



PROCUREMENT MEMORANDUM 2026-10

ACTION

MEMORANDUM FOR: Senior Bureau Procurement Officials

FROM: Olivia J. Bradley
Senior Procurement Executive and
Director for Acquisition Management

SUBJECT: Promoting Efficiency, Accountability, and Performance in Federal Contracting

Background

On April 30, 2026, Executive Order 14402, “Promoting Efficiency, Accountability, and Performance in Federal Contracting,” was published and identifies that fixed-price contracts with performance-based considerations should serve as the default and preferred method of procurement in order to advance cost predictability and budget discipline, appropriate contractor incentives and accountability, and streamlined procurement and contract administration. It further states that use of any non-fixed-price contract, including a cost-reimbursement contract, a time-and-material contract, a labor-hour contract, or any other non-fixed-price type of contract under Part 16 of the Federal Acquisition Regulation (FAR), must be justified in writing by the contracting officer to the agency head.

Purpose

This procurement memorandum provides Department of Commerce-wide direction to implement the guidance within Executive Order 14402.

Required Actions

Unless an exception applies, an approved written justification is required for covered contracts or orders¹ valued at \$10 million or greater.²

1. Contracting officers shall prepare the required justification provided in Attachment A.
2. Contracting officers shall submit the justification for approval to the head of the contracting activity³ for the departmental office or operating unit in accordance with the organization’s routing procedures⁴.

¹ A covered contract or order means a contract or order not defined by RFO FAR 16.2 as fixed-price with the exception of fixed price level of effort which is considered a covered contract or order. Cost reimbursement contract line items solely for travel or other direct costs on an otherwise fixed-price acquisition will be considered fixed-price rather than hybrid.

² When multiple contract types appear in the same contract or order, a justification is required when the value of the other than fixed-priced portion meets or exceeds the thresholds.

³ Head of Contracting Activity means the officials who are designated as the Heads of Operating Units (those who are assigned by the President or by the Secretary to manage the primary or constituent operating units of the Department as defined in DOO 1-1 Mission and Organization of the Department of Commerce, in Orders establishing the respective operating units and in paragraph 4.05 of Department Administrative Order 208-2), with the exception of the Office of the Secretary. This approval authority may only be delegated to a non-career official in the Senior Executive Service.

⁴ For assisted acquisitions, use the FAR 16.104 threshold applicable to the requesting agency (i.e., funding agency) to determine whether approval by the head of the agency is required. The servicing agency, in consultation with the requesting agency, is responsible for developing, approving, and reporting the required justification. These responsibilities may be performed by the requesting agency if mutually agreed upon by the parties

3. Contracting officers shall submit a copy of the justification to the OAM_Mailbox@doc.gov within 10 business days of approval or disapproval.

Exceptions

Exceptions include:

1. Multiple-award contracts, but covered orders under such contracts do require a justification;
2. Blanket purchase agreements, but covered orders under such agreements do require a justification;
3. Acquisitions to support a response to an emergency, major disaster, or contingency operation;
4. Acquisitions for research and development contracts or orders; or
5. Acquisitions for pre-production development for a major system acquisition.

Effective Date

1. This procurement memorandum is effective as follows and remains in effect until rescinded:
 - A. Solicitations issued on or after July 17, 2026.
 - B. Solicitations issued before July 17, 2026, but resulting contracts or orders have not yet been awarded.
 - C. Existing contracts or orders if the remaining period of performance (including all options) is at least 18 months as of July 15, 2026.
2. Justifications for covered contracts or orders—
 - A. Must be approved prior to the release of the solicitation, for solicitations issued on or after July 17, 2026; and
 - B. Should be approved no later than July 15, 2027, for—
 - i. Solicitations issued before July 17, 2026, but resulting contracts or orders awarded on or after July 17, 2026; and
 - ii. Existing contracts or orders, if the remaining period of performance (including options) is at least 18 months as of July 15, 2026

Questions

Please direct any questions regarding this Procurement Memorandum to OAM_Mailbox@doc.gov.

Attachment

Attachment A-Justification