

SPECIAL TRUSTEE FOR AMERICAN INDIANS**FACT SHEET**

American Indians are responsible for the American Indian Trust Fund Management Reform Act of 1994 (Reform Act).

- To address longstanding trust management problems, the American Indians, themselves, directly and through representative groups such as the Inter-tribal Monitoring Association for Trust Funds (ITMA) were successful in getting Congress to pass the Reform Act.
- The Reform Act recognized and further defined the Secretary of the Interior's (Secretary) trust responsibilities and formed the Office of the Special Trustee for American Indians to identify and ensure that needed reforms were carried out by the Department of the Interior (Department) and, principally, the Bureau of Indian Affairs (BIA).

The Office of the Special Trustee is a temporary unit designed to oversee the reform effort and will sunset when it is completed.

- The Special Trustee is required to develop and recommend a Strategic Plan of Reforms to the Secretary, Office of Management and Budget (OMB) and Congress. If they approve, the Special Trustee oversees but does not direct the implementation of the plan. Upon completion, the Special Trustee is terminated.
- American Indians have been consulted on the conceptual Strategic Plan and will be formally consulted before the comprehensive Strategic Plan is completed and recommended to the Secretary, OMB and the Congress.
- BIA and other affected Department units will directly implement the Strategic Plan, not the Special Trustee.
- Mr. Paul M. Homan, the Special Trustee was appointed only after being recommended or endorsed by prominent American Indian Groups, notably ITMA and its members.
- Mr. Homan has stated publicly that he has no plans to ask Congress to make the Office of the Special Trustee a permanent government unit after the Strategic Plan is implemented and has stated his intention to leave the Office after the implementation is complete.

The Office of Trust Funds Management (OTFM) is the only Office which reports directly to the Special Trustee. No major changes are planned for OTFM or the delivery of Individual Indian Money (IIM) trust services.

- In February 1996 OTFM was transferred to the Office of the Special Trustee at the request of Congress. This Office handles the deposit, investment and disbursement of Tribal and IIM trust funds.
- There are no plans to transfer any other office or any other trust functions to the Office of the Special Trustee.
- OTFM will be transferred to another unit, determined by Congress, when the Office of the Special Trustee terminates.
- The transfer of OTFM from BIA to the Special Trustee was only a simple transfer of authority. The delivery and management of OTFM trust services, including IIM account trust services, will continue much as before.
- The only planned consolidation activities involve electronically driven accounting, collection, deposit, investing and disbursement activities. IIM clerks will remain in field offices and will continue to provide all trust services they have traditionally provided.

The Special Trustee's Assessment of the Trust Management Problems

The Special Trustee's own examination, the Reconciliation Project reports, the IIM Related System Improvement Project Report and earlier reports issued by the General Accounting Office all confirm that:

- The U. S. Government's trust management systems, policies, procedures and practices coupled with the condition of the trust records and, notably, large numbers of missing documents effectively prevent:
 1. A proper, accurate and timely accounting for trust account balances, collections, disbursements and investments and the maximization of the return on investments.
 2. The preparation of accurate and timely reports to trust account holders regarding all collections, disbursements, investments and return on investments.
 3. An audit under generally accepted accounting principles.

Problems Quantified

- The past and present undeniably poor quality of the trust management systems, the condition of the historical records and the U. S. Government's inability to provide an accurate and timely accounting can be demonstrated quantitatively, in part, by the following current conditions:
 1. The Reconciliation Project in January 1996 disclosed \$2.4 billion (32,319 transactions) for which source documentation could not be located.
 2. There are 54,192 IIM accounts with \$42.1 million for individuals with no address or an incorrect address.
 3. There are 15,912 IIM accounts and \$24.1 million held for individuals over 18, the vast majority of which should have been disbursed when the age of 18 was reached.
 4. \$3.0 million is held for over 18 months in IIM accounts which are supposed to be temporary.
 5. Continued maintenance of over 225,000 (60% of total accounts) IIM accounts with balances less than \$10 is required at a significant cost.
 6. At OTFM there are \$27 million in general ledger differences, suspense differences, balancing differences, overdraft losses and miscellaneous losses, which have not been cleared.
- These conditions are only a few examples of the many, many problems, harm and damage being generated by the lack of an adequate trust resource system; the lack of an accounts receivable (billing) system; an inadequate IIM accounting and disbursement system; the lack of an effective land records and ownership system; and the lack of an adequate archives and records system.
- These pervasive trust management systems deficiencies are the root cause of the U. S. Government's inability to provide an accurate and timely accounting to American Indian trust beneficiaries and result in the type of harm and damage to trust beneficiaries mentioned above.

The Special Trustee's Strategic Plan to reform the BIA's trust management systems

- After the Special Trustee's assessment of the problems was complete and after extensive consultation with ITMA, the Special Trustee's Advisory Board, several large tribal account holders and in several regional meetings with tribes and individual American Indians, the Special Trustee in February 1996 produced a conceptual Strategic Plan.
- The conceptual Strategic Plan is in draft form and is a work in progress product which in March 1996 was sent to over 250 tribes with trust accounts for their input and consideration. After funding is secured to complete the comprehensive Strategic Plan required by the Reform Act, the American Indians and the Tribes will be consulted using a more formal process and their views will be taken into account prior to the plan being completed and recommended to the Secretary, OMB and the Congress for consideration.
- The Strategic Plan is designed to bring the trust accounting and management systems up to commercial standards within three years. This, at a minimum, will involve acquiring, automating, updating, integrating, coordinating and consolidating to produce:
 1. A trust resource/asset management delivery system.
 2. An accounts receivable data and billing system that uses lease-contract and land and ownership information.
 3. A trust, depository, payments and delivery system for IIM accounts.
 4. A land records and title recordation and certification system.
 5. A general ledger and general ledger accounting system.
 6. A technology services center dedicated to trust resource and funds management.
 7. A national archives and records center.
 8. A risk management and control system.
 9. An independent institutional structure.
- With respect to the independent unit mentioned in item 9, it should be noted that Congress, not the Special Trustee, will make the determination where this unit is located. Functions could be carried out by a unit or units of the BIA, as at present, by the tribes or as otherwise determined by Congress. As is noted above, there are no plans to transfer existing BIA units to the Office of the Special Trustee as that Office will terminate after the Strategic Plan is approved and implemented.

Cost of the Strategic Plan and Benefits to American Indians & Tribes

- The Strategic Plan is designed to the extent practical to produce uniform and integrated trust management policies, procedures, practices and systems. The cost of implementation over three years is \$106 million.
- Almost all of the money will be spent for the purchase and upgrade of hardware and software for 1,236 new PC workstations and 824 existing workstations for the BIA and the tribes; for core systems development; for end-user administration, systems support and maintenance; for data conversion and imaging; for systems integration and implementation; for data archiving; for training; for updating operating and policy manuals and for access by American Indians and the Tribes.
- Each Tribe will be provided work stations as needed and will be given extensive training. In addition a large sum of money will be spent to gain and assure ongoing electronic access by the tribes to the trust management systems.

Consolidation Issues

- The only consolidation included in the plan involves back-room type accounting, telecommunications and electronic systems consolidation.
- For example, once a lease or contract is originated, the documentation, billing, collection, depositing, investing and disbursement processes, the archiving system, the risk management system and the land ownership and records system relative to that lease or contract will be integrated and largely automated and electronic in nature.
- These electronic systems will be maintained by the U. S. Government for the common use of the Tribes and appropriate units of the U. S. Government.
- Trust services, including realty services, presently being delivered and managed by Tribal and BIA personnel out of current offices will continue much as at present.
- Under self-governance principles, it is conceivable that at some point in the future most of the trust management functions presently being delivered and managed by the Department or the BIA could be delivered and managed by the Tribes.
- The main difference from current delivery and management systems will be that future trust services will have to conform to a common set of policies and procedures established by the U. S. Government that are consistent with the trustee's responsibilities.