

THE SECRETARY OF THE INTERIOR
Washington

ORDER NO. 3246, Amendment No. 2 (*Amended material italicized*)

SIGNATURE DATE: October 21, 2004

Subject: Transfer of Indirect Cost Negotiation Services from the Office of Inspector General

Sec. 1 Purpose. The purpose of this Order is to transfer the Indirect Cost Negotiation Services from the Indirect Cost Proposal Unit, Office of Inspector General (OIG) to the National Business Center (NBC).

Sec. 2 Background. On January 25, 2002, the General Accounting Office (GAO) announced changes to the Government Auditing Standards (GAS) for Independence dealing primarily with nonaudit or consulting services. On behalf of the Department of the Interior, the OIG Western Region is involved in the nonaudit service of negotiating indirect cost rates with Indian tribes and certain agencies of Insular Area and state governments. Tribes and agencies use the rates to claim reimbursement for indirect costs incurred under Federal contracts and grants. By conducting this service, the OIG is in violation of the new GAS Independence Standard and has been advised that it must discontinue negotiating indirect cost rates which are also subject to audit by the OIG. GAO guidance requires implementation of the new Standard no later than January 1, 2003.

Sec. 3 Authority. This Order is issued in accordance with the authority provided by Section 2 of Reorganization Plan No. 3 of 1950 (64 Stat. 1262, 5 U.S.C. App.) and GAO guidance for GAS Independence Standard.

Sec. 4 Delegation. The authority to conduct indirect cost negotiation services is delegated from the Assistant Secretary - Policy, Management and Budget through the Deputy Assistant Secretary - Budget and Finance to the Director, National Business Center.

Sec. 5 Implementation. The Assistant Secretary - Policy, Management and Budget will ensure that appropriate steps are taken to effect the transfer. The OIG will coordinate with the NBC to transfer the necessary personnel, funds, and property on a like-for-like equitable basis.

Sec. 6 Expiration Date. This Order is effective immediately. It will remain in effect until its provisions are converted to the Departmental Manual or until it is amended, superseded or revoked, whichever occurs first. In the absence of any of the foregoing actions, the provisions of this Order will terminate and be considered obsolete on *October 29, 2005*.

/s/ Gale A. Norton
Secretary of the Interior

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Replaces SO#3246A1 2/1/04
Replaces SO#3246 12/31/02

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