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OMB ISSUES GUIDANCE FOR KATRINA RELIEF CONTRACTS

As part of its efforts to ensure agency hurricane relief purchases fully comply with Federal regulations, the Office of Management and Budget (OMB) today issued new guidance to Federal agencies' chief acquisition officers and chief financial officers regarding new streamlined hurricane procurement policies enacted in the recently-passed hurricane relief supplemental appropriations act. Such guidance is regularly issued following a change to laws that impact agency operations.

Last week, Congress raised the threshold for purchases to \$250,000 from \$25,000 for procurements of property or services determined by the head of an executive agency to support Hurricane Katrina rescue and relief operations. Office of Federal Procurement Policy (OFPP) Administrator David H. Safavian and Office of Federal Financial Management (OFFM) Controller Linda M. Combs issued the guidance today for purchases made by the government wide purchase card to clarify the management controls in place.

“By cutting the red tape on contracts less than \$250,000, we can help get food, water and housing to victims as soon as possible,” Safavian said. **“At the same time, this guidance helps make sure that adequate management controls are in place to ensure that taxpayers’ dollars are spent efficiently and responsibly in support of disaster victims. Businesses throughout the private sector – particularly ones in the affected region – will play a critical role in the disaster relief effort. After the immediate crisis has subsided, we will re-evaluate the need for this provision.”**

To protect taxpayers’ interests, the new OMB guidance requires agency heads to identify the individuals who are authorized to use the higher threshold and establish policies for determining whether a transaction is “in support of Hurricane Katrina rescue and relief operations” as allowed by Congress. The guidance also requires agencies to conduct follow-up reviews of transactions and increase their own management controls to mitigate risk under the new streamlined procurement authority.

Visit www.whitehouse.gov/omb to view new guidance. For additional information, please contact OMB Communications at 202-395-7254.

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