



ACQUISITION,  
TECHNOLOGY  
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3000

28 JAN 2003

DPAP/P

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY  
(ACQUISITION, LOGISTICS AND TECHNOLOGY)  
ASSISTANT SECRETARY OF THE NAVY  
(RESEARCH, DEVELOPMENT AND ACQUISITION)  
ASSISTANT SECRETARY OF THE AIR FORCE  
(ACQUISITION)  
DIRECTORS OF DEFENSE AGENCIES

SUBJECT: Allocability and Allowability of Costs Associated with the  
Intergovernmental Personnel Act (IPA) Mobility Program

The IPA Mobility Program (5 USC Sections 3371 through 3375) provides for the temporary assignment of personnel between the Federal Government and state and local governments, institutions of higher education, Indian tribal governments, federally funded research and development centers, and other eligible organizations. These assignments are intended to facilitate cooperation between the Federal Government and the non-Federal entity through the temporary assignment of skilled personnel. When non-Federal personnel are assigned to a Federal entity, there is a written agreement which records the obligations and responsibilities of the Federal and non-Federal entities, including provisions for reimbursement of costs associated with the program. Questions were recently raised regarding the allocability and allowability of some of these costs.

The regulations governing the implementation of the IPA program are contained at 5 CFR Part 334. In addition, the Office of Personnel Management (OPM) has published guidance regarding various aspects of the IPA program at <http://www.opm.gov/programs/ipa/index.asp>. This guidance includes the following statement:

"Agencies should not authorize reimbursement for indirect or administrative costs associated with the assignment. These include charges for preparing and maintaining payroll records, developing reports on the mobility assignment, and negotiating the agreement. Other prohibited costs include tuition credits, office space, furnishings, supplies, staff support and computer time."



Our discussions with OPM disclosed that the above statement is not intended to prohibit the reimbursement of an allocable share of contractor indirect costs, including the types of costs specifically listed, provided such allocation is consistent with the contractor's established cost accounting practices. OPM is currently clarifying the guidance to state that (1) the statutory authority establishing the IPA program does not specifically prohibit reimbursement of indirect costs, and (2) reimbursement of such costs should be determined by the agency that enters into the agreement.

DoD contracting personnel are therefore instructed to provide for the reimbursement of contractor indirect costs associated with the IPA program, provided such costs are the type that are allocable and allowable under the regulations that govern the contractor's cost-based Government contract business (e.g., FAR Part 31 or applicable OMB Circulars). In addition, when determining the allocability of indirect costs associated with the IPA program, contracting officers should assure that any allocation of indirect costs to the IPA program are commensurate with the benefits being received. For contractors that are performing on contracts subject to the Cost Accounting Standards, this may necessitate a special allocation of indirect costs to the IPA program (48 CFR 9904.410-50(j) and/or 48 CFR 9904.418-50(f)).

The guidance in this memorandum should be applied in determining the reimbursement of allocable indirect costs for all existing and future IPA agreements. For existing IPA agreements, contracting officers should consider modifying such agreements to allow for reimbursement of indirect costs.

If you have any questions regarding this memorandum, please contact Mr. David J. Capitano, Senior Procurement Analyst, at 703-602-4245 or via e-mail: david.capitano@osd.mil.



Deidre A. Lee  
Director, Defense Procurement  
and Acquisition Policy