



IHS/CAO CSC Processing

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Statute

(A) The contract support costs that are eligible costs for the purposes of receiving funding under this subchapter shall include the costs of reimbursing each tribal contractor for reasonable and allowable costs of-

(I) direct program expenses for the operation of the Federal program that is the subject of the contract, and

(II) any additional administrative or other expense related to the overhead incurred by the tribal contractor in connection with the operation of the Federal program, function, service, or activity pursuant to the contract, except that such funding shall not duplicate any funding provided under subsection (a)(1) of this section.

(B) On an annual basis, during such period as a tribe or tribal organization operates a Federal program, function, service, or activity pursuant to a contract entered into under this subchapter, the tribe or tribal organization shall have the option to negotiate with the Secretary the amount of funds that the tribe or tribal organization is entitled to receive under such contract pursuant to this paragraph.



Type of Rates: Fixed Carry Forward

- Usual type negotiated with Interior Business Center (IBC)
- Issued for Tribes



Type of Rates: Provisional/Final

- Usual type negotiated with DHHS Cost Allocation Services (CAS) (formerly DCA)
- Normal type for non-profit Tribal organizations



Type of Rates: Indirect Cost Type (IDC)

- Negotiated with Area Office
- Used if so desired by Tribe or Tribal organization that have no formal rate
- Can also be used on an interim basis if the formal rate is over 3 years old
- Is a fixed amount, not a rate



IHS Contract Support Cost Manual

Awardees Without Negotiated IDC Rates (Guidelines for Agency Negotiators). A lump sum amount for “indirect type costs” may be computed for awardees that do not have formally negotiated agreements with their cognizant Federal agency for reimbursement under an IDC rate. This annual lump sum amount may be calculated by negotiating a fixed amount for “indirect-type costs.” Categories of costs often considered “overhead” or “indirect-type” are generally in the categories of: Management and Administration; Facilities and Facilities Equipment; and, General Services and Expenses. Indirect-type costs must be renegotiated not less than once every four years, but they can be renegotiated more frequently at the Tribe’s option.



Examples of Indirect and Indirect Type Costs

Management and Administration

Governing Body
Management and Planning
Financial Management
Personnel Management
Property Management
Records Management
Data Processing
Office Services

Facilities and Facilities Equipment

Building Rent/Lease/Cost Recovery
Utilities
Housekeeping/Janitorial
Building and Grounds
Repairs and Maintenance
Equipment

General Services and Expenses

Insurance and Bonding
Legal Services
Audit
General Support Services
Interest
Depreciation/Use Fees



IDC Type Process

- The Tribe/Tribal Organization (T/TO) submits a proposal to the Contracting Officer or Agency Lead Negotiator (ALN)
- The proposal will be a proposed budget detailing costs for all programs identifying both the proposed direct and proposed indirect costs
- Based on that, an amount will be negotiated determining IHS's fair share of indirect costs



IDC Type Process

- Proposed indirect costs are reviewed to see that they are not duplicative of the 106(a)(1) amount as specified in 106(a)(3)
- They are also reviewed to insure that they are allowable for indirect
- Proposed direct costs are reviewed to insure that costs that should be in the indirect pool are not listed as direct



Method of Allocating IHS Share

- Direct allocation method
- This can be done by allocated percentages of specific costs directly related to the IHS program
- This would work best for a small Tribe or Tribal organization



IDC-Type

Method of Proportional Allocation

- If IHS is x percent of direct costs, IHS would be allocated a similar percent of indirect
- If indirect costs are x percent of direct, IHS would be allocated x percent of direct IHS funding
- For determining direct IHS funding, 20% of Area and HQ shares are deducted and direct contract support is added



Indirect Cost Allocation Plan

FY 2016

| Direct Cost Base | FY 2016 Projected Expenditures | Exclusions | FY 2016 Direct Cost Base | Funding as % of total Direct Cost Base | FY 2016 Indirect Cost Allocation |
|-----------------------|--------------------------------------|------------|--------------------------------|---|--|
| BIA (638) | \$ 1 | - | 1 | 11.1% | 0 |
| IHS (638) | 1 | - | 1 | 11.1% | 0 |
| Park Service | 1 | - | 1 | 11.1% | 0 |
| DHHS | 1 | - | 1 | 11.1% | 0 |
| Dept. of Education | 1 | - | 1 | 11.1% | 0 |
| Dept. of Justice | 1 | - | 1 | 11.1% | 0 |
| HUD | 1 | - | 1 | 11.1% | 0 |
| EPA | 1 | - | 1 | 11.1% | 0 |
| Tribal | 1 | - | 1 | 11.1% | 0 |
| Totals | \$ 9 | \$ - | \$ 9 | 100% | \$ 1.00 |



Cost Allocation of the IHS Contract



| | IHS Contract | Total Direct Cost Base | % | IDC Pool | IHS Share |
|---|--------------|------------------------|--------|----------|-------------|
| | 1.00 | 9.00 | 11.1 % | 1.00 | 0.11 |
| IDC TYPE COST - RELATIVE TO THE IHS CONTRACT | | | | | |
| Positions | IDC Pool | | | | IHS Share |
| Tribal Administrator @ 50% | 1 | | | | 0 |
| Administrator Asst.(50%) | 1 | | | | 0 |
| Council Admin. Assistant (50%) | 1 | | | | 0 |
| Council Stipends @ 50% | 1 | | | | 0 |
| Exec. Secretary | 1 | | | | 0 |
| Chief Financial Officer (50%) | 1 | | | | 0 |
| | | | | | - |
| General Ledger Accountant | 1 | | | | 0 |
| General Ledger Accountant | 1 | | | | 0 |
| Accounting Clerk | 1 | | | | 0 |
| Accounting Clerk | 1 | | | | 0 |
| | | | | | - |
| Information System Director | 1 | | | | 0 |
| Maintenance Person I | 1 | | | | 0 |
| Maintenance Person II | 1 | | | | 0 |
| Membership Director | 1 | | | | 0 |
| Newspaper Editor @ 50% | 1 | | | | 0 |
| Subtotal Salaries | 15 | | | | (0) |
| Fringe Benefits @ 20% | 1 | | | | 0 |
| | | | | | - |
| Professional Fees | | | | | - |
| Consultants | 1 | | | | 0 |
| Contractors | 1 | | | | 0 |
| Legal Fees | 1 | | | | 0 |
| Audit Fees | 1 | | | | 0 |
| Telephone and Utilities | 1 | | | | 0 |
| Tribal Newspaper @ 50% | 1 | | | | 0 |
| Depreciation | 1 | | | | 0 |
| Travel | 1 | | | | 0 |
| Insurance | 1 | | | | 0 |
| Office Supplies and Postage | 1 | | | | 0 |
| Maint./Repair | 1 | | | | 0 |
| Other | 1 | | | | 0 |
| | | | | | - |
| | | | | | - |
| Total Indirect Cost Budget | \$ 28 | | | | \$ 1 |



ACA Template Review of CSC Need

- Done at time of negotiation
- Adjusted every time there is a change in direct funding or a change in rate (includes non-recurring and Tribal FSA)
- Reviewed regularly until amount is finalized



Finalization

Amounts are finalized after the following are final:

- Base and shares funding are final
- For IDC type, amount is final
(Unless due to a significant change in base, IDC needs change and there is a renegotiation.)
- Amount due may change due to change in shares offset



Finalization – Fixed Carry Forward

- If rate is current, that rate is final
- Amount will be adjusted based on final base and share amounts
- Amount cannot be finalized until approved rate for period is received



Finalized – Fixed Carry Forward

- Provisional/Final is finalized after receipt of final rate and base/shares amounts are finalized



ACA Template



| Tribe: | | 2015 | Remarks to Estimates |
|--|--|-------|---|
| Program (Recurring) excl. Tribal Shares | | 0 | Program Recurring amount, less retained |
| Total Area Tribal Shares | | 0 | Less Retained amounts |
| Total HQ Tribal Shares | | 0 | Less Retained amounts |
| Total Program (Non-Recurring) | | 0 | Non-recurring paid amounts, like M&IE or any other amounts |
| Less 20% Tribal Shares (or negotiated amount) | | 0 | Based on the 80/20 split per CSC Policy, if applicable |
| 2014 DCSC Negotiated Need | | 0 | Per DCSC Negotiation or last reported need |
| Inflation Factor | | 1.6% | Last known (projected) non-medical Inflation Rate |
| 2015 DCSC Negotiated Estimated Need | | 0 | DCSC estimated need based on previous year's need and inflation factor OR if renegotiated, above inflation factors are not applied and newly negotiated amount is manually inserted here. Paragraph 1 estimate in Post-Ramah Language |
| DCSC Funding Paid | | 0 | Projected funding to be paid in CY 2015, should equal 100% of identified need. Or if during the year after initial payment, only enter current amount paid to Tribe. |
| DCSC Deficiency | | 0 | Estimated deficiency, based on funding and estimated DCSC need |
| Program Base | | 0 | Program Recurring amount + Area Shares + HQ Shares + Non-Recurring - 20% of Tribal Shares + DCSC Estimated Need = Program Base |
| Less Other Exclusions and Pass-Thru | | 0 | Exclusions consistent with rate agreement and rate proposal information, reasonable Tribal documentation, or lastly the default list determined and agreed upon by the CSC workgroup |
| Direct Cost Base | | 0 | Program base less all exclusions and pass-thru |
| Most current IDC rate | | 0.00% | Current IDC Rate, as noted in box to the right |
| Estimated IDC Need (Non-Recurring) Based on IDC Rate | | 0 | Direct Cost Base x IDC Rate |
| Indirect CSC Type Costs Negotiated (Non-Recurring) | | 0 | N/A if an applicable IDC Rate is available. Enter current amount negotiated with Tribe (negotiated amount is only good for 4 years) |
| Total 20% Tribal Shares or Neg Amt | | 0 | Already available for indirect costs |
| Estimated Indirect CSC Need | | 0 | Estimated total IDC need less all duplicative costs, Paragraph 1 estimate |
| Indirect CSC Funding Paid | | 0 | Projected funding to be paid in CY 2015, should equal 100% of identified need. Or if during the year, only enter the current amount paid to Tribe. |
| Indirect CSC Deficiency | | 0 | Estimated deficiency, based on funding and estimated ICSC need |
| Total Estimated CSC Need | | 0 | Total estimated need for DCSC and ICSC |
| Total CSC Funding Available for CSC Need | | 0 | Projected funding to be paid when used during negotiations/amount already paid when used throughout the year, should equal 100% of identified need. |
| TOTAL ESTIMATED CSC DEFICIENCY | | 0 | Total estimated CSC deficiency based on estimated CSC need and projected funding to be paid, should be \$0. If positive number then the Tribe is owed more, if negative number is shown there will be an overpayment. |



Sample Template

NON-RECURRING DETAIL

H&C

FY15 EMERGENCY FUND \$5,000

TOTAL \$5,000

EXCLUSIONS DETAIL

PRC \$50,000

M&I \$10,000

TOTAL \$60,000



Review for Preparation of Template

- Program – Base funding negotiated and paid or to be paid
- Area Shares – Amount paid or to be paid (Retained services are not included)
- HQ Shares – Amount paid or to be paid (Retained services are not included)
- Non-Recurring Funds – These will be identified on an attachment to template



Direct CSC Negotiation Template



| Row | Tribe: Example Tribe | Sub Totals | Totals | Source of Inputs |
|-----|---|------------|----------|--|
| 4 | Total Funding (Less CSC) | | \$217.00 | From Cell E42 of the Funding Support tab |
| 5 | IHS Labor % | | 56.4% | |
| 6 | IHS Labor | | \$122.39 | Row 4*5 |
| 7 | | | | |
| 8 | IHS Fringes | | | |
| 9 | FICA (includes Medicare) | 6.93% | | 6.2% on first \$118,500 of each employee's salary, plus 1.45% on total wages. Rate cannot exceed 7.65% |
| 10 | Retirement | 12.28% | | |
| 11 | Insurance (Life, Health, Disability) | 6.68% | | |
| 12 | Total IHS Fringe Rate | 25.89% | | Sum of Rows 9-11 |
| 13 | IHS Fringe Costs | | \$31.69 | Row 6*12 |
| 14 | | | | |
| 15 | T/TO Fringe | | | |
| 16 | FICA (includes Medicare) | 7% | | Rate can not exceed 7.65%, and should be less as employees' salaries exceed FICA limit |
| 17 | Retirement | 12% | | |
| 18 | Insurance (Life, Health, Disability) | 13% | | |
| 19 | Sub-Total T/TO Fringe Rate | 32.00% | | Sum of Rows 16-18 |
| 20 | | | | |
| 21 | Total T/TO Actual Labor | \$105.00 | | |
| 22 | | | | |
| 23 | Reasonableness | 48% | | Row 21/4 |
| 24 | | | | |
| 25 | Cap of Salary @ 62% | \$134.54 | | Row 4*62% |
| 26 | | | | |
| 27 | T/TO Sub-Total Fringe (Sub-Total T/TO Fringe Rate x Total T/TO Actual Labor OR Cap of Salary) | | \$33.60 | |
| 28 | | | | |
| 29 | DCSC Need for FICA, Retirement, and Insurances | | \$1.91 | If T/TO does not submit a proposal for items on rows 16-18, zero out cell D29. |
| 30 | | | | |
| 31 | Workers' Compensation | 2.00% | \$2.10 | C31*C21 or C31*C25 |
| 32 | SUTA (FUTA cannot be claimed) | 0.20% | \$0.21 | C32*C21 or C32*C25 |
| 33 | | | | |
| 34 | DCSC Need for Fringe | | \$4.22 | Sum of Rows 29, 31, and 32 |
| 35 | | | | |
| 36 | Other Activities | | | Other activities can be included only if in accordance with the ISDEAA. See IHM, exhibit H. |
| 37 | | | | |
| 38 | Training - | | | |
| 39 | Training - Discipline Specific | \$3.00 | | Generally training is not eligible for direct CSC. One exception would be training to comply with requirements not applicable to IHS. |
| 40 | Training - Discipline Specific | | | |
| 41 | Insurance - | | | |
| 42 | List Insurance type | | | Tribes are covered by the Federal Tort Claims Act, and therefore insurance expense is generally not eligible for direct CSC. |
| 43 | List Insurance type | | | |
| 44 | Legal - | | | |
| 45 | List activity | | | Because the IHS does not transfer federal legal activities or related funding to the T/TO, the reasonable legal costs of the T/TO in support of the contract may be eligible for direct CSC. |
| 46 | List activity | | | |
| 47 | DCSC Need for Other Activities | | \$3.00 | Sum of Rows 38-46 |
| 48 | | | | |
| 49 | TOTAL DCSC NEED | | \$7.22 | Sum of Rows 34 and 47; To Summary Worksheet tab, Cell D49 |
| 50 | | | | |



Review for Preparation of Template

- Less 20% of Area and HQ Shares. (In accordance with the IHS Manual, this amount is considered duplicative for CSC purposes and is deducted from base and considered like CSC. Tribes can elect to use actual percentage of shares, but no Tribe, especially in California, has.
- Direct Contract Support Need. (Note: Since this is recurring, the prior year amount is used unless a T/TO elects to renegotiate.)



Review for Preparation of Template

- Inflation Factor – Non-Medical inflation rate for prior year
- 20XX DCSC Estimated Need – Prior year amount increased with inflationary increase or new negotiated amount
- DCSC Paid – Amount negotiated in original (Amount actually paid in adjustments.)
- DCSC Deficiency – Difference between the above 2 amounts



Review for Preparation of Template

- Program Base – Recurring base, non-recurring, Area and HQ Shares, reduced by the 20% factor above and DCSC need
- Exclusions – Travel reimbursement, MSPI, DVI, usually IHS M&I and Equipment funds



Review for Preparation of Template

- For T/TO with IDC type exclusions, not applicable since it is a fixed amount, not a rate
- For those with Fixed Carry Forward rates, supplement 2 is used to come up with exclusion that results in a net approximately what is in that supplement adjusted for unanticipated changes since the negotiation



Indirect Cost Negotiation Agreement from Interior Business Center – Supplement 2

FY 2015 Direct Cost Base

| Programs | Amount |
|---|---------------|
| FEDERAL PROGRAMS | |
| Department of the Interior: | |
| Bureau of Indian Affairs- | |
| Compact (638) | 4,670,856 |
| P.L. 100-297 | 3,559,000 |
| Other (Non-638) | 43,572 |
| Department of Health and Human Services: | |
| Indian Health Service (638) | 61,790,167 |
| Other (Non-638) | 9,928,453 |
| Department of Education | 972,544 |
| Environmental Protection Agency | 232,432 |
| Department of Housing and Urban Development | 100,688 |
| Department of Justice | 883,806 |
| Department of Agriculture | 1,688,274 |
| Department of Transportation | 320,600 |
| Institute of Library and Museum Services | 6,000 |
| Department of Homeland Security | 49,340 |
| Subtotal Federal Programs | 84,245,732 |
| STATE AND OTHER PROGRAMS | 20,233 |
| TRIBAL PROGRAMS | 80,217,201 |
| Direct Cost Base | \$164,483,166 |

Note: The approved indirect cost rate will apply to any increase in the programs included in the above amounts and to programs that are received subsequently that benefit from the Nation's administrative services.

Review for Preparation of Template

- For those with Provisional/Final Rates, the proposal submitted to CAS is reviewed for categories excluded, and temporary exclusion amount is taken based on discussions with T/TO
- For final amount (i.e. Post audit), the net amount should match that in the proposal for the final rate



Review for Preparation of Template

- Direct Cost base is the net program base after exclusions
- Most current IDC rate is the most recent approved rate
- Per the IHS CSC Manual:
 - If an awardee's IDC rate is applicable to an FY that is more than three-years old, the IHS will not provide IDC associated with the application of that IDC rate. In these cases, the Area will negotiate "indirect-type costs" with the awardee (see paragraph 6-3.2E(3) that follows). The rate applicable to the current FY is considered current, and the rate applicable to the previous FY shall be considered one-year old.



Review for Preparation of Template

- Estimated IDC Need – The rate times the program amount for those with formal rates. (This adjusted upon receipt of a newer rate or adjustments in funding or exclusions.)
- IDC Type Negotiated – This amount is fixed for the year unless there is a significant change and the T/TO requests to renegotiate



Review for Preparation of Template

- Total 20% Tribal shares or negotiated amount.
(The amount deducted above from base is considered equivalent to IDC and deducted from the need.)
- Estimated IDC Need – Net after the adjustment above



Review for Preparation of Template

- IDC Funding Paid – Amount negotiated in original. (Amount actually paid in adjustments.)
- IDC Deficiency – Net of 2 items above (Note: this amount could also be a surplus.)
- Total Estimated CSC Need – Total of IDC Need and Direct CSC Need, as specified above



Review for Preparation of Template

- Total CSC Funding – Total of the 2 amounts above for IDC and Direct CSC
- Total Estimated CSC Deficiency – Total estimated amount that IHS owes the T/TO or needs to be refunded by the T/TO