

STATEMENT OF
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BEFORE THE

COMMITTEE ON OVERSIGHT AND
GOVERNMENT REFORM

U.S. HOUSE OF REPRESENTATIVES

JULY 29, 2010



Good morning, Chairman Towns and distinguished members of the Committee. Thank you for providing me with the opportunity to testify on the implementation of Iran sanctions. Section 102 of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (Pub. L. 111-195, enacted July 1, 2010) requires that no later than 90 days after the enactment of the Act, the Federal Acquisition Regulation (FAR) shall be revised to require a certification from each person that is a prospective contractor stating that the person, and any person owned or controlled by the person, does not engage in any activity for which sanctions may be imposed under the Iran Sanctions Act.

The FAR is overseen by the Federal Acquisition Regulatory Council (FAR Council) which consists of the Administrator for Federal Procurement Policy, the Director, Defense Procurement and Acquisition Policy (DPAP), Department of Defense (DoD); the Deputy Associate Administrator & Senior Procurement Executive (SPE), General Services Administration (GSA); and the Assistant Administrator for Procurement, National Aeronautics and Space Administration (NASA).

On July 14, 2010, FAR Case 2010-012 was opened by the Defense Acquisition Regulations Council (DARC) and was assigned to the FAR Acquisition Law Team, whose responsibilities include foreign acquisitions and sanctioned activities. The FAR Case was opened as an Interim Rule due to the timeline requirements of the Act. Interim rules become effective upon publication in the Federal Register. We project that publication of this rule will occur on or before September 29, 2010, a date that falls within the timeframe required by the Act. Once published, the public may comment on the new FAR contents for 60 days. Comments received will be considered during formulation of the final rule.

The Law Team held its first meeting on July 20, 2010, to begin drafting the FAR text to implement section 102 of the Act. The team is drafting solicitation provisions, contract clauses, and a preamble that will be published with the rule to help the public and affected stakeholders understand the new rule. The Team is consulting with the Department of State's Terrorism Finance and Economic Policy Office and Treasury's Office of Foreign Assets Control (OFAC) as part of this effort. This is what we have accomplished thus far and we certainly have a sense of urgency in this matter.

Let me now describe what will occur over the next few weeks. Going forward, once the Law Team finishes developing the new or revised FAR text and the Federal Register Notice (FRN), the Team's proposal will be discussed by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council. These bodies are staffed with acquisition policy officials who share their agencies' views and offer refinements, as necessary, to address any concerns and achieve consensus on FAR changes and supporting materials. After GSA's Office of General Counsel goes over the agreed-upon rule for legal sufficiency, the case will be forwarded to the Office of Management and Budget for final review. The Regulatory Secretariat in GSA will then prepare the rule for formal publication, obtain signatures from GSA, DoD, and NASA, and transmit the rule to the Federal Register.

I want to personally assure you, Mr. Chairman, and distinguished members of the Committee, that we take this matter very seriously and are fully confident that, working with everyone involved in the FAR rule-making process, we will complete this FAR case on time. We know how vital it is to expedite the process and get this done.

Thank you very much for the opportunity to testify before you here today. I look forward to any questions you may have.