



February 25, 2015

MEMORANDUM FOR: Michelle K. Lee
Deputy Under Secretary of Commerce for Intellectual Property and
Deputy Director of the U.S. Patent and Trademark Office

FROM: Dave Smith
Assistant Inspector General for Intellectual Property
and Special Program Audits

SUBJECT: Audit of the U.S. Patent and Trademark Office's Contracts Awarded
Using Other Than Full and Open Competition

We are initiating an audit of USPTO's contracts that were awarded using other than full and open competition ("noncompetitive") procedures. This is part of our risk-based oversight strategy developed to assist the Department with addressing management challenges in its procurement function. Our audit objective is to determine whether USPTO's noncompetitive contract awards were properly justified.

Contracts awarded using noncompetitive procedures constitute high risk to the government. Promoting competition in federal contracting presents the opportunity for significant cost savings. Contracting officers may use procedures other than full and open competition under certain circumstance. However, each contract awarded without providing for full and open competition must conform to the policies and procedures in the Federal Acquisition Regulation. In July, 2009, the Office of Management and Budget directed each federal agency to reduce its use of these high-risk contracting authorities.

An entrance conference was held on Wednesday, February 25, 2015, where we further discussed our objectives. If you have any additional questions regarding this audit, please call me at (202) 482-7859 or Mark Zabarsky, Director of Acquisition Audits, at (202) 482-3844. We thank you in advance for your cooperation during this audit.