, 2019.

The Civil Rights Act of 1964, referred to in subsec. (a)(3)(B)(ii)(I), is Pub. L. 88–352, July 2, 1964, 78 Stat. 241. Title VII of the Act is classified generally to subchapter VI (§ 2000e et seq.) of chapter 21 of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 2000a of Title 42 and Tables.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE

Pub. L. 116–92, div. A, title XI, § 1123(a)(3), Dec. 20, 2019, 133 Stat. 1612, provided that: “Section 4714 of title 41, United States Code, as added by paragraph (1), shall apply with respect to contracts awarded pursuant to

solicitations issued after the effective date described in section 1122(b)(2) of this subtitle [effective 2 years after Dec. 20, 2019, see section 1122(b)(2) of Pub. L. 116–92, div. A, title XI, subtitle B, set out as a note under section 9202 of Title 5, Government Organization and Employees].”

Subtitle II—Other Advertising and Contract Provisions

Chapter		Sec.
61.	Advertising	6101
63.	General Contract Provisions	6301
65.	Contracts for Materials, Supplies, Articles, and Equipment Exceeding \$10,000	6501
67.	Service Contract Labor Standards	6701

CHAPTER 61—ADVERTISING

Sec.	
6101.	Advertising requirement for Federal Government purchases and sales.
6102.	Exceptions from advertising requirement.
6103.	Opening of bids.

§ 6101. Advertising requirement for Federal Government purchases and sales

(a) DEFINITIONS.—In this section—

(1) APPROPRIATION.—The term “appropriation” includes amounts made available by legislation under section 9104 of title 31.

(2) FEDERAL GOVERNMENT.—The term “Federal Government” includes the government of the District of Columbia.

(b) PURCHASES.—

(1) IN GENERAL.—Unless otherwise provided in the appropriation concerned or other law, purchases and contracts for supplies or services for the Federal Government may be made or entered into only after advertising for proposals for a sufficient time.

(2) LIMITATIONS ON APPLICABILITY.—Paragraph (1) does not apply when—

(A) the amount involved in any one case does not exceed \$25,000;

(B) public exigencies require the immediate delivery of articles or performance of services;

(C) only one source of supply is available and the Federal Government purchasing or contracting officer so certifies; or

(D) services are required to be performed by a contractor in person and are—

(i) of a technical and professional nature; or

(ii) under Federal Government supervision and paid for on a time basis.

(c) SALES.—Except when otherwise authorized by law or when the reasonable value involved in any one case does not exceed \$500, sales and contracts of sale by the Federal Government are governed by the requirements of this section for advertising.

(d) APPLICATION TO WHOLLY OWNED GOVERNMENT CORPORATIONS.—For wholly owned Government corporations, this section applies only to administrative transactions.

(Pub. L. 111–350, § 3, Jan. 4, 2011, 124 Stat. 3801.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
6101(a)	41:5a.	Aug. 2, 1946, ch. 744, §18, 60 Stat. 811.
6101(b)–(d) ..	41:5.	R.S. §3709; Aug. 2, 1946, ch. 744, §9(a), (c), 60 Stat. 809; June 30, 1949, ch. 288, title VI, §602(f), formerly title V, §502(e), 63 Stat. 403, renumbered title VI, §602(f), Sept. 5, 1950, ch. 849, §§6(a), (b), 8(c), 64 Stat. 583, 591; Pub. L. 85–800, §7, Aug. 28, 1958, 72 Stat. 967; Pub. L. 93–356, §1, July 25, 1974, 88 Stat. 390; Pub. L. 98–191, §9(b), Dec. 1, 1983, 97 Stat. 1332.

In subsection (a), before paragraph (1), the words “In this section” are substituted for “as used in this Act” as the probable intent of Congress. Section 9(a) of the Act of August 2, 1946 (ch. 744, 60 Stat. 809) restated 41:5 generally and section 9(c) of the Act, an independent provision, was editorially added as the last paragraph of 41:5. The definitions which apply to “as used in this Act” are probably intended to apply also to 41:5 as restated by the Act. The definitions for “department” and “continental United States” are omitted because those terms do not appear in 41:5. In paragraph (1), the words “section 9104 of title 31” are substituted for “section 104 of the Government Corporation Control Act, approved December 6, 1945” because of section 4(b) of Public Law. 97–258 (31 U.S.C. note prec. 101). In paragraphs (1) and (2), the word “includes” is substituted for “shall be construed to include” and for “shall be construed as including”, respectively, to eliminate unnecessary words.

In subsection (c), the words “as authorized by section 29 of the Surplus Property Act of 1944 (50 U.S.C. App. 1638)” in section 3709 of the Revised Statutes are omitted because section 29 was repealed by section 602(a)(1) of the Federal Property and Administrative Services Act of 1949 (ch. 288, 63 Stat. 399).

§ 6102. Exceptions from advertising requirement

(a) AMERICAN BATTLE MONUMENTS COMMISSION.—Section 6101 of this title does not apply to the American Battle Monuments Commission with respect to leases in foreign countries for office or garage space.

(b) BUREAU OF INTERPARLIAMENTARY UNION FOR PROMOTION OF INTERNATIONAL ARBITRATION.—Section 6101 of this title does not apply to the Bureau of Interparliamentary Union for Promotion of International Arbitration with respect to necessary stenographic reporting services by contract.

(c) DEPARTMENT OF STATE.—Section 6101 of this title does not apply to the Department of State when the purchase or service relates to the packing of personal and household effects of Diplomatic, Consular, and Foreign Service officers and clerks for foreign shipment.

(d) INTERNATIONAL COMMITTEE OF AERIAL LEGAL EXPERTS.—Section 6101 of this title does not apply to the International Committee of Aerial Legal Experts with respect to necessary stenographic and other services by contract.

(e) ARCHITECT OF THE CAPITOL.—The purchase of supplies and equipment and the procurement of services for all branches under the Architect of the Capitol may be made in the open market according to common business practice, without compliance with section 6101 of this title, when the aggregate amount of the purchase or the service does not exceed \$25,000 in any instance.