

President Obama Issues Memorandum Directing Federal Procurement Reform

March 4, 2009

On March 4, 2009, President Obama issued a memorandum announcing that his administration is directing the Office of Management and Budget ("OMB") to work with other federal agencies to stem fraud, waste and abuse in the federal contracting system.

The memorandum states:

The Director of the Office of Management and Budget shall collaborate with the Secretary of Defense, the Administrator of the National Aeronautics and Space Administration, the Administrator of General Services, the Director of the Office of Personnel Management, and others to development procurement reform guidance.

By July 1, 2009, OMB shall issue government-wide guidance to assist agencies in reviewing, and creating processes for ongoing review of, existing contracts in order to identify contracts that are wasteful, inefficient, or not otherwise likely to meet the agency's needs.

By September 30, 2009, OMB shall issue government-wide guidance to:

- (1) Govern the appropriate use and oversight of sole-source and other types of noncompetitive contracts and to maximize the use of full and open competition and other competitive procurement processes;
- (2) Govern the appropriate use and oversight of all contract types, in full consideration of the agency's needs, and to minimize risk and maximize the value of government contracts generally;
- (3) Assist agencies in reviewing the capacity and ability of the Federal acquisition workforce to develop, manage, and oversee acquisitions appropriately; and
- (4) Clarify when governmental outsourcing for services is and is not appropriate.

The Obama Administration states that the future reforms will address what it considers to be rampant fraud, waste and abuse in the federal government contracting system. The new "guidance" that OMB will promulgate to the agencies is not known at this time. Moreover, it is unclear what impact this future guidance may have on recently issued Federal Acquisition Regulation ("FAR") rules, such as the new contractor fraud self-reporting requirements of FAR 52-203.15.

For Further Information

If you have any questions regarding this topic or would like more information, please contact [Tamara M. McNulty, LEED AP](#), any [member](#) of the [Construction Group](#) or the attorney in the firm with whom you are regularly in contact.