

Charting the course

Evolving AI governance in the Federal Government from OMB M-24-10 to M-25-21 and M-25-22

Accelerating federal Al use through new policy



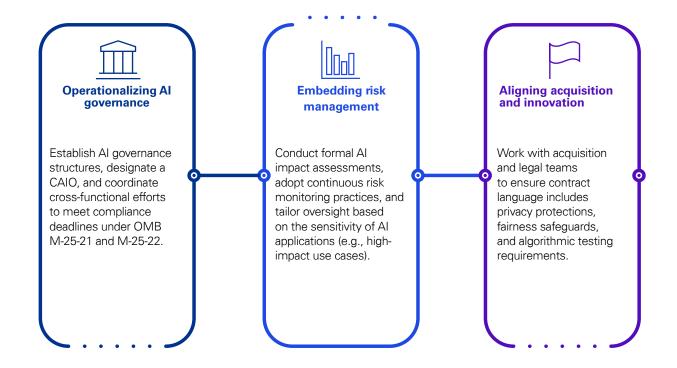
Generative artificial intelligence (AI) continues to shape the federal landscape, offering agencies unprecedented opportunities to modernize operations and deliver citizen services more efficiently. However, the successful implementation of AI depends on strong governance, strategic planning, and cross-functional collaboration. In March 2025, the Office of Management and Budget (OMB) rescinded Memorandum M-24-10 and introduced two new directives:

- OMB M-25-21: Accelerating Federal Use of Al through Innovation, Governance, and Public Trust
- OMB M-25-22: Driving Efficient Acquisition of Artificial Intelligence in Government.

These memoranda represent a refined federal vision for responsible, accelerated AI deployment. This whitepaper offers agencies a structured approach to align with the new requirements, carry forward leading practices, and remain at the forefront of AI-enabled transformation.

The path to implementing M-25-21 and M-25-22

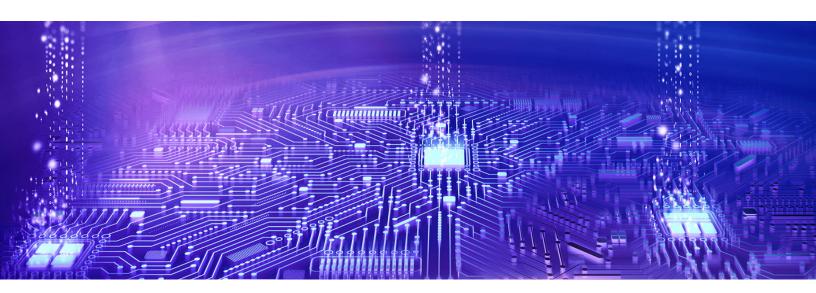
To meet the expectations set by OMB M-25-21 and M-25-22, federal agencies must move from high-level guidance to actionable plans. That means embedding Al governance into core operations, aligning procurement with policy, and integrating risk-informed approaches throughout the Al lifecycle. Agencies should consider the following pillars:



Key requirements under M-25-21 and M-25-22

To clearly communicate the federal government's expectations under the new guidance, we've summarized the key agency responsibilities and compliance requirements below. These foundational obligations drive how agencies must plan, procure, and govern AI tools under the new policy landscape.

M-25-21: Accelerating Al use	M-25-22: Modernizing Al	
Purpose Provides a comprehensive framework for federal agencies to responsibly accelerate Al adoption while maintaining public trust and ethical standards. Emphasizes proactive integration of Al capabilities across government operations.	Purpose Transforms federal Al procurement processes to enable more efficient and responsible Al acquisition while maintaining rigorous standards for vendor selection and system deployment.	
Establishes the CAIO as the central authority for AI strategy and implementation, working in partnership with OMB to ensure alignment with broader agency objectives and resources.	Lead role Positions the Chief Procurement Officer as the key orchestrator of Al procurement strategy, working closely with CAIOs and legal experts to ensure comprehensive oversight of Al acquisitions.	
Effective date March 2025	Effective date October 2025	
Governance and innovation Creates a coordinated governance structure through the CAIO Council while fostering innovation through cross-functional collaboration and knowledge sharing between agencies.	Governance Creates an integrated approach to Al procurement through collaborative planning between technical, legal, and procurement teams, ensuring aligned decision-making.	
Risk and oversight (public trust) Mandates development of robust risk management frameworks specifically tailored to high-impact Al systems, with emphasis on transparency and accountability to maintain public confidence.	Risk and oversight Embeds critical safeguards for privacy, fairness, and accountability directly into contract requirements, ensuring vendor compliance with federal AI standards.	
Training Ensures comprehensive Al literacy across agency leadership and staff through structured training programs focused on governance, compliance, and responsible Al deployment.	Training Develops specialized training for procurement professionals to understand Al-specific considerations and apply leading practices in Al system acquisition.	



Implementation timeline overview

As part of the guidance, the OMB requires agencies to meet certain deadlines and criteria at very rapid paces. Below is an illustration of the requirements implementation timeline for OMB M-25-21 and M-25-22.

2025				
March	July	September	October	December
OMB releases M-25- 21 and M-25-22, rescinding M-24-10	Initial meeting of OMB's federal CAIO Council	Annual public release of Al inventories and waiver reports	M-25-22 takes effect for all new Al-related federal contracts	Deadline to update internal policies (IT, cybersecurity, privacy,
	Per OMB M-25-21: Establish and convene CAIO Council to support cross-agency collaboration and governance	Per OMB M-25-21: First release due by September 30, 2025 , with annual updates thereafter	Per OMB M-25-22: Applies to contracts awarded on or after October 1, 2025	and generative AI) Per OMB M-25-21: Agencies must update core governance and policy frameworks; updates must include processes for periodic AI risk reviews and communication of AI related modules, due by December 2025

The KPMG Trusted AI Framework helps agencies build compliance with confidence

The KPMG Trusted AI Framework equips federal agencies with a structured and human-centric approach to implement AI responsiblyt in alignment with M-25-21 and M-25-22. Our methodology enables agencies to accelerate the design and operationalization of effective AI governance, while embedding key practices for risk management, compliance, and performance. Beyond regulatory alignment, the framework empowers agencies to accelerate decision-making, drive innovation, and build public trust in AI-enabled services.

As shown below, the Trusted AI Framework is anchored in the following core stages:

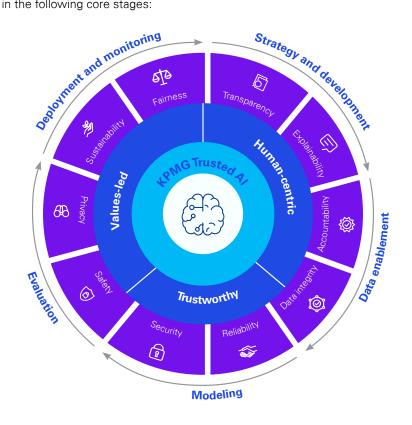
Strategy and development: Guiding agencies in establishing governance frameworks that prioritize civil rights, privacy protections, and equitable access while developing comprehensive compliance strategies that safeguard individual liberties throughout the Al lifecycle.

Data enablement and modeling: Supporting secure infrastructure development with built-in privacy-preserving techniques, enabling responsible model sharing with strict data protection protocols, and ensuring cybersecurity measures that protect sensitive personal information and critical systems.

Evaluation: Conducting thorough impact assessments that examine potential effects on civil rights, privacy, and equal access to government services. Evaluating algorithmic fairness and potential disparate impacts on protected groups through rigorous testing protocols.

Deployment and monitoring: Implementing pilot programs with continuous monitoring of civil rights impacts, validating performance across diverse populations, and embedding human rights safeguards and accountability measures directly into Al contracts and deployment processes.

Values-led and human-centric: Our framework helps ensure AI systems uphold fundamental values of transparency and explainability, making processes understandable to affected individuals while promoting equitable outcomes across all communities.



Contact us

For more information on how KPMG LLP can assist your agency in navigating OMB M-24-10 requirements, please contact:



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