

NUMBER: P-07-22
DATE ISSUED: June 23, 2022
EFFECTIVE: June 21, 2022

BROADCAST BULLETIN

TO:
Procurement and Contracting Officers, Purchasing Authority Contacts

SUBJECT:
Executive Order N-6-22 Economic Sanctions Against Russia – Additional Guidance for Paragraphs #2 and #6

Purpose To provide the 3rd Joint Memo (attached) dated June 21, 2022, from the Department of General Services (DGS) and the California Department of Technology (CDT). The 3rd Joint Memo provides additional guidance regarding future agreements and solicitations to implement paragraphs #2 and #6 of Executive Order (EO) [N-6-22](#) issued March 4, 2022.

Policy Agencies should carefully review the EO and the attached 3rd Joint Memo in detail to gain familiarity with requirements and promptly begin implementation of the required contract and solicitation language. Agencies should involve their legal counsel in compliance efforts and keep written records in each applicable contract file demonstrating compliance.

Background On March 4, 2022, Governor Gavin Newsom issued EO [N-6-22](#) regarding sanctions against Russia. The EO directs all Agencies that are subject to the Governor's authority to take certain immediate steps. On March 17, 2022, Broadcast Bulletin P-02-22 was issued to provide preliminary guidance for compliance with Paragraphs #1, #2 and #3 of the EO. On April 22, 2022, Broadcast Bulletin P-05-22 was issued to provide guidance for compliance with Paragraphs #4 and #5.

Procedure/ Process Agencies must immediately incorporate the contract and solicitation language identified in the attached 3rd Joint Memo dated June 21, 2022, in accordance with the detailed instructions provided under the “Further Guidance” section of the 3rd Joint Memo.

To assist with the requirement to incorporate language into all new contracts, the following General Provision documents have been updated:

- DGS PD-401 IT: GENERAL PROVISIONS – INFORMATION TECHNOLOGY (REVISED AND EFFECTIVE 6/21/22)
- DGS PD-401 NON-IT GOODS: GENERAL PROVISIONS – NON-IT GOODS (REVISED AND EFFECTIVE 6/21/22)
- DGS PD-401 IT CLOUD COMPUTING SaaS: GENERAL PROVISIONS – INFORMATION TECHNOLOGY – CLOUD COMPUTING SOFTWARE AS A SERVICE (REVISED AND EFFECTIVE 6/21/22)

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Procurement Division

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Procedure/
Process

The updated General Provision documents are available on the DGS Procurement Division (DGS-PD) website here: [Required Language for Solicitations and Contracts \(ca.gov\)](#)

Please see the DGS Office of Legal Services (DGS-OLS) website for helpful resources and guidance [Ukraine-Russia \(ca.gov\)](#)

Questions

Contact the Purchasing Authority Unit (PAU) at: PAMS@dgs.ca.gov



3rd JOINT MEMO

June 21, 2022

To: Executive Branch Departments and Agencies

On March 4, 2022, Governor Gavin Newsom issued Executive Order [N-6-22](#) (the EO) regarding sanctions against Russia and Russian entities and individuals. The EO directs all agencies and departments (Agencies) that are subject to the Governor's authority to take certain steps described below. Constitutionally independent state entities are encouraged to take these steps as well.

On March 16, 2022, the Department of General Services (DGS) and the California Department of Technology (CDT) issued a Joint Memo offering guidance for compliance with EO Paragraphs #1, #2 and #3.

On April 22, 2022, DGS and CDT issued a 2nd Joint Memo offering guidance for compliance with EO Paragraphs #4 and #5.

This Joint Memo provides guidance to assist Agencies with EO compliance regarding future agreements and solicitations (see EO Paragraphs #2 and #6).

Defined Terms:

- "Contract" refers to *all* types of agreements and grants, regardless of form (e.g., Std 213, Std 65, Fi\$Cal PO, etc.)
- "Economic Sanctions" refers to sanctions imposed by the U.S. government in response to Russia's actions in Ukraine, as well as any sanctions imposed under state law.
- "Paragraphs" refers to the EO's operative paragraphs.

Compliance with Paragraphs #2 and #6:

Future Contracts and Solicitations:

EO Paragraph #2 directs Agencies to terminate Contracts with individuals or entities that are a target of Economic Sanctions and to refrain from entering into any new Contracts with individuals or entities that are a target of Economic Sanctions.

To help enforce these directives, and consistent with EO Paragraph #6 directing DGS and CDT to issue procurement guidance regarding compliance with Economic

Sanctions, Agencies should place the following language in future Contracts and solicitations as long as Economic Sanctions are in place:

Language to add to new Contracts:

Executive Order N-6-22 – Russia Sanctions

On March 4, 2022, Governor Gavin Newsom issued Executive Order [N-6-22](#) (the EO) regarding Economic Sanctions against Russia and Russian entities and individuals. “Economic Sanctions” refers to sanctions imposed by the U.S. government in response to Russia’s actions in Ukraine, as well as any sanctions imposed under state law. The EO directs state agencies to terminate contracts with, and to refrain from entering any new contracts with, individuals or entities that are determined to be a target of Economic Sanctions. Accordingly, should the State determine Contractor is a target of Economic Sanctions or is conducting prohibited transactions with sanctioned individuals or entities, that shall be grounds for termination of this agreement. The State shall provide Contractor advance written notice of such termination, allowing Contractor at least 30 calendar days to provide a written response. Termination shall be at the sole discretion of the State.

Language to add to Solicitations:

Executive Order N-6-22 – Russia Sanctions

On March 4, 2022, Governor Gavin Newsom issued Executive Order [N-6-22](#) (the EO) regarding Economic Sanctions against Russia and Russian entities and individuals. “Economic Sanctions” refers to sanctions imposed by the U.S. government in response to Russia’s actions in Ukraine, as well as any sanctions imposed under state law. By submitting a bid or proposal, Contractor represents that it is not a target of Economic Sanctions. Should the State determine Contractor is a target of Economic Sanctions or is conducting prohibited transactions with sanctioned individuals or entities, that shall be grounds for rejection of the Contractor’s bid/proposal any time prior to contract execution, or, if determined after contract execution, shall be grounds for termination by the State.

Further Guidance:

- Agencies should add the above Contract language to all new Contracts (see “Contract” definition above).
- If Agencies have Contracts that are already in progress, such as already bid or partially executed, Agencies should confer with their legal counsel and add the Contract language if feasible.
- Agencies are not required to amend all *existing* Contracts; however, if amending for other reasons, Agencies should add the Contract language if feasible.
- Agencies should add the above solicitation language to all new solicitations (e.g., IFBs, RFPs, RFQs, etc.), including written formal or informal solicitations.
- If a solicitation includes a sample of the proposed agreement, then, in addition to including the solicitation language, Agencies should add the Contract language to the sample agreement.

- If Agencies have solicitations that are already in progress, Agencies should confer with their legal counsel and issue a solicitation addendum to add the solicitation and Contract language if feasible.
- Contracts with federal funding, contracts with the federal government, and grant programs may have unique requirements and/or may require federal language regarding Economic Sanctions. Therefore, Agencies should consult their legal counsel regarding adding the above language to applicable contracts.
- Prior to awarding and executing Contracts, Agencies should do their due diligence to determine if the proposed awardee is a named individual or entity on federal and any state Economic Sanctions lists. If the proposed awardee is listed, the Agency should refrain from entering the Contract. Resources for locating names of sanctioned individuals and entities are available on the DGS Office of Legal Services' webpage: <https://www.dgs.ca.gov/OLS/Ukraine-Russia>. Agencies should check these resources and lists regularly for updates.

Contacts:

For questions relating to CDT contracts, please contact:

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For other questions regarding this Memo, please contact your DGS-OLS assigned attorney.