

President Biden Signs Legislation to Tighten Restrictions on Potential Conflicts of Interest in Federal Contracting

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On December 27, 2022, President Biden signed the Preventing Organizational Conflicts of Interest in Federal Acquisition Act ([P.L. 117-324](#) or the “Act”). The law aims to tighten regulations on potential organization conflicts of interest in federal contracting. By June of 2024, the Federal Acquisition Regulatory Council (the “FAR Council”) must update Federal Acquisition Regulation (FAR) Subpart 9.5 to provide:

- Definitions of specific types of organizational conflicts of interest, including situations where some individuals or groups have access to information that others do not, objectivity is compromised, and the rules or conditions for making decisions are biased.
- Definitions, guidance and examples of conflicts of interest that may arise from contractors’ relationships with other entities (such as public or private organizations) that could influence their work on a contract. These conflicts could include situations where contractors may be unduly influenced by these relationships.
- Examples of potential conflicts of interest, such as when a federal agency awards a contract to a contractor while the contractor’s employees are also working on a contract for a private sector client that is regulated by the same agency.

The FAR Council must revise the FAR to:

- Provide executive agencies with contract clauses and solicitation provisions to avoid or mitigate conflicts of interest in federal contracts. These provisions will require contractors to disclose information about potential conflicts of interest and may limit future contracting with respect to potential conflicts of interest in the work to be performed under awarded contracts.
- Allow executive agencies to tailor clauses and provisions related to conflicts of interest in federal contracts to address specific risks and considerations unique to their agency.
- Require agencies to establish or update procedures for managing conflicts of interest and periodically assess and update them as needed to address agency-specific conflict issues.

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- Allow contracting officers to consider professional standards and procedures that prevent conflicts of interest when evaluating offers and contracts.

Overall, the Act is intended to ensure that federal agencies are able to award contracts to organizations that are free from conflicts of interest and can perform their work objectively and in the best interest of the government. The full text of the Act can be viewed [here](#).

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