



Executive Summary to the As-Is Trust Business Model

Introduction

The As-Is Trust Business Model report is presented to the Office of the Special Trustee for American Indians (OST) of the Department of the Interior (DOI). The As-Is Model represents the first comprehensive documentation of the major processes supporting the Indian Trust, and their inter-relationships. Through development of the model, the Department has achieved the following benefits:

- a) Established a comprehensive understanding of current Trust business operations
- b) Documented variances among geographic regions, and their causes (e.g., due to federal, state or local laws, treaties, court rulings, local practices)
- c) Identified current issues and opportunities for improvement so as to provide a basis for a To-Be process reengineering of the Indian Trust

The As-Is Model effort commenced in late February of 2002 with development of a project plan and selection of tools to be used for collecting data. A week long workshop that included over 60 DOI and Tribal representatives was then held to develop a baseline of eight core Trust processes. An As-Is Business Model Team consisting of over 20 members was formed, made up of EDS consultants, DOI process sponsors and Tribal Task Force members. This team held a series of 10 multi-day work sessions at field locations with BIA regions, a session with the compact and contract Tribes, and a session with the OST/Office of Trust Funds Management (OTFM). Through these sessions, more than 1000 subject matter experts from LTROs, Tribes, BIA Agencies, BLM, MMS, OHA, and OST were consulted. For each of the eight core Trust processes examined, a baseline model documenting the standard manner in which each process is performed was developed. Regional variances to the standard baseline processes were also documented.

Indian Trust Context

The Department of the Interior has responsibility for what is perhaps the largest land trust in the world. The Indian Trust today encompasses some 56 million acres of land -- 11 million acres belonging to individual Indians and nearly 45 million acres owned by the Tribes. On these lands the Department manages over 100,000 leases for approximately 350,000 individual Indians owners and 315 Tribal owners. Leasing, use permits and sales revenues of \$300 million per year are collected and distributed to 236,000 Individual Indian Money (IIM) accounts, and about \$800 million per year is distributed to the 1,400 Tribal accounts. Added amounts are provided to individual and Tribal owners through direct payments from lessees. The Trust's holdings are not stagnant, with both divestitures (e.g. through inheritance) and purchases (e.g. by Tribes of adjacent parcels) occurring.

Over 450 treaties were signed between the federal government and American Indian Tribes since the settlement of the United States. In many cases, Indian Tribes ceded vast acreages of land in exchange for the protection of the United States government. Often the Treaties are referred to as "contracts among nations" and "the supreme law of the land." For the most part, these treaties represent negotiations and agreements between the United States and Indian Tribes on reserving land that could not be ceded. Hence,



these treaties became one of the instruments for establishing Indian reservations and they are equal in power to federal statute and capable of superseding state law.

Through the General Allotment Act, also called the Dawes Act, large portions of Indian Tribal lands were distributed, or allotted, to individual Indians who each received 40 to 160 acres of land. The premise behind the Dawes Act was to move away from Tribal land ownership to individual land ownership.

Since the Dawes Act of 1887, ownership of Trust lands has become increasingly complex and fractionated. Probate proceedings commonly dictate that land interests be divided equally among every eligible heir unless otherwise stated in a will. In addition, a “checkerboarding” pattern exists in several areas, with interspersed parcels of IIM, Tribal, and other (e.g. BLM, state governments, privately held) owners. This significantly complicates land use planning and leasing.

Some federally recognized Tribes undertake “compacts” and “contracts” with the federal government to self-manage portions of the Trust and other services provided to Indian Tribes by the Bureau of Indian Affairs. The Indian Self-Determination and Education Assistance Act of 1975 formalized the U.S. government’s policy to promote self-determination and self-governance of Indian Tribes.

Industry Standards and Performance Measures

As part of the As-Is Model development, comparisons were made between the Indian Trust and similar practices in commercial industry. The comparisons included commercial bank trust departments as well as other industries that perform similar functions, such as title recordation and probate. While in critical respects the Indian Trust faces unique challenges and constraints, in many other ways there are close parallels between commercial trusts and the Indian Trust. Industry standards have been used to highlight the differences in a standard commercial trust and the Indian Trust, which is governed by statute. Our findings and recommendations take into account that usual industry standards are modified by statute when applicable to the Indian Trust.

A general finding is that current Trust operations differ significantly from a commercial trust environment. Current Indian Trust processes tend to operate within silos, with steps cycling back from one area to another to obtain additional information or further action. There are many manual and dissimilar automated record keeping systems now used for the Trust, which increase the likelihood of error and prevent information sharing. In reviewing industry standards in the context of DOI and the Indian Trust, other key differences were noted:

- a) Commercial trusts center their services, organization, processes, and supporting systems around their customers
- b) Commercial trusts rely on integrated trust systems
- c) Document imaging, use of a common data base for key information, and other information sharing methods are important tools being used within commercial trusts
- d) Performance management systems, results tracking, and accounts receivable systems are used in land management industries to monitor service and operational performance, as well as the timely receipt of income from land interests



- e) Commercial trusts generally use third parties to perform many functions now conducted by the Indian Trust, such as title recordation services

As part of this comparison, the EDS team conducted interviews with executive and senior level DOI representatives to understand the leadership perspective on Indian Trust performance measurement and industry standards. Overall, leaders recommended developing comprehensive, integrated Trust management reports made available widely to all levels of management. They acknowledged the need to move away from solely transaction-based data collection, towards more meaningful measures describing quality and efficiency. Several commercial practices and measures were recommended by DOI management, such as establishing Trust Officers, using OCC-like rating scales, creating a national customer call center capability, and better tracking of asset value and performance (such as return on assets). They also recognized workforce planning and training as critical to Trust Reform.

As-Is Trust Business Model

Chapter 4 of the report provides descriptions and detailed work process model baselines for each of the eight core Trust business processes that comprise the As-Is Trust Business Model. It also provides variances to the baseline approach, as identified in work sessions conducted across BIA Regions. The large number of variances identified point to the diversity of conditions, treaties and other requirements that apply to specific areas and Tribes, as well as to the decentralized history of Trust operations. In addition to the information contained in Chapter 4, the As-Is model and templates contain further detail that was collected during the workshop sessions. This information should be taken into account during the To-be transformation process.

Findings and Recommendations

Chapter 5 provides findings and recommendations for reengineering the Indian Trust processes, and for implementing improvements in related areas. These are intended to be starting points for the Department's reengineering efforts. The criteria used for developing the findings and recommendations were those established by the Department in its statements of Trust Mission, Trust Principles, Strategic Goals and Objectives, and the final draft of the *Comprehensive Trust Management Plan*. In addition, relevant aspects of OMB Circular A-130, and the industry standards and performance measures were considered.

In the *Trust Reform Final Report and Roadmap* published by EDS in January 2002, a number of findings and recommendations were made in the areas of strategic planning, organizational change, human resource development and other areas. As was noted, a combination of factors had limited DOI's ability to effectively plan and execute coordinated efforts to improve services. These include the lack of an overall strategy, organizational overlaps, a decentralized operating approach, workloads which exceed current operational capacity, and a series of demands on senior Indian Trust leaders related to litigation and data system security problems. These included the absence of a single executive sponsor or overall "owner" who is accountable for the Trust, conflict among bureaus and units within DOI, and at times, overlapping and inconsistent responsibilities. These issues again surfaced during the As-Is team's work sessions.



Further, prior to development of the As-Is Model, Trust work flows and processes had not been comprehensively charted, nor their associated organizational roles documented.

The Department is taking steps to address several of the deficiencies noted in the January 2002 report. Early in 2002, the DOI announced an organizational realignment for Trust responsibilities that was aimed at addressing several of these problems. Subsequently, a series of joint DOI-Tribal Task Force meetings were held to discuss organizational options and Tribal concerns. Mutual agreement on a new structure was not reached, but common ground was found on a number of issues. In early December 2002, the Department announced a revised organizational approach. Among the changes were steps intended to:

- a) Establish clear accountability for Trust fiduciary responsibilities
- b) Clarify and streamline individual organizational roles and duties, phasing out some units and combining others
- c) Provide beneficiaries with improved service through a variety of means, including creation of a dedicated beneficiary service staff
- d) Strengthen project management and integration

During 2002, the DOI began the development of an Indian Trust business plan, now known as the *Comprehensive Trust Management Plan* that will provide specific goals and objectives in six key areas when completed. A Data Quality and Integrity project is underway which is aimed at comprehensively correcting IIM data errors and addressing the causes of them. Also, the As-Is Model effort embodied in this report was conducted, which is critical to future business process improvement.

The As-Is Model findings and recommendations focus heavily on needs for improvement. However it is important to note that the As-Is Model team found DOI staff to be hard working and typically performing as well as they could within the limitations of the current environment. The team was able to find several instances where, either at the Agency, Regional or Tribal level, very effective practices had been put in place. These are at times pointed out as examples that could be followed in other locations.

Major Findings

The highlights of the key findings of the As-Is team include the following:

There is a major need for redesigning and streamlining current work processes to result in faster, more accurate beneficiary services. Specific findings associated with this observation are:

- a) Current work processes are overly complex, time consuming and error prone. Neither the core processes nor many of their subcomponents have been developed to smoothly fit into related steps in the Trust services sequences. Similarly, those delivering services often do not have a solid understanding of the overall Trust workflow and processes, and how their services fit into the overall Trust business model.
- b) There is little presence of workflow and case management technology tools typically used by commercial trusts and other high volume transaction processing



entities to assure proper transaction sequencing and permit parallel activities to be performed.

Supporting data systems are fragmented, preventing the sharing of information among DOI units, and requiring redundant data capture and entry:

- a) Indian Trust systems often contain duplicate, inconsistent and conflicting beneficiary, realty and payment data. The sharing of information among the widely differing systems in use is frequently impossible, requiring re-entry of information and resulting in separate, redundant changes and updates.
- b) The many divergent systems and approaches require separate system maintenance capabilities, need specialized user training efforts, result in higher equipment and software purchase expenses, and cause other, higher cost and lower quality results.

Inadequate processes and execution of existing guidelines result in several important fiduciary responsibilities not being fulfilled:

- a) The Trust has not been focused on the full and consistent identification, tracking and management of its assets. The Trust does not have a current, accurate method of tracking the land in the Trust, the associated owners, and its use.
- b) Land management and planning is frequently reactive rather than proactive. Approval processes for proposed changes in land use are slow and can discourage outside parties from presenting proposals for Trust land use.
- c) Procedures for funds collection and the preparation of distribution advice vary widely, and are time consuming and error prone.
- d) The monitoring of direct payments from lessees to beneficiaries has raised significant concerns.
- e) There is no comprehensive approach to monitoring and reporting land condition and usage. Enforcing compliance on land use contracts is often inconsistent and inadequate.
- f) There are few performance measures associated with the execution of core Trust tasks and accomplishments. As a result, certain management responsibilities, such as land use oversight and planning, are significantly hindered.
- g) There is insufficient clarity regarding what level of oversight local DOI bureaus should exercise regarding the execution of Trust activities undertaken by the Tribes.

Recommendations

The recommendations of the As-Is project team include a series of short-term improvements that the Department can launch that will make a significant positive impact on operations and service. Moving to quickly implement short term improvements will provide some rapid, visible benefits to both beneficiaries and service providers, and build momentum for more sustained improvements that will result from the To-Be. Among those recommended are:



Quick Hits Recommendations

1. Improve beneficiary service by providing a single, high quality beneficiary inquiry tracking system, available to all offices.
2. Eliminate duplicative title maintenance activities associated with leases. This will enable shifting of significant numbers of personnel to higher value efforts.
3. Reduce probate backlogs and administrative expense by amending current probate regulations to be consistent with state probate codes that permit summary distribution of land and monies for small estates.
4. Reduce appraisal backlogs by establishing better criteria for when appraisals need to be conducted.
5. Utilize the opportunities available in the Data Quality and Integrity initiative to test technologies that can improve data accuracy, speed data cleansing and serve as a pilot for longer term improvements to field office operations.
6. Reduce payment errors and personnel time consumed with calculations and reconciliations by devising and disseminating a common set of standards and calculations for beneficiary payments.
7. Reduce staff time and improve service to beneficiaries by developing consistent processes and tools for obtaining consent from fractionated interests in allotted lands.
8. Simplify and clarify beneficiary account statements.
9. Make approved manuals and commonly used forms available electronically.

Longer Term Recommendations

The report contains a large number of longer-term recommendations. Several of these require additional analysis to evaluate alternative implementation approaches that could be developed. There is also the need to consider how they can best fit with other related activities, given the interconnected nature of Trust processes.

In summary, a major transformation of the Indian Trust is recommended, to include coordinated, large scale changes to work processes, supporting information technology, human resource allocation on training, organizational roles and other associated elements. The adoption of commercial trust operating models should be made in a number of aspects, allowing for the unique nature of the Indian Trust.

Streamline and integrate core processes:

- a) As part of its To-Be design, the Department should redefine its core set of processes consistent with the Service Delivery Model that has been developed. This would likely reconfigure the eight processes used in the As-Is Model effort into fewer, more process oriented elements.
- b) Using advanced process modeling tools, successively detailed levels of reengineered To-Be processes should be designed, simulated and piloted. These should demonstrate clearly how business will be conducted, and link data systems, human resources and organizational entities.



- c) To reduce errors and improve information access and beneficiary service, introduce major technology improvements such as digital imaging (with associated information sharing capabilities to field units) and work flow technology that is tailored to new, restructured processes.
- d) Assure that key stakeholder involvement—external and internal—takes place in the above steps.

Achieve improved, integrated data systems and standards:

- a) Due to the critical nature of the decisions required, DOI should complete the business and technical architecture.
- b) Build a common data store (storage facility), which will allow DOI wide access to beneficiary information to respond to beneficiary inquiries or for reporting, research or operational processing purposes.
- c) Introduce Customer Relationship Management (CRM) technologies, which focus on understanding the beneficiaries' needs and will allow the DOI to be more proactive in addressing them.
- d) Migrate to one title system and only utilize one version of the system. This will result in a consistent approach of identifying and maintaining beneficiary title records.
- e) Enhance the DOI-wide network infrastructure.
- f) Develop a set of requirements for a realty system. Implement a leasing system that will support billing, accounts receivable, collection and pre-lease receipts.
- g) Institute data management standards for the entry of title and realty information across regions and across systems.

Address problems associated with DOI's key fiduciary responsibilities:

- a) Create and maintain comprehensive land ownership, location and use inventories.
- b) Establish a land tracking capability and provide BIA and Tribal leadership a summary of what land is being effectively managed and operated, and where problems or exceptions require greater attention.
- c) Develop and implement a land use compliance and enforcement strategy, which concentrates on important and repeat-problem areas.
- d) Take a more active DOI leadership role in comprehensive land use planning, working with the Tribes and beneficiaries to establish effective plans in line with their interests.
- e) If direct payments from lessees to beneficiaries are continued, make provision in leases that the lessees provide proof to the DOI that payments were made to the beneficiary. Additionally, develop procedures that support tracking of these payments and produce an historical accounting.
- f) Launch a program of education and communication for DOI Trust service delivery personnel, as well as for the beneficiaries.
- g) Clearly define the role DOI expects its staff to play in the oversight of Compacted and Contracted Tribe activities.



Provide the foundation for the To-Be improvements. The Department should take several steps including:

- a) Provide a strong charter to a project management office to oversee, direct and coordinate the many interrelated activities and organizational elements that will need to be involved in the change. This office should receive on-going input from Tribes and other stakeholders.
- b) Develop and implement a communication plan that provides two-way linkage to stakeholders for the plans and activities of the To-Be.
- c) Create a performance monitoring capability and associated metrics, which can demonstrate progress on both the To-Be improvements as well as provide the status of critical performance areas of on-going operations.

In each of the eight process areas, specific findings and recommendations are also made in Chapter 5 of the report.

Trust Business Way Forward

In Chapter 6 of the report, the “Way Forward” is developed with the key focus being the To-Be Model. The To-Be should provide a new model for Trust management within the Department—a major undertaking, which will require sustained, high level DOI leadership involvement as well as considerable funding. The model should not only encompass reengineered and new processes, but also include coordinated improvements in supporting systems, organizations, training, and personnel requirements of the new environment, combined with an internal and external communication plan. The To-Be effort should be a DOI-wide transformation that encompasses much more than changes to individual processes. Attaining the real change needed for the To-Be will not happen quickly and will require participation and buy-in from many stakeholders.

Many process reengineering and technology implementation projects do not achieve their stated goals due to a failure to address the human aspect of organizational change. Top performing organizations recognize that change must be comprehensive and integrated, and must focus on the ‘soft’, people-related issues of managing the change program, mobilizing leadership, and creating the case for change.

Creating effective change in the people, organizations, and culture at DOI will be some of the toughest hurdles in implementing Trust Reform. The challenge of getting people to reach a higher level of performance will require a planned change approach for breaking down resistance and barriers to change.

Development of the To-Be will be an exciting, yet very complex undertaking. It will require significant coordination, collaboration, and communication among many participants; Tribal representatives, process area participants, subject matter experts, leaders, and sponsors. It will require multiple efforts and phases, spanning across many DOI organizational entities and as noted above, should be managed through a Project Management Office with oversight provided by senior DOI management and Tribal leadership.

Through the development and implementation of a To-Be Model, trust employees who work with beneficiaries on a day-to-day basis should experience a real improvement in how they provide services to the beneficiaries. Moreover, beneficiaries should experience



an improved and a more responsive level of service, with improved Trust asset financial and land use results.

As these benefits are realized, all parties involved in the Trust should be moving along a path which migrates to service levels that are visibly improved and felt, with forward looking sets of improvements steadily being designed and launched. If this condition is established, the Department should be well on its way toward achieving its Trust mission, and achieving a turning point in the Trust's history.