

GSA ORDER

Subject: GSAM Case 2018-G505, Supply Chain Risk Management Post Award Procedures for GSA Funded Procurements

1. **Purpose.** This U.S General Services Administration (GSA) order transmits a revision to the General Services Acquisition Manual (GSAM) to provide guidance for mitigating supply chain risks during the post-award phase of a GSA funded procurement.
2. **Background.** Organizations are increasingly at risk of supply chain compromise (intentional or unintentional), which may affect the consumers of a product or service. Information technology and telecommunication procurements generally face the highest exposure to supply chain risks. Managing these risks requires ensuring the integrity, quality, security, and resilience of the supply chain and of the products and services delivered.

The Federal Information Security Management Act of 2014 and associated National Institute of Standards and Technology (NIST) guidance requires Federal agencies to manage supply chain risks for federal information systems. OMB Circular A-130, "Managing Information as a Strategic Resource," directs agencies to implement supply chain risk management principles to protect against the insertion of counterfeits, unauthorized production, tampering, theft, insertion of malicious software, as well as poor manufacturing and development practices throughout the system development life cycle.

FAR Case 2018-010 (Use of Products and Services of Kaspersky Lab) revised the Federal Acquisition Regulation (FAR) to implement section 1634 of the National Defense Authorization Act (NDAA) for Fiscal Year 2018 (Pub. L. 115-91). Section 1634 of this law prohibits the use of products or services of Kaspersky Lab and its related entities by the Federal Government on or after October 1, 2018. To implement section 1634, a new FAR clause at 52.204-23 prohibits contractors from providing any hardware, software, or services developed or provided by Kaspersky Lab or its related entities. Contractors must also report in accordance with agency procedures any such hardware, software, or services discovered during contract performance; this requirement flows down to subcontractors. This order establishes the GSA agency procedures for GSA funded procurements within GSAM section 504.7003.


3. **Effective date.** July 17, 2019

4. Explanation of changes. This amendment includes non-regulatory changes. For full text changes of the amendment see Attachment A, GSAM Text Line-In/Line-Out. This amendment revises the language of the following GSAM subparts, as follows:

- Adds Subpart 504.70 - Supply Chain Risk Management subpart and outlines the scope of the subpart. This subpart applies to all contracts, including contracts below the simplified acquisition threshold and micro-purchase threshold.
- Provides definitions within 504.7001.
 - The definition for “supply chain” matches the definition in OMB Circular A-130.
 - The definition for “prohibited article” is new and allows GSA to establish internal coordination procedures to mitigate supply chain risks when a contractor provides any prohibited product, system, or service through a GSA funded procurement. This is needed to ensure the necessary security and other experts in GSA are aware when items are purchased not in accordance with the supply chain requirements of the contract (e.g. FAR Case 2018-010, internal GSA security policies, counterfeit items).
- Lists the statutes and OMB circular that direct agencies to manage supply chain risks for procurements within 504.7002.
- Provides guidance for the appointment of supply chain risk management points of contact, and their use by GSA contracting activities, within 504.7003.
- Reserves space for to-be-developed guidance for mitigating supply chain risks during the pre-award phase of a procurement within 504.7004.
- Provides guidance for mitigating supply chain risks during the post-award phase of a procurement within 504.7005.
 - The section references the supply chain risk management topic page for information technology procurements on the GSA Acquisition Portal. This topic page identifies the supply chain risk management point of contact for applicable service and staff offices.
 - This section requires the submission of a supply chain event report if a prohibited article is discovered within the supply chain.

5. Cancellations and Rescissions. None.

6. Point of Contact. Any questions regarding this Order should be directed to Kevin Funk, Federal Acquisition Policy Division, at (202) 357-5805, or via email to kevin.funk@gsa.gov.


Jeffrey A. Koses
Senior Procurement Executive
Office of Acquisition Policy
Office of Government-wide Policy

Attachment A

GSAM Case 2018-G505
“Supply Chain Risk Management”

GSAM Text, Line-In/Line-Out

GSAM Baseline: Change 100 effective 05/23/2019

- Additions to baseline are indicated by **[bold text in brackets]**
- Deletions to baseline made by final rule are indicated by ~~strikethroughs~~
- Five asterisks (*****) indicate that there are no revisions between the preceding and following sections
- Three asterisks (***) indicate that there are no revisions between the material shown within a subsection

Part 504—Administrative Matters

[Subpart 504.70—Supply Chain Risk Management

504.7000 Scope of subpart.

This subpart prescribes acquisition policies and procedures mitigating supply chain risks in the post-award phase of a procurement funded by GSA. Procedures in this subpart apply to all GSA funded contracts and orders. These procedures apply regardless of the estimated value of the contract.

504.7001 Definitions.

“Prohibited article” means any prohibited product, system, or service that the contractor provides that conflicts with the supply chain terms or conditions of the contract (e.g., GSA CIO Order, counterfeit items, or a FAR clause, including without limitation the FAR Clause at 52.204-23, Prohibition on Contracting for Hardware, Software, Products and Services Developed or Provided by Kaspersky Lab and Other Covered Entities).

“Supply chain” means a linked set of resources and processes between multiple tiers of developers that begins with the sourcing of products and services and extends through the design, development, manufacturing, processing, handling, and delivery of products and services to the acquirer.

504.7002 Policy.

(a) The Federal Information Security Modernization Act of 2014 and associated National Institute of Standards and Technology (NIST) guidance requires Federal agencies to manage supply chain risks for Federal information systems.

(b) OMB Circular A-130, “Managing Information as a Strategic Resource,” directs agencies to implement supply chain risk management principles to protect against the insertion of counterfeits, unauthorized production, tampering, theft, insertion of malicious software, as well as poor manufacturing and development practices throughout the system development life cycle.

(c) The SECURE Technology Act (Public Law 115-390) requires GSA to have a lead representative of the agency on the Federal Acquisition Security Council as well as address supply chain risks posed by the acquisition of covered articles.

504.7003 General procedures.

(a) Each service and staff office must provide a supply chain risk management point of contact to GSA’s representative to the Federal Acquisition Security Council or designee to assist in providing recommended guidance to mitigate supply chain risks.

(b) GSA contracting activities may discuss supply chain concerns with the relevant Supply Chain Risk Management Point(s) of Contact listed on the GSA Acquisition Portal (<http://insite.gsa.gov/scrm>) at any time, including during acquisition planning and requirements development.

504.7004 [Reserved]

504.7005 Post-award procedures.

(a) Supply Chain Event Report.

(1) If a prohibited article is discovered within the supply chain of a procurement, the contracting officer shall immediately submit a supply chain event report using the online form on the GSA Acquisition Portal (<http://insite.gsa.gov/scrm>) to ensure appropriate service and staff offices within GSA are notified.

(2) The supply chain event report must include the following information:

- (i) Contract information, including contract number and contractor name;**
- (ii) GSA contracting office;**
- (iii) Prohibited article name; and**
- (iv) Reason why prohibited article is banned on contract.**

(3) The contracting officer shall provide as much information as is available at the time of report submission.

(4) GSA’s representative to the Federal Acquisition Security Council or designee will notify the contracting officer to confirm receipt of the report.

(b) Supply Chain Event Risk Mitigation. The contract administration procedures under FAR part 43 (e.g. cure notice, termination for cause, past performance review) can be utilized as needed to address immediate or future supply chain event concerns. Additional guidance on contract administration procedures is available on the GSA Acquisition Portal (<http://insite.gsa.gov/scrm>).

(c) Past Performance Evaluation. The contracting officer shall report any contractor non-compliance with supply chain requirements within the “Other Areas” portion of any applicable past performance evaluation form.]

*** * * * ***

Part 512—Acquisition of Commercial Items

Subpart 512.2—Special Requirements for the Acquisition of Commercial Items

[512.201 General.

See subpart 504.70 for guidance on identifying and mitigating supply chain risks.]

*** * * * ***

Part 513—Simplified Acquisition Procedures

Subpart 513.1—Procedures

[513.101 General.

See subpart 504.70 for guidance on identifying and mitigating supply chain risks.]

*** * * * ***

Part 539—Acquisition of Information Technology

*** * * * ***

539.101 Policy

*** * ***

[(f) Supply Chain Risk Management.

See subpart 504.70 for guidance on identifying and mitigating supply chain risks.]

*** * * * ***