



## 4.3.7 Accounting (AM)

### 4.3.7.1 Accounting Summary Process Description

The overall process starts with: Requests to open a new Trust account, maintain an existing account, or close an account. It also includes the collection, deposit, distribution, investment, and disbursement of Trust funds.

The overall process ends with: Release of the annual Audit Report.

Accounts in the Indian Trust must be properly set up and maintained for individual Indians and Tribes who own (or hold financial interests in) Trust Assets, or receive recurring income from Trust Assets. The two basic types of Trust accounts are Individual Indian Money (IIM) accounts, and Tribal accounts.

Many critical Trust financial transactions are embedded in the Surface, Subsurface, and Title processes, where Trust assets are managed; and the Probate process, in which Trust assets are distributed to the beneficiaries of allottees or financial interest owners in Trust assets. Details and problems of financial transactions in these areas are included in the respective process descriptions.

Income from Trust assets is collected for existing account holders by BIA, OST/OTFM, and MMS, deposited in Treasury accounts, and posted to beneficiary accounts. Examples of income from Trust assets are inheritances, land leases or sales, grazing permits, rights of way payments, judgment awards, Tribal Trust fund *per capita* disbursements, and income on Trust investments.

Most account maintenance and financial transactions (account maintenance, deposit, posting, transferring, and disbursement of funds) are initiated by BIA, OST/OTFM or Compacted/Contracted Tribes in the field, but completed by the OST/OTFM Central Office. Manual or electronic “work tickets” are created by OST/OTFM Agency or Regional staff for each transaction, and faxed with appropriate forms and backup documentation to Accounting Processing in the OST/OTFM Central Office for completion processing. Once received by Accounting Processing, all account transactions are processed essentially the same way, with a few exceptions, such as MMS deposits (described later in this section).

IIM and Tribal Trust funds held by the Trust are invested in two basic ways:

- a) “Overnighter”- All account balances (cash) not invested are “swept” daily, pooled and invested overnight with the U.S. Treasury.
- b) Government sponsored entities - Invested account balances consist of U.S. Treasury and U.S. Federal Government Agency issues and other investment securities that are guaranteed by the U.S. Federal Government.

At their option, Tribes can work with the OST/OTFM Branch of Tribal Accounts Management to review their plans and budgets, determine their cash needs, develop or update investment strategies to produce budgeted income, and make sure cash is available when they need it. The Division of Investments works with the Branch of Tribal Accounts Management and the Tribes to structure, manage, and develop Tribal portfolios. Alternatively, Tribes can perform these



functions themselves, or hire their own advisors. The Division of Investments treats the IIM pool as a separate client with a unique profile and investment objectives.

Trust funds can be disbursed to beneficiaries automatically through “auto-pay” arrangements, which automatically disburse any amount over a pre-determined threshold to the beneficiary by check or direct deposit into a designated bank account. Individual beneficiaries may also choose to let income accumulate in their accounts, and can withdraw funds via disbursement requests.

Certain beneficiaries (minors, adults found to be *non-compos mentis*, and adults in need of financial management assistance) have supervised, or restricted accounts. These beneficiaries must have approved Distribution Plans on file, and a BIA Superintendent, Regional Director, or other authorized official must sign their disbursement requests.

Routine disbursements from Tribal accounts must be in accordance with Tribal Resolutions and Tribal Budgets. Disbursements of special funds, such as settlements and judgment awards, must be made in accordance with Tribal Use and Distribution Plans, approved by the Secretary of the Interior. Tribes have the option of working with BIA and/or OST/OTFM to develop and maintain these plans.

Account statements are generated automatically by the Trust Funds Accounting System (TFAS) and printed and mailed by a contractor. Federal tax compliance reports (e.g. 1099 forms) are prepared by the OST/OTFM Branch of Reporting from various internal and external databases and TFAS. The printing and mailing of 1099 forms is done by a contractor. TFAS produces daily account transaction reports that are available to all OST/OTFM offices, and most BIA offices, where the information network is secure. The OST/OTFM Branch of Reporting prepares various management reports from information extracted from TFAS for distribution within the OST/OTFM Central Office.

The OST/OTFM Branch of Current Reconciliation also prepares a specific set of reconciliation reports on a daily and monthly basis with information extracted from TFAS and compared to sources, such as Treasury, Custodian and other government agencies. The reconciliation process ensures that all funds are accounted for throughout the accounting process. Reconciliation reports are also distributed within the OST/OTFM Central Office.

The Trust Reform Act of 1994 requires an annual audit of Trust funds. The OST contracts an independent CPA firm to conduct the audit. The audit is conducted under the oversight of the Office of Inspector General (OIG) and it issues the final audited financial statements and reports. The annual audit process prior to the end of the fiscal year in September, with interim tests performed during the year. The auditors must adhere to the audit process and standards defined by Generally Accepted Government Auditing Standards (GAGAS).

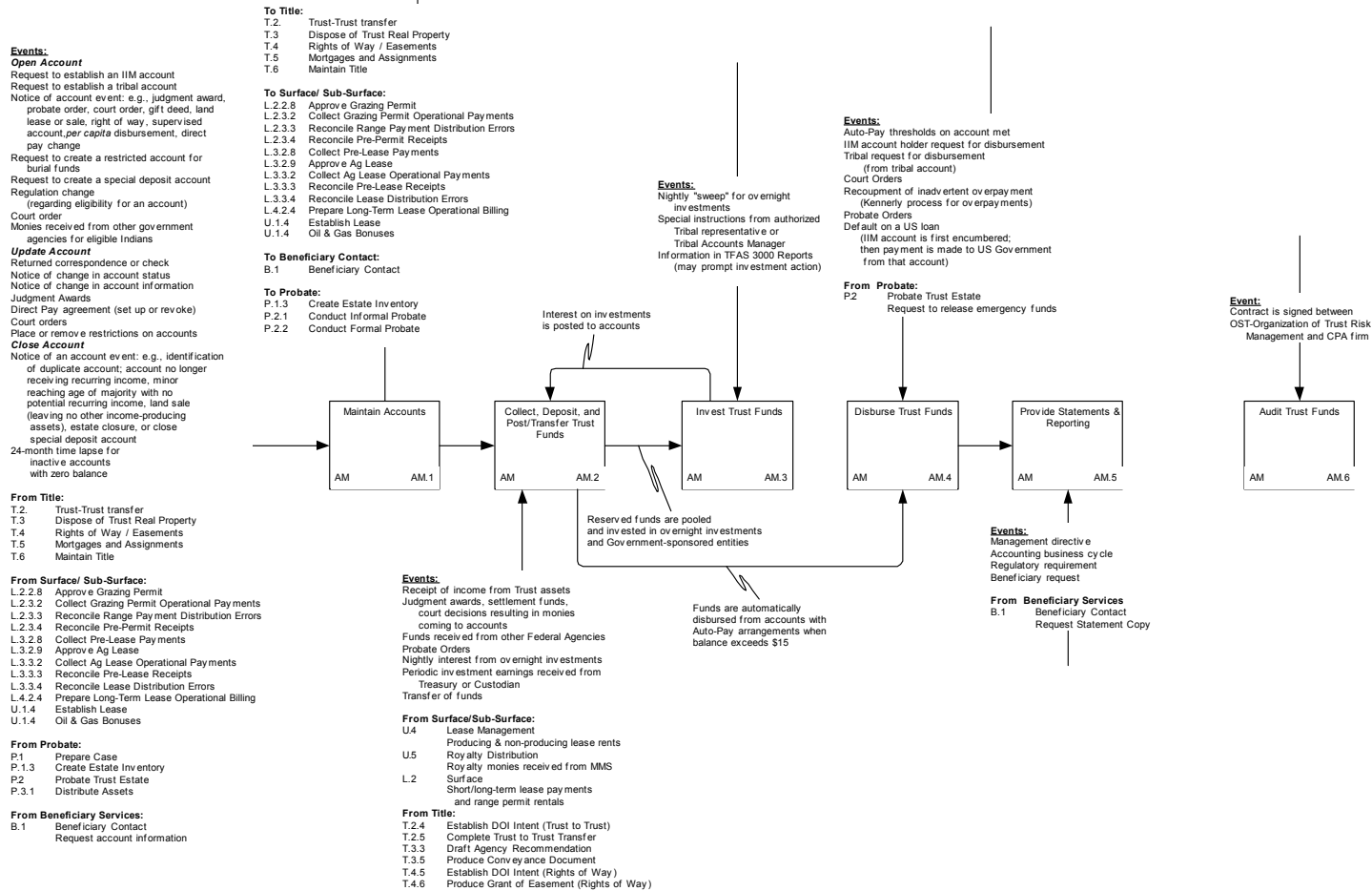


Figure 4.3.7- 1 Accounting High Level Diagram



## Accounting Objectives

Maintaining accurate beneficiary records and completing account maintenance transactions as requested is core to Trust assets management. Similarly, efficient beneficiary service requires control and reconciliation of Trust fund receipts, deposits, posting/transferring, and disbursement of funds in a timely and accurate manner.

The following are the objectives of the Accounting Process:

1. **Maintain Accounts:** To maintain accurate IIM and Tribal account records.
2. **Collect, Deposit, Post, and Transfer Trust funds:** To ensure control, reconciliation, deposit, posting and transferring of Trust fund receipts to beneficiary accounts in a timely and accurate manner.
3. **Invest Trust Funds:** To ensure that Tribal and IIM monies are invested to produce adequate return based on current economic, market, and interest rate conditions, subject to applicable laws, regulations, and Tribal direction.
4. **Disburse Trust Funds:** To disburse Trust funds to beneficiaries in a timely and accurate manner.
5. **Provide Statements and Reports:** To prepare and submit appropriate internal and external reports as required by law or regulation, and to provide financial information for management decisions, and inform beneficiaries of account activity, balances, holdings, and taxable income.
6. **Provide Reconciliation:** To provide checks and balances and integrity of financial data and accountability to beneficiaries and stakeholders.
7. **Audit Trust Funds:** To provide an annual audit of Trust financial statements and related information as required by statutes, in order to enhance the integrity of Trust service delivery.

As noted in Chapter 1, the specific Trust Strategic Goals and Objectives that relate to accounting management are as follows:

### **a) Strategic Goal 1 - Beneficiary Services**

Enhance and maintain a beneficiary focus of providing service to and maintaining communications with beneficiaries.

#### **Objective 1.1 Beneficiary Statements**

Routinely provide timely, accurate, understandable, and comprehensive statements to beneficiaries.

### **b) Strategic Goal 4 - Trust Fund Assets**

Manage trust fund assets consistently with legal and fiduciary responsibilities ensuring timely and productive use of the assets.



**Objective 4.1 Fund Assets Management**

Manage and invest fund assets to provide prudent rates of return, while considering the best interests of individual beneficiaries and Tribes.

**Objective 4.2 Collection, Disbursement, and Accounting of Funds**

Collect, disburse, and account for funds associated with trust assets accurately and on a timely basis.

**c) Strategic Goal 5 - Indian Self-Governance and Self-Determination**

Encourage and support compact and contract opportunities associated with trust management to promote Indian self-governance and self-determination.

**Objective 5.2 Technical Assistance**

Provide Indian Tribes with technical assistance to develop, implement, and manage Indian trust fund investment plans, in accordance with the American Indian Trust Fund Management Reform Act of 1994.

**d) Strategic Goal 6 - Administrative Services**

Develop, maintain, and coordinate administrative services to support the effective and efficient fulfillment of DOI trust management responsibilities.

**Objective 6.2 Accounting**

Develop and maintain accounting activities that are user friendly, integrated, provide necessary functionality, and contain appropriate interfaces to support effective and efficient trust management.

**Objective 6.6 Business Practices**

Develop and maintain business processes and practices that are based on professional standards that are complete, consistent, and reliable.

**Objective 6.7 Performance Measures**

Develop, maintain, and use clear performance measures to manage Trust operations and to assess performance.



#### **4.3.7.2 Maintain Accounts (AM.1)**

Starts with: Request to open a new account, reopen a closed account, update existing account information or status, or close an account.

Ends with: The opening of a new account, reopening a closed account, updating of existing account information or status, or closing of an account.

The two basic types of Trust accounts are Individual Indian Money (IIM) accounts and Tribal accounts. An IIM account is normally opened because of an inheritance, or Trust funds come to an individual from various sources, such as judgment awards, gift deeds, land leases or sales, rights of way payments, or Tribal Trust fund *per capita* disbursements.

Updates to IIM account information are made when any type of error is discovered, or the account holder notifies BIA or OST/OTFM of required changes. Account status may be changed from unrestricted to restricted, or vice versa, for a variety of reasons. Restrictions may be voluntary or involuntary. If an account is involuntarily restricted, no funds may be disbursed from it before the restriction is lifted unless approved by a BIA Agency Superintendent, Regional Director, or other authorized official.

An IIM account may be closed when it no longer receives recurring income, when a minor reaches the age of majority with no potential recurring income, when an estate is closed, or when a duplicate account is identified. IIM accounts are automatically closed after a 24-month time lapse with a zero balance and no activity.

Account maintenance is currently a labor-intensive process. Any BIA or OST/OTFM office, or Compacted/Contracted Tribe, may initiate account maintenance transactions; but Accounting Processing in OST/OTFM Central Office completes all transactions. The initiating office completes (or assists the account holder in completing) the required forms and documentation. Forms must be signed and dated by the account holder, and either notarized or witnessed by a DOI employee. Requests initiated by the BIA are forwarded to the nearest OST/OTFM office. The OST/OTFM office prepares a manual work ticket for each request, attaches appropriate forms and documentation, and faxes to Accounting Processing for completion. Accounting Processing processes all account maintenance transactions essentially the same way: Faxed transaction batches are received and logged by the Accounting Processing Control Desk and given to the Pre-Quality Assurance (Pre-QA) team to be reviewed for accuracy, appropriateness, and completeness of forms and documentation. Problems discovered by Pre-QA are either resolved with the originating office the same day or the "reject" is placed on hold. Approved transactions are sent to the Encoding team to be entered in TFAS, and then to the Post-Quality Assurance (Post-QA) team to be double-checked against the entry in TFAS. Problems discovered by the Post-QA team are given to the Issues team for research and resolution. The paperwork for completed transactions is returned to the Control Desk and logged. Documentation is sent to the OST Office of Trust Records (OTR) for storage.

#### **Tribal Accounts**

Tribes generally make account maintenance requests through the BIA. The BIA forwards requests to OST/OTFM Regional Office with a Superintendent's and/or Regional Director's signature. The OST/OTFM Regional Office prepares work tickets manually and faxes or forwards with appropriate documentation to the OST/OTFM Central Office for processing. The designated Tribal Accounts Manager reviews documentation and forwards to OST/OTFM Accounting Processing for completion similar to the IIM process described above.



**Events:**

**Open Account**

Request to establish an IIM account  
Request to establish a tribal account  
Notice of account event: e.g., judgment award, probate order, court order, gift deed, land lease or sale, right of way, supervised account, per capita disbursement, direct pay change

Request to create a restricted account for burial funds  
Request to create a special deposit account  
Regulation change (regarding eligibility for an account)  
Court order

Monies received from other government agencies for eligible Indians

**Update Account**

Returned correspondence or check  
Notice of change in account status  
Notice of change in account information  
Judgment Awards  
Direct Pay agreement (set up or revoke)  
Court orders  
Place or remove restrictions on accounts

**Close Account**

Notice of an account event: e.g., identification of duplicate account; account no longer receiving recurring income, minor reaching age of majority with no potential recurring income, land sale (leaving no other income-producing assets), estate closure, or close special deposit account  
24-month time lapse for inactive accounts with zero balance

**Inputs:**

**Open Account**

Probate Orders  
Name and date of birth  
IIM Account number  
Form OTFM 01-004  
Tribal enrollment or membership certificate  
Guardianship Order  
Kenny letter  
Request for Tribal Account  
Tribal Resolution  
Change Orders  
Land sales documents (deeds)  
Gift deed with life estate and "remaindermen"  
Use and Distribution Plan for Judgment accounts

**Update Account**

Account maintenance documentation (to update account information or correct errors)  
OTFM 01-005 Form  
OTFM 01-006 Form  
Distribution Plan  
BIA Memo  
BIA Permanent Authorization  
Kenny Letter  
Change Orders  
Documents from Probate process  
Documents from Title process

**Close Account**

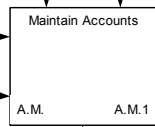
Request to close an account  
Documents from Probate process  
Request for total automatic payout of funds

**Obligations:**

Federal court orders  
25CFR 115  
25CFR 20  
General distribution plan and various acts of Congress (e.g. 47 and 73 Acts)  
25 CFR 15  
25 CFR 103  
43 CFR 4.270  
Claims against estate  
Escheat law

**Controls:**

GAAP  
Inter-Agency Handbook  
Desk Operating Procedures  
OTFM Numbered Memoranda  
BIA Policy Memoranda  
Numbered Interim Directives  
BIA Manual  
OTFM/BIA policies for assigning account numbers  
OTFM Trust Acceptance Committee  
Non-trust collection procedures  
Memorandum of Understanding  
Case files for Leasing and Rights of Way  
Unallotted Probate files



**Mechanisms:**

TFAS  
NXA-17 Interface. IRMS  
RDRS  
Strata Vision  
Internet (currently no Internet access)  
Lotus Notes Non-Trust  
Collections System/FFS  
Historical Query Data Base (Histran) SEI  
Histran under NX  
OTFM Accounting Processing  
Control Log Database

**Outputs:**

**Open Account**

New accounts  
Quarterly Statements  
Case File for Supervised Accounts  
IIM/tribal account holder files

**Update Account**

Changes to account information or status  
Kenny Letter  
**Close Account**  
Closed account  
Transferred/disbursed funds  
Check/payment for account balance

Figure 4.3.7- 2 Maintain Accounts IDEF (0)





## Beneficiary Involvement for Maintain Accounts

Beneficiaries can request a voluntary hold on their account if they need financial management assistance, or if they prefer to let income accumulate in their account.

Beneficiaries can request changes to account information, status or characteristics (voluntary holds). They provide demographic documentation, such as marriage certificates, divorce decrees, death certificates, name and date of birth, and Tribal enrollment, for changes in account characteristics.

Beneficiaries and/or guardians provide input into distribution planning for supervised accounts.

Adult beneficiaries receive Explanations of Payments and Quarterly Statements. They can close their account if they no longer have recurring income on trust assets.

## Maintain Accounts Significant Notes

- a) A birth certificate or Tribal enrollment or membership certificate is required to open an IIM account. An ongoing problem with this requirement is that beneficiaries born in the 1930's and earlier frequently do not have birth certificates. Obtaining a delayed birth certificate can be a lengthy process.
- b) Names on accounts of heirs of deceased IIM account holders must be an exact match with the names on the Probate Order. This requirement causes many problems with closing probated estates because name discrepancies are frequently encountered. Accounts may be set up in one name and in a different name on the Probate Order. Some of this may be due to cultural differences: BIA and OST/OTFM field staff report that some beneficiaries just take on a different name without legally changing it. Indians may have "traditional" marriages where there is no legal documentation. In some Tribes members have three names that are all legitimate. Adoptions can also be a problem (mother or father may have enrolled a person under one name and then they were adopted and the name was changed). Adoption records are sealed by court order. When OST/OTFM Offices submit transactions to distribute funds from estate accounts, they must submit all documentation to explain why names are different, or the transactions will be rejected. This is an ongoing problem that creates additional work and prolongs closing of estate accounts.
- c) Updates to account information or status must be notarized or signed by a DOI employee (in lieu of a Notary) and accompanied by appropriate documentation, such as verification of name change; "One and the Same" Memo, divorce decree, marriage license, birth certificate, W9 (tax ID number for tax on interest) Power of Attorney, court order (to establish a supervised account), or death certificate. The notarization requirement may be a problem in areas where beneficiaries don't have easy access to a BIA or OST/OTFM office, because many notaries charge as much as \$8-10 per page for their services. This is a special problem in Alaska, where Tribal villages are only accessible by airplane or boat, and frequently have no notary, or even a post office.
- d) When IIM account holder correspondence or checks are returned to OST/OTFM, the account is placed on "whereabouts unknown" status, which holds all correspondence and disbursements until the account holder provides current address information, or their location is otherwise identified.
- e) When IIM accounts are opened, the local OST/OTFM Agency or Regional Office sets up account holder files, which contain documentation such as Birth Certificate, Certificate of Degree of Indian Blood, copy of photo ID, Social Security Card, etc. However, OST/OTFM is required to





maintain only the current year and previous year's files. All others must be sent to the OST Office of Trust Records (OTR) for storage. If account maintenance is needed when two years have passed since the account was opened, OST/OTFM must again obtain copies of the same documentation from account holders, which delays the process and can anger beneficiaries. BIA and OST/OTFM field staff report that they are frequently requested to fax copies of the same documentation again and again for account maintenance requests.



### **4.3.7.3 Collect, Deposit and Post/Transfer Trust Funds (AM.2)**

Starts with: Receive trust funds.

Ends with: Deposit and post or transfer of Trust funds into appropriate accounts.

Trust funds are received from various sources; such as land leases or sales, payments for granting use of rights of way, judgment awards, inheritances, gift deeds, Tribal Trust fund *per capita* disbursements, or income on investments. Funds may be received at numerous locations throughout BIA or OST/OTFM offices.

BIA Agency and Regional Offices prepare and maintain contracts for land leases and sales. They may or may not send bills for payments due, and very few offices have any type of automated accounts receivable system. Payments for land leases and sales are generally received at BIA Agency and Regional Offices. (The collection and reconciliation process for these payments is documented in the Title, Surface, and Sub-Surface process areas). Payment checks are logged and delivered to the designated collection officer, which is usually a collateral duty assigned to a staff member. Copies of checks are given to the appropriate program office (such as Realty, Forestry, etc.). The program office must match each check with the appropriate lease or permit, and provide beneficiary distribution information to the designated collection officer. Some agencies maintain beneficiary distribution information in the Lease Distribution module of IRMS, which interfaces with TFAS. Others prepare the information manually. (See Significant Notes at the end of this section for more information on the complexity of this step.) The program office gives the distribution information and supporting documentation to the BIA collection officer, who prepares a Schedule of Collections and forwards to the nearest OST/OTFM Depositing Collector.

OST/OTFM Depositing Collectors are located at most Agencies or Regional Offices, depending on the region. The OST/OTFM collector verifies accuracy and appropriateness of checks and documentation and deposits checks into a General Treasury Account at a local bank authorized to accept federal deposits.

Funds are posted to beneficiaries' accounts through one or more of the following means:

- a) The interface files (created by BIA) are uploaded for posting to TFAS
- b) The OST/OTFM field staff enters information into Customer Strata Station (CSS) for posting to TFAS
- c) The OST/OTFM field staff creates manual work tickets and faxes to Accounting Processing in OST/OTFM Central Office for posting to TFAS

Accounting Processing reviews transactions for accuracy and appropriateness, and if cleared, approves for posting to TFAS. If a transaction is not cleared, Accounting Processing notifies the originating office of the errors to be corrected (e.g., dollar amount, account number, date). The originating office makes verbal corrections and re-faxes documentation with the corrections initialed.

The originating office verifies that funds were posted to appropriate accounts. If the originating office finds an error in TFAS, it sends correction information to the Accounting Processing Issues Team. The Issues Team makes the correction, and the originating office verifies that the error was corrected.



If funds do not post, the specific transactions are listed on the Daily Cash Reconciliation (DCR) report. The DCR also lists checks that didn't clear with the Treasury because the bank didn't make the posting deadline or experienced technical problems. When an item is on the DCR, OST/OTFM must provide an explanation to the Financial Trust Services Officer (FTSO) and the Field Operations Office in Shawnee, Oklahoma.

When Trust funds are received at the OST/OTFM Central Office in Albuquerque, the Branch of Accounting Services performs the same role as an OST/OTFM Regional Office in preparing deposits.

### **Funds Transfers**

When BIA originates transfers between accounts, journal vouchers are prepared to transfer funds between IIM accounts or BF 4285s for Tribal-to-Tribal transfers or Tribal-IIM transfers.

Appropriate backup documentation is attached and forwarded to OST/OTFM Agency/Regional Office. The OST/OTFM Office logs in mail log; checks documentation, verifies accounts, prepares and faxes work tickets to OST/OTFM Central Office. The originating OST/OTFM office checks TFAS the next day to verify that the transfer was posted.

### **Minerals Management Service (MMS) Collections**

1. The Payor submits payment to MMS for BIA including a reference to a specific Tribe or BIA office that administers allotted accounts with form MMS 2014 (Report of Sales and Royalty Remittance) and for invoices that are issued by MMS. Royalty payments are generally due on the last day of the month for the previous month's production. Payment for invoices are due within 35 days of the invoice date.
2. Payors have four options on how payment can be made:
  - a) Check via mail or courier
  - b) Wire to Federal Reserve Bank
  - c) Lockbox arrangement
  - d) Direct pay (MMS may never see payment to an individual or Tribe under a Direct Pay Lease)
3. The MMS/MRM Financial Management Division deposits checks to the Federal Reserve Bank and posts in a Treasury account. The next business morning, MMS fax receipt information to OST/OTFM along with SF-1081 voucher forms with deposit and distribution information, so OST/OTFM can record collections in interest bearing accounts.
4. The MMS/MRM Financial Management Division processes the MMS 2014 Royalty Remittance Report received from Payors (containing lease and royalty information) and performs computer edits to verify reference data, valid lease, production, and royalty rate, etc. Only one royalty report line needs to pass these computer edits to create an accounts receivable file for the entire royalty report in the MRM financial system.
5. The MMS/MRM financial system and the accounts receivable staff matches receivables with payments. The staff also follow up to resolve any discrepancies.
6. The MMS/MRM financial system accounts payable process creates the Indian Distribution File (with leases & amounts; fund codes), on CD the first three Wednesdays of each month, which is hand-carried to the National Business Center in Denver. The accounts payable team supervisor faxes a memo summary of the Financial Distribution Report for that day's



distribution file to BIA Regional and agency offices. The summary includes Indian allotted distribution totals for each regional and agency office.

7. The National Business Center uploads files to RDRS in the BIA Office of Information Resource Management (OIRM) in Reston, Virginia.
8. The OIRM combines the Indian Distribution File with the Interest Factor File from OST/OTFM Central Office.
9. The BIA Agencies or Regional offices reconcile the Financial Distribution Report from MMS to the Indian Distribution File from OIRM; then fax a form to OIRM to notify them when the file is reconciled.
10. Upon receipt of faxes from agencies, the OIRM releases the Indian Distribution File for posting to accounts, and sends one last fax to BIA offices to notify that distribution has been made.

Note: There is no automated reconciliation of the interface file from MMS to BIA.

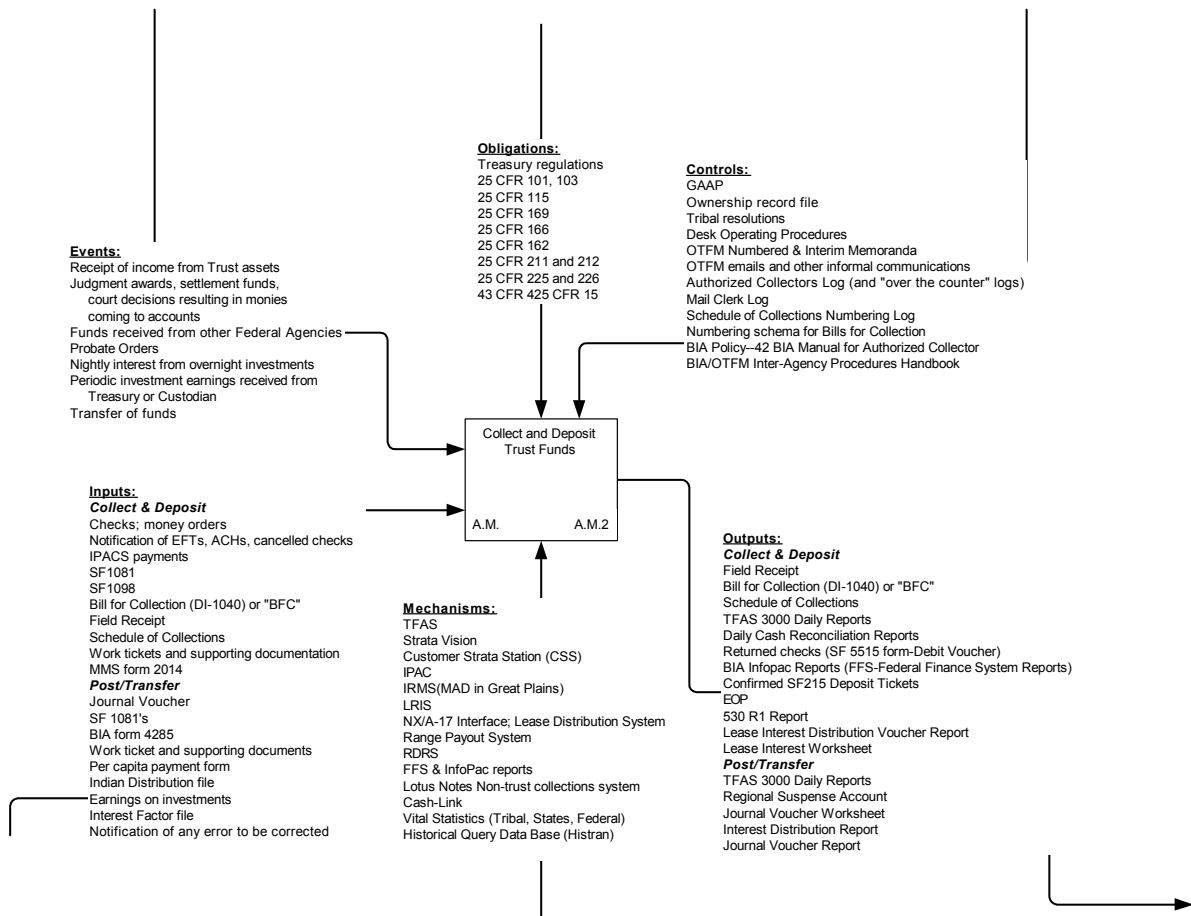


Figure 4.3.7- 3 Collect and Deposit Trust Funds IDEF (0)



## **Beneficiary Involvement for Collect, Deposit, and Post/Transfer Trust Funds**

Beneficiaries may call or come in to agency and regional offices with questions regarding their account status and/or when they will receive checks. Beneficiaries may voluntarily release funds for payment of various obligations, such as nursing home care.

Tribes develop Tribal Resolutions, Tribal Budgets, and Use and Distribution Plans that govern the use of their funds.

### **Collect, Deposit and Post/Transfer Trust Funds Significant Notes**

- a) Some Regions send bills for payments due on land leases and permits; others do not. Only a few agencies maintain their own accounts receivable. Compliance monitoring varies throughout each Region. In most Regions, Tribes and individual Indians have the option of setting up “Direct-Pay” arrangements, in which the lessee or permittee pays directly to the beneficiary—payments do not go through the Trust. Many beneficiaries choose Direct Pay because they will receive their money faster than money that goes through the Trust, as long as the payor pays on time. These direct payment arrangements do not relieve the DOI fiduciary responsibility to the beneficiary. Only a few Regions are currently monitoring Direct Pay compliance.
- b) Some Regions use Bills for Collection (BFC) as both bills for payments due and receipts for payments received, some Regions only issue BFC’s only as receipts, and others issue Field Receipts for payments received instead of Bills for Collection.
- c) As stated in the process description, some agencies maintain beneficiary distribution information in the Lease Distribution module of IRMS, which interfaces with TFAS. Others prepare the information manually. The process for either method is labor-intensive and complex. There may be hundreds or more than a thousand fractionated interest owners of a parcel of land, and these owners may change due to conveyances or ownership or financial interest during the period of a lease or permit, which runs at least five years. Due to multiple systems of record, all ownership records may not be correct. Certain incorrect entries in a Lease Distribution interface file may suspend an entire batch update because payments cannot post to TFAS until 100% of the dollar amount is balanced. Manually prepared distribution advice is posted account by account in OST/OTFM Central Office. In this scenario, only the incorrect transactions are rejected, but the amount of work necessary in the field to correct a rejected transaction may be two to three times that of the original.
- d) Significant complexity is added to this process due to the great number of lease modifications, which are made after the lease is signed. After approval, the lease files need to be updated so the receivable system is able to make adjustments accordingly so proper collections are made.



#### **4.3.7.4 Invest Trust Funds (AM.3)**

Starts with: Funds posted to accounts and invested.

Ends with: Investment earnings posted to accounts.

There are two basic types of investments used for both IIM and Tribal funds:

- “Overnighter” – Uninvested cash balances swept into Treasury overnight investments
- Government sponsored entities

##### **“Overnighter”**

IIM and Tribal funds are consolidated and “swept” twice daily by a program that takes all available uninvested cash and invests it in a Treasury “overnighter”, which results in a one day investment. The IIM portion of the consolidated investment is required by OST/OTFM policy to keep at least \$10 Million in reserve at all times to cover disbursements, and may reserve more, depending on economic conditions. In addition, Tribes may allocate a portion of their funds to keep in reserve to meet cash needs, and to serve as a receptacle for funds awaiting investment that earns daily interest.

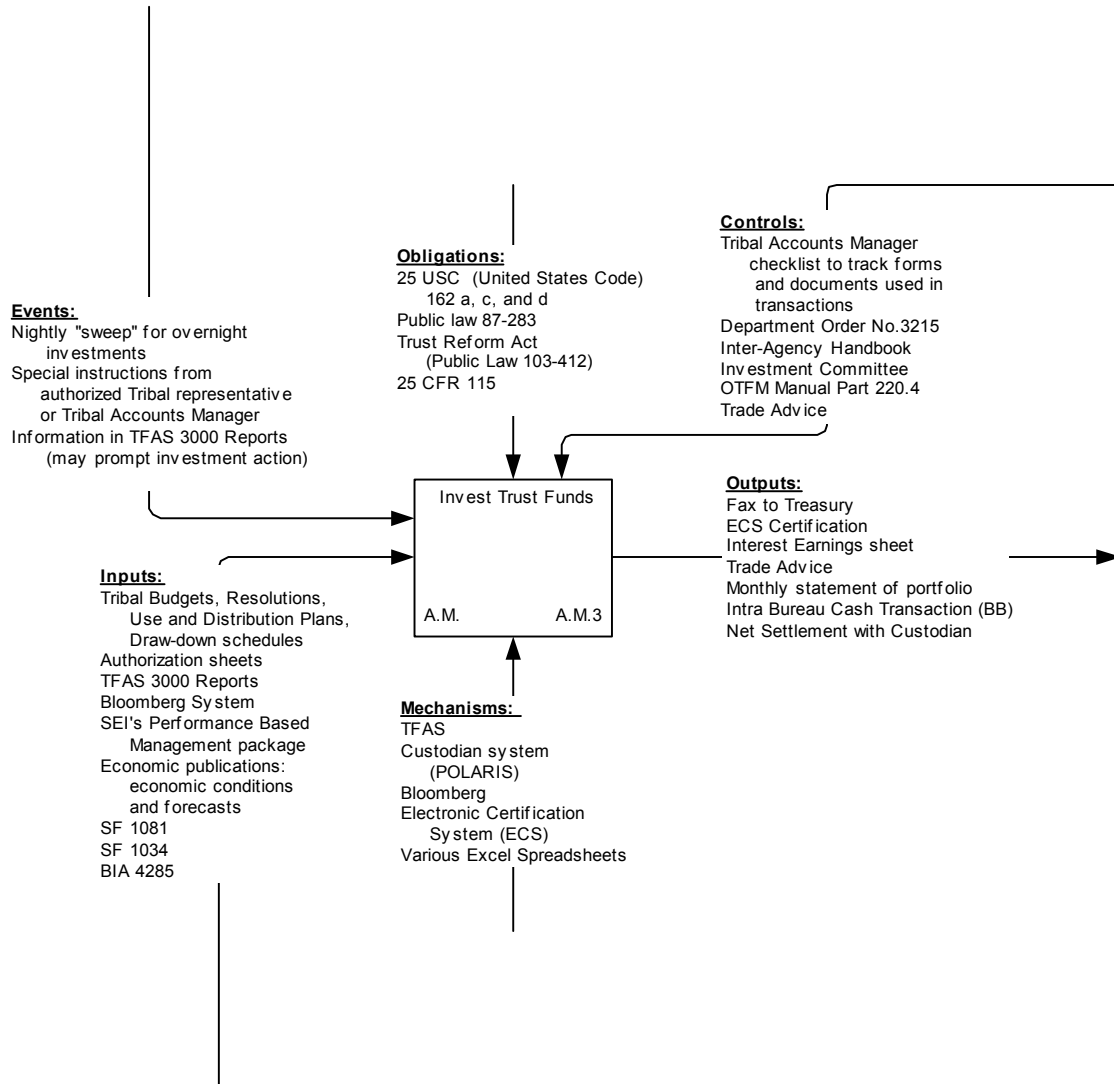
There are two daily sweeps of uninvested cash: 12:30 p.m. and 12:30 a.m. The amounts available are faxed to Treasury for investment. Treasury provides a daily overnight interest rate that is entered in TFAS to calculate and distribute daily earnings. OST/OTFM performs a manual verification of the interest and distribution.

Treasury transfers principal and interest back to OST/OTFM via Form SF 1081 stating how much money was transferred. TFAS automatically calculates interest per participating account and accrues for all invested funds.

##### **Government Sponsored Entities**

Tribes have the option of working with the OST/OTFM Branch of Tribal Accounts Management to review their plans and budgets, determine their cash needs, develop or update investment strategies to produce the income they need, and make sure cash is available when they need it.

The Division of Investments works with the Branch of Tribal Accounts Management and the Tribes to structure, manage, and develop Tribal portfolios. IIM funds and Tribal funds are treated as separate clients with unique profiles and investment objectives. Tribal Accounts Managers (TAMs) monitor Tribal accounts according to Tribal plans and budgets, make disbursements or re-invest earnings according to plans, or re-adjust according to Tribal preferences. Interest received from the investment in specific securities for either the IIM account or Tribal accounts is credited to the account when the interest payment is actually received.



**Figure 4.3.7- 4 Invest Trust Funds IDEF (0)**





## **Beneficiary Involvement for Invest Trust Funds**

Tribes work with Tribal Account Managers and Division of Investments to develop investment strategies and guidelines based on their financial objectives. Beneficiaries are not involved with the investment of the IIM account, which is done at the discretion of the OST/OTFM Division of Investments in accordance with applicable laws and regulations.

## **Invest Trust Funds Significant Notes**

- a) Investment of Trust funds is limited by law to fixed income Government and Agency securities and bank deposits as opposed to higher returns that could be generated from investment in corporate debt and equity obligations.



#### **4.3.7.5 Disburse Trust Funds (AM.4)**

Starts with: Auto-Pay threshold met or request for disbursement.

Ends with: Disburse funds.

Beneficiaries with unrestricted IIM accounts may set up an Auto-Pay arrangement, which automatically disburses any amount over a pre-determined threshold (usually \$15) to the beneficiary by check or direct deposit into a designated bank account. An unrestricted account holder may also choose to let income accumulate in his/her account by means of a voluntary hold on disbursements. In this case, the beneficiary must make a disbursement request to withdraw funds.

All minors, adults found to be *non-compos mentis*, or adults in need of financial management assistance, have restricted, or supervised IIM accounts. All supervised accounts must have an approved Distribution Plan in order for disbursements to be made. If an approved Distribution Plan is not already on file, one must be developed by BIA or Tribal Social Services and approved by the delegated BIA Line Official.

Accounts in the Probate process are also restricted pending closing of the estate and distribution to heirs. Family members of the decedent may request emergency release of funds for hardship prior to estate closure.

A BIA Agency or Regional Office or OST/OTFM Tribal Accounts Manager assists Tribes in the development of Tribal Resolutions and Tribal Budgets, which are required for Tribal Disbursements. When Tribes receive funds from settlements or judgment awards, they must develop a Use and Distribution Plan for the money, which must be approved by the Secretary of the Interior.

Process descriptions follow:

##### **Process Disbursement Requests (Unrestricted Accounts on Voluntary Hold)**

1. An Account holder goes to a Tribal office, BIA office, or OST/OTFM office to make a disbursement request, or sends a notarized form through mail.
  - a) The Tribal office verifies the source of funds and balance; assists account holder in completing necessary forms, and forwards to BIA or OST/OTFM office.
  - b) The BIA or OST/OTFM office verifies account and balance, determines whether account maintenance is necessary (e.g., name or address change) and assists account holder in completing necessary forms and assembling appropriate documentation.
2. The BIA office signs completed forms, and mails with any required documentation to OST/OTFM Agency/Regional office.
3. The OST/OTFM Agency/Regional office prepares work tickets and faxes with back-up documentation to OST/OTFM Accounting Processing in OST/OTFM Central Office.
4. The OST/OTFM Accounting Processing completes disbursement processing.
5. The OST/OTFM Agency/Regional Office verifies that disbursements were made correctly.



### **Process Disbursement Requests (Supervised Accounts)**

1. A Supervised Account Holder or guardian goes to a Tribal office, BIA office, or OST/OTFM office to make a disbursement request, or sends a notarized form through mail.
2. The BIA or OST/OTFM office checks the IIM Case File for all mandatory documents and the Guardianship Decree if minor is adopted or a ward of the court.
3. The BIA or OST/OTFM refers the account holder or guardian to BIA or Tribal Social Services for preparation of documents and recommended action to a delegated Line Official.
4. Social Services submits a completed Distribution Plan for the delegated Line Official's signature.
5. The BIA submits the request and documentation to OST/OTFM.
6. The request is then processed the same way as regular disbursement requests (see steps 3-5 above).

### **Disbursement Requests from Estate Accounts (Emergency Release of Funds)**

1. A family member makes written request for emergency release of funds for hardship (there must be at least \$2,500 in the account to release emergency funds, and the usual limit for funds released is \$1,000.)
2. The BIA issues a decision on the request. If approved, the Line Official signs the request and forwards to the OST/OTFM Agency/Regional office. If the request is for more than \$1,000, or if there is less than \$2,500 in the account, the beneficiary can make the request to an Administrative Law Judge (ALJ) who has the authority to make exceptions to the regulations.
3. OST/OTFM receives and processes the request.

### **Process Tribal Disbursement Requests**

1. The Tribe submits disbursement request to a BIA Agency/Regional Office and some Tribes send an advance or courtesy copy to the appropriate OST/OTFM Tribal Accounts Manager.
2. The BIA completes paperwork and sends to BIA Regional Director for approval (some agencies send an advance copy to OST/OTFM Regional). After approval, the Regional Director forwards to the OST/OTFM Regional Office, which reviews, signs, and forwards to the Tribal Accounts Manager in OST/OTFM Central Office.
3. The Tribal Accounts Manager reviews forms and documentation and forwards to OST/OTFM Accounting Processing for completion.

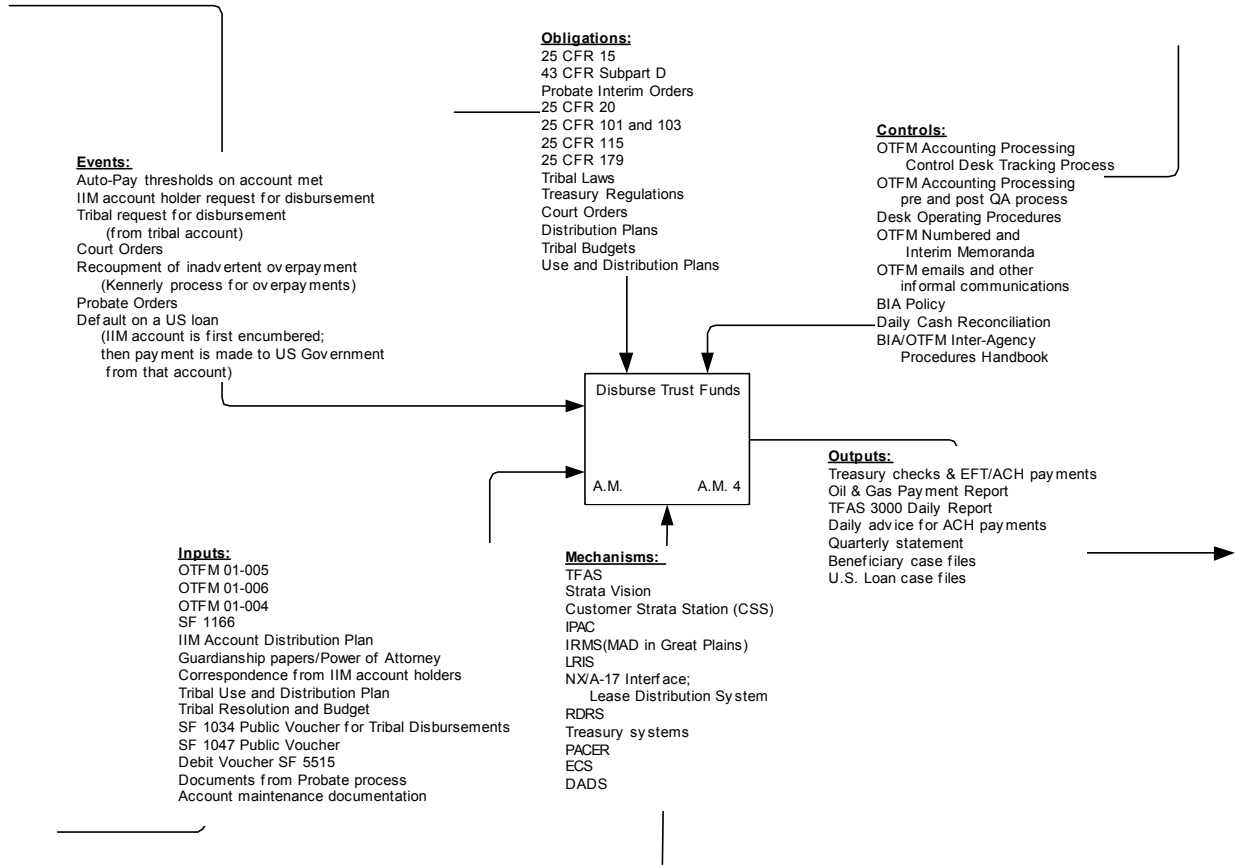


Figure 4.3.7- 5 Disburse Trust Funds IDEF (0)



## **Beneficiary Involvement for Disburse Trust Funds**

Beneficiaries participate in distribution planning; guardians also participate in Supervised Account Distribution Planning. Beneficiaries and Guardians make requests for disbursements. Beneficiaries may request release of funds to third parties for payments for various obligations such as doctors, nursing homes, etc.

Tribes develop Use and Distribution Plans and make disbursement requests in accordance with plans, resolutions, Tribal budgets and Tribal ordinances.

## **Disburse Trust Funds Significant Notes**

- a) If an account is in Whereabouts Unknown status, address information must be updated before a disbursement can be made. (As of September 30, 2002, there were 65,286 Whereabouts Unknown accounts out of a total of 303,392 IIM accounts.) If an account holder submits a disbursement request by mail without supplying updated address information, the receiving office may have no way to contact the requestor to let them know of the additional information needed.
- b) Processing time for disbursement requests from supervised accounts can be lengthy if all required documentation and signatures are not submitted to the OST/OTFM Accounting Processing with the request.



### 4.3.7.6 Provide Statements & Reports (AM.5)

Starts with: End of an accounting cycle, a management directive or a legal requirement.

Ends with: Produce statements and in-house management reports.

Monthly and annual Tribal account statements and quarterly IIM account statements are produced by TFAS and printed and mailed to account holders by a contractor. Federal tax compliance reports (e.g. 1099 forms) are prepared by the OST/OTFM Branch of Reporting from various internal and external databases and TFAS. When statements, checks, or other correspondence is returned due to incorrect address, OST/OTFM places the account in Whereabouts Unknown status, which automatically restricts the account and holds all correspondence until the account holder is located or provides a current address.

Standard transaction reports are also generated automatically by TFAS on a daily basis and are contained in the TFAS 3000 Daily Cash Reports.

The OST/OTFM Branch of Reporting develops a specific group of management reports with information extracted from TFAS. The information for these reports is formatted, reviewed for content and accuracy, and reconciled to TFAS. Completed reports are routed within the OST/OTFM Central Office, sent electronically, or mailed to other federal agencies or departments.

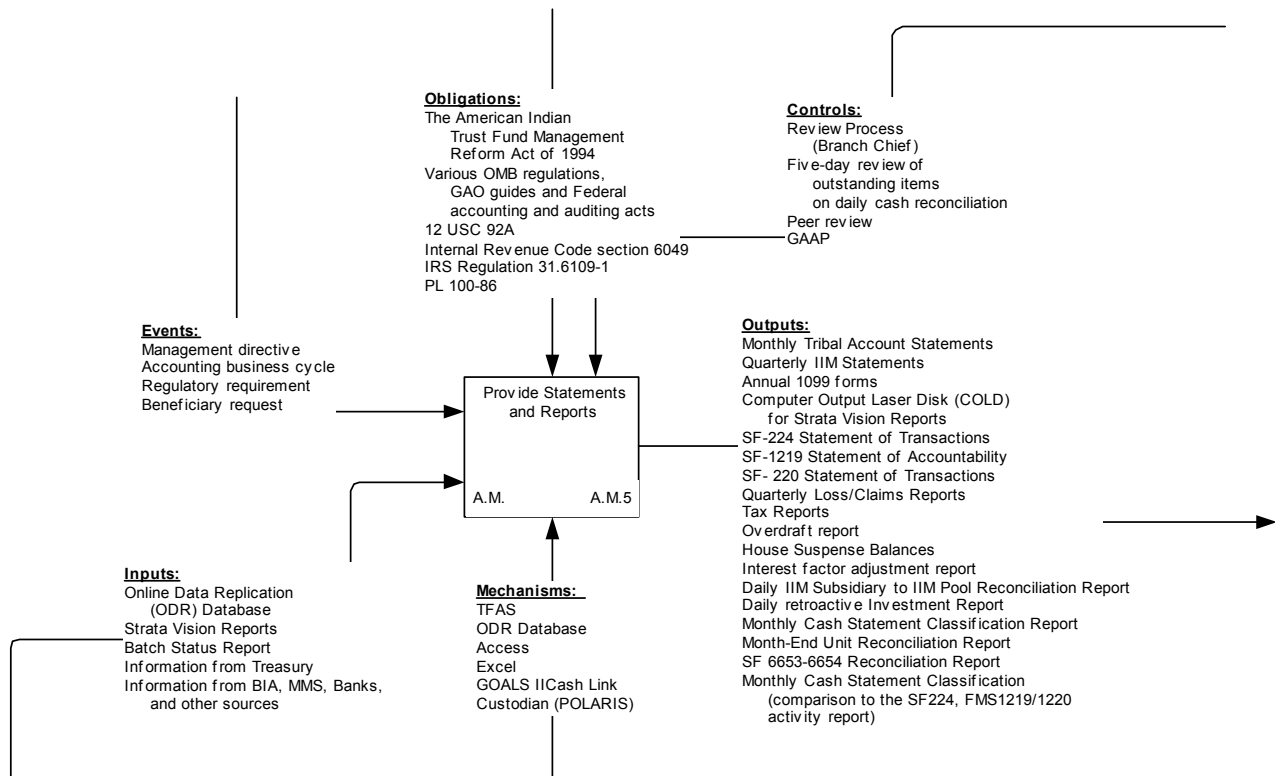


Figure 4.3.7- 6 Provide Statements and Reports



## **Beneficiary Involvement for Provide Statements & Reports**

Beneficiaries receive quarterly statements, referred to as a Statement of Performance, and 1099s for taxable income (if address on record is current).

### **Provide Statements & Reports Significant Notes**

- a) As of September 30, 2002, there were 65, 286 Whereabouts Unknown accounts with balances totaling \$79.5 million. There is a team in OST/OTFM Central Office dedicated to locating the owners of these accounts.
- b) There is no system that houses Trust data from beginning to end; TFAS does not have capabilities to generate the regular reports required by the U.S. Department of Treasury and OST/OTFM management. Producing these reports is labor-intensive and time-consuming.



### 4.3.7.7 Audit Trust Funds (AM.6)

Starts with: Signed contract with CPA firm for annual Financial Statements of American Indian Trust audit.

Ends with: Publication of annual Financial Statement and Related Reports by Office of Inspector General (OIG).

The Trust Reform Act of 1994 requires an annual audit of Trust funds. OST contracts an independent CPA firm to conduct the audit and give an opinion of the Financial Statements. The audit is conducted with OIG oversight, and OIG issues the final audited financial statements and reports. The annual audit process begins prior to the fiscal year end in September, with interim tests performed during the year. The auditors must adhere to the audit process and standards defined by GAGAS.

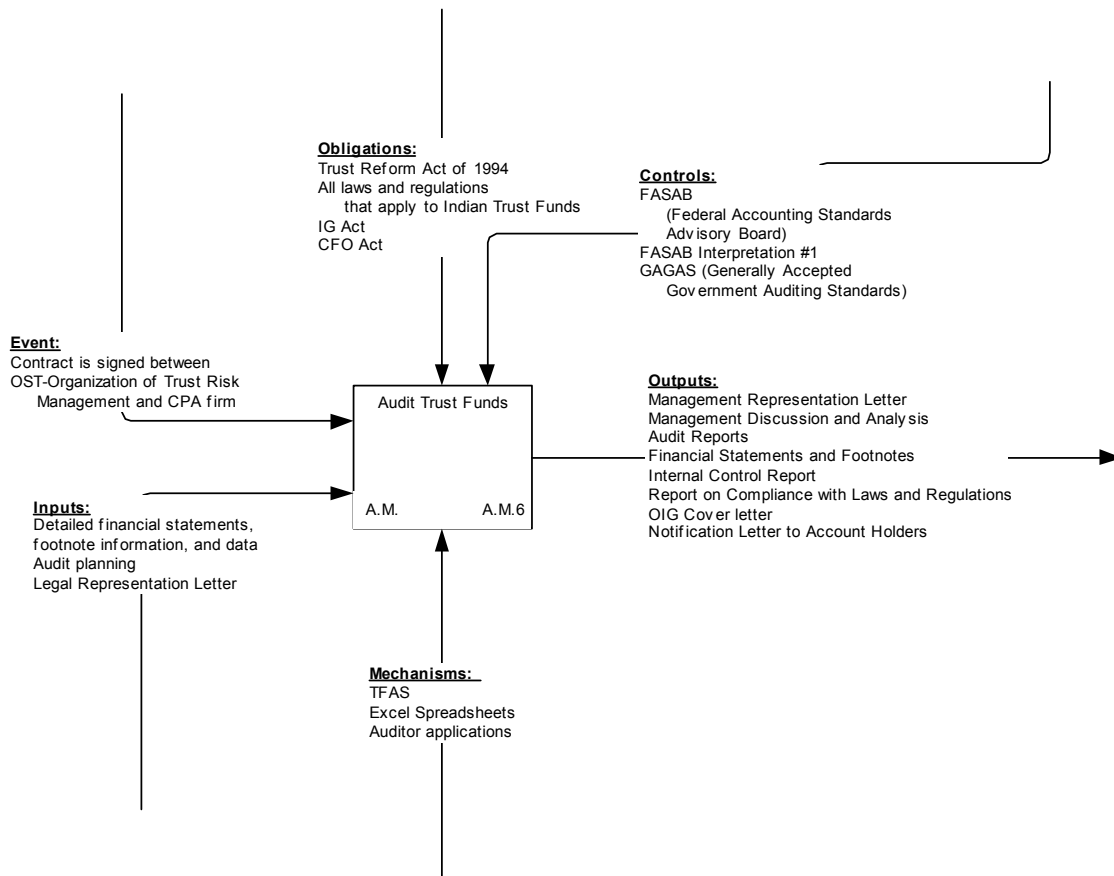


Figure 4.3.7- 7 Audit Trust Funds IDEF (0)



## **Beneficiary Involvement for Audit Trust Funds**

A letter is sent to the beneficiaries to notify them that the Audit Report has been issued and they can obtain a copy of this report by contacting the Office of Inspector General (OIG).

## **Audit Trust Funds Significant Notes**

- a) Audit is limited in scope to funds held in Trust that is accounted for in TFAS and does not encompass the resource income generating assets under BIA management or the processes surrounding the allocation of the amounts that are posted or interfaced into TFAS.



#### 4.3.7.9 Accounting Variance Tables by Region

The following variances are based upon the information provided by the participants at the work sessions. In many cases, participants did not represent all functional areas of the Indian Trust. Therefore, the variances are not necessarily all-inclusive and may represent the participants' perceptions of the functions being performed.

**Table 4.3.7- 1 Great Plains Region Accounting Variances**

Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
None						

**Table 4.3.7- 2 Midwest Region Accounting Variances**

Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
Midwest Region	Mechanism	Lease Distribution Interface file not used in Midwest Region.	Procedural	Distribution information for lease payments must be prepared manually.	High	Medium
Red Lake Field Office	Courts	Tribal Court may order restitution for damages from a minor's account. Tribal Social Services staff creates the necessary paperwork; package is approved by Regional Director and forwarded to OST/OTFM for disbursement of funds from minor's account.	Tribal Law	Additional workload.	Low	Major



**Table 4.3.7- 3 Eastern Region Accounting Variances**

Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
None						

**Table 4.3.7- 4 Alaska Region Accounting Variances**

Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
Alaska Region	Location	Tribes bypass the BIA and deal directly with OST/OTFM Regional Office for account maintenance and transactions.	Procedural	Minimal	Low	Major
Bristol Bay Native Association (a consortium of 32 Federally recognized Tribal Villages)	Organization	Tribes don't send bills for leases and permits; instead, they keep collection schedules for account obligations. Will send letters for lessees or permittees when accounts are in arrears; after four months of non-payment, will cancel the lease.	Procedural	Minimal	Low	Medium
Alaska Region	Location	Alaska Region has an exception to OST/OTFM Guaranteed Check policy.	Procedural	Minimal	Low	Major



**Table 4.3.7- 5 Northwest Region Accounting Variances**

Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
Fort Hall, Flathead, Yakama, Cherokee, Colville Agencies	Location	Make their own deposits (not OST/OTFM Regional).	Procedural	Depends on how effectively the local BIA office verifies diligence of collections.	Medium	Medium
Lummi and Flathead Tribes	Location	Do their own collections; make deposits with OST/OTFM. No BIA involvement.	Procedural	Depends on how effectively BIA verifies diligence of collections. BIA Collections Officer still provides collection reviews.	Medium	Medium
Northwest Region	Role	Regional Supervisory Trust Accountant does not supervise authorized collectors.	Procedural	Increased risk of errors.	Medium	Minor
Flathead Tribe	Location	Prepares its own disbursement requests and submits to OST/OTFM.	Procedural	Decreases BIA and OST/OTFM workload.	Low	Minor

**Table 4.3.7- 6 Eastern Oklahoma Region Accounting Variances**

Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
Osage Agency	Organization	No Social Worker at Osage (because 25 CFR part 117 does not apply); therefore, there are no Social Services Assessments; Superintendent manages Distribution Plans for supervised	Federal Law	May adversely affect beneficiary service.	Medium	Major



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
		accounts.				
Eastern Oklahoma Region	Location	Eastern Oklahoma does not have OST/OTFM Agency Field Offices. OST/OTFM has agency field offices in Pawhuska and Muskogee, OK	Procedural	Accounting transactions must be forwarded to OST/OTFM Regional Office.	Medium	Medium
Osage Agency	Organization	Osage submits account transactions directly to the OST/OTFM Field Office.	Procedural	Minimal	Low	Major
Osage Agency	Organization	Osage opens IIM accounts for “head right owners” (Osage Tribe owns all sub-surface mineral rights and grants “head right shares”—fractional interests—to enrolled members.	Tribal Law	Minimal	Low	Major
Osage Agency	Mechanism	IIM Account numbers are derived from Annuity file numbers.	Procedural	Minimal	Low	Major
Osage Agency	Mechanism	Annuity Data Base—Annuity feeds Trust: Every annuitant doesn’t have an IIM account (Osage Only). Contains statistics, head right shares, SS#,s, dates of birth, life estates, life interests.	Procedural	Minimal	Low	Major
Osage Agency	Mechanism	Lake Fund System—System that houses estate accounts (settlements in which principal amount remains and interest	Procedural	Minimal	Low	Major



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
		payments are made to heirs who were not named by decedents with an interest in the settlement).				
Osage Agency	Mechanism	Land Management System—Collects and identifies changes made in Osage annuity and updates in realty and Lake funds.	Procedural	Minimal	Low	Major
Cherokee and Choctaw Tribes	Organization	The Cherokee and Choctaw Tribes collect funds and OST/OTFM deposits.	Procedural	Minimal	Low	Major
Osage Agency	Contribution	Collects and deposits their own funds.	Procedural	Minimal	Low	Major
Osage Agency	Mechanism	Uses Osage Minerals Accounting System instead of MMS.	Procedural	Minimal	Low	Major
Osage Agency	Organization	Osage sends letters to lessees to inform of payments due.	Procedural	Minimal	Low	Major
Osage Agency	Mechanism	Osage Minerals Accounting System provides daily transaction reports (in place of TFAS 3000 Reports).	Procedural	Minimal	Low	Major
Osage Agency	Mechanism	IRMS, LRIS, RDRS, and NX/A-17 Interface not used at Osage; Land Management Program used instead.	Procedural	Minimal Certificates of Competency	Low	Major
Eastern Oklahoma Region	Mechanism	Doesn't use Lease Distribution System.	Procedural	Lease distribution information is manually	Major	Medium





Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
				prepared (labor-intensive).		
Eastern Oklahoma Region & Osage Agency	Role	Field Solicitor can order disbursements from estate accounts; uses Field Solicitor's Memo.	Procedural	Minimal	Low	Minor
Osage Agency	Organization	Doesn't use auto-pay arrangements for disbursements.	Procedural	Minimal	Low	Major
Osage Agency	Mechanism	Lake Funds Interface File—input to disbursements.	Procedural	Minimal	Low	Major
Osage Agency	Mechanism	Lake Funds—Osage Annuity System for quarterly annuity payments, semi-annual Lake Fund payments.	Procedural	Minimal	Low	Major
Eastern Oklahoma Region	Role	Eastern Oklahoma uses OST/OTFM Financial Trust Operations Specialists instead of Accounting Technicians.	Procedural	Higher grade for staff with greater skills and experience.	Low	Minor

**Table 4.3.7- 7 Southern Plains Region Accounting Variances**

Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
None						



**Table 4.3.7- 8 Rocky Mountain Region Accounting Variances**

Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
Rocky Mountain Region	Location	Rocky Mountain deposits land lease collections into special deposit accounts and then encodes distribution information into Lease Distribution System for posting to appropriate accounts. They do this because all leases come due at the same time and ownership issues have to be researched; sometimes accounts have to be opened.	Procedural	Labor-intensive and tedious work; requires concentration; but agency staff members are doing this while receiving constant interruptions from beneficiaries regarding status of their lease payments.	Major	Medium
Rocky Mountain Region	Organization	OST/OTFM Makes deposits for non-trust assets (on split checks) and faxes supporting documentation to DAM.	Procedural	Minimal	Low	Medium
Rocky Mountain Region	Mechanism	Agency/Regional Collection Program: MS Access database to support collections process used in RM Region. Includes bill, dollar amount, payor, and payee.	Procedural	Facilitates collection process.	Medium	Medium
Rocky Mountain Region	Mechanism	OST/OTFM has no online access to IRMS reports generated from lease distribution interface (Lease Interest JV, Lease Interest Worksheet, Lease Distribution Voucher, Range Payout Voucher) uses hard copies.	Procedural	More time-consuming to refer to hard copy reports.	Medium	Medium



**Table 4.3.7- 9 Navajo Region Accounting Variances**

Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
Navajo Region	Organization	Tribal enrollment functions are contracted to Tribes. Tribes verify enrollments, names, and CIBs, but normally don't get involved with individual accounts.	Procedural	Distributes workload of verifying enrollments for eligibility for IIM accounts.	Medium	Major
Navajo Region	Organization	Navajo Nation doesn't make <i>per capita</i> disbursements.	Procedural	Because Navajo Nation doesn't make <i>per capita</i> payments, it can't help with "whereabouts unknown" issues.	High	Major
Navajo Region	Organization	Direct Pay Agreements are only used for Tribal Accounts in Navajo Region.	Procedural	Lowers risk of direct-pay non-compliance to individuals.	Medium	Major
Navajo Region	Organization	Bills for Collection are not sent to lessees/permittees in Navajo Region. Terms of leases/permits specify when payments are due. Letters are sometimes sent to collect funds for Trespass and Damages. Permits run five years, and leases usually run longer. Agencies are supposed to monitor compliance.	Procedural	This is sometimes a problem because companies don't pay on time, and there is no penalty.	Medium	Medium
Eastern Navajo Agency	Location	Individual allotments, Tribal land, State land, and Federal land are commingled in grazing permits. Payments are allowed to	Procedural	Minimal	Low	Medium



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
		accumulate in a special deposit account up to \$36,000, then distributions and disbursements are made to IIM account holders. Payments are allowed to accumulate again for each of the remaining three categories of land; then distributions and disbursements are made.				
Navajo Region	Role	Office Automation Specialist (Grazing) performs role similar to Program specialists and clerks (Realty, Forestry, etc.).	Procedural	Minimal	Low	Minor
Navajo Region	Location	No OST/OTFM Agencies exist in Navajo Region.	Procedural	Collections must be hand-carried or mailed to OST/OTFM Regional Office; taking hours of driving time or days through the mail.	High	Major
Navajo Region	Mechanism	Navajo Region doesn't have Strata Vision.	Procedural	Decreases availability of TFAS Daily Reports.	High	Medium
Navajo Region	Mechanism	TFAS 3000 Daily Reports are available to OST/OTFM but not BIA.	Procedural	Impairs BIA in answering account inquiries; verifying transactions.	High	Medium



**Table 4.3.7- 10 Southwest Region Accounting Variances**

Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
Laguna Pueblo, Jicarilla Apache Nation, Southern Ute Tribe, Ute Mountain Tribe	Organization	Tribes control their own collections and funds due to Memoranda of Understanding put into place prior to Public Law 103412; may have lock-box arrangements with local banks to collect money on Tribes' behalf.	Federal Law	Depends on how effectively the local BIA office verifies diligence of collections.	Medium	Major
Southwest Region	Role	Social Workers prepare account maintenance requests for supervised IIM accounts; similar to role of BIA program staff with respect to account maintenance..	Procedural	Minimal	Low	Minor
Southwest Region	Location	BIA Regional Office doesn't deal with IIM accounts, only with Tribal Trust Accounts.	Procedural	Minimal	Low	Medium

**Table 4.3.7- 11 Western Region Accounting Variances**

Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
Fort Yuma, Colorado River, and Salt River Agencies	Location	Lessees pay landowners directly; funds don't go through Trust. BIA agencies send Bills for Collection to lessees. Lessees pay landowners directly and send proof of payment to BIA. The	Procedural	Decreases workload for BIA agencies; business impact to landowners depends on how effectively BIA verifies payments.	Medium	Medium



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
		only Trust accounts are for minors, “whereabouts unknown,” or supervised adults.				
Western Region	Mechanism	Use of Lease Distribution system varies from agency to agency in Western Region; Fort Yuma and Colorado River Agencies are about 70% direct pay.	Procedural	Decreases workload for BIA agencies; business impact to landowners depends on how effectively BIA verifies payments.	Medium	Medium
Western Region	Location	Western Region has OST/OTFM Agency collection officers; agencies submit accounting transactions directly to OST/OTFM Central Office (bypassing Regional).	Procedural	Improves beneficiary service, expedites deposits and account maintenance transactions.	High	Medium
Fort Yuma Agency	Mechanism	Direct Lease Payment Billing System—Sends invoices to lessees/permittees who pay directly to account holders and tracks receivables; Invoices list account numbers, person’s name, amount due. Includes confirmation section to be returned to agency for verification of payment to account holder.	Procedural	May be a best practice.	High	Medium
Fort Yuma Agency	Role	Administrative Assistant prepares regular disbursement requests (usually prepared by program office staff).	Procedural	Decreases workload of program staff.	Medium	Minor



**Table 4.3.7- 12 Pacific Region Accounting Variances**

<b>Areas Affected by the Variance</b>	<b>Category</b>	<b>Variance Description</b>	<b>Reason for Variance</b>	<b>Business Impact</b>	<b>Degree of Business Impact</b>	<b>Difficulty of Change</b>
Northern California Field Office	Mechanism	NX/A-17 Interface; Lease Distribution System is used for Tribal <i>per capita</i> distribution; not for lease distribution.	Procedural	Minimal	Low	Medium
Pacific Region	Mechanism	Royalty Distribution Reporting System (for updating ownership) not used.	Procedural	Minimal	Low	Medium
Palm Springs Field Office	Mechanisms	About 70% of leases are paid on a monthly basis; they have a PC Lease Distribution system that prints out Field Receipts and payment coupons; checks go to Bank of America lock-box in San Francisco. OST/OTFM Agency Collection Officer gets copies of checks, payment coupons, and a listing and deposit ticket of what was deposited from bank. Payment coupons provide IIM account number to which funds should be posted. OST/OTFM Agency staff uses that information to make a schedule of collections and post to CSS, then fax to Albuquerque.); “Lease Compliance” positions in BIA Realty Office monitor payments.	Procedural	May be a best practice.	High	Major
Pacific Region	Organization	BIA Branch of Tribal Operations	Procedural	Minimal	Low	Minor





Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
		issues IRMS ID numbers for IIM accounts in Pacific Region.				
Hoopa Tribe	Organization	Hoopa Forestry Office prepares Bill of Collections information and submits to BIA. BIA prepares actual Bill of Collections and sends to buyer. Buyer pays by wire transfer, and Tribe transfers funds to OST/OTFM. Funds go into Tribal accounts or to individual allotments, depending on circumstances.	Procedural	Minimal	Low	Major
Palm Springs Field Office	Role	OST/OTFM Agency staff prepares schedule of collections for submission to Regional OST/OTFM office (instead of BIA Collection Officer).	Procedural	Decreases BIA workload.	Medium	Medium
Pacific Region	Organization	OST/OTFM Regional Office has a waiver on faxing confirmed SF 215 Deposit Tickets to OTFM Central with deposit and posting information, because they receive by mail from Bank of America.	Procedural	Minimal	Low	Medium
Pacific Region	Mechanism	Does not have Vital Statistics (Tribal, States, Federal)	Procedural	May affect account maintenance and level of beneficiary service.	Medium	Medium
Pacific Region	Mechanism	Historical Query Data Base (Histran) is not available to	Procedural	May affect account maintenance and level of	Medium	Medium



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
		everyone.		beneficiary service.		
Palm Springs Agency	Mechanism	Correspondence Tracking System—Used to track checks.	Procedural	Provides quality assurance and quality control for collection and deposit process.	High	Medium
Pacific Region	Role	Social Services exists at BIA Region only.	Procedural	May adversely affect beneficiary service.	Medium	Medium
Pacific Region	Organization	Due to OST/OTFM Agency presence in Pacific Region, BIA refers all IIM account inquiries and transactions to OST/OTFM.	Procedural	Decreases BIA workload and improves beneficiary service.	Medium	Medium