



OFFICE OF THE SECRETARY
**U.S. Department
of the Interior**

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News Release

Salazar Establishes Commission to Evaluate Indian Trust Administration and Reform

Commission will Build upon Progress of Cobell Settlement; Publication of Charter Opens 30-day period for Commission nominations

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WASHINGTON, D.C.--Secretary of the Interior Ken Salazar today announced the establishment of a new Secretarial Commission on Indian Trust Administration and Reform that will conduct a comprehensive evaluation of Interior's trust management and provide recommendations on how to improve performance. The announcement kicks off a 30-day period during which Secretary Salazar is seeking nominations and input from the public on individuals to serve on the new commission, as well as comments on the commission's proposed charter.

"This Commission will play a critical role in our forward-looking, comprehensive evaluation of how Interior manages and administers our trust responsibilities to the First Americans," Salazar said. "I look forward to working with the Commission as we move forward on President Obama's commitment to reconciliation and empowerment for American Indian nations."

Today's announcement fulfills one of the actions Salazar outlined in a 2009 Secretarial Order regarding steps to be taken upon approval by the U.S. District Court of the *Cobell* settlement. On June 20, 2011, the district court approved the \$3.4 billion settlement, paving the way for payments to as many as half-a-million American Indians to resolve their class-action litigation regarding the federal government's management of individual trust accounts and assets.

"Recent approval of the *Cobell* settlement by the U.S. District Court signaled the beginning of a new era in the U.S. Government's relations with American Indian communities," said Deputy Secretary of the Interior David J. Hayes. "We must carry out our trust responsibilities in a pro-active and transparent manner, and the establishment of this commission is an important step in the process."

The Secretarial Commission will examine Interior's performance on trust management, seek input from affected individuals and tribes, identify opportunities for enhancing accountability, responsiveness, and efficiency, as well as provide recommendations on improvements to the current trust administration system.

Following the 30-day comment and nominations period, and in consultation with trust beneficiaries, Salazar will appoint a Commission Chair and four members. Members will have experience and/or expertise in trust management, financial management, asset management, natural resource management, and Federal agency operations and budgets, as well as experience as account holders and in Indian Country.

As part of the \$3.4 billion *Cobell* settlement, a fund of \$1.5 billion will be used to compensate class members for their claims regarding potential mismanagement of their trust funds and assets and historical accounting. The agreement also establishes a \$1.9 billion fund for the voluntary buy-back and consolidation of fractionated land interests, which have been proliferating through succeeding generations. The program, to be administered by the Department of the Interior, provides individual American Indians an opportunity to obtain cash payments for small divided land interests and free up the "fractionated" land for the benefit of tribal communities. The settlement also

provides for an Indian Education Scholarship Fund of up to \$60 million for the benefit of American Indians and Alaska Natives.

Next Friday in Billings, Montana, Secretary Salazar and Deputy Secretary Hayes will attend the first of six regional consultation meetings with tribal leaders to begin discussions on the land consolidation component of the settlement. These discussions will provide valuable input in developing and implementing a strategy to benefit tribal communities and help free up trust lands.

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**U. S. Department of the Interior
Office of the Secretary**

**Commission on Indian Trust Administration and Reform
Charter**

1. **Committee's Official Designation.** Commission on Indian Trust Administration and Reform (Commission).
2. **Authority.** The Commission is in the public interest in connection with the responsibilities of the Department of the Interior under Section 2 of the Reorganization Plan No. 3 of 1950 (64 Stat. 1262), as amended, the American Indian Trust Fund Management Reform Act of 1994, 25 U.S.C. §§ 4001-4061, and the Claims Resolution Act of 2010, P.L. 111-291. The Commission is established in accordance with the provisions of the Federal Advisory Committee Act (FACA), as amended, 5 U.S.C. Appendix 2.
3. **Objectives and Scope of Activities.** The Commission will provide advice and recommendations to the Secretary of the Interior (Secretary) regarding trust management. This includes a thorough evaluation of the existing management and administration of the trust activity administration system to support a reasoned and factually based set of options for potential management improvements. This activity further includes a review of the manner in which the Department audits the management of the trust administration system, including the possible need for audits of management of trust assets.
4. **Description of Duties.** The duties of the Commission shall include:
 - A. Conducting a comprehensive evaluation of the Department's management and administration of the trust administration system, including a review of the report of a management consultant hired in accordance with Secretarial Order 3292;
 - B. Reviewing the Department's provision of services to trust beneficiaries;
 - C. Reviewing input from the public, interested parties, and trust beneficiaries, which should involve conducting a number of regional listening sessions;
 - D. Considering the nature and scope of necessary audits of the Department's trust administration system;
 - E. Recommending options to the Secretary to improve the Department's management and administration of the trust administration system based on information obtained from these activities, including whether any legislative or regulatory changes are necessary to permanently implement such improvements;
 - F. Recommending options to the Secretary on the need for and scope of audits on the effectiveness of all management reforms implemented as a result of Secretarial Order 3292 and the Department shall consider these recommendations in performing an audit of the effectiveness of such reforms; and

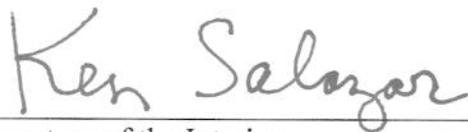
- G. Considering the provisions of the American Indian Trust Fund Management Reform Act of 1994 providing for the termination of the Office of the Special Trustee for American Indians, and making recommendations to the Secretary regarding any such termination.
5. **Official to Whom the Committee Reports.** The Commission reports to the Secretary through the Designated Federal Officer (DFO).
 6. **Support.** The Office of the Secretary will provide administrative and logistical support to the Commission.
 7. **Estimated Annual Operating Costs and Staff Years.** The annual operating costs associated with supporting the Commission's functions are estimated to be \$87,980, including all direct and indirect expenses and 1 FTE staff year.
 8. **Designated Federal Officer.** The DFO is a full-time Federal employee appointed in accordance with Department procedures. The DFO will approve or call all Commission and subcommittee meetings, prepare and approve all meeting agendas, attend all Commission and subcommittee meetings, adjourn any meeting when the DFO determines adjournment to be in the public interest, and chair meetings when directed to do so by the Secretary.
 9. **Estimated Number and Frequency of Meetings.** The Commission will meet approximately 2-4 times annually, and at such other times as designated by the DFO.
 10. **Duration.** The Commission shall complete its work within 24 months from the date of establishment.
 11. **Termination.** The Commission will terminate 2 years from the date the Charter is filed, unless, prior to that date it is renewed in accordance with the provisions of Section 14 of the FACA. The Commission will not meet or take any action without a valid current charter.
 12. **Membership and Designation.** Following the solicitation of nominations and in consultation with trust beneficiaries, the Secretary shall appoint the Commission Chair and four members who, collectively, shall have experience and/or expertise in trust management, financial management, asset management, natural resource management, Federal agency operations and budgets, as well as experience as account holders and in Indian Country.

Members of the Commission will serve without compensation. However, while away from their homes or regular places of business, Commission and subcommittee members engaged in Commission, or subcommittee business, approved by the DFO, may be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in Government service under Section 5703 of Title 5 of the United States Code.

Members will be appointed as special Government employees and are required to file on an annual basis a Confidential Financial Disclosure Report.

A vacancy on the Commission will be filled in the same manner in which the original appointment was made. Members serve at the discretion of the Secretary.

13. **Ethics Responsibilities of Members.** All members will comply with applicable ethics rules and regulations. In addition, the Department of the Interior will provide materials to those members serving as special Government employees, explaining their ethical obligations with which members should be familiar. Consistent with the ethics requirements, members will endeavor to avoid any actions that would cause the public to question the integrity of the Commission's operations, activities, or advice. The provisions of this paragraph do not affect any other statutory or regulatory ethical obligations to which a member may be subject.
14. **Subcommittees.** Subject to the DFO's approval, subcommittees may be formed for the purposes of compiling information or conducting research. However, such subcommittees must act only under the direction of the DFO and must report their recommendations to the full Commission for consideration. Subcommittees must not provide advice or work products directly to the Department. The Commission Chair, with the approval of the DFO, will appoint subcommittee members. Subcommittees will meet as necessary to accomplish their assignments, subject to the approval of the DFO and the availability of resources.
15. **Recordkeeping.** The records of the Commission, and formally or informally established subcommittees of the Commission, shall be handled in accordance with General Records Schedule 26, Item 2 or other approved Department records disposition schedule. These records shall be available for public inspection and copying, subject to the Freedom of Information Act, 5 U.S.C. § 552.



Secretary of the Interior

JUL 01 2011

Date

Date Filed



THE SECRETARY OF THE INTERIOR
WASHINGTON

ORDER NO. 3292

Subject: Individual Indian Trust Management

Sec. 1 Purpose. This Order identifies the actions the Department shall take, upon final approval by the U.S. District Court for the District of Columbia of the Settlement Agreement in *Cobell v. Salazar*, No. 96-CV-01285-JR, and enactment of the legislation set forth in the Settlement Agreement as necessary to authorize or confirm specific aspects of the Settlement. The actions taken under this Order shall address the Department's future responsibility for management and administration of trust assets maintained for individual Indian trust beneficiaries.

Sec. 2 Background. The proper management and administration of the Individual Indian Money ("IIM") accounts and trust assets (collectively the "trust administration system") are among the Department's most significant fiduciary duties. The Department's current management of the trust administration system involves a number of bureaus and offices, including the Bureau of Indian Affairs, the Minerals Management Service, the National Business Center, the Bureau of Land Management, and the Office of the Special Trustee for American Indians. It also involves a variety of procedures and has been the subject of complaints regarding, among other things, its responsiveness and customer service. The complex nature of the trust administration system and the complaints raised by some individual beneficiaries raise concerns. To address these issues, the Department requires a thorough evaluation of the existing management and administration of the trust administration system to support a reasoned and factually based set of options for potential management improvements. It also requires a review of the manner in which the Department audits the management of the trust administration system, including the possible need for audits of management of trust assets.

Sec. 3 Authority. This Order is issued under the authority of Section 2 of the Reorganization Plan No. 3 of 1950 (64 Stat. 1262), as amended, and the American Indian Trust Fund Management Reform Act of 1994, 25 U.S.C. §§ 4001 – 4061.

Sec. 4 Establishing the Secretarial Commission on Indian Trust Administration and Reform.

a. Immediately upon both the Final Approval of the Settlement Agreement in *Cobell v. Salazar*, No. 96-CV-01285-JR, and enactment of legislation necessary to authorize and fund such Settlement, the Department shall take steps to establish the Secretarial Commission on Indian Trust Administration and Reform ("Commission") in accordance with the requirements of the Federal Advisory Committee Act, 5 U.S.C. App. 2. The Commission shall complete its work within 24 months from the date of its establishment.

b. Following the solicitation of nominations and in consultation with trust beneficiaries, the Secretary shall appoint the Commission Chair and four (4) members who, collectively, shall have experience and/or expertise in trust management, financial management, asset management, natural resource management, Federal agency operations and budgets, as well as experience as account holders and in Indian country.

c. In coordination with the Department, the duties of the Commission shall include:

(1) Conducting a comprehensive evaluation of the Department's management and administration of the trust administration system, including a review of the report of the consultant hired in accordance with subparagraph d;

(2) Reviewing the Department's provision of services to trust beneficiaries;

(3) Receiving input from the public, interested parties, and trust beneficiaries, which should involve conducting a number of regional listening sessions;

(4) Considering the nature and scope of necessary audits of the Department trust administration system;

(5) Recommending options to the Secretary to improve the Department's management and administration of the trust administration system based on information obtained from these activities, including whether any legislative or regulatory changes are necessary to permanently implement such improvements; and

(6) Considering the provisions of the American Indian Trust Fund Management Reform Act of 1994 providing for the termination of the Office of the Special Trustee for American Indians, and making recommendations to the Secretary regarding any such termination.

d. To support the operation of the Commission after its establishment and to provide the Department with additional information regarding its management of the trust administration system, the Department shall use available funding to hire a management consultant. The consultant shall provide a comprehensive assessment of the Department's operation of the trust administration system, including:

(1) Evaluating the strengths and weaknesses of both the monetary and non-monetary trust asset management activities of each entity involved in the Department's administration of trust asset management programs;

(2) Identifying options for transferring, consolidating, or otherwise managing the trust fund and assets in an optimal manner to enhance accountability, responsiveness, efficiency and customer service;

(3) Reviewing the Department's prior reform efforts for effectiveness and to determine whether additional reforms are necessary; and

(4) Considering the adequacy of the Department's current trust administration system audit functions and recommending options for improvement and possible expansion of such audits.

Sec. 5 Audit Requirements. Upon implementation of any management reforms resulting from this Order, and after considering the recommendations of the Commission, the Department shall conduct an audit of the effectiveness of such reforms. The Department shall consider the recommendations of the Commission regarding the need for and scope of any subsequent audits.

Sec. 6 Implementation. The Deputy Secretary is responsible for ensuring implementation of this Order, including any necessary delegation of authority and transfer of resources. The Assistant Secretary – Indian Affairs, the Assistant Secretary – Land and Minerals Management, the Assistant Secretary – Policy, Management and Budget, and the Special Trustee shall provide necessary support, including implementing specific reforms within their subordinate bureaus and offices.

Sec. 7 Effective Date. This Order is effective immediately and shall remain in effect until it is amended, superseded, or revoked, whichever comes first. The termination of this Order shall not nullify implementation of the requirements, responsibilities, and organizational changes set forth herein.



Secretary of the Interior

Date: December 8, 2009