United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

Memorandum

To:            Heads of Bureaus and Offices
               Heads of the Contracting Activity

From:          Paul McInerny
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Subject:       Acquisition of Artificial Intelligence (AI)

This memorandum establishes procedures for the Department of the Interior (DOI/Department) to procure artificial intelligence (AI) by contract.

Background
Federal agencies are charged by legislation, Executive Orders (EOs), and Office of Management and Budget (OMB) memoranda to balance innovation, governance, and public trust when procuring artificial intelligence (AI). This policy landscape began with EO 13859, *Maintaining American Leadership in Artificial Intelligence*, and was further developed through EO 13960, *Promoting the Use of Trustworthy Artificial Intelligence in the Federal Government*, which establishes principles for the design, development, acquisition, and use of AI across federal agencies.

The Advancing American AI Act, enacted as part of the National Defense Authorization Act (NDAA) for Fiscal Year 2023, promotes the responsible use of AI to enhance mission effectiveness and national competitiveness. More recently, EO 14179, *Removing Barriers to American Leadership in Artificial Intelligence,* EO 14319, *Preventing Woke AI in the Federal Government*, and OMB Memoranda M-25-21, M-25-22, and M-26-04 have emphasized the need for innovation, transparency, neutrality, and efficiency in federal AI acquisition.

Within the Department, Secretary's Order 3444, *Leading Interior's Path to Artificial Intelligence Transformation*, affirms the Department's commitment to leveraging AI responsibly and strategically. This memorandum supports that vision by establishing procedures for the acquisition of AI systems and services in alignment with federal and departmental policy.

Effective Date
This policy is effective upon signature.

Applicability
While an acquisition may fall outside the scope of this policy, it is still vital that acquisition teams be cognizant of the risks posed by the unsolicited use of AI systems by vendors and determine whether there are circumstances that merit including a provision in a solicitation requiring disclosure of AI use as part of the contract's performance.

This policy applies to AI systems or services that are acquired by or on behalf of the Department of the Interior.

This memorandum follows the definition of AI laid out in Section 238(g) of the NDAA for fiscal year 2019, which generally refers to the capability of machines or software to perform tasks that typically require human intelligence, such as reasoning, perception, language processing, and decision-making, and that can learn and adapt from data to improve performance.

Under the Advancing AI Act, *AI system* includes data systems, software, applications, tools or utilities "established primarily for the purpose of researching, developing, or implementing AI technology. The term excludes, however, "any common commercial product within which artificial intelligence is embedded, such as a word processor or map navigation system."
In determining whether a product that integrates AI functionality is excepted under this provision, agencies should assess both:

> (1) whether the product is widely available to the public for commercial use, as opposed to products that are not readily available to the general public or are specialized or customized for agency use, and

> (2) whether the AI is embedded in a product that has substantial non-AI purposes or functionalities, as opposed to products for which AI is a primary purpose or functionality.

Policy
Consistent with the Advancing AI Act, EOs, the Federal Acquisition Regulation (FAR), OMB memoranda, and the Secretary's Order, specific considerations and procedures must be taken throughout the acquisition process when procuring AI.

In this memorandum, stakeholders are referenced as follows:
- Acquisition team - all government stakeholders involved in the acquisition process, which may include representatives from the program, technical, legal, small business, and procurements areas.
- AI Program Representative – Office of the Chief Information Officer (OCIO) representative specializing in AI, cybersecurity, and/or data rights.
- Contracting representative(s) – employees from the contracting office assigned the requirement, which may include a contract specialist, contracting officer, competition advocate, and small business specialist.
- Program representative(s) – employees from the office/program with the requirement.

Enabling Acceleration through a Culture of Proportional Risk Management
During the AI acquisition process the acquisition team should:

- Differentiate among high and low impact use cases to align risk *minimization* and risk *acceptance* practices accordingly.
- Align risk acceptance practices with leadership expectations to accelerate mission outcomes.
    - Identify actions proposed and/or taken that constitute risk acceptance.
    - Implement positive reinforcement protections to motivate responsible risk acceptance.
    - Explore mechanisms to reward responsible risk acceptance tied to acceleration, such as recognition and bonuses.
- Avoid process duplication by leveraging existing use case security and safety protocols established via Chief Artificial Intelligence Officer, Chief Information Security Officer, and related entities.
    - Following the completion of use case approval via existing components, standard acquisition processes may be deemed sufficient.
- Develop benchmark metrics that can be used to measure acceleration of cycle times relative to legacy methods.
    - E.g., as achieved through risk acceptance practices, streamlined processes, cross-functional teams, market research, and industry engagement.

Acquisition Planning & Requirement Development
When developing the requirement, the program representative(s) shall:

- Evaluate foreseeable use cases.
- In collaboration with the contracting representative(s), identify and document risks, including the potential risks identified in the appendix to M-25-21, *Accelerating Federal Use of AI through Innovation, Governance, and Public Trust.*
- Consistent with applicable law, use acquisition planning to help maximize the use of AI products and services that are developed and produced in the United States.

- Determine if the requirement is 'high impact'[1] following the DOI AI High Impact workflow process, which incorporates criteria from OMB M-25-21, and coordinating with an AI Program Representative to ensure proper classification and documentation.

As with any acquisition, depending on the nature and complexity of the requirement, other key stakeholders should be engaged early in the acquisition process, as appropriate. This may include, particularly for high impact AI acquisitions, the Office of the Solicitor, Privacy Officer(s), Security and Records Management Officer(s), and/or Civil Rights Coordinator(s).

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[1] The term "high-impact AI" has the meaning provided in 0MB Memorandum M-25-21, as AI with an output that serves as the primary basis for decisions or actions with legal, material, binding, or significant effect on: an individual or entity's civil rights, civil liberties, or privacy; or an individual or entity's access to education, housing, insurance, credit, employment, and other programs; or an individual or entity's access to critical government resources or services; or human life, well-being; or critical infrastructure or public safety; or strategic assets or resources, including high-value property and information marked as sensitive or classified by the Federal Government.

Market Research

When conducting market research, the program representative(s), in collaboration with their contracting and small business counterparts, shall:

- Follow available OMB AI market research playbooks.

- Determine existing availability and reuse feasibility.

- Identify any potential conflicts of interest.

- Conduct product demonstrations when feasible and cost-effective. When conducting industry engagement, the acquisition team should consult with the Office to the Solicitor and/or the Ethics Office, if needed, to ensure it is conducted in accordance with procurement integrity and ethical standards, and fosters competition, open engagement, and fairness.

Solicitation

The contracting officer shall ensure a solicitation for AI:

- Is for a performance-based acquisition to the maximum extent practicable.

- Discloses, when applicable and as practicable, that the Government has determined the requirement to be a high-impact use case or that there is a high-likelihood of it becoming high-impact. Any solicitations for potential or expected high-use cases must inform vendors of reasonable transparency and documentation requirements that may be placed on the vendor if the AI could be used in high-impact use cases. See M-25-22.

- Avoids vendor lock-in.

- Requires vendors to provide sufficient information to determine compliance with the Unbiased AI Principles if the procurement involves large language models (LLM). See Appendix A of OMB M-26-04, *Increasing Public Trust in Artificial Intelligence Through Unbiased Principles*.

- Incorporates applicable AI related terms and conditions (see below).

Source Selection & Award

When making its source selection and awarding a contract:

- The technical evaluation team should incorporate testing of AI products and services as part of the evaluation process to the maximum extent feasible.

- The acquisition team shall re-evaluate risk and opportunity during the source selection process. The contracting officer, in consultation with the Office of the Solicitor as needed, shall incorporate applicable AI related terms and conditions into the contract award (see below).

Contract Administration

During the performance of the contract, the acquisition team shall:

- To the extent practicable, and particularly before exercising any option to extend the period of performance, modify existing contracts for LLMs to include the applicable Unbiased AI Principles terms and conditions below.

- Ensure updated details of the acquisition and business need are recorded in the AI Use Case Inventory, in collaboration with the Program's AI Inventory Point of Contact.

- Conduct oversight and review of the performance, risk areas, and potential use cases.

Terms & Conditions

The contracting officer, in consultation with the Office of the Solicitor as needed, shall ensure that terms and conditions are incorporated into the solicitation and contract award in order to ensure the following (as applicable):

- DOI / the federal Government avoids vendor lock-in. A non-exhaustive list of such terms includes requiring vendor knowledge transfers, data and model portability, and/or obtaining sufficient intellectual property and data rights.
- Under the SHARE IT Act, DOI / the procuring activity must acquire sufficient rights in custom-developed software code to enable government-wide access, use, and modification. This code must be logged in a repository in accordance with DOI's Open-Source Software Policy.
- DOI / the federal Government must obtain sufficient rights in all data stored on any acquired system, or system developed under a DOI contract. This includes data other than Government data, e.g. vendor and third-party data used to train the systems. See also FAR 52.227-14.
- Any procured LLMs, or other applicable AI models, comply with the Unbiased AI Principles outlined in Appendix A of OMB M-26-04, *Increasing Public Trust in Artificial Intelligence Through Unbiased Principles,* including the explicit identification of material requirements.
- Vendors must indemnify DOI / the federal Government against any liability for violation of any intellectual property or proprietary rights arising out of the performance of the contract.
- DOI / the federal Government must obtain sufficient rights to all models and outputs developed under the contract.
- Systems that store data must interface with DOI's Enterprise Data Governance systems and support automated updates to metadata / Data Definition Language (DDL).
- Vendors must be prohibited from using Government data to train commercial AI models without explicit authorization.
- Adequate vendor testing, monitoring, and system fixes / patches. DOI should require vendors to regularly monitor the performance of its product or service and rectify behavior defined as unacceptable. DOI should also require vendors to meet performance standards before deploying a new version of an AI system or service or to roll back to a previous version if a new version fails to meet performance standards. Acquired software must be patched for critical vulnerabilities within 30 days, or have security patches available for implementation within 30 days.

Authorities and References

- Advancing American AI Act, Subtitle B of Title LXXII, Division G, James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, Public Law 117–263 (December 23, 2022).
- Executive Order 14319, *Preventing Woke AI in the Federal Government,* 90 FR 35389 (July 23, 2025).
- Executive Order 14179, *Removing Barriers to American Leadership in Artificial Intelligence*, 90 FR 8741 (January 23, 2025).
- Executive Order 13960, *Promoting the Use of Trustworthy Artificial Intelligence in the Federal Government*, 85 FR 78939 (December 3, 2020).

- Executive Order 13859, *Maintaining American Leadership in Artificial Intelligence*, 84 FR 3967 (February 11, 2019).
- OMB Memorandum M-26-4, *Increasing Public Trust in Artificial Intelligence Through Unbiased AI Principles* (December 11, 2025).
- OMB Memorandum M-25-21, *Accelerating Federal Use of AI through Innovation, Governance, and Public Trust* (April 3, 2025).
- OMB Memorandum M-25-22, *Driving Efficient Acquisition of Artificial Intelligence in Government* (April 3, 2025).
- Secretary's Order 3444, *Leading Interior's Path to Artificial Intelligence Transformation,* (September 17, 2025).
- Definition of AI: Section 238(g) of the John S. McCain National Defense Authorization Act for Fiscal Year 2019, Public Law 115-232 (August 13, 2018).
- Federal Information Security Modernization Act of 2014 (FISMA)
- Federal Risk and Authorization Management Program (FedRAMP)
- Section 208 of the E-Government Act of 2002 – Privacy Provisions, Public Law 107–347 (December 17, 2002).
- OMB Circular A-130 – Managing Information as a Strategic Resource
- NIST AI Risk Management Framework (AI RMF 1.0) – A Framework for Managing Risks from Artificial Intelligence

Questions regarding this memorandum may be directed to:
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- Office of Acquisition and Property Management at PAM_Policy@ios.doi.gov

cc:     Assistant Secretaries
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        Office of Civil Rights
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