

## 3.1103 Procedures.

(a) By use of the *contract clause* at [52.203-16](#), as prescribed at [3.1106](#), the *contracting officer* shall require each contractor whose employees perform *acquisition* functions closely associated with inherently Government functions to-

(1) Have procedures in place to screen *covered employees* for potential personal conflicts of interest by-

(i) Obtaining and maintaining from each *covered employee*, when the employee is initially assigned to the task under the contract, a disclosure of interests that might be affected by the task to which the employee has been assigned, as follows:

(A) Financial interests of the *covered employee*, of close family members, or of other members of the *covered employee's* household.

(B) Other employment or financial relationships of the *covered employee* (including seeking or negotiating for prospective employment or business).

(C) Gifts, including travel; and

(ii) Requiring each *covered employee* to update the disclosure statement whenever the employee's personal or financial circumstances change in such a way that a new personal conflict of interest might occur because of the task the *covered employee* is performing.

(2) For each *covered employee*-

(i) Prevent personal conflicts of interest, including not assigning or allowing a *covered employee* to perform any task under the contract for which the Contractor has identified a personal conflict of interest for the employee that the Contractor or employee cannot satisfactorily prevent or mitigate in consultation with the *contracting agency*;

(ii) Prohibit use of non-public information accessed through performance of a Government contract for personal gain; and

(iii) Obtain a signed non-disclosure agreement to prohibit disclosure of non-public information accessed through performance of a Government contract.

(3) Inform *covered employees* of their obligation-

(i) To disclose and prevent personal conflicts of interest;

(ii) Not to use non-public information accessed through performance of a Government contract for personal gain; and

(iii) To avoid even the appearance of personal conflicts of interest;

(4) Maintain effective oversight to verify compliance with personal conflict-of-interest safeguards;

(5) Take appropriate disciplinary action in the case of *covered employees* who fail to comply with policies established pursuant to this section; and

(6) Report to the *contracting officer* any personal conflict-of-interest violation by a *covered employee* as soon as identified. This report *shall* include a description of the violation and the proposed actions to be taken by the contractor in response to the violation, with follow-up reports of corrective actions taken, as necessary.

(b) If a contractor reports a personal conflict-of-interest violation by a *covered employee* to the *contracting officer* in accordance with paragraph (b)(6) of the clause at 52.203-16, Preventing Personal Conflicts of Interest, the *contracting officer shall*-

(1) Review the actions taken by the contractor;

(2) Determine whether any action taken by the contractor has resolved the violation satisfactorily; and

(3) If the *contracting officer* determines that the contractor has not resolved the violation satisfactorily, take any appropriate action in consultation with agency legal counsel.

**Parent topic:** Subpart 3.11 - Preventing Personal Conflicts of Interest for Contractor Employees Performing Acquisition Functions