

09/10/12

**POLICY ALERT**  
**No. 12-55**  
**Reporting Executive Compensation and First-Tier**  
**Subcontract Awards**

**REFERENCES:** -Policy Alert 10-25 dated July 22, 2010 (hereby rescinded)  
-Federal Register dated July 26, 2012 (Volume 77, Number 144), Federal Acquisition Circular 2005-60 dated July 26, 2012 and August 27, 2012, Item I - Reporting Executive Compensation and First-Tier Subcontract Awards (FAR Case 2008-039)

**TYPE OF ACTION:** Final Rule

**EFFECTIVE DATE:** August 27, 2012

**SUMMARY:** This final rule adopts with changes to an interim rule that amended the Federal Acquisition Regulation (FAR) on July 8, 2010. The interim rule implemented section 2 of the Federal Funding Accountability and Transparency Act of 2006 (Public Law 109-282) which required the Office of Management and Budget to establish a free, public, website containing full disclosure of all Federal contract award information. The interim rule required contractors to report executive compensation and first-tier subcontract awards on contracts expected to be \$25,000 or more.

Some of the changes as a result of this final rule include:

- Removal of the exception for inserting the clause, FAR 52.204-10, Reporting Executive Compensation and First-Tier Subcontract Awards, in classified solicitations and contracts, or solicitations or contracts with individuals. However, nothing in prescription requires the disclosure of classified information.
- Clause FAR 52.204-10, Reporting Executive Compensation and First-Tier Subcontract Awards, is not prescribed for contracts unless they are required to be reported in the Federal Procurement Data System (FPDS).
- For reporting purposes, the clause defines a first-tier subcontract as a subcontract awarded directly by the Contractor for the purpose of acquiring supplies or services

(including construction) for performance of a prime contract. It does not include the Contractor's supplier agreements with vendors, such as long-term arrangements for materials or supplies that benefit multiple contracts and/or the costs of which are normally applied to a Contractor's general and administrative expenses or indirect costs.

- Clarifies the responsibility of Contracting Officers (COs) to correct data originating from Federal Procurement Data System found by the contractor to be in error when the contractor completes the subcontract report
- Clarifies that a contractor must enter Transparency Act data when registering in the Central Contractor Registration (CCR) database and the contractor is required to report its executive compensation in CCR as a part of its annual registration requirement in CCR.

**ACTION REQUIRED:** COs should review these FAR changes for familiarity of reporting requirements and implement FAR changes. Insert in solicitations and contracts FAR 52.204-7 Central Contractor Registration (AUG 2012) as prescribed in FAR 4.1105. Insert in all solicitations and contracts of \$25,000 or more, clause 52.204-10 Reporting Executive Compensation and First-Tier Subcontract Awards (AUG 2012) as prescribed in FAR 4.1403(a).

This Policy Alert is effective on the date indicated above, and remains in effect until incorporated into the acquisition policy, as appropriate, or until otherwise rescinded.

You may direct comments/questions on this Policy Alert to the Contract Policy and Pricing Branch at 303-676-3985.