INTERIOR BUSINESS CENTER

Indirect Cost & Contract Audit Division

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BIA Office of Self Governance Conference

- What grant recipients & Federal partners have told us
- What changed, and what did not
- How IBC is reducing backlog and delay
- How IBC is improving consistency and oversight
- What to expect going forward

- DOI is the cognizant Federal agency
- IBC administers the indirect cost negotiation process
- IBC reviews proposals and negotiates NICRAs
- NICRAs support indirect cost recovery
- IBC does not make grant award/funding decisions

IBC CUSTOMER FEEDBACK: FASTER & MORE PREDICTABLE NEGOTIATIONS

- IBC delays affect grant admin decisions
- New questions during negotiations feel like a change in policy
- Prior negotiation cost treatment has created expectations

THE RULES DID NOT CHANGE—IBC'S EXECUTION AND OVERSIGHT DID

WHAT DID NOT CHANGE

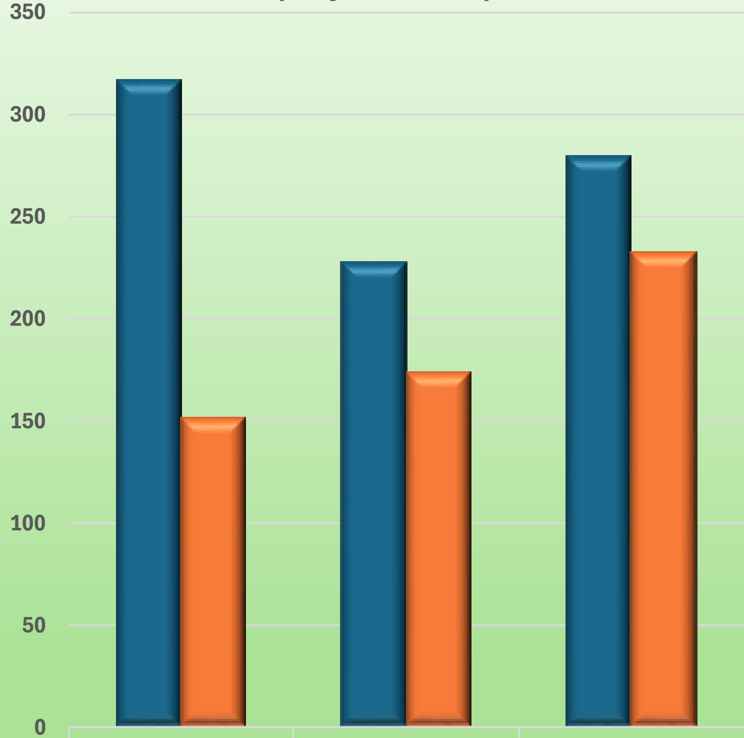
- No new cost principle
- A questioned cost is not presumed unallowable
- Professional judgement and negotiation remain necessary
- Applicable laws and regulations still govern

WHAT CHANGED

- **Workforce attrition, vacancies, & hiring freeze**
  - Workload backlog and customer delays
  - IBC Negotiator skills and experience gap
  - Inconsistent negotiation experience
- **External audit, executive orders, & leadership discernment:**
  - Emphasis on stronger internal controls, accountability, and oversight
  - More follow-up material, unsupported, or questioned costs
  - Stronger quality control efforts

REDUCED CAPACITY = LESS OUTPUT & INCREASED CUSTOMER WAIT TIMES

Completed Tribal Proposals (i.e. NICRAs) & Customer Wait Time Average
FY2022 - FY2026 YTD (July 27, 2026)



	FY2022-FY2024 Annually Avg)	FY2025	FY2026 YTD July 27, 2026
Completed Proposals	317	227	279
Customer Wait Time (CWT) Avg (Days)	151	173	232

- FY22-FY24:
  - ✓ Completed an average of 300+ proposals/NICRAs annually
  - ✓ Average CWT=150 days
- FY25-FY26:
  - ✓ Completed less than 300 proposals/NICRAs annually
  - ✓ Significant increase in average CWT = 200+ days

TRIBAL PROPOSALS PENDING PROCESSING

Pending Proposals as of July 27, 2026		
BIA Region	**# Pending Proposals**	**Proposal Age (Avg Days)**
638 Non-Profit	2	124
Alaska	26	126
Eastern	16	126
Eastern Oklahoma	15	209
Great Plains	7	121
Midwest	14	134
Navajo	2	81
Northwest	27	155
Pacific	27	99
Rocky Mountain	2	89
Southern Plains	17	164
Southwest	10	121
Western	15	164
Grand Total	**180**	**139**

- **Total Current Proposal Inventory = 180**
  - Proposal Average Age = 139 days
- **Proposals assigned to a negotiator = 69**
  - Average days in negotiation status = 32 days
- **Proposals pending negotiator assignment (not started) = 111 (62%)**
  - Proposals exceeding 180 days = 2 (2%)
  - Proposals exceeding 150 days = 18 (16%)
  - Proposals exceeding 120 days = 26 (23%)
  - Proposals exceeding 90 days = 51 (46%)

REDUCING DELAYS WHILE MAINTAINING ACCOUNTABILITY

STRATEGIC PURPOSE & CHALLENGE

- Reduce existing proposal backlog & wait times, BUT ALSO
- Maintain compliance with 2 CFR 200 & Internal Controls
  - ✓ **Transition Tribes from 2-year to 3-year Carry Forward (CF) Cycle**
  - ✓ **Apply New Proposal Risk-Based Tier Policy**

THREE-YEAR FIXED-WITH-CARRYFORWARD CYCLES REDUCE SUBMISSION BURDEN

Completed Proposals: 2-Yr vs 3-Yr Carryforward Cycle Compare

Carry Forward (CF) Cycle	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026 YTD
2-Year CF	58	64	71	47	57
3-Year CF	184	262	215	172	213
Other	32	43	22	8	9
Total Completed Proposals	**274**	**369**	**308**	**227**	**279**
% Completed on 3-Yr CF	**67%**	**71%**	**70%**	**76%**	**76%**

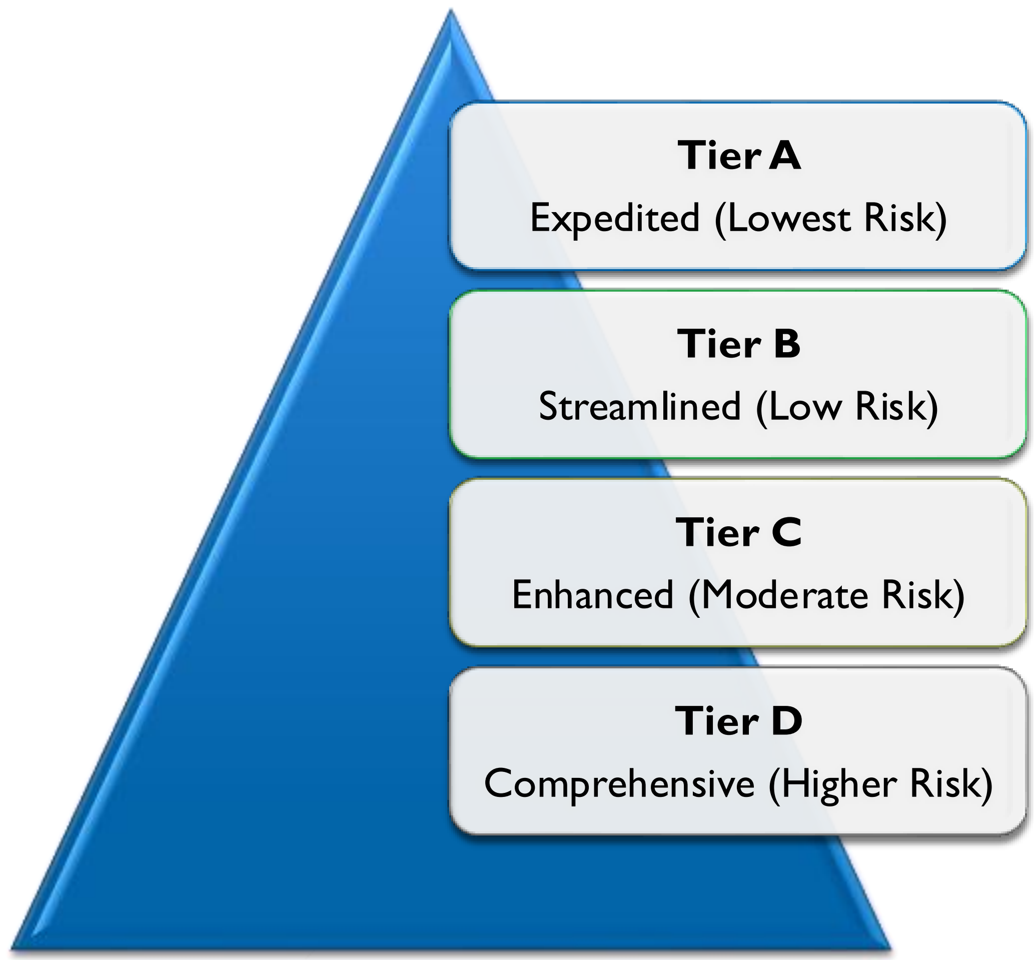
- 75% of Completed Proposals on 3-Year CF
  - ✓ Helps Tribes who are behind on submitting timely proposals
  - ✓ Allows more time to complete audits and prepare proposals
  - ✓ Carryforward true-up remains in place

NEW RISK-BASED PROPOSAL TIER POLICY

PURPOSE & BENEFITS

- Shift from treating all proposals the same
- Align proposal review effort with risk and complexity
- Expedite process "low risk" proposals
- Standardize proposal reviews and supervisor documentation approval

PROPOSAL RISK TIER LEVELS



NEW RISK-BASED PROPOSAL TIER POLICY

Supervisors Evaluate Each Proposal:

- Proposal Adequacy
- Materiality Thresholds
- Audit Results
- Rate Stability
- Carryforward Balance
- Prior Negotiation Issues
- Assign Tier A-D

- **Tier A/B Proposals**
  - ✓ Low risk
  - ✓ 30% target workload
  - ✓ Expedite processing
- **Tier C Proposals**
  - ✓ Moderate Risk
  - ✓ More detailed, but limited negotiator review
- **Tier D Proposals**
  - ✓ Higher risk
  - ✓ Comprehensive negotiator review
  - ✓ More complex (multiple rate & pool structures)
  - ✓ Higher potential for follow-up questions
- **Internal Control:** *After three consecutive Tier A/B proposal reviews, the entity's next proposal must receive a Tier D comprehensive review.*

NEW RISK-BASED PROPOSAL TIER EXECUTION EARLY SUCCESS

July 1 – July 27, 2026

- Risk assessed 145 pending proposals
  - ✓ 50 identified & NICRA issued as Tier A/B proposals (34%)
  - ✓ Saved 3-6 months in CWT

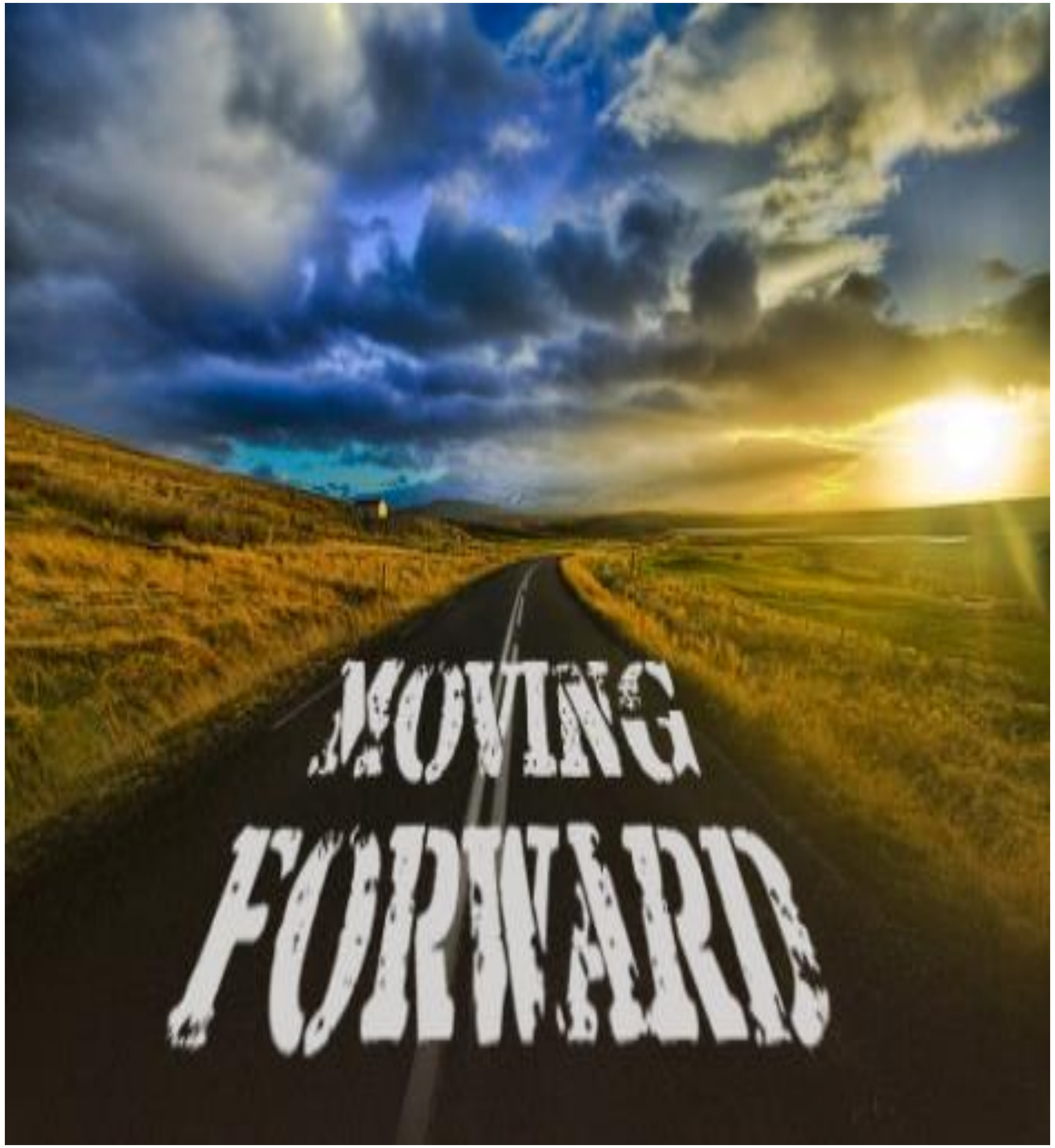
BIA Region	Tier A & B
Alaska	13
Eastern	2
Eastern Oklahoma	4
Midwest	4
Navajo	0
Northwest	4
Pacific	13
Rocky Mountain	2
Southern Plains	2
Southwest	4
Western	2
TOTAL:	**50**

IBC MUST STRENGTHEN NEGOTIATION PRACTICES

- Need to address "gray cost" areas
  - Solicit feedback (grant recipients & negotiators)
  - Develop cost-treatment guidance
  - Develop acceptable supporting documentation standards
- Create a uniform dispute and escalation path
  - Negotiators don't make final decisions
  - Right to appeal

IBC WILL MEASURE PROGRESS AND REPORT WHAT CHANGES

- Report proposal backlog & wait times data quarterly
- Monitor Tier A/B proposals and completion time
- Establish continuous feedback loop
- Update & publish DOI/IBC policy and guidance
  - ✓ Partner with DOI-BIA/SOL, OMB, & Council on Federal Financial Assistance (COFFA)
  - ✓ Proposal submission expectations
  - ✓ Acceptable cost support



IBC WILL MEASURE PROGRESS AND REPORT WHAT CHANGES

Potential Guidance Topics

ID	RECIPIENT TRAINING AND APPLICATION MODULE
A-1	Preparing a Complete and Adequate Tribal Indirect Cost Rate Proposal
A-2	Mapping Tribal Organizational Structure to Cost Treatment
A-3	Including Tribal Enterprises and Other Benefited Activities in the Allocation Universe
A-4	Distinguishing Direct Costs, Direct Allocations, and Indirect Costs
A-5	Supporting Salaries, Wages, and Mixed-Function Personnel
A-6	Understanding How Fixed Rates with Carryforward Work
A-7	Selecting Equitable Allocation Methods and Distribution Bases
A-8	Building a Defensible Indirect Cost Pool
A-9	Calculating MTDC and Other Direct Cost Bases Correctly
A-10	Documenting and Justifying Cost Allocation Decisions
A-11	Reconciling the Proposal to Financial and Accounting Records
A-12	Understanding IBC Proposal Intake and Preventing Common Deficiencies

- IBC Contact for Feedback
  - ✓ Craig A. Wills
  - ✓ Craig_wills@ibc.doi.gov

- IBC Contact for General Proposal Questions
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