# CHAPTER 3. IMPROVING FINANCIAL MANAGEMENT SYSTEMS

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), which was developed and is being maintained and enhanced by the Bureau of Reclamation's Denver Administrative Service Center. By the end of FY 1998, seven of nine Interior bureaus and the Social Security Administration will have implemented FPPS, and, by the end of the first quarter of FY 1999, all Interior and external client agencies will have successfully implemented the new system.

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 transaction volume. The remaining three smaller bureaus did not migrate to FFS because the anticipated costs of migration at the time were 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.

Increasingly, the Department is becoming reliant on technology as the enabling agent for streamlining underlying financial and administrative processes, and improving the efficiency of transaction processing. Beginning in FY 1999, the Department will aggressively implement its "SmartPay" integrated charge card program in all bureaus to: outsource transaction processing to NationsBank; provide web-based access for transaction information to more than 40,000 cardholders; automate the reconciliation process for centrally-billed transportation accounts; develop an automated interface for credit card transactions to the Department's accounting systems; and create the next generation of management controls by using electronic reporting to provide a higher level of oversight over individual transactions than has heretofore been possible.

In FY 1999, the Department will also complete the implementation of the Interior Department Electronic Acquisition System (IDEAS), a standard, automated procurement system.

This system automates the acquisition process in requisitioning, contracting, purchasing, and contract administration.

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 management, printing, property management and other administrative support to selected departmental offices. The Department has decided to merge these three ASCs into a single ASC structure. This merger, which will be completed in FY 1999, of expertise and resources is aimed at achieving greater Department-wide standardization and uniformity in providing administrative support services, improving operations and customer services, reducing administrative costs, and fostering the opportunity for expanding the customer base.

## 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 financial 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; (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 3-1*, 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 3-2*. To achieve this architecture, the Department will continue to work toward completing nine major financial management systems improvement efforts: (1) enhancing current Core accounting systems; (2) developing a long term financial management systems migration strategy; (3) implementing FPPS; (4) implementing a Decision Support System/Executive Information System (DSS/EIS); (5) implementing a Department-wide Procurement System (IDEAS); (6) maximizing opportunities for utilizing Electronic Commerce (EC) and other Electronic Data Interchange (EDI)

18

*Exhibit 3-1*

# Department of the Interior
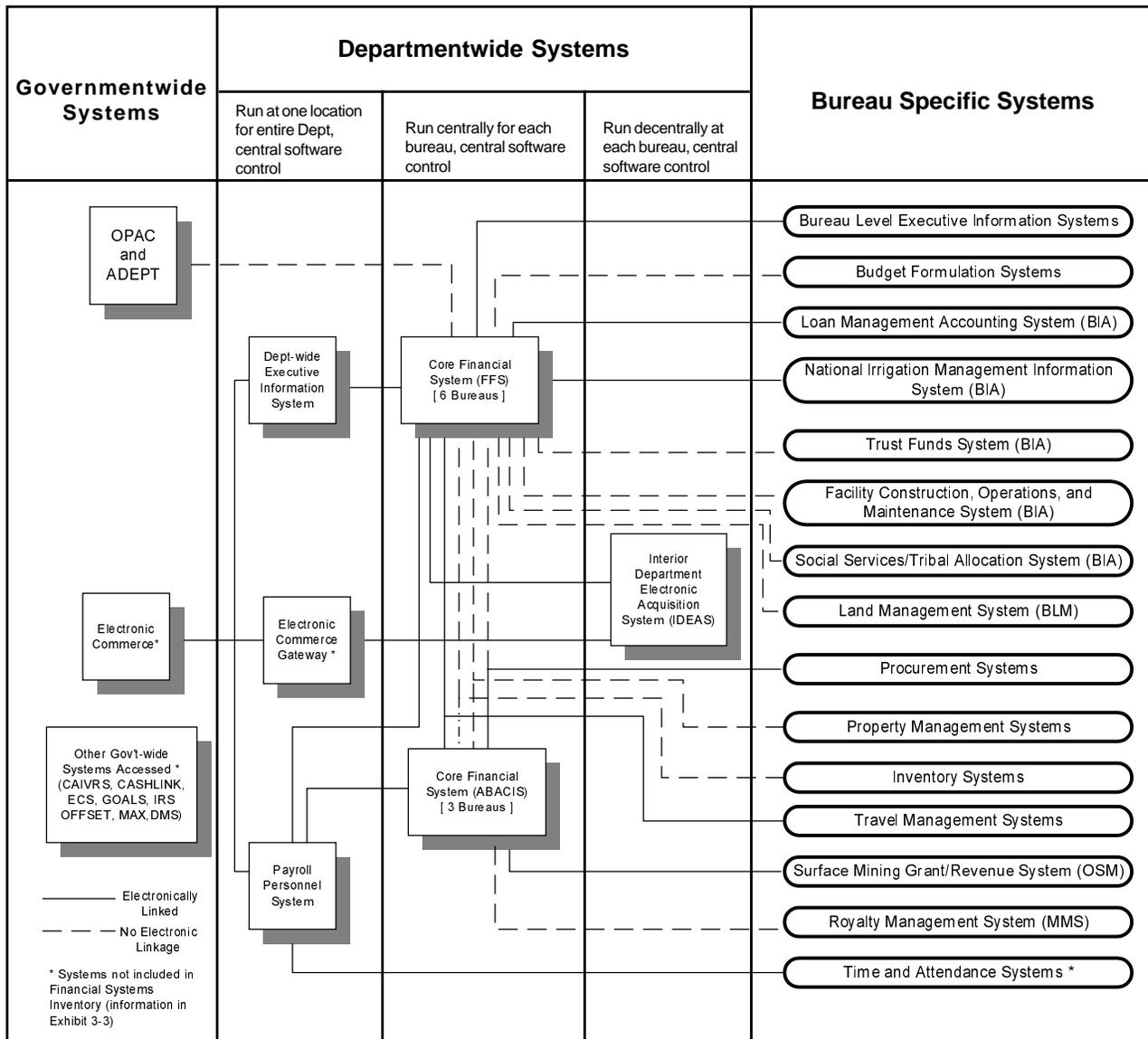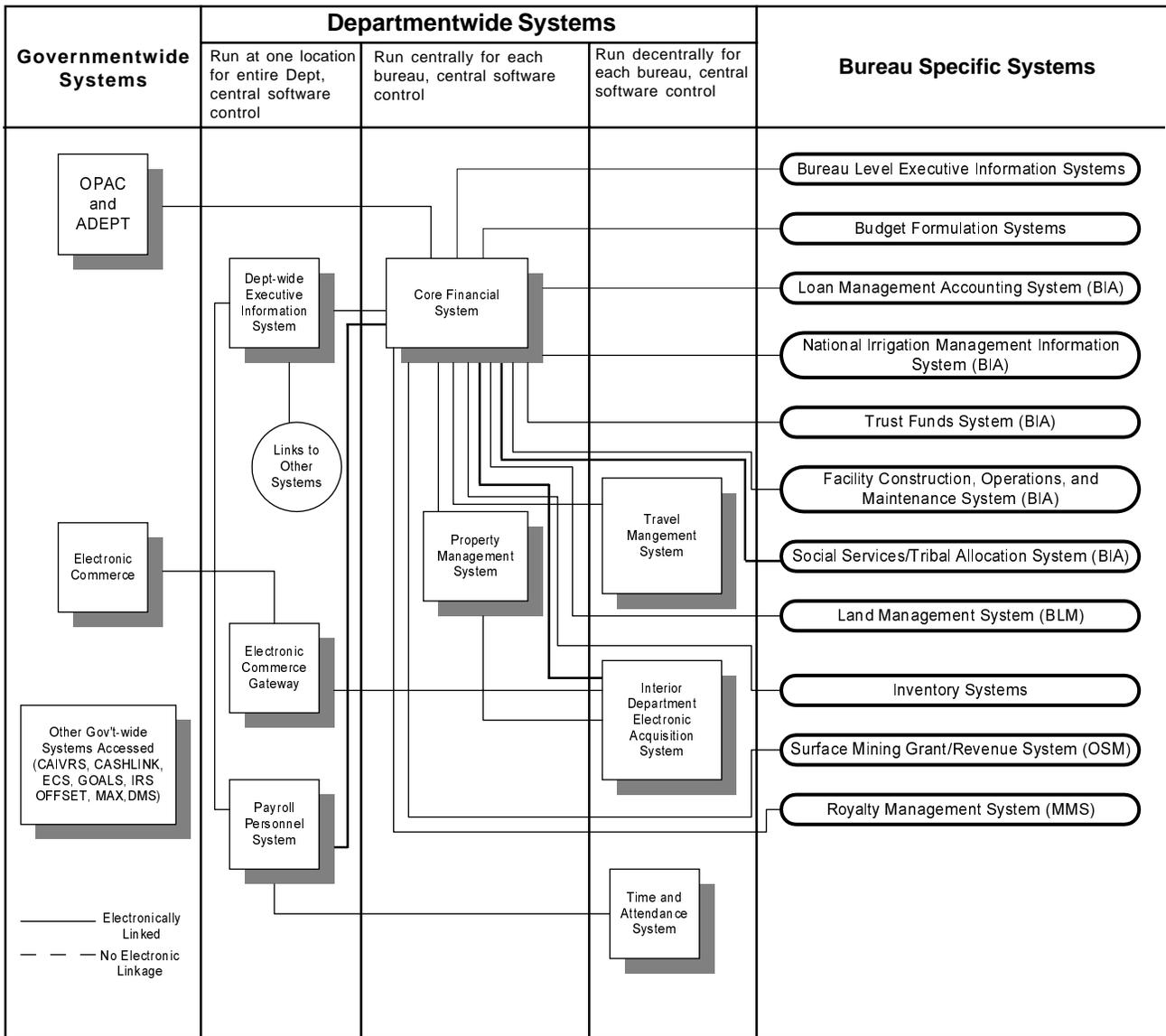# Financial Management Systems - Current Environment

| Governmentwide Systems | Departmentwide Systems | | | Bureau Specific Systems |
|---|---|---|---|---|
| | Run at one location for entire Dept, central software control | Run centrally for each bureau, central software control | Run decentrally at each bureau, central software control | |

OPAC and ADEPT

Dept-wide Executive Information System

Core Financial System (FFS) [ 6 Bureaus ]

Interior Department Electronic Acquisition System (IDEAS)

Electronic Commerce*

Electronic Commerce Gateway *

Other Gov't-wide Systems Accessed * (CAIVRS, CASHLINK, ECS, GOALS, IRS OFFSET, MAX, DMS)

Core Financial System (ABACIS) [ 3 Bureaus ]

Payroll Personnel System

———— Electronically Linked

— — — No Electronic Linkage

* Systems not included in Financial Systems Inventory (information in Exhibit 3-3)

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

Surface Mining Grant/Revenue System (OSM)

Royalty Management System (MMS)

Time and Attendance Systems *

19

*Exhibit 3-2*

# Department of the Interior
## Financial Management Systems - Target Environment

| Governmentwide Systems | Departmentwide Systems | | | Bureau Specific Systems |
|---|---|---|---|---|
| | Run at one location for entire Dept, central software control | Run centrally for each bureau, central software control | Run decentrally for each bureau, central software control | |

OPAC and ADEPT

Dept-wide Executive Information System

Core Financial System

Links to Other Systems

Electronic Commerce

Electronic Commerce Gateway

Property Management System

Travel Mangement System

Other Gov't-wide Systems Accessed (CAIVRS, CASHLINK, ECS, GOALS, IRS OFFSET, MAX, DMS)

Payroll Personnel System

Interior Department Electronic Acquisition System

Time and Attendance System

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)

———— Electronically Linked

— — — No Electronic Linkage

*Exhibit 3-3*

# Department of the Interior
# Financial Management Systems Supporting Exhibit 3-1
# System/Applications

## DEPARTMENT-WIDE SYSTEMS

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

**Payroll Personnel System**
- Federal Personnel/Payroll (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/offices)

**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 Information 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)
- Budget Formulation System (NPS)

**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 Asset Subsystem (BIA, BLM, GS)
- Real Property (BLM)
- 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)
- Inventory Subsystem (GS)

**Travel Management System**
- 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

applications; (7) improving property systems; (8) improving the Indian Trust Funds systems; and (9) Royalty Management Program Reengineering Initiative.

## Enhancing Current Core Accounting Systems

In FY 1998, the Interior bureaus developed and implemented software changes to FFS that made this system Year 2000 compliant. As a integral part of this effort, Interior also developed and implemented an automated FFS table clearing process to archive prior year "closed" records/tables to reduce the size of the operating files, thus streamlining nightly operations and saving online storage space.

### Planned Actions for 1999, 2000, and Beyond

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

• Investigate the feasibility of creating a FFS reporting data base using a data base management system similar to those being piloted in USGS, BLM and OSM.

• Interface finance systems with IDEAS.

## Developing a Long Term Financial Management Systems Migration Strategy

In February 1998, the Interior Chief Financial Officers (CFO) Council established the Financial Management Systems Migration Steering Committee, which is composed of bureau CFOs/deputy CFOs and chaired by the Departmental Deputy CFO. The purpose of establishing the Steering Committee was to provide for senior level leadership in the planning, acquisition, and implementation of replacements for existing Interior financial management systems. An integrated approach to systems replacement is greatly needed since certain of the Department's financial management systems must be replaced within the next few years. For example, both of the Department's core accounting systems (FFS and ABACIS) are nearing the end of their useful lives. FFS is a mainframe system based on outdated technology that was first implemented in Interior in October 1988. The FFS vendor has already developed and is marketing its new generation of core accounting system software, and will eventually discontinue support of the old version of FFS. Consequently, Interior must replace FFS with a system that complies with a contemporary "open system architecture" environment within the next five or so years. The development of a migration strategy will ensure that any new replacement systems adhere to the Department's information systems architecture and allows for full integration among the Department's financial management systems.

The Steering Committee has developed a recommendations document and has presented the document to the Interior CFO Council for approval. In this document, the Steering Committee recommends that the Department engage in a coordinated cross-functional financial management streamlining effort that encompasses the following business functions: budget

formulation and execution; personnel and payroll management; acquisition, receipt, accounting, maintenance, and disposition of property and services; managerial cost accounting; and travel management. This effort would provide the basis for developing comprehensive requirements for an integrated financial management system within an Interior information systems architecture following the Joint Financial Management Improvement Program's "*Framework for Federal Financial Management Systems*".

This migration effort would involve a Department-sanctioned project to conduct streamlining of each of the key financial management business functions before the acquisition of replacement financial management system modules to support these functions. This would involve cross-functional teams that would assess each process and identify both process improvements and outline the data used in each process; the information required by each process; and the system requirements to support the streamlined processes. This migration project would form the basis for a system architecture to support financial management functions and executive information into the future. Following the streamlining efforts, the migration effort would replace existing system modules within the defined architecture on a schedule determined by the Departmental CFO.

### *Planned Actions for 1999*

- Develop a long term strategic plan for the migration to an integrated financial management system for the Department. This effort would establish the proper strategy for upgrading/replacing the existing financial management systems within the Department and provide the justification for the system migration efforts under "Raines Rules" and the Information Technology Management Reform Act (ITMRA). This effort would be led by the Steering Committee.

The pace of the efforts to migrate to an integrated financial management system is dependent on obtaining necessary resources.

### *Planned Actions for 2000 and Beyond*

- Carry out the migration strategy established to replace existing financial management systems within an integrated information technology architecture.

## Implementing the New Federal Personnel Payroll System

Prior to FY 1997, the Department operated and maintained a payroll/personnel system, called PAY/PERS, for all of Interior, as well as seven other government agencies. An ongoing development effort to replace PAY/PERS with a new system called FPPS (Federal Personnel/Payroll System) will be completed by the end of calendar 1998.

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 is considered to be one of the most advanced personnel/payroll systems in the Federal government today.

Seven of nine bureaus of the Department will have been converted to FPPS by the end of FY 1998. 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. Recent growth in new clients for payroll personnel services has more than doubled the customer base of the old PAY/PERS system. Many new agencies (including the Social Security Administration with approximately 67,000 accounts) have already been successfully converted to FPPS. The implementation of all existing Interior and external agency clients to FPPS will be completed in the first quarter of FY 1999.

### Planned Actions for 1999

- Implementation of the remaining client agencies (Interior and non-Interior) will continue on a client by client basis through the first quarter of FY 1999. 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.

- Analyze the results of the independent FPPS assessment currently being performed by Booze-Allen and Hamilton and develop a strategy for implementing the study recommendations.

### Planned Actions for 2000 and Beyond

- Continue implementation of new FPPS clients.

- Complete deferred system enhancements.

- Evaluate other enhancements, including customer-friendly interfaces.

## Implementing a Decision Support System/Executive Information System

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. Interior has not had a DSS/EIS to provide executives with various views of financial information. In September 1995, Hyperion Software was procured. Since its acquisition, the Department developed an application for the Department-wide Consolidated Financial Statements which was used in

preparing the FY 1996 Consolidated Financial Statements, developed an application for the Department-wide Consolidated SF-133, developed a cost allocation application for the ISC which was used in the FY 1997 and FY 1998 planning process for the ISC, and developed a proof of concept financial application for the BIA to provide summary financial information to senior BIA executives. In addition, the Department has participated in establishing the Hyperion Users Group and is actively working with the Department of the Treasury, which uses Hyperion Software to prepare the Government-wide financial statements, to improve the transmittal of financial data to Treasury.

The Government Performance and Results Act (GPRA) required agencies to submit strategic plans to the Office of Management and Budget and Congress no later than September 30, 1997. These plans 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.

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 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. The team reported back to the Department 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 requirements; 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*

- 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 1998. Further, the Department will participate in a pilot program with the Department of the Treasury to replace the existing SF 133, Report on Budget Execution, and TFS 2108, Year End Financial Statement, with Standard General Ledger Trial Balance data. The Treasury opines that collection of Trial Balance data is more amenable for analysis than standard reports.

- The Department plans to deploy the BIA financial application for senior managers and analysts.

- The Department will continue to partner with the Administrative Service Center to provide Interior and non-Interior bureaus and agencies continuing support to develop and administer Hyperion solutions and provide policy guidance.

- To meet GPRA requirements, the Department will further its efforts 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 subsequent 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 initiatives with Department-wide efforts.

### *Planned Actions for 2000 and Beyond*

- Implement the plan for FY 2000 reporting and continue to enhance EIS capabilities.

## Implement 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 its Procurement Desktop (PD) software. The new IDEAS software has been tested, including Year 2000 compliance, and implemented in the USGS, MMS, BOR, FWS, and one location each in the Interior Service Center, BLM, NPS and BIA. Web-based electronic commerce and an interface to financial systems is being made available to buying offices as they are implemented on IDEAS.

### *Planned Actions for 1999*

- Implement IDEAS in all remaining major buying locations in BLM and BIA, as well as those of the NPS and the Office of Aircraft Services.

- Install an IDEAS interface to DOI financial systems in several major offices during FY 1999.

- Continue to work 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, franchise clients, and others to coordinate and reduce the costs of software enhancements.

- Continue to provide (as an OMB authorized franchise effort) procurement system support to other agencies.

### *Planned Actions for 2000 and Beyond*

- Maintain and support existing IDEAS implementations.

- Assist bureaus in any additional IDEAS implementations at smaller field units, including financial interfaces and electronic commerce.

- Assist any new franchise clients in IDEAS implementations.

## 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. With the continued implementation of IDEAS, Interior intends to increase its volume of EC procurement transactions. Electronic commerce will include a full range of procurement and financial transactions such as Requests-for-Quotations, vendor responses, Purchase Order and Delivery Order awards, notifications, purchase card transactions, and payments.

From FY 1993 through FY 1997, the number of purchase cards increased from 4,535 to over 18,000. The number of purchase card transactions increased from 96,060 to over 712,000; and the purchase card dollar volume increased from $17 million to over $211 million. At the end of FY 1997, Interior was ranked (according to the GSA statistics) second among civilian agencies in number of card actions and 3rd among the civilian agencies in dollar value of card actions and number of cardholders.

In FY 1997, 72.6 percent of all small purchase actions under $25,000 and 35.7 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 75 percent of small purchase actions for FY 1998. DOI has a long-term goal of 90 percent of all purchases below $2,500 to be made via purchase cards.

### *Planned Actions for 1999*

- Implement an integrated card solution for the purchase, travel, and fleet business lines under GSA's new "SmartPay" program.

- Outsource the responsibility for transaction processing to NationsBank.

- Provide web-based access for transaction information to our 40,000 card holders.

- Consolidate the account setup and maintenance functions for the travel, purchase and fleet business lines.

- Automate the reconciliation process for centrally-billed transportation accounts.

- Develop an automated interface for all charge card transactions to the Department's accounting systems.

- Develop the necessary electronic exception reports to preserve the financial integrity of programs.

- Establish a "daily pay" capability.

- Make web-based electronic commerce available to all remaining major purchasing offices in FY 1999.

- Continue efforts to implement the electronic payment requirements of the Debt Collection Improvement Act of 1996.

- Participate in the Government-wide effort to standardize Federal grant payment systems.

### *Planned Actions for 2000 and Beyond*

- Assess the additional capabilities of the new charge card contract and determine which features to implement, including smart card features.

- Implement the decisions/systems that result from the Government-wide effort aimed at standardizing Federal grant payment systems.

## Improving Property Systems

The Department's property system strategy is aimed at standardizing and streamlining the automation of the personal and real property management functions Department-wide. This effort is intended to increase productivity and to avoid the costly development or modification of duplicative, independent systems and interfaces with other administrative systems. Material weaknesses have existed in several bureaus' property management programs. The Chief Financial Officers Act requirements and budget constraints compel the Department and bureaus to evaluate their current systems and systems options. The Department through the Property Management Partnership, comprised of all the bureaus and the Office of Acquisition and Property Management, will work with bureaus to evaluate those options and ensure that such efforts are Department-wide or multi-bureau in scope. These evaluations are entirely consistent with the Department's administrative systems policies and strategies.

### *Planned Actions for 1999*

- The Department will continue coordinating with the bureaus to reduce the number of separate bureau automated personal property systems. The Property Management Partnership will continue to address needed enhancements in property systems with the objective to migrate as quickly as possible to systems that incorporate new technologies which

will eliminate duplicate data entry and allow for easy and timely access to data. A personal property module, with an electronic linkage to FFS, has been developed and implemented in three bureaus, USGS, BLM, and BIA. In FY 1999, NPS will implement this FFS personal property management module. In addition, progress in real property systems is underway with BLM and BIA modifying the FFS personal property module to also track real property.

### Planned Actions for 2000 and Beyond

- Through the Property Management Partnership, the Department expects to expand the effort to standardize and streamline real property systems by including BOR, FWS, USGS, and NPS, and determine the extent of common requirements and of an interface with the Department's current maintenance management initiative. As requirements for real property automation are defined, future funding needs to support system development for the other four bureaus will be determined.

## Improving the American Trust Funds System

The American Indian Trust Fund Management Reform Act of 1994 affirmed the Secretary's trust responsibilities and established the Office of Special Trustee for American Indians (OST). The Act identified 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; and preparing periodic statements of account performance and balances. The Act also addressed 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 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 is 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. Although the Secretary had reservations about certain aspects of the Plan, it was agreed that the trust system improvements and data clean up efforts in the Plan would proceed. The Plan included initiatives to clean up IIM records; eliminate data backlogs; improve policies, procedures, and controls; enhance training; and improve computer systems. Acquisitions were planned for these systems: (1) Trust Funds Accounting System, (2) Trust Asset and Accounting Management System (TAAMS), and (3) Land Records Information System (LRIS) enhancements.

These initiatives are also included in the July 1998 High Level Implementation Plan of the Trust Management Improvement Project. It addresses 13 subprojects, responsible bureaus and offices, supporting tasks, critical milestones, work plans, resource estimates, and accountable officials. The 13 subprojects addressed are:

> -OST Financial Data Cleanup
> -BIA Resources Data Cleanup
> -BIA Probate Backlog
> -OHA Probate Backlog
> -BIA Appraisal System
> -Trust Funds Accounting System
> -Trust Asset and Accounting Management System
> -LRIS Enhancements
> -Minerals Management Service (MMS) Systems Reengineering
> -Records Management
> -Policy and Procedures
> -Training
> -Internal Controls

### Planned Actions for 1999

• The Special Trustee and other Department officials are proceeding with records cleanup, backlog elimination, and activities under the implementation plan for improved systems. Pilot efforts are planned to prove concepts, develop alternatives where necessary, identify implementation barriers, develop realistic cost estimates, and gain firsthand experience for broader full scale implementation.

The Trust Fund Accounting System has been acquired, and it is being piloted in August 1998. After full implementation in late 1999, it will be used for all tribal accounts and the IIM investment pool.

*Planned Actions for 2000 and Beyond*

- Implement TAAMS and Land Records Information System (LRIS) after piloting in 1999.

## Royalty Management Program Reengineering Initiative

The Royalty Management Program (RMP) is responsible for ensuring that all revenues from Federal and Indian Lands are efficiently, effectively, and accurately collected, accounted for, verified, and disbursed to appropriate recipients in a timely manner. These revenues amount to more than $4.5 billion annually (FY 1997 revenues were $6.3 billion). RMP is faced with a number of challenges that has forced it to reexamine its core business processes. One of these challenges is the Federal Oil and Gas Simplification and Fairness Act of 1996 which significantly changes many of the RMP's historical operating assumptions, as well as some fundamental Federal oil and gas mineral revenue financial activities. Another compelling reason for a reengineering effort is the need to improve the RMP's performance by reducing its business cycle to be on a par with other comparable organizations in the public and private sectors. Key to the RMP's reengineering initiative is the modernization of its information technology infrastructure, by deploying a variety of new technologies and replacing many applications whose roots can be traced to the early 1980's.

The reengineering initiative addresses all core RMP business processes including financial, accounting, compliance and supporting computer systems. The reengineering team is expected to ultimately produce new business processes and support systems that are:

- Highly integrated
- Process centered
- Focused on outcomes
- Less costly
- Well positioned to meet current and future mission requirements.

*Planned Actions for 1999*

The contracting strategy being employed features a two-phased contract award process. To ensure full competition, contractors will be invited to submit capability statements in response to broadly stated reengineering requirements. RMP will then select a small number of contractors from this group (two to three) to participate in another competitive round. These contractors will be invited to spend two to three months with the reengineering team and RMP operational staff. During this period, they will gain a clear understanding of reengineering requirements. They will be funded to develop and present their best solution to meet RMP objectives. Proposals will be obtained for both financial and compliance modules with a contract awarded to the firm's proposal that best meets RMP objectives in terms of use of technology, functional capability, and cost.

During FY 1999, RMP will:

- Document functional requirements and system performance expectations in sufficient detail to solicit capability statements and proposals from vendors.

- Prepare and issue a statement of work and request for proposals.

- Select vendors (two to three) to develop specific and demonstrable solutions to RMP reengineering requirements.

### Planned Actions for 2000 and Beyond

- Award contract for database design, underlying IT environment, and implementation of the financial and royalty management systems.

- Design the database and establish the underlying infrastructure to be used to integrate compliance, asset, financial, and royalty management systems.

- The implementation of the compliance and financial modules will continue through FY 2000 and FY 2001, and are targeted for completion in September 2000 and September 2001, respectively.