CHAPTER III. IMPROVING FINANCIAL MANAGEMENT SYSTEMS

Background

The Department shares the view of the government-wide CFO Council that a key to improved financial and program management is improved financial management systems. Improving financial management systems will provide for and strengthen our decision-making capabilities and enable Interior program and financial managers to more effectively carry out the Department's missions.

The Department continues to move toward the objective stated in OMB Circular A-127 for each agency to establish a single, integrated financial management system. Since the mid-1980's, the Department has improved its financial systems, and eliminated duplicative and redundant systems. By 1984, the number of personnel/payroll systems used within the Department had been reduced from five to one. Currently, the Department's existing personnel/payroll system (PAY/PERS) is being replaced with a fully integrated, modern, on-line system, the Federal Personnel/Payroll System (FPPS), being developed by the Bureau of Reclamation's Denver Administrative Service Center.

By FY 1992, the number of existing bureau core financial systems had been reduced from ten to two, with off-the-shelf software (Federal Financial System - FFS) being used in six bureaus which account for over 95 percent of the Department's annual accounting trans-action volume. The remaining three smaller bureaus did not migrate to FFS because the anticipated costs of migration at the time was greater than the perceived benefit to the bureaus. Instead, these three bureaus, who all use ABACIS, formed a partnership to increase the standardization of financial management activities across the three bureaus and to coordinate and share in the cost of system changes and improvements, thus insuring a virtual, single accounting system.

In 1993, the Department initiated a project to acquire and implement a standard, auto-mated procurement system, the Interior Department Electronic Acquisition System (IDEAS). The implementation of this system, which automates the acquisition process in requisitioning, contracting, purchasing, and contract administration, is underway using commercially available software. Completion is scheduled for FY 1999.

In addition, the Department has established two Administrative Service Centers (ASCs) in Denver, Colorado, and Reston, Virginia, that cross-service Interior bureaus and other Federal agencies. The ASCs provide consistent, high quality, and cost-effective services such as accounting, personnel/payroll, procurement, and other administrative support. A third ASC, the Interior Service Center, provides accounting, procurement, space man-agement, printing, property management and other administrative support to selected de-partmental mangement offices.

Financial Management Systems Improvement Strategy

The Department's goal is to improve financial transaction processing and to enhance the financial management systems support for the partnership between the program and finance managers. The Department views the movement toward a single, integrated financial system as encompassing three interrelated elements: (1) migrating to and enhancing standard Department-wide systems for accounting, payroll/personnel, procurement, and property; (2) improving or replacing financial and mixed systems to take advantage of new technological capabilities (e.g., Internet browser and smart card technology); and (3) effectively interfacing or integrating financial management systems through electronic transfer of data and establishing standardized financial data classifications for movement of data to support finance and program managers.

The Department relies on a unified set of financial management systems planned for and managed together, and operated in an integrated fashion to collectively support program and financial managers. These systems are managed at various levels within the Department. Some of these systems are managed on a Departmental level, others are maintained at a bureau or local level, and some are government-wide systems that the Department relies on. Collectively, they represent the Department's financial management systems architecture. The current financial system architecture is shown in **Exhibit III-1**, arrayed by the different types of management approaches being used.

The target architecture for the next five years for the financial management systems to permit the Department to adjust to changes brought about by organizational rightsizing, streamlining, and re-engineering is illustrated in **Exhibit III-2**. To achieve this architecture, the Department will continue to work toward completing eight major financial management systems improvement strategies: (1) enhancing current Core accounting systems; (2) migrating Core accounting systems to an "open system architecture"; (3) implementing FPPS; (4) implementing a Decision Support System/Executive Information System (DSS/EIS); (5) implementing a Department-wide Procurement System; (6) maximizing opportunities for utilizing Electronic Commerce (EC) and other Electronic Data Interchange (EDI) applications; (7) reducing the number of property systems; and (8) improving the Indian Trust Funds systems.
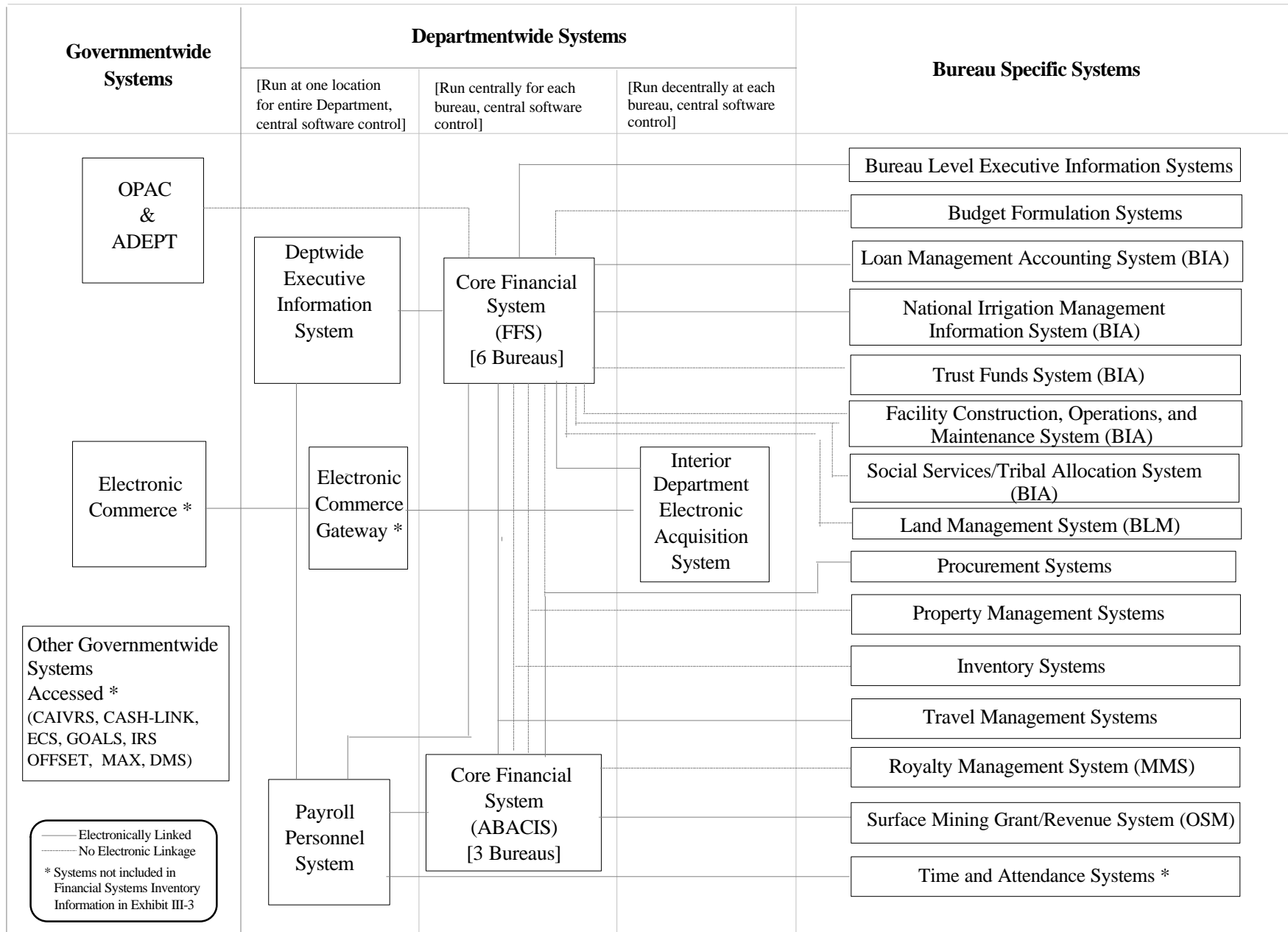
Recent Accomplishments

Enhancing Current Core Accounting Systems

In FY 1997, the FOP and the Department made a strategic decision to plan for the use of its current legacy Core accounting systems (FFS and ABACIS) for five more years. This strategy requires that the Department make selected improvements in the current Core accounting systems. The FOP and the Department are currently working on a number of initiatives aimed at enhancing the current Core accounting systems. Representative projects include:

• Addressing the changes necessary to make the Core accounting systems year 2000

Department of the Interior
Financial Management Systems - Current Environment

Exhibit III-1

Governmentwide Systems	Departmentwide Systems			Bureau Specific Systems
	[Run at one location for entire Department, central software control]	[Run centrally for each bureau, central software control]	[Run decentrally at each bureau, central software control]	

Governmentwide Systems boxes:

- OPAC & ADEPT
- Electronic Commerce *
- Other Governmentwide Systems Accessed * (CAIVRS, CASH-LINK, ECS, GOALS, IRS OFFSET, MAX, DMS)

Legend:
- Electronically Linked
- ······· No Electronic Linkage
- * Systems not included in Financial Systems Inventory Information in Exhibit III-3

Departmentwide Systems boxes:

- Deptwide Executive Information System
- Core Financial System (FFS) [6 Bureaus]
- Electronic Commerce Gateway *
- Interior Department Electronic Acquisition System
- Payroll Personnel System
- Core Financial System (ABACIS) [3 Bureaus]

Bureau Specific Systems:

- Bureau Level Executive Information Systems
- Budget Formulation Systems
- Loan Management Accounting System (BIA)
- National Irrigation Management Information System (BIA)
- Trust Funds System (BIA)
- Facility Construction, Operations, and Maintenance System (BIA)
- Social Services/Tribal Allocation System (BIA)
- Land Management System (BLM)
- Procurement Systems
- Property Management Systems
- Inventory Systems
- Travel Management Systems
- Royalty Management System (MMS)
- Surface Mining Grant/Revenue System (OSM)
- Time and Attendance Systems *

Department of the Interior
Financial Management Systems - Target Environment

Exhibit III-2

Governmentwide Systems	Departmentwide Systems			Bureau Specific Systems
	[Run at one location for entire Department, central software control]	[Run centrally for each bureau, central software control]	[Run decentrally at each bureau, central software control]	

OPAC & ADEPT

Deptwide Executive Information System

Core Financial System

Links to Other Systems

Electronic Commerce

Electronic Commerce Gateway

Property Management System

Travel Management System

Interior Department Electronic Acquisition System

Other Governmentwide Systems Accessed (CAIVRS, CASH-LINK, ECS, GOALS, IRS OFFSET, MAX, DMS)

Payroll Personnel System

Time and Attendance Systems

Electronically Linked
No Electronic Linkage

Bureau Level Executive Information Systems

Budget Formulation Systems

Loan Management Accounting System (BIA)

National Irrigation Management Information System (BIA)

Trust Funds System (BIA)

Facility Construction, Operations, and Maintenance System (BIA)

Social Services/Tribal Allocation System (BIA)

Land Management System (BLM)

Inventory Systems

Surface Mining Grant/Revenue System (OSM)

Royalty Management System (MMS)

Exhibit III-3

Department of the Interior
Financial Management Systems Supporting Exhibit III-1
System/Applications

DEPARTMENT-WIDE SYSTEMS

Department-wide Executive Information
- Decision Support System/Executive Information System (DSS/EIS)

Payroll Personnel System
- Federal Personnel/Payroll System (FPPS) (New Department-wide System Being Implemented In Phases)
- Payroll/Personnel System (To Be Replaced By FPPS)

Core Financial System (FFS)
- Federal Financial System (6 Bureaus)

Core Financial System
- Advanced Budget/Accounting Control and Information System (3 Bureaus)
- Accounting and Aircraft System (OAS)

Interior Department Electronic Acquisition System - Department-Wide System Being Implemented In Phases And Intended To Replace Bureau Procurement Systems

BUREAU SPECIFIC SYSTEMS

Bureau Level Executive Information Systems
- Program Management System (BLM)
- Financial Information Reporting System (BOR)
- Administrative Information System (GS)
- Administrative Financial System II (NPS)
- Federal Aid Project Accounting and Ledger System (FWS)
- TABS (GS)
- Financial Reporting and Reconciliation System (NPS)

Budget Formulation Systems
- Program and Budget System (BOR)
- NPS Budget

Loan Management Accounting System (BIA)

National Irrigation Management Information System (BIA)

Trust Funds (BIA, OS)
- Individual Indian Monies System
- Integrated Resources Management System
- Omni Trust/ES

Facility Construction, Operation, and Maintenance System (BIA)

Social Services/Tribal Allocations System (BIA)
- Tribal Allocation Priority System
- Social Services Automated System

Land Management System (BLM)
- Payment in Lieu of Taxes

Procurement Systems
- Procurement Management Information System (GS)
- Procurement System (OS)
- SATIN (OS)

Property Management Systems
- FFS Fixed Assets Subsystem (BIA, BLM, GS)
- Moveable Property System (BOR)
- Property Management System (MMS, OSM)
- Personal Property Management Information System (NPS)
- Property Accounting and Control System (OS)
- Property Management Information System (New System Being Developed by MMS For Use By MMS, OS, and OSM)
- Personal Property Management Information System (FWS)
- Real Property Management Information System (FWS)

Inventory Systems
- FEDSTRIP System (BOR)
- Material Management Inventory Control (GS)
- DORRAN (GS)
- FFS Inventory Subsystem (GS)

Travel Management Systems
- Travel Manager Plus

Royalty Management System (MMS)
- Production Accounting and Auditing System
- Auditing and Financial System

Surface Mining Grant/Revenue System (OSM)
- Grant Information Financial Tracking System
- Fee Billing and Collection System
- Audit Fee Billing and Collection System
- Civil Penalty Accounting Control System

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compliant. During FY 1997, needed year 2000 changes were identified and documented. The Core accounting systems are currently in the "repair" phase.

- Promoting the use of Vision Flashpoint as a tool to modernize the current mainframe version of FFS by creating front-end "windows" based screens to facilitate the use of data. Various briefings and demonstrations were conducted during FY 1997, with Vision Flashpoint being installed into production in the Bureau of Indian Affairs and the Office of Trust Funds Management.

- Developing an FFS automated table clearing process to archive prior year information to reduce the size of the operating files. This activity is closely linked to the production implementation of the year 2000 compliant changes. Table clearing, once implemented, will "clear" closed FFS records/tables, thus streamlining nightly operations and saving online storage costs.

Planned Actions for 1998

In FY 1998, the FOP and the Department plan to accomplish the following action items relating to enhancing current Core accounting systems:

- Complete the programming, test, and install into production, the FFS table clearing programs.

- Complete the programming, test, and install into production, year 2000 compliant Core accounting systems.

Planned Actions for 1999 and Beyond

- Continue to maintain the existing Core accounting systems until a replacement Core accounting is identified, acquired, and implemented.

Migrating Core Accounting Systems to an "Open System Architecture"

In FY 1997, the FOP and the Department began activities to lead to the replacement of the FFS and ABACIS legacy systems within a five year time period with a single, "open system architecture" Core Accounting System, using off-the-shelf software.

Interior's current legacy Core accounting systems have served the bureaus well over the years; however, there are clear advantages to moving to a more modern system based on an "open system architecture". These advantages can be broadly classified into four major categories: (1) useability; (2) functionality; (3) data accessibility; and (4) system integration.

1. Useability

Legacy systems present users with character-based screens that are nei-

ther intuitive or easy to use. As a result, the amount of training for new users is extensive. In addition, document processing is cumbersome and time-consuming. The Department intends to move toward an "open system environment" Core accounting system that utilizes modern technology which includes graphical user formats; utilizes tools such as pull-down menus and context sensitive help; simplifies navigation and improves editing capabilities for much easier use and increases the quality of data entered into the system; and requires far less training than legacy systems.

2. Functionality

Technical enhancements to legacy systems require labor-intensive programming efforts. Moreover, enhancing legacy systems is costly due to the technical architecture on which the legacy systems are built. The Department intends to move toward an "open system architecture" system, using modern fourth generation languages that utilize object-oriented programming to make it easier to maintain and enhance to support the functionality and useability of the system.

3. Data Accessibility

A major drawback of legacy systems is the inaccessibility of data. The current FFS system uses VSAM files and does not use a relational database management system. Accessing data stored in VSAM files requires the development of computer programs to extract and format the data, making standard reporting and ad hoc queries difficult and expensive to execute. The Department intends to move toward an "open architecture" system, utilizing a database management system that provides easier access to data, and creates standard reports or specialized ad hoc queries without the need for a computer programmer.

4. System Integration

Certain interfaces between feeder systems and the current FFS are based on batch data transfers. Financial systems based on open architecture standards provide an opportunity to integrate more easily with other financial management systems. The Department intends to move to an "open architecture" to facilitate data sharing among various administrative systems, reduce redundant transaction processing, and allow for more integrated reporting.

To address the migration to a more "open architecture" Core accounting system, the FOP and the Department formed an Interior Financial System Planning Team (IFSPT) in FY 1997. The IFSPT is composed of bureau and Departmental representatives.

Planned Actions for 1998

- Deveop the strategic plan for the Department related to the migration of the Core Accounting Systems to new software based on an "open system architecture". This effort would establish the proper strategy for upgrading the Department's Core Accounting Systems and provide the justification for needed system enhancements under "Raines Rules" and the Information Technology Management Reform Act (ITMRA). This effort would be lead by the IFSPT in coordination with the FOP, the Office of Financial Management, and the Office of Information Resources Management. The strategy addresses the following:

  - Procurement methodology
  - Timetable for procuring the system
  - Timetable for implementation
  - Funding strategies

  The pace of the migration to an "open architecture" based Core accounting system is dependent on obtaining adequate sources of funding.

Planned Actions for 1999 and Beyond

- Carry out the migration strategy established to replace the existing Core accounting systems with an "open system environment" Core accounting system.

Implementing the new Federal Personnel Payroll System

The Department currently operates and maintains a payroll/personnel system, called PAY/PERS, for all of Interior as well as seven other government agencies. An on-going development effort to replace PAY/PERS with a new system called FPPS (Federal Personnel Payroll System) is nearing completion. FPPS is a fully integrated personnel and payroll system that provides real-time updating of data in a database environment. It provides a full range of functional capabilities and allows supervisors and managers to access the system directly for both processing of actions and retrieval of information. It provides for electronic initiation and certification of personnel and payroll actions and electronic access to data, thus virtually eliminating the handling and mailing of hard copy forms. It utilizes state-of-the-art technology, has extensive security and flexibility, and is designed to be year 2000 compliant. FPPS will be the most advanced personnel/payroll system in the Federal government.

OMB has been actively involved in monitoring the status of FPPS progress and plans, and has encouraged the Department to continue to expand its cross-servicing commitment. Four new agencies (including the Social Security Administration) are already scheduled to convert to FPPS, once it is operational.

Planned Actions for 1998

- Implement FPPS in the Interior ABACIS agencies in the last quarter of FY 1997. Implementation of the other client agencies (Interior and non-Interior) will continue on a client by client basis through the end of FY 1998. The final implementation schedule is in the process of being coordinated. Interest from new client agencies remains high and involves active discussions with several agencies. FPPS implementation and resulting dialogue among existing clients is likely to generate even more interest from agencies seeking opportunities to redirect their resources and achieve economies-of-scale.

Planned Actions for 1999 and Beyond

- Continue implementation of new FPPS clients.

- Complete deferred system enhancements.

- Evaluate other enhancements including a "People Soft" interface.

Implementing a Decision Support System /Executive Information System (DSS/EIS)

Interior's efforts to implement a Decision Support System/Executive Information System (DSS/EIS) is intended to deliver summary level information to executives to aid in their decisions and provide a user friendly interface and graphics to interact with individuals who may or may not be highly proficient in using computer technology. This effort began as part of a Departmental Administrative Systems Workgroup that was established in the fall of 1994 to determine methods for improving access to the Department's administrative systems and delivery of the Department's administrative information to users.

In May 1995, a project team was formed to determine short and long term strategies for DSS/EIS. At that time, Interior did not have a DSS/EIS to provide executives with various views of financial information (e.g., current budget authorities, obligation and expenditure of funds with comparisons to budget, actual and projected FTE information, procurement and inventory data, etc.). The efforts of the project team resulted in the acquisition of commercially available DSS/EIS software (Hyperion Enterprise) in September 1995.

Since the acquisition of the Hyperion Enterprise software, Interior has developed operational systems for (a) consolidating bureau trial balance data to support preparing the Department's Consolidated Financial Statements, (b) analyzing revenue and cost information to support the Interior Service Center's (ISC) efforts to develop the 1997 business plan, (c) tracking of SF-133 budget execution data submitted by bureaus to the Office of Management and Budget, and (d) analyzing Bureau of Indian Affairs financial data. In addition, the Department has developed several pilot applications to demonstrate DSS/EIS capabilities to extract bureau level financial data and other administrative data from

external sources such as the Federal Financial System (FFS), Interior's Procurement Data System, bureau level files and electronic spreadsheet data, and OMB's MAX system for the preparation of budget execution data analysis. Further, several bureaus have begun to develop similar capabilities to provide summary level information to senior executives and more detailed information to program managers.

During FY 1997, the Department developed an application for the Department-wide Consolidated Financial Statements which was used in preparing the FY 1996 Consolidated Financial Statements, developed a cost allocation application for the ISC which was used in the FY 1997 and FY 1998 planning process for the ISC, developed an application for the Department-wide Consolidated SF-133, participated in the establishment of the Hyperion Users Group, and developed a proof of concept financial application for the BIA to provide summary financial information to senior BIA executives.

Under the Government Performance Results Act, agencies are required to submit strategic plans to the Office of Management and Budget and Congress not later than September 30, 1997. These plans will set out measurable goals that define what will be accomplished during a fiscal year and reflect a level of accomplishment commensurate with the resources required and subsequently funded. Beginning with FY 1999, the Department will be required to report on accomplishments related to these plans. To successfully meet these performance measurement requirements, the Department must develop systems with the capability to collect, report, and verify performance information to measure accomplishments against the annual performance plans.

Although the Office of Financial Management is beginning to collect Departmental financial data on an annual basis as part of the consolidated financial statement preparation process, performance measurement data to meet GPRA reporting will require information not currently being collected on program activities as well as cost information.

Current administrative systems do not combine finance, program, budget, and human resource information and there is no central system available to capture, summarize and analyze bureau level data for Departmental reporting. The Department is beginning a process to build the needed infrastructure to provide the necessary reporting capacity to meet the FY 1999 GPRA requirement on a Departmental basis. The Department has established a team to define the Department-wide requirements to provide access to performance data for executives, managers and analysts to manipulate and improve the ability of the Department to achieve performance goals in the planned timeframes.

Planned Actions for 1998

- The Department plans to expand the availability and use of EIS software tools via client/server methods, as well as provide intranet and Internet access to a variety of administrative data. The Department will continue to use Hyperion software as the single source of preparing the consolidated financial statements for FY 1997. Other activities include building a financial statement application for one of the ABACIS bureaus for use in preparing the FY 1997 financial statements and for other manage-

ment reporting, developing a management reporting application for a bureau using data from FFS, and building an application consolidating budget information for the Department.

- To meet GPRA requirements, the Department is beginning a process to determine how it will obtain data on a Department-wide basis to meet performance measurement requirements and the means that will be used to verify and validate measured values. This effort would include an assessment of options for developing a data warehouse for collecting Departmental GPRA data from bureaus to support GPRA reporting requirements for FY 1999 and following years using technology currently available in the Department or accessible within the timeframes and budget constraints. The intent is to establish a technical architecture to appropriately link bureau level initiatvies with Departmentwide efforts. The team would report back to the Department in the Fall 1997 on a recommended approach for accomplishing the objective that would build on capabilities currently in place to provide Departmental reporting; be compatible with bureau level systems that are being built or planned to support GPRA requirement; be in place for FY 1999 to be used to report on FY 1999 performance measurement data; support data needed for the Annual Accountability report; and support budget office needs to report on performance against the annual performance plan.

Planned Actions for 1999 and Beyond

- Implement the plan for FY 1999 reporting and continue to enhance EIS capabilities.

Implementing a Department-wide Procurement System

The Department made a decision in January 1997 to upgrade its Interior Department Electronic Acquisition System (IDEAS) procurement automation software to a Windows-based, commercial-off-the-shelf package. Competition was completed and an order placed in April 1997 to American Management Systems, Inc. (AMS) for Procurement Desktop (PD) software to be piloted in three locations for 45 days. The pilots and extensive systems testing were successfully completed in June 1997, and a decision made to implement the software, which includes an interface to the Department's Federal Financial System (FFS), across the entire Department.

Planned Actions for 1998

- The IDEAS implementation will proceed, with an effort to replace the older DOS-based software at the installed base of 80 procurement sites, plus moving into implementations at the remaining sites of other Interior bureaus. The Department expects to make policy and procedural changes necessary to implement the interface to the Federal Financial System and ABACIS, concurrent with implementation of the procurement software across the Department.

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- The Department will work aggressively with other Federal agency users of the AMS PD product, including the Department of Defense, the Patent and Trademark Office, the House of Representatives, the Library of Congress, our franchise clients, and others to coordinate and reduce the costs of software enhancements. Currently, the Department is providing (as an OMB authorized franchise effort) procurement system support to other agencies. Clients who had been installed with the older DOS-based software had the opportunity to switch to the new Windows software and related support.

Planned Actions for 1999 and Beyond

- Complete the implementation of IDEAS.

Maximizing Opportunities for Utilizing Electronic Commerce and Other EDI Applications

An October 1993 memorandum from the President to the heads of executive departments and agencies established the objective to streamline procurement through the use of Electronic Commerce (EC). Interior has aggressively pursued the President's mandate. Moreover, during FY 1995, Interior had more EC procurement traffic than all other civilian agencies combined. With the continued implementation of IDEAS, Interior intends to increase its volume of EC procurement transactions. Electronic commerce will include a full range of financial and related transactions such as Requests-for-Quotations, vendor responses, Purchase Order and Delivery Order awards, notifications, and purchase card transactions.

From FY 1993 to FY 1996, the number of purchase cards increased from 4,535 to 14,584. The number of transactions increased from 96,060 to 473,122; and the purchase card dollar volume increased from $17 million to $135.7 million. Interior is ranked sixth in overall sales and third among the civilian agencies in dollar value. In FY 1996, 61 percent of all small purchase actions under $25,000 and 28 percent of the dollar value of all such actions were made with the purchase card. The Department's target is to increase purchase card use to 70 percent of small purchase actions for FY 1997. DOI has a long-term goal of 90 percent of all purchases below $2,500 to be made via purchase cards.

The Rocky Mountain Bank Card System (RMBCS) interface provides a standardized, optimally efficient process which minimizes data entry while improving customer service. With the full implementation of the RMBCS interface for the FFS bureaus in FY 1997, the FFS bureaus are receiving and processing RMBCS invoices electronically. The Finance Officers' Partnership has also established a new Project Action Team which, in FY 1998, will be investigating the expansion of electronic invoicing to other selected vendors.

Planned Actions for 1998

- The Department will continue efforts to implement the electronic payment requirements of the Debt Collection Improvement Act of 1996. During FY 1998, Interior will be investigating other forms of electronic payments, such as Visa E-Pay and the use of smart cards for the collection of entrance fees at national parks. Moreover, Interior plans to develop and implement an Internet-based approach to electronic procurement to take advantage of the speed, efficiency, and cost-savings of the Internet.

Planned Actions for 1999 and Beyond

- Assess the additional capabilities of the new credit card contract and determine which features to implement.

Reducing the Number of Property Systems

The Department has embarked on a property system strategy that is aimed at standardizing and streamlining the automation of the personal, real and museum property management functions Departmentwide. Led by the Property Management Partnership (PMP), comprised of property management officials from the bureaus and the Department, the PMP effort is intended to increase productivity and avoid the costly development or modification of duplicative, independent, stand-alone systems. Currently, a property module, with an electronic linkage to FFS, has been developed and implemented in three bureaus. The PMP will evaluate options for other bureaus and ensure that such efforts are Departmentwide or multi-bureau in scope and coordinated with the Interior's finance, procurement and information technology communities.

Currently, several Interior bureaus lack adequate subsidiary systems for their real property assets. Partnership efforts were begun in FY 1997 to promote standard real property management practices throughout the Department.

Planned Actions for 1998

- The Department will continue coordinating with the bureaus to reduce the number of separate bureau automated personal property systems (already reduced from nine just two years ago to four currently). Furthermore, the Property Management Partnership will address deficiencies in real property and museum property systems with an objective to migrate as quickly as possible to systems incorporating new technologies that will eliminate duplicative data entry and allow for easy and timely access to data.

- Contingent upon approval of its FY 1998 funding request, NPS will begin to implement this integrated personal property module in FY 1998. Starting in FY 1998, as many as eight of the nine bureaus will be using personal property systems that are integrated or have an electronic interface with finance and procurement systems.

Planned Actions for 1999 and Beyond

• Continue efforts to improve systems and systems support for property functions.

Improving the Indian Trust Funds System

The American Indian Trust Fund Management Reform Act of 1994 affirms the Secretary's trust responsibilities and establishes the Office of Special Trustee for American Indians (OST). The Act identifies actions required for the Secretary's proper discharge of trust responsibilities, including: providing adequate systems for accounting for and reporting trust fund balances; providing adequate controls over receipts and disbursements; providing periodic, timely account reconciliations; determining accurate cash balances; preparing periodic statements of account performance and balances; etc. The Act also addresses the need for developing systems for accounting and investing funds, for reporting to account holders, and maintaining accurate data on ownership and lease of Indian lands.

The OST, headed by the Special Trustee, now oversees and coordinates trust fund management reforms for the Department. The Special Trustee was appointed and confirmed in 1995, and reports directly to the Secretary. In 1996, a Secretarial Order expanded the Special Trustee's responsibilities by transferring to OST the Office of Trust Fund Management and other financial trust services functions of the Bureau of Indian Affairs (BIA).

Reviews by the General Accounting Office, the Department's Inspector General, and independent accounting firms had identified serious financial management problems in the BIA's management of Indian Trust Funds. Reports based on these reviews indicated, among other things, that current trust fund data are unreliable, inaccurate, and inconsistent, and current trust systems are inadequate to comprehensively process trust data, and incapable of supporting investment activities. Also cited were inadequate internal controls and lack of consistent, written policies and procedures.

To bring about long-term constructive improvement in trust funds management, the Department issued a draft report -- "Indian Trust Funds and Trust Asset Management Reform Plan" in June 1994. Several initiatives have stemmed from the report, known as the Secretary's "Six Point Plan." The Office of Trust Fund Management implemented an interim service bureau system for managing tribal investments and accounting services. It helps the Office of Trust Fund Management perform fiduciary duties regarding tribal trust fund investment, accounting, and reporting. The majority of collection activities are still being performed by BIA. The Six Point Plan also called for correcting problems with Individual Indian Money (IIM) accounts, including correcting IIM data and improving IIM-related systems.

In April 1997, the Special Trustee submitted a proposed comprehensive strategic plan to the Secretary and the Congress. The plan includes initiatives to clean up IIM records; eliminate data backlogs; improve policies, procedures, and controls; enhance training; and improve computer systems. The plan also provides for the acquisition of (1) a Trust Asset

and Accounting Management System (TAAMS) and (2) a Land Records and Title Recordation and Certification System.

Planned Actions for 1998

• The Secretary has directed the Special Trustee and other Department officials to proceed with records cleanup, backlog elimination, and development of an implementation plan for improved systems. The plan will have the concurrence of the heads of key affected bureaus and offices. It will identify the set of tasks to be accomplished, the estimated required resources, responsible officials, and measures by which results will be judged. The effort will focus on pilot efforts to prove concepts, develop alternatives where necessary, identify implementation barriers, develop realistic cost estimates, and gain firsthand experience for broader full scale implementation.

Planned Actions for 1999 and Beyond

• Implement new trust fund systems.

Financial Management Systems Process Improvement

In carrying out the Department's financial management systems strategy, the FOP plays a key role. Many of the PATs sponsored by the FOP involve improvements to the Department's financial management systems. Examples of these FOP efforts include:

• Implementing an interface between the Rocky Mountain Bank Card System (RMBCS) and FFS to process RMBCS transactions.

• Expanding remote data entry of financial transactions throughout the Department.

• Developing an improved automated table clearing process in FFS. Implementation scheduled in FY 1998.

• Promoting the use of Vision:Flashpoint as a tool to improve the ease of use of the current mainframe version of FFS.

• Developing an interface between the new Federal Personnel/Payroll System and the accounting systems. Testing and implementation scheduled in FY 1998.

Planned Actions

See descriptions of FOP initiatives in **Appendix B**.