



OFFICE OF  
**INSPECTOR GENERAL**  
U.S. DEPARTMENT OF THE INTERIOR

**THE OFFICE OF THE SPECIAL  
TRUSTEE FOR AMERICAN INDIANS'  
CONTRACT No. A14D7018C0001  
FOR TRUST ACCOUNTING SERVICES**



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**FEB 05 2020**

Memorandum

To: Jerold Gidner  
Acting Principal Deputy Special Trustee, Office of the Special Trustee for American Indians

From: Chris Stubbs *Chris Stubbs*  
Director, Office of Financial and Contract Audits

Subject: Final Evaluation Report –The Office of the Special Trustee for American Indians’ Contract No. A14D7018C0001 for Trust Accounting Services  
Report No. 2019-FIN-021

This report presents the results from our evaluation of the Office of the Special Trustee for American Indians’ (OST’s) procurement of the Trust Funds Accounting System (TFAS). Our objective was to determine whether the OST evaluated proposals to procure the TFAS and provided oversight of Contract No. A14D7018C0001 in accordance with applicable Federal laws and U.S. Department of the Interior regulations. We found the OST evaluated proposals and is providing oversight. The scope and methodology of our work can be found in the attachment.

## Background

The American Indian Trust Fund Management Reform Act of 1994 authorized the Secretary of the Interior to manage the Tribal and Other Trust Funds and recognizes the unique trust relationship that exists between American Indian tribes, individual American Indians, and the U.S. Government. The U.S. Congress designated the Secretary as the trustee responsible for the financial and nonfinancial resources held in trust on behalf of American Indian tribes, individual American Indians, and other trust funds.

The trust relationship between the Government and the trust beneficiary requires the OST use a trust accounting system. The OST has implemented automated data services for a TFAS, which includes portfolio management and trust accounting services.

The OST, through the Interior Business Center Acquisition Division, issued a solicitation on August 25, 2017, for trust fund management, accounting, and investment activities for approximately 405,000 Tribal and Individual Indian Money accounts with an asset value of approximately \$5 billion. These activities include processing more than 10.3 million transactions annually. The OST sought a fixed-price, commercial off-the-shelf solution that included the core accounting system, a mobile system, and a business intelligence system.

## Results

We determined the OST evaluated proposals for the TFAS and monitored Contract No. A14D7018C0001 in accordance with Federal laws and Department regulations. The OST received and evaluated five proposals for completeness, price reasonableness, and unbalanced pricing. The OST also required each offeror to demonstrate its solution. The OST completed an Independent Government Cost Estimate that projected the TFAS would cost \$104,647,000 over a 10-year period.

Based on its evaluation, the OST determined the contractor it selected offered the best overall value to the Government. The OST awarded Contract No. A14D7018C0001 with a 2-year base period, followed by eight separate 1-year option periods for \$47 million on February 23, 2018.

While the OST planned to migrate the legacy accounting system over a 12-month period, it experienced numerous challenges and delays during the migration period, which included:

- The complexity of migrating 405,000 accounts as well as creating custom interfaces between the TFAS and data from the Bureau of Indian Affairs, Office of Natural Resources Revenue, Bureau of Land Management, and U.S. Department of the Treasury
- The effort required to obtain Federal Risk and Authorization Management Program<sup>1</sup> certification (the OST initially believed offerors would be able to rely on subcontractor's certifications and instead had to sponsor the offeror and undergo a certification process that took 9 months to complete)
- The Government shutdown in early 2019, which temporarily furloughed key Government employees working on the migration

The OST continued the incumbent vendor's contract for a total cost of approximately \$15 million for the 7-month period the migration was delayed and successfully migrated the TFAS to the new system on October 7, 2019. During the migration, the OST provided contract monitoring and oversight through a master project plan and an action and issues log, and conducted weekly meetings to discuss performance and milestones. The OST hired a contractor to assist with the oversight activities of system migration and assigned an experienced contracting officer's representative.

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<sup>1</sup> The Federal Risk and Authorization Management Program is a Governmentwide program that provides a standardized approach to security assessment, authorization, and continuous monitoring for cloud products and services.

## **Conclusion**

The OST evaluated proposals for the TFAS and monitored Contract No. A14D7018C0001 in accordance with Federal laws and Department regulations. While the OST experienced delays, it successfully migrated the core accounting system and will begin deploying the mobile interface and business intelligence elements of the system.

We do not require a formal response to this report. We appreciate your staff's cooperation and assistance during our evaluation. If you have any questions regarding this report, please contact me at 202-208-5745.

The legislation creating the Office of Inspector General requires that we report to Congress semiannually on all audit, inspection, and evaluation reports issued.

Attachment

## **Attachment: Scope and Methodology**

### **Scope**

We reviewed the Office of the Special Trustee for American Indians' (OST's) evaluation of proposals for the procurement of the Trust Funds Accounting System (TFAS) as well as the monitoring and oversight of Contract No. A14D7018C0001. We conducted our evaluation from April 2019 to October 2019.

### **Methodology**

We conducted our evaluation in accordance with the Quality Standards for Inspection and Evaluation as put forth by the Council of the Inspectors General on Integrity and Efficiency. We believe that the work performed provides a reasonable basis for our conclusions.

To accomplish our evaluation objectives, we:

- Reviewed five proposals for the TFAS as well as the OST's evaluation of those proposals
- Reviewed contract modifications and related correspondence coupled with the project plan task listing for added tasks
- Reviewed project milestones, issues logs, and project plans to determine the causes of implementation delays
- Interviewed procurement and program staff from the OST in Albuquerque, NM
- Reviewed the process for obtaining a Federal Risk and Authorization Management Program certification
- Analyzed contract monitoring oversight and actions undertaken by the contracting officer's representative
- Analyzed project plans and action and issues logs maintained by the OST
- Analyzed whether delays were caused by changes in requirements or resulted in additional cost

We did not test the operation and reliability of internal controls related to the TFAS. We reviewed the OST's procurement practices as they applied to a single procurement. The OST provided computer-generated data related to monitoring and oversight, which we used but did not test for completeness and accuracy.

