

TESTIMONY OF

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NATIONAL ACADEMY OF PUBLIC ADMINISTRATION  
BEFORE THE  
UNITED STATES SENATE  
COMMITTEE ON INDIAN AFFAIRS  
CONCERNING  
A REPORT BY THE  
NATIONAL ACADEMY OF PUBLIC ADMINISTRATION  
TITLED  
“A STUDY OF MANAGEMENT AND ADMINISTRATION:  
THE BUREAU OF INDIAN AFFAIRS”  
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## INTRODUCTION

Mr. Chairman, and members of the committee, thank you for the opportunity to present findings and recommendations which appeared in the National Academy of Public Administration's (the Academy) 1999 report on management and administration in the Bureau of Indian Affairs.

For a number of years the Bureau of Indian Affairs (BIA) in the Department of the Interior (DOI) has experienced administrative and management problems that have constrained its ability to carry out its mission. To assist it in addressing these problems, BIA asked the National Academy of Public Administration (NAPA) to conduct a comprehensive study of its management, organizational structure, and administration. The intent was to identify and recommend remedies that would improve the quality, efficiency, and cost-effectiveness of BIA's operations.

My testimony will address first the problems with BIA's management and organizational structure and second, the problems with its administrative systems.

## THE BUREAU'S MANAGEMENT AND ORGANIZATIONAL PROBLEMS

### Managing for Success

The Academy believes the current management and administration of the BIA are not fully adequate to meet all of its trust responsibilities to American Indians and Alaska Natives, to carry out the numerous statutory responsibilities, and to operate an effective and efficient agency. Specifically, there is no existing capability to provide overarching budget, human resources, policy, and other types of management assistance to the Assistant Secretary-Indian Affairs and the

Bureau. Neither the Office of the Assistant Secretary-Indian Affairs nor the Bureau has the internal staff capabilities that typically support managerial and administrative excellence.

The Academy panel determined that the foremost requirement is for the Assistant Secretary-Indian Affairs to have the staff support necessary to lead BIA, particularly in the areas of planning, budgeting, human resources management, and information resource management (IRM).

- The Academy panel recommended that the Assistant Secretary-Indian Affairs immediately establish a Policy, Management, and Budget Office that reports to him and provides him the following staff support:
  - a comptroller unit, consisting of three groups: (1) a program analysis group to analyze the appropriateness and effectiveness of programs and services designed to fulfill BIA's mission; (2) a budget development and execution group to prepare the budget and to track expenditures; and (3) an accounting group to operate BIA's financial accounting system.
  - a plans and policy unit, responsible for developing BIA management policies and directives, as well as strategic and annual plans, and for preparing manuals and operating handbooks
  - a human resources unit, to handle development of policy and plans for managing BIA's workforce, including policy development and workforce planning, an employee development program, expertise in labor relations, and oversight of the delivery of personnel services
  - an information resource management (IRM) unit, responsible for developing policy and plans and operation of Bureau-wide information systems, as well as guidance on useful information technologies and planning for the future.
  - an equal employment opportunity unit to manage BIA's equal employment opportunity (EEO) program.

As the primary federal advocate for Indians, the assistant secretary should be the focal point for assuring that potential new initiatives and existing programs are well coordinated and that resources are used to the maximum advantage.

- The Academy panel recommended that the assistant secretary utilize the working group of the Domestic Policy Council in a more strategically integrated way to coordinate and harmonize programs for American Indians and Alaska Natives, thus creating the possibility of more effective and efficient delivery of services.

### **Organizational Interaction**

The Academy panel found that the three service organizations in BIA (Office of Indian Programs, Office of Indian Education Programs and Office of Law Enforcement Services) operate semi-independently through their own field organizations, which function largely separately, except that OIP provides some administrative support to OIEP and OLES. If the three service-providing organizations are to be held accountable for performing their missions, they need to have responsibility for providing their own administrative support.

- The Academy panel recommended that the Assistant Secretary-Indian Affairs recognize the three service-providing organizations as independent operating entities, with each reporting directly to the Assistant Secretary and each having responsibility and authority for providing programs and services and for handling its own administrative functions.

### **A Need for More Managerial Discipline**

BIA has had difficulty fully satisfying the government's requirements for strategic planning and annual performance planning. Top leadership needs to embrace the intent of the Government Performance and Results Act (GPRA) and to develop comprehensive, outcome-oriented strategic and annual performance plans that are focused on results that make a difference in the lives of Native Americans, and use those plans to drive the Bureau's decision-making.

To gain discipline in the workforce, individual employees need to understand the requirements of their job. Now, they lack guidance in the form of up-to-date policy and implementation manuals. To achieve managerial discipline, the Academy panel recommended that:

- The Assistant Secretary-Indian Affairs should continue to strengthen BIA's strategic plan and companion annual performance plan to meet GPRA requirements. These plans should be supplemented with goals and performance measures in administrative and management arenas. The deputy commissioner, education and law enforcement directors, and area and agency managers need to participate in preparing the plans and should be held accountable for executing them.
- The Assistant Secretary-Indian Affairs should establish a system of management reviews, performance measures, and regular reviews of BIA's performance. To provide better guidance to employees, the plans and policy unit of the proposed Policy, Management and Budget Office should develop and maintain manuals and handbooks that can be available to all employees through desktop computers.
- The BIA manual should be updated and kept current. Operating handbooks that clearly define the authorities and responsibilities of field personnel also should be developed. Modern information technology should be used to support interactive development of policy manuals and directives and their distribution to the field.

## **Management and Administrative Staffing Requirements**

The study estimates that when fully implemented, the Academy panel's recommendations could require 40-50 administrative personnel in the new Policy, Management and Budget Office, in addition to those in the existing MM and accounting units. The exact number of administrative staff positions in the 12 area and 83 agency offices will have to be determined by a careful workforce analysis. The study estimates that it will be on the order of 150 to 200 when the recommendations are fully implemented. A rough estimate of the total annual personnel cost once the recommendations are operational is expected to be in the range of \$ 10 million to \$15 million.

### **THE BUREAU'S ADMINISTRATIVE PROBLEMS**

BIA has been unable to meet the basic requirements for administrative systems within the federal government. BIA does not, for example, have a unified approach to human resources management. The budget structure and process do not provide the information necessary to estimate or justify actual needs. The financial management systems do not permit matching funding to changing requirements, and the BIA has been unable to obtain an unqualified audit. Since 1991 DOI has declared the procurement system a material weakness, but there has been little improvement.

#### **Human Resources Management**

Because of National Performance Review (NPR) streamlining efforts in 1994, BIA no longer has a human resource policy-making unit, and even its personnel experts are not sure what policies are in effect. BIA gives employee development almost no organized attention, nor does it systematically invest in staff training. Although BIA selects almost all its managers from inside, it has no succession plan or management development program. Many field staff are given significant collateral duties without training and support. To overcome the above-outlined deficiencies, the Academy panel recommended:

- The Assistant Secretary-Indian Affairs should re-establish a human resources management unit of four to six people, headed by a human resources manager, in the proposed Policy, Management, and Budget Office. This unit should be responsible for establishing and maintaining a consistent approach to human resources management throughout BIA. The manager should have access to and participate with top management in decisions that affect BIA employees; should develop a strategic human resources management plan; and should identify the policies BIA is following and establish a mechanism for assuring they are applied consistently throughout the Bureau. This unit should ensure that:
- BIA makes employee development one of its primary management objectives and provides the planning and resources to support training and development.
- BIA begins succession planning and development to meet its managerial and executive needs.

- BIA automates its personnel record-keeping so that summary information about employees is readily available and accessible
- BIA's qualification requirements for its jobs are sufficiently stringent that candidates who meet them will be able to do the job
- The units providing BIA personnel operations support are performing effectively.

### **Budget System**

The basis for the allocation of BIA resources across the areas and tribes is a complex set of historical demographic, political, and other factors. The distribution of funds has been a source of dissatisfaction because it does not seem equitable - it does not encompass the results of a needs assessment or priority-based allocation across tribes. However, because of the complexities involved and a general belief that changing the distribution of funds would do little to better Indian welfare, BIA and the tribes have concluded that the existing TPA system should not be modified. The basis for the distribution of Indian Student Equalization Program (ISEP) funds is a complex formula driven by the number of students and the services they require (expressed as Weighted Student Units). Because TPA and ISEP are formula-driven, BIA has little discretion to direct funding to resolve problems or satisfy pressing needs. The Academy panel recommended that:

- The Assistant Secretary-Indian Affairs should develop a budgeting system that has sufficient flexibility to support the equitable allocation of funds
- The budget development and execution group in the comptroller unit of the proposed Policy, Management and Budget Office should work with the BIA and the tribes to develop the budget and document appropriate standards (or benchmarks) that can be used consistently in support of budget requests and in measuring performance in the delivery of programs

### **Financial Management**

DOI's Office of Inspector General has for several years provided a qualified audit opinion on BIA's financial statements because BIA could not provide adequate documentation or reliable accounting information to support the financial report balances. In addition, BIA had material weaknesses (insufficient internal control procedures) in several major accounts. BIA also was not in compliance with a number of laws and regulations. BIA has taken a number of corrective actions in the areas of accounting, prompt payments, financial documentation, property management, and information technology that may resolve many of the problems. The Academy panel recommended:

- The Assistant Secretary-Indian Affairs should establish an accounting group in the comptroller unit of the proposed Policy, Management and Budget Office to work hand-in-hand with BIA management to (1) continue the drive towards a clean audit, (2) prevent

the reoccurrence of material weaknesses, and (3) correct possible problems that go deeper than the issue of a clean audit (establish long-term solutions). Toward those ends the new office would be responsible for:

- finalizing and improving a series of implementation plans for corrective actions on all audit issues and material weaknesses, supporting coordination and monitoring implementation using a report card system, maintaining important administrative processes and improving documentation of policy and procedures in tandem with that effort
- upon project completion, holding detailed retrospective meetings of management and accountable staff to discuss/document what went right and what went wrong (planned versus actual outputs and outcomes)
- Increasing current efforts to document all financial policy and procedures (with hands-on involvement by the area and agency offices) and get those documents out into the field
- Correcting the serious shortage of administrative staff needed to perform financial duties (so many functions are collateral duties of overworked staff who lack adequate knowledge or training)
- Involving field offices more in the development of policy and procedures
- Providing up-to-date computer software versions that are consistent across BIA
- Increasing the level of coordination, follow-through, and communication among the different field offices.

### **Information Resource Management**

BIA uses information technology far less than other government organizations and needs to aggressively pursue the development of information systems to increase the efficiency of its operations. BIA would benefit from a formal IRM user group to facilitate the management of IRM systems by establishing priorities and helping ensure that potential system applications are identified. While overall BIA seems to be moving forward effectively to address its IRM needs, there are "missed opportunities" it needs to address. One is that BIA management does not generate plans with performance measures. It is not using standard IRM techniques and activities to help with planning and control. There is little organizational participation in IRM planning or new product development. BIA has not consistently followed through on implementation of plans. Needed policies, procedures, and standards do not exist. The Academy panel recommended:

- The Assistant Secretary-Indian Affairs should establish a full-time chief information officer (CIO) in the proposed Policy, Management, and Budget Office to work hand-in-hand with management to bring the full benefits of information technology to BIA. The CIO would direct the activities of the Office of Information Resource Management (OIRM) and would be responsible for:

- Creating an IRM users group with representatives of BIA management and operators to provide guidance in identifying potential information technology applications. Likewise, the CIO can use the users group to communicate new technologies that may be applicable to BIA
- Establishing a BIA-wide communication strategy to link the Bureau together
- Developing the requirements for information technology training

### **Records Management**

BIA depends upon records for virtually all aspects of its mission and is responsible for many historical documents. Here, too, BIA has major, long-standing problems. For example, widespread use of original documents for day-to-day reference places them at extreme risk. The environmental conditions for stored records range from passable to unacceptable. Records management is almost always a collateral, low priority duty.

In recent years records management has become a particularly pressing issue at BIA because of the litigation over Indian trust fund management. The litigation has led BIA to make extensive efforts to resolve the problems with trust management records. The Academy panel recommended:

- The CIO in the new Policy, Management and Budget Office should be responsible for BIA non-trust fund records management and should ensure that systems are up-to-date and reliable. The CIO should carry out the following recommendations:
- establish records management policy and oversee the preparation of a records management policy implementation manual
- develop a BIA-wide plan to upgrade records management, building on the Trust Management Improvement Project.
- establish accountability for records management in each major organizational element.
- conduct an examination of the retention schedules for all types of documents and records to determine if they are still current and being applied consistently.
- ensure that all its records management is integrated with the OST and is reviewed annually to determine that the integration is still valid.

### **Procurement Management**

Attempts to improve BIA's procurement management have been ongoing for 25 years without success. In 1991 DOI declared the whole procurement system a material weakness. A survey of customers revealed considerable dissatisfaction with the procurement services being provided. Frustration with BIA's procurement organization runs high within DOI and among BIA customers. The long-standing nature of the problems and the organizational discord raise concerns about BIA's ability to correct the problems without dramatic action. Prompt resolution of these problems is essential. The Academy panel recommended:

- The assistant secretary should establish a procurement policy and quality assurance function within the proposed Policy, Management and Budget Office.
- The assistant secretary should consider abolishing BIA's central procurement organization and contracting for procurement services from other sources within the government. If BIA contracts for these services, it should maintain the field's capability to meet procurement needs up to a reasonable limit (say, \$100,000).
- If central procurement is retained, the deputy commissioner should develop an action plan to correct the deficiencies identified in the recent DOI Acquisition Management Review. The assistant secretary and his staff should closely monitor implementation of the action plan and hold the deputy commissioner responsible for its implementation.

## **CONCLUSION**

Mr. Chairman, the Academy thanks you for the opportunity to prepare this testimony on the BIA study, which is intended to result in more effective public management and to chart a path to meeting the needs and aspirations of Native Americans. BIA will experience some pain in facing up to its problems, but the Academy panel believes progress will be made if the Congress and administration are willing to invest in the recommendations in the report.