TESTIMONY
OF
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ASSISTANT SECRETARY FOR INDIAN AFFAIRS
ON THE
NATIONAL ACADEMY OF PUBLIC ADMINISTRATION'S REPORT
ON
BIA MANAGEMENT AND ADMINISTRATION
BEFORE THE
COMMITTEE ON INDIAN AFFAIRS
UNITED STATES SENATE

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INTRODUCTION

In late Fall of 1998, the Assistant Secretary for Indian Affairs (Assistant Secretary) and the Assistant Secretary for Policy, Management and Budget of the Department of the Interior (DOI) discussed commissioning a study to establish a blueprint for improving the Bureau of Indian Affairs' (BIA) management and administrative systems. These discussions were expanded to include others within DOI and the Congressional Subcommittees for Interior's appropriations. The Appropriations Subcommittees supported such a study and recommended employing the National Academy of Public Administration (NAPA).

NAPA

NAPA is an independent, nonpartisan organization chartered by Congress to assist federal, state, and local governments in improving their effectiveness, efficiency, and accountability. For more than thirty years NAPA has assisted Federal agencies, Congress, state and local governments, and education and philanthropic institutions in addressing both short-term and long-term challenges, including: budgeting and finance, alternative structures, performance measurement, human resources management, information technology, devolution, strategic planning, and managing for results.

NAPA's Board of Trustees provides overall guidance and leadership. Virtually all NAPA activities are conducted through panels composed of NAPA Fellows and others with expertise in the area of examination. Projects are supported by executive and administrative staff, and project staff who work in program concentrations.

Since its founding in 1967, NAPA has focused the capacities of institutions to perform effectively. The Academy's framework of governance provides a formula for examining public management processes, functions, strategies, and institutions. The framework identifies four dimensions for evaluating systems and structures for meeting public needs: public purposes and strategies, institutional roles and responsibilities, performance capacities, and change.

THE NAPA STUDY AND RECOMMENDATIONS

NAPA followed its usual practice of establishing an Academy Panel of Fellows to provide overall study direction and guidance, establishing an Academy Study Team of Academy staff, and acquiring other technical expertise needed to conduct the study and prepare recommendations. The study began in March 1999 and was completed in late August 1999. Interviews were conducted with 260 people, including 206 from within BIA and the Assistant Secretary's office, 24 tribal leaders, and others from government agencies and Congress. The interview comments were evaluated and contrasted with information gathered from BIA and observations of the interviewers.

NAPA found that, without additional personnel and major management and organizational reforms, the BIA will be unable both to fully meet its responsibilities to the 1.4 million American Indians and Alaska Natives it serves and to operate an effective and efficient agency. NAPA went on to say that BIA does not have the capacity to effectively perform basic federal functions of accounting, property management, human resources management, procurement, and information resources management. Further complicating matters at BIA is the fact that staff do not receive adequate training. Strategic planning, yearly performance reviews, and program analysis are not institutionalized. The Academy panel also pointed out the need for more managerial discipline and additional administrative personnel to help remedy these problems.

While the panel found serious management and administrative deficiencies at BIA, it points out that the agency is showing hopeful signs of improvement. Senior managers realize that in order to keep pace with the expanding needs and interests of the population BIA serves, they must address BIA's administrative and management shortcomings, enhance its effectiveness, and improve its efficiency.

NAPA made a variety of conclusions and recommendations for improvement of administration and management of BIA. The study findings are that 1) there is no existing capability to provide budget, human resources, policy, and other types of management assistance to the Assistant Secretary and the BIA, 2) staff does not have adequate training in management and administrative skills, 3) strategic planning and program analysis are not institutionalized, 4) policy manuals and implementation handbooks are out of date, and 5) the three service organizations in BIA operate semi-independently through their own field organizations, but only one element had resources for administrative support.

NAPA's foremost recommendation was that staff support be provided to the Assistant Secretary to lead BIA in planning, budgeting, finance, human resources and information resources management to begin correcting these deficiencies and managing for results.

NAPA also stated, "If the three service-providing organizations [Operation of Indian Programs, Office of Indian Education Programs and Office of Law Enforcement Services] are to be held accountable for performing their missions, they need to have responsibility for providing their own administrative support." This leads to the recommendation to place new administrative personnel at all levels of the BIA's Education and Law Enforcement offices.

The results that NAPA believes implementing these recommendations will accomplish are:

- a clean financial audit within a reasonable period of time;

- well documented estimates of program requirements that are accepted by DOI, OMB and Congress as credible, regardless of the funding levels ultimately achieved;

- reduced friction between the program and service units of BIA, and an end to the perception among Tribes that BIA is unresponsive;

- clear policies and guidelines for employees to follow in the performance of their duties; and

- increased confidence among the Tribes that moving to self-determination and self-governance will not result in the neglect of Federal responsibilities.

DOI AND BIA IMPLEMENTATION

DOI and BIA embrace the recommendations of the report. While NAPA's findings are consistent with evaluations conducted by the Office of the Inspector General (OIG) and others who have reviewed or audited BIA activities, NAPA's report is unique in its recommendations.

Beyond these recommendations lies a considerable volume of work. Implementing NAPA's recommendations will require:

- Establishing an Office of the Deputy Assistant Secretary for Policy, Management and Budget that reports directly to the Assistant Secretary for Indian Affairs and is capable of providing direction for BIA's administrative operations, including budget, financial management, human resources management, information resources management, records management and procurement management.

  DOI and BIA with NAPA's assistance prepared a Secretarial Order containing functional statements for sub-units to establish this office. The Secretary signed the Order on March 21, 2000. Component units include the Chief Financial Officer, Chief Information Officer, Human Resources, and Policy and Planning. Position descriptions for the key positions have been prepared and are being evaluated by the Assistant Secretary for Indian Affairs' servicing personnel office in preparation for advertisement.

- Identifying the specific actions needed to improve BIA administrative systems so they meet management and regulatory standards.

  NAPA is assisting DOI and BIA in reviewing administrative systems to determine problems and corrective actions. Management systems and controls are being reviewed for adequacy and consistency with other comparable organizations, and whether the systems and controls satisfy Federal agency requirements.

- Creating plans for improving administrative systems and establishing organizational responsibility for carrying out and monitoring plans.

  BIA's administrative systems have been reviewed, found wanting, and corrective action plans have been prepared in the past. However, limited resources and inadequate monitoring of past plans have resulted in incomplete corrective actions. DOI, BIA and NAPA will evaluate resources needed to complete actions and establish monitoring processes to assure completion.

- Creating management processes for assigning responsibility and holding people accountable for results.

  BIA will establish mechanisms to assign responsibilities and hold managers accountable for accomplishing goals to be established by the new office of the Assistant Secretary.

DOI, BIA and NAPA are identifying the staffing needs through workforce analyses to determine the optimal levels of staff for the new headquarters unit and the field organizations. The analysis will evaluate the types of positions needed, the number of positions needed, and where the positions should be located to provide the most efficient and effective service delivery.

The NAPA report and past OIG surveys confirmed that hands-on management, daily direction, and increased communications are essential for effective management and timely response and follow-up. The OIG found that the BIA was not in compliance with a number of statutes including the Chief Financial Office Act of 1990, the Debt Collection Improvement Act of 1996, the Credit Reform Act of 1990, and the Prompt Payment Act. The longstanding nature of these material weaknesses has resulted in a qualified audit opinion for the BIA.

The NAPA report also found that the BIA used information technology far less than other government organizations and, specifically, recommended that the BIA aggressively pursue the development of information systems to increase the efficiency of its operations. One of the most important findings of the NAPA study in this area was the lack of senior management participation in Information Resources Management planning or new product development.

The geographic distance between BIA's Washington headquarters and its Albuquerque accounting management and information resources management operations greatly contributed to the BIA's predicament. We determined that relocation and consolidation of all BIA administrative operations to the Washington metropolitan area was a critical first step. We are confident that face-to-face, direct supervision of the accounting and information resources management staff will result in improved financial and information technology services.

The employees within the Division of Accounting Management were presented with a Notice of Transfer of Function on November 5, 1999, and the employees of the Office of Information Resources Management were notified on December 6, 1999. This notice provided background

information on the decision to relocate the organizations and explained the transfer process and the rights of the employees as they proceed through the process. Employees were offered full relocation benefits with their acceptance to transfer with their current position. Understanding the difficulty in making such a decision, we provided the employees with an additional two weeks beyond what is required by regulations to make their decision. To date, approximately 50 of the 128 employees in both divisions have indicated they will transfer with their functions.

To further assist employees, BIA requested and received from Congress the authority to extend the Voluntary Separation Incentive Payment program to Albuquerque employees affected by the transfer of functions. The FY 2000 Departmental appropriations bill provided a narrow window (until December 31, 1999) through which employees could benefit from Voluntary Separation Incentive Payments (VSIP) of up to $25,000. The BIA had to move swiftly to notify the employees of the transfer of their functions to insure they had the option to participate in VSIP. Thirty-one (31) employees have retired and received the VSIP.

BIA management is assisting employees impacted by the relocation. We are currently working with the Census Bureau, which is interested in hiring available BIA employees who have chosen not to transfer. We have issued hiring restrictions to all our offices within the Albuquerque commuting area to afford displaced employees hiring priority. In addition, the employees are eligible for the Office of Personnel Management's Career Transition Assistance Program making them eligible for special hiring priority in all Federal agencies.

CONCLUSION

DOI and BIA intend to implement the NAPA recommendations. We will continue to use NAPA's expertise as consultants and advisors during this implementation. We will establish and hire staff for the new office within the Assistant Secretary's office during this fiscal year. This staff will participate in the design of the field organization and develop the necessary policies and procedures for the new field structure to properly operate. The request for funding for FY 2001 will allow the BIA to make progress toward filling field positions. We will let the development of policies and procedures, and workload analysis drive the number of additional field staff to be hired and the locations for placement. I believe that the DOI and BIA have an opportunity to significantly improve BIA's efficiency and effectiveness, and to increase accountability throughout the organization.

This concludes my remarks on the NAPA report. I will be happy to answer any questions you may have.