

T-1661

STATUS OF SHORT AND LONG TERM GOALS FOR THE
OFFICE OF TRUST FUNDS MANAGEMENT
MAY 7, 1991

The following presents a status of each of the short and long term goals prepared by the Office of Trust Funds Management.

Short Term Goals

1. Reconciliation of Tribal and IIM Accounts (Phase I)

We have advertised the RFP and the contract is expected to be awarded in early May. The initial technical and cost evaluation of the proposals submitted for this contract has been completed. The "best and final" proposals will be evaluated by Tuesday, May 7, and a selection made by May 10 in Washington. The initial field work is projected to be initiated no later than June 18 1991 and conclude in May 1992. The projected completion date for Phase I is dependent upon several critical factors: (a) ready availability of the financial records, (b) number of years that are required to be reconciled (i.e.-age of accounts), and (c) the degree that automation can be utilized to accomplish the task, and the degree of support at the Area and Agency Offices. Support is required from the Area Accounting Officers, Trust Accounting Officers, and the Reconciliation Coordinators.

2. Establishment of the Custodian Function in the Division of Trust Funds Investment

The investment accounting section within the Division of Trust Funds Investment has reestablished the duties in the position descriptions for the investment accounting section. The PD for the section chief has been re-written to identify specific duties related to oversight of the custodial function. This is only a stop-gap measure to provide very basic separation of duties. The procedures will be revisited during the new system design of the overall Trust Fund Management System (TFMS), which is a long term goal that will be addressed later this year.

3. Tribal Access to Wismer & Associates

This access has been available since April of 1990 for the Warm Springs Tribe in Oregon, who was the pilot Tribe for the project, but they did not take advantage of it until the latter part of 1990. They have found that the reports are too expensive for them to utilize on a daily basis, since the arrangement calls for the Tribe to pay for any processing costs and communication costs associated with the access. They are the only Tribe using it to my knowledge. Others have been informed that it is available, but they have not taken advantage of it. All Areas have been notified and requested to let the Tribes in their Area know

about it, but we have not followed up from our office to make certain that they did notify the Tribes. Tribes in the Billings, Muskogee, Anadarko, and Sacramento Areas that attended briefings conducted by the Office of Trust Funds Management during the summer and fall of 1990 were told about the system's availability.

4. Investment System Integration

In June 1990, we obtained the services of a contractor, COMSIS, to develop the software required to accomplish the integration of data entry for investment transactions into the MONEymax, INFO, Finance and Easytrieve systems as well as develop an in-house automated bid-sort system for taking bids for CD's. The automated bid-sort acceptance of bids has been automated, and the data entry for the MONEymax, Finance and INFO systems has been automated (by diskette). We expect to initiate direct data entry interface into the various systems by the end of April 1991. The Easytrieve System interface and the automated bid-placement of trust funds into CD's will not be ready until May or June 1991.

5. Establish Trust Fund Management Advisory Oversight Group

The plan for implementation of this group was submitted by the Office of Trust Funds Management in August 1990 to the Office of the Assistant Secretary for approval. The Department and GSA approvals have been obtained. The Bureau is currently studying a proposal by the Tribal Ad-Hoc Committee related to a change in the number and structure of Tribal representation on the Oversight Committee. A decision will be made within the next thirty days regarding the Committee structure. It is expected that the Committee will be in place no later than October 1, 1991.

6. Investment Advisory Service

The Division of Trust Funds Investment is in the process of establishing a contract with an investment advisory service, Blumberg Investment Services. It is expected to be in place by June 1991. This service will provide on-line access to various investment data, such as investment alternatives, rates, and suggested trends, etc. that will assist the Division in the selection of the best investments for trust funds.

7. Improve Deposit Reporting

On October 1, 1990, the Division of Trust Fund Accounting initiated a procedure that requires all offices making deposits to a Treasury local depository or Federal Reserve Bank to send a telefax copy of the deposit ticket to Albuquerque on the day of the deposit so the funds can be invested timely regardless of the eventual data entry into the Finance System. In addition, in June 1990, a list of all Agency Offices, and a listing

of banks located nearest to them, were sent to the Financial Management Service office of the Department of the Treasury in Washington, D.C. for approval of the banks to be used as deposit points, which would eliminate the need for Agencies to mail the checks collected locally to an Area Office for eventual deposit. The Treasury Department has been working over the past 90 days to establish these local banks as collection sites for the Agency Offices. We do not have a timetable from them indicating when they will have all the banks notified, but expect them to be in place by December 1991. As the banks are approved for the trust fund deposits, we intend to discuss the alternatives for acceleration of trust fund dollars into the Bureau's trust accounts in the Treasury (i.e.- lockbox, local depositaries, or status quo).

8. Automation of Daily Interest Computation Method

We have automated the interest computation process for all the Tribal and IIM interest except the Special Deposit group of accounts (G/L 206.70) in the IIM Fund. The programs to allow the automated calculation of Special Deposit interest are currently being tested by the Phoenix IMC manager in coordination with our Office. We understand that this automated process is projected to be initiated by no later than October 1, 1991 Bureau-wide. The Tribal unallotted (overnighter) interest has been automated since about 1981. The IIM accounts (G/L 206.11) has been computed using the average daily balance method since June 1989.

9. Tribal Trust Fund Inquiry System

This system has been available since April 1990. This access is provided at no cost to the Tribes, except for the cost of the communication line. Not many Tribes have accessed the system despite notification of the Area/Agency Offices to make them aware of it's availability. The Warm Springs Tribe is the only Tribe using it at this time. The Osage Tribe has requested the passwords to access the system, but they have not yet gained access.

10. Issue Monthly IIM Statements

IIM Statements are printed and microfiched every month and copies of the microfiche are provided to the relevant Area Office and Agency Office. We currently mail hard copies of the IIM Statements to about 111,000 of the 300,000 account owners that are in the IIM group of accounts Bureau-wide. Some of the statements are not being mailed due to no current address, some are Special Deposit accounts that either have not been identified to the owner(s) yet or are being held in escrow. We intend to make this a priority this Spring to gather the addresses required to mail all account owners a copy of their statement of account each month. The printing of these monthly statements will be included as a part of the "Centralized Disbursements Contract" to be awarded by September 1991.

11. Implementation of "1081 Reconciliation" System

This new system has been tested at the Anadarko and Muskogee Areas and is expected to be implemented at those two locations for the royalty distribution being processed by mid-May. It will enable us to distribute the interest together with the related royalty principal amounts for the first time since FOGRMA required this in 1982. We expect all Areas to have this system implemented by sometime this Summer. The implementation is being complicated by the conversion to a Burroughs A-10 computer this year from the present B-1900 computers. This requires that the programs be written for the B-1900 and then be adapted for the A-10, which are being programmed with the aid of DBT, an ODS subcontractor located in Albuquerque.

12. Reconciliation of the \$17 million Variance between Finance and MONEYMAX

This was reconciled by Arthur Andersen & Company in June 1990 except for \$1239, and adjusting entries for the balance of the \$17 million variance were posted to the Finance System prior to October 1, 1990. The \$1239 balance has not yet been identified. At this time, we cannot project when that amount will be reconciled. It has to do with transactions prior to 1980 and could require a great deal of effort for very little return at this time. We are devoting our limited resources to other priorities. It is anticipated that the balance will be reconciled as a part of the "Tribal and IIM Reconciliation" Project being conducted over the next several years.

13. Establishment of the Office of Trust Funds Management

The position descriptions have been written for the 23 new positions and all positions, including the Director position, have either been advertised. We hope that all positions will be filled by no later than June/July 1991.

On March 18, we moved to our new offices located at the Western Bank Building, 505 Marquette, N.W., Suite 700.

14. Centralized Disbursements Project

In May 1991, the Bureau intends to advertise a Request for Proposals that will seek bids from financial institutions to print Tribal and IIM checks for the Bureau and mail those checks, together with the related Explanation of Payments to the account owner using Bank check stock. In addition, the RFP will require the financial institution to print, microfiche and mail to account owners and the Bureau copies of the monthly IIM account statements.

15. Finance Officers Act of 1990

A Plan is currently being developed by this Office to identify

how the Bureau will implement the requirements of this legislation in the trust fund management program. This will be done in coordination with the Department financial managers.

16. Project Management

Due to the growing number of projects being conducted by the Office of Trust Funds Management, a project management specialist has been obtained to assist us in developing PERT and GAANT charts for each project, staffing levels, project calendars and project definition statements and teaching our key managers how to use project management software and techniques. This task will be completed by May 31, 1991.

17. Individual Indian Monies (IIM) Interface Project

In order to eliminate the dual data entry required now for Area and Agency offices for IIM data into the Finance System and the IRMS system, the Bureau is now working with a contractor in Albuquerque, DBT, an 8-A firm. This project is expected to be completed and the new system in place by October 1991.

18. IRMS/Finance System Evaluation

A contractor has been selected to work with the Bureau to identify the internal control weaknesses in the (1) new version of IRMS currently being developed by ODS for IIM, lease distribute, royalty distribution, and Per Capita tribal payments, and (2) the programs of the current Finance System. This analysis will enable the Bureau to assure that the new version of the IRMS system will be evaluated before it is implemented, and we can use the Finance System evaluation to assure that we define requirements to eliminate any current internal control weaknesses in the new Trust Funds Management System design to be developed during the next year.

19. LAN Network

A LAN network to link all of the divisions in the Office of Trust Funds Management is being implemented with the help of COMSIS. The network will allow the investments, accounting and cash management functions to share common data bases and systems. This will simplify interfaces with field offices and financial institutions with which we do business. The LAN is expected to be in place by July 1991.

20. IIM Regulations Update

With the help of Billings Area, the Bureau is developing the long overdue update of the IIM regulations. It is anticipated that the regulations will be published in the 25 CFR by April 1992.

21. Annual Audit of Trust Financial Statements

Since FY 1988, the Bureau has had the trust fund financial statements audited on an annual basis by Arthur Andersen & Company. The Bureau-wide audit has provided an annual measure of the improvement of the internal controls and systems utilized for the management and accountability for trust fund activity. With the issuance of the audit reports for FY 1990, the Arthur Andersen contract will be completed. We intend to advertise for proposals for performing this type of audit from FY 1991 through FY 1996, but will also include the requirement to audit the reconciled accounts generated by the Reconciliation Contract to be awarded in May. By combining the two audit projects, the Bureau will save money and only train one set of auditors. This will make it easier for the Bureau accounting staff not only in Albuquerque, but also for the Area and Agency office staff.

22. Training (Short Term)

As a part of the COMSIS contract, the Office of Trust Funds Management will acquire the services of a subcontractor to develop a short term "training plan" for the Bureau's trust funds management program. This will address such items as: (a) collection procedures, (b) reconciliation procedures, (c) investment of trust funds, (c) methods to enhance the cash management of trust funds, etc. Training manuals will be developed and training sessions will be conducted for Area and Agency staff. The contract modifications are currently under review by the Contracting Officer, and it is anticipated that this task will begin in June 1991.

Long Term Tasks

1. Conceptual Design of New Trust Fund Management System

We have not yet accomplished this task. We had planned to use MITRE, but this is currently being re-examined. A decision will be made soon regarding how this will be approached. An integral part of that system design will address the organizational study to assure the proper staffing and types of staff that must be in place to successfully support such a system.

2. Reconciliation & Audit of Tribal and IIM Accounts (Phase II)

Scheduled to begin in May/June 1992. The Reconciliation Contract is expected to be completed in FY 1995. The Audit Contract is expected to be completed in FY 1996. Prior to initiation of the work on these two contracts entering Phase II, there will be an estimate prepared by the Contractors indicating the problems, the time and the projected costs of Phase II to reconcile and audit the accounts not addressed in Phase I. The Bureau will then review the estimates and decide the proper course of action.

3. Training on New Trust Funds Management System

001 50

Once the conceptual design for the new Trust Funds Management System has been approved, the Bureau will require the development of User's Manuals, updated BIAM procedural manuals, policy statements, etc. and a training program to not only address the new system training to prepare the Bureau for the initiation of the new system, but also to develop a training system to meet the needs of the Bureau's trust funds management staff in the future. The need to establish an on-going training program will be addressed through the use of a contractor working with the Office of Trust Funds Management, the Area and Agency staffs. It will be initiated in early 1992.

The above short and long term goals are not all inclusive, but are some of the more important goals that we intend to accomplish over the next few years. The success of the Bureau in attaining those goals will depend upon the level of teamwork and communication that will be established between the Agency, Area and Central Office levels. We intend to brief you on a regular basis to describe our progress in attaining the above goals, and welcome any input that you may wish to provide on how to improve the process.

If you have any questions, please contact Jim Parris at FTS 474-3230.