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DEPARTMENT of the INTERIOR

news release

Bureau of Indian Affairs
For Release April 11, 1986

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INTERIOR PLANS TO CONTRACT FOR MANAGEMENT OF INDIAN TRUST FUNDS

The Department of the Interior announced today plans to contract for services to strengthen internal management and administration of more than \$1.5 billion of Indian trust funds.

Ross Swimmer, Assistant Secretary for Indian Affairs, said that sound administration of the trust funds is one of Interior's paramount Indian trust responsibilities. He said that after assessing the consequences of further delay that he, as the manager for the trustee, decided to move ahead and take immediate steps to improve federal management of the funds.

Swimmer said the services in the contract will be directed at streamlining the collection process through use of a lock-box facility, concentrating funds more quickly into the U.S. Department of Treasury accounts for investment, improving accountability and reporting to Indian beneficiaries and the government as trustee, and strengthening investment management. "I want to assure you," Swimmer said in a letter to all tribal chairman, "that this procurement will not restrict or negatively affect any existing tribal or individual Indian right or relationship to the funds."

The Secretary of the Interior has broad responsibilities in managing Indian trust funds, including collections, accounting, investment, and certification of disbursements to Indian beneficiaries. Collections are deposited through the banking system into Treasury accounts specified for Indian trust funds. Treasury maintains the trust fund cash accounts and disburses the funds upon Bureau of Indian Affairs (BIA) request. BIA manages investment of the funds in securities and maintains accounts to reflect tribal and individual Indian interests in funds invested and funds held by Treasury.

Swimmer said that more than two years ago the BIA obtained an independent evaluation of its trust fund operation by a nationally known accounting firm and has considered numerous audits and reports concerning the funds. In response to a request for information published by the Bureau last year, a wide range of materials has been received on private sector capabilities to assist in management of Indian trust funds.

He said the Treasury Department had been especially helpful in assessing how the government might strengthen its Indian trust fund operation.

"There is no likelihood that the federal government could effectively duplicate the needed mechanisms already available in the private sector," Swimmer said.

All activities and decisions required by law of the government as trustee will continue to be performed by the government, including control of investment decisions, and the service contract will not restrict or negatively affect any existing tribal or individual Indian right or relationship to the funds.

Swimmer said the services to be procured through the contract will be designed to enhance rights of and services rendered to Indian beneficiaries by better accountability, more frequent and detailed reporting on the status of funds, a modernized collection process and a firmer investment operation.

He told the tribal chairmen in his letter that he would keep them informed of the steps taken in the months ahead.

The more than \$1.5 billion in trust funds are held by the United States as trustee for the benefit of Indian tribes or individuals. In many instances the funds were awards to the Indians as compensation for land claims or as damages for other past wrongs. The funds also represent income from trust lands -- oil and gas revenues, timber sales and the like.

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