

INTEGRATED NATIVE RESOURCES, INC.

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April 12, 1982

Oneida Business Committee  
Oneida Tribe of Indians  
Oneida, Wisconsin 54155

Oneida Tribal Development Corporation  
Board of Directors  
Oneida, Wisconsin 54155

INDIANS OF WISCONSIN  
ONEIDA TRIBE OF

JUL 6 1982

RECEIVED BY TRIBAL  
SECRETARY

Dear Members:

Enclosed herein are remarks and recommendations relative to the management and future direction of the Oneida Tribal Development Corporation (O.T.D.C.), and the Oneida Tobacco Enterprises (O.T.E.). This report is written at the request of the Board of Directors of O.T.D.C.. As a separate but related matter I am also enclosing comments and recommendations relative to the Tribe's central accounting system and its relationship to O.T.D.C. and O.T.E. management and accounting. The issues related to accounting systems should be carefully considered.

Comments will be limited to the most crucial and general areas since there seems to be an encouraging sense, on the part of the Business Committee, that these crucial matters must take more deliberate and careful consideration. It is most crucial that the O.B.C. listen to well qualified advice from third parties proficient in both accounting and system analysis and I would encourage it.

Also included as an addendum, are remarks which might be of interest to the membership and which are very appropriate to those who wish to know more about the early history and motivations involved in the establishment of the Tobacco Enterprise. These remarks are a description of the motives, actions, ideas, and proposed plans of the person who developed the enterprise and its related systems.

There is no need to attempt to present this letter as a supposed objective third party. These opinions and recommendations, while personal, are however those of an Oneida Tribal member who, as a management professional has been heavily involved in enterprise management supervision, including all aspects of accounting and finance, for several years.

## Integrity of Accounting Records - A First Priority:

The first issue that needs to be addressed is the intended eventual takeover by the Tribe of the O.T.E. contract from O.T.D.C. and the continuous enforced effort on the part of the accounting department of the central administration to take over the accounting records of O.T.E.. These matters should be looked upon as two separate issues and should be approached with care. As a matter of fact the following statements are true:

- ° The Oneida Tribe's accounting records are inauditable.
- ° The Oneida Tribal Development Corporation's accounting records including separately accounted for O.T.E. records, have been audited and certified for the last three years.
- ° The Oneida Tribe's central automated system cannot be certified in their present form and never have been certified.
- ° The Oneida Tribe is incapable of issuing an accurate financial statement.

These statements are true and I believe that the Business Committee has not been accurately advised as to the rather serious implications that these facts imply. Of even more serious import however are the implications of an enforced turnover of management and accounting records to an entity that is unable to accurately account for them. To my great relief and thanks to the Business Committee itself, a decision was made recently to run parallel accounting systems maintained by central accounting and O.T.D.C. at the same time and temporarily defer the management takeover of O.T.D.C.. The recommendations are obvious:

1. That the management by contract of O.T.E. by the Oneida Tribal Development Corporation be continued until the Oneida Tribe's accounting records are auditable and its A.D.P. systems are certifiable.
2. That the contract be strictly adhered to and the O.B.C. should give instructions that operating funds are not to be interfered with.

The Business Committee should take this action now and consider the consequences of doing otherwise. The O.T.E. records are very sensitive.

The proposition that a tribally run operation will be more efficient than the present management is in error. I have listened to several remarks about management efficiency and take serious issue with them. If a tribal takeover of O.T.E. takes place efficiency will be sacrificed since O.T.D.C. and O.T.E. will have to immediately hire separate managers and accountants and/or bookkeepers and clerks.

O.T.E. is probably operating at a near maximum efficiency now. Indeed, without an efficient tribal management, personnel, and accounting system, the operations will cost more.

The Oneida Business Committee should ask itself whether or not it would take a business away from accountable management and turn it over to an administration whose records can't be audited.

Another item to consider is that no person presently employed is qualified to manage or supervise a business enterprise of this kind. I recommend that the O.B.C. delay any consideration of changes in management and accounting control until the Tribe has a better system and a qualified Business Manager.

Separate Accountability of Tribe's Tobacco Enterprise Should Be Maintained:

The accounting as well as the expenditure record of the Tribe's income from O.T.E. needs to be closely recorded and kept. In any future state or federal court dispute, the accuracy of the accounting records and how the Tribe spent both profits and tax income will be crucial.

The Tribe's record needs to be improved in this regard. The funds acquired from O.T.E. are properly recorded and accounted for, but a record of expenditures by category may not be in existence. The original intent was to appropriate and record the expenditures generated from tobacco and tax revenue.

The original purpose of O.T.E. depositing funds into a separate account was to make sure that the Tribe appropriated the funds separately and then allocated those funds for a separate and appropriate purpose. This can be done best by having the Tribe designate these funds for a specific purpose and care should be taken to make sure that funds are not simply used as a general fund source to be used for any purpose whatsoever.

While discussing this, I recommend that the Business Committee direct its accountant to refrain from taking operating funds from

O.T.E. accounts and leaving the balance short. These accounts were originally set up to prevent such bad practices.

According to the O.T.E. manager who protested this irregular practice she was told, "Don't worry about it. It will be there when you need it!" Housewives call this bad habit, "kiting checks", and it is not only unacceptable as a practice, but usually illegal. These problems and worse arise when somebody other than the account manager has access to the disposition of funds. Operating funds should be established in an amount set by budget through some sort of ratio and left inviolate, accessible only to the operational manager.

#### Budget:

I am not current on the present budget cycle, but there should now be in existence an operating budget for O.T.E. for the remainder of this fiscal year and possibly for all of next year. If not, one should be submitted to the O.B.C.

After the finance committee and/or the O.B.C. and the B.I.A. approves the budget there should be no changes except by official amendment by resolution and approval. The budget should be passed by Tribal Resolution along with the rest of the Tribal budgets as is required by Tribal Law. Following that process all deviations can be monitored and no tribal employee or Business Committee member can make unauthorized expenditures.

#### The Tribe Should Develop An A.D.P. Long Range Plan With Manager/ User Participation:

Not much needs to be said about a plan for tribal systems because it has been discussed many times. Essentially, the Oneida Tribal Administration's major problem is that it is unable to deliver short range capability.

Each succeeding administration has attempted to establish a short term program implementation in order to straighten the system out and establish a new one. Unfortunately, non-functioning and inadequate systems can't be cured in the short run. In order to inspire the confidence and full support of all managers and program directors something more methodical and better organized must be attempted.

What needs to be done is to define needs, design, develop, and finally establish an effective computer based information system based on a life cycle management process. This process must be established through the participation of enterprise,

department and program managers. And it must be supervised by data processing professionals.

In achieving success I am absolutely convinced that somebody must be present in the Tribal Administration who has systems analyst capability. It is the only way that the Tribe can keep from making the same mistakes over and over. I would recommend that:

1. A third party corporation which has senior systems analysts, design, and accounting capability should work with the O.B.C., the Central Administration, and program managers in a team effort and define a long term A.D.P. program plan. This should be advertised under a "Request For Proposal" (R.F.P.). The O.B.C. should select the contractor after a selection to the final three.
2. A systems analyst should be retained full or part time to lead an in-house team including program directors, accountants and other users. The same person along with the contractor should conduct training for the O.B.C. and key managers.
3. The present Tribal Auditors should be requested to write an opinion addressed to the Business Committee stating what needs to be done to establish an A.D.P. system for the Oneida Tribe.

There is a continuing misconception that employees, including program directors are opposed to the implementation of an effective central accounting system. This is not true and I am sure that strong support can be achieved through user involvement. I have never met a manager or accountant that doesn't see the desirability of a strong central system that works.

The tribal employees should be made active participants in all phases of the development of a system. Key program managers and accountants should assist in participating in the design of the system.

My last recommendation relative to systems is to emphasize that the Oneida Business Committee members should take the time to learn more about data processing principles personally before going any further. There is enough written on the subject. In a recent letter Charles Peone of J.P. & A. has done a nice objective job of explaining A.D.P. concepts and made good recommendations. Individual Business Committee members should take the

time to review his paper and make further inquiry in order to make sure that they are not misled again.

I have no desire to participate in any further A.D.P. discussions since I am confident that with an increasing awareness on the part of the Oneida Business Committee and the utilization of a qualified third party to assist in a preliminary plan the right direction will be initiated.

#### The Issue of O.T.D.C. Needs To Be Settled:

About three and a half years ago I took over the Oneida Tribal Development Corporation. The unusual circumstances are largely known to the Business Committee. Part of my duties consisted of redrafting the O.T.D.C. Charter. In spite of several meetings with the Business Committee a new charter was not approved. The last attempt was in the early fall of 1979, at which time the matter was tabled by the Business Committee.

The best way to determine how to proceed with O.T.D.C. is to call a meeting for that purpose with the O.T.D.C. Board members and manager in attendance.

There are several things which can be done:

- ° O.T.D.C. could be rechartered with improvements.
- ° O.T.D.C. could be reconstituted to include all enterprises.
- ° O.T.D.C. could be established as an enterprise policy and advisory board.
- ° O.T.D.C. could be eliminated.

The O.B.C. and O.T.D.C. Board should meet and discuss some of the problems and possible solutions related to the Development Corporation together. Whatever is done a plan and its execution could take place over a period of months.

My recommendation is that it be discussed, considered and carefully reconstituted and should be set up to include all tribal enterprises with a general business manager in charge.

#### Conclusion:

The largest part of my discussion involved the O.T.E. management and its related accounting functions. Also of prime importance is the Tribes A.D.P. system which will continue to be

a problem until a carefully planned and executed system is developed by "people who know how" working closely with "people who use it".

This is no different than I recommended in writing over two years ago. At that time I said, "The establishment of a centrally automated management and accounting system should be instituted as a process over time and not as an event." It was good advice then and even better advice now.

Respectfully Submitted,

A handwritten signature in cursive script, appearing to read "Ernest L. Stevens, Sr.", written over a horizontal line.

Ernest L. Stevens, Sr.

## Charges Poor Management

# GAO Assails Treasury's Use of DP

By Jake Kirchner

CW Washington Bureau

WASHINGTON, D.C. — The U.S. Treasury Department budgeted \$641 million in fiscal 1981 for computer equipment, personnel and services to support the work of its 125,000 employees. But the department does a poor job of managing its considerable DP resources, congressional auditors said recently.

"There is more to computer technology than just equipment," the General Accounting Office (GAO) said last month, reporting that it found the Treasury lacked an effective DP planning and policy implementation organization.

"Many Treasury bureaus have incurred unnecessary costs and are not realizing the full potential of automatic data processing," according to the GAO, which gave numerous examples of the department's planning problems:

- The Bureau of Engraving and Printing did not have a long-range strategy to identify and coordinate users' needs. As a result, "systems were initiated and sometimes completed only to be abandoned when it was discovered other requirements had not been considered."

- The U.S. Customs Service, failing to plan for long-term growth, developed a computerized law enforce-

ment system in a nonstandard language that is locked into one manufacturer's equipment and has severe backlog problems.

- At the Bureau of Government Financial Operations, "failure to adequately assess the long-term implications of computer technology has resulted in obsolete, saturated equipment that has increased operating costs, prohibited automation of several functions and seriously jeopardized the accomplishment of its primary mission."

### Shared Problems

The department's problems, according to GAO, are the same as those of other federal agencies: lack of top management and user involvement in planning and managing DP resources. The Treasury secretary "has not had an effective, departmental-level means of controlling the large amount of computer resources in the department's bureaus and offices," GAO said, discussing the Treasury's Office of Computer Science.

"Because the Office of Computer Science was not placed high enough in the Treasury's organizational structure, had limited personnel to function properly and had conflicting roles," GAO concluded the department's computer operations have not received "the necessary emphasis and support from the departmental level."

The GAO recommended that the Treasury's top DP executives be given sufficient authority to ensure that the bureaus implement "effective system development procedures" with a formalized planning role for users.

## IBM to Unbundle SSX Programs

(Continued from Page 1)

tin Goetz, senior vice-president of Applied Data Research, Inc. and a member of Adapso instrumental in getting IBM to change its policy.

Although IBM offered SSX/VSE as a simplified operating system for the low end of the 4300 line, independent software vendors represented by Adapso were alarmed because the offering smacked of bundling, which is in violation of antitrust regulations, Goetz said.

In several meetings with the trade organization after the 4321 was announced, IBM assured Adapso that users could purchase the Program Products separately if they made a request for a price quotation from the IBM salesman. However, Adapso objected to this practice, noting that it was difficult for IBM customers to determine that these products were, in fact, available separately.

In a widely circulated position paper released last year, Adapso called for IBM to define narrowly and price separately each of its Program Products and services and to price these components the same for all users. Under SSX the full complement of Program Products costs users \$1,000; if separately priced, the components would total \$1,224, according to Goetz.

Moreover, SSX/VSE as offered did not include other DOS/VSE components, Goetz noted. The currently existing and separately priced DOS/VSE Program Products offered as SSX/VSE include Advanced Functions/VSE, VSE/Power, ACF/Vtame, VSE/Vsam, CICS/DOS/VS, DOS/VS, Sort/Merge, VSE/ICCF, VSE/OCCF, VSE/IPCS, DOS/Cobol, Back Up/Restore, Space Management, VSE/Ditto and the DOS/VSE basic system control program.

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RECEIVED BY TRIBAL  
SECRETARY

Dear Mr. Chairman and Members of the Committee:

The attorney representing the Oneida Tribal Development Corporation has contacted me by telephone relative to a series of actions taken by the Oneida Business Committee against the Development Corporation. I have offered to assist him in any way I can since it tentatively appears to me that the OBC has violated the contract which is still in force. I hope that there will be an opportunity for the attorney for the Tribe and O.T.D.C. to reexamine their respective positions.

In reading the contract it would appear that the Oneida Business Committee has left itself vulnerable. It would be better to return control to O.T.D.C. pending a final disposition by a court. It is clear that the Development Corporation intends to seek redress and I must say that I agree with them.

The entire process as conducted is in violation of our Tribal Constitution and by-laws particularly relative to Article VI - Bill of Rights, which reads:

"All members of the tribe shall be accorded equal opportunities to participate in the economic resources and activities of the tribe. All members of the tribe may enjoy, without hindrance, freedom of worship, conscience, speech, assembly, association and due process of law, (emphasis supplied) as guaranteed by the Constitution of the United States."

Had the termination clauses been carefully been observed this entire situation could not have occurred. You will soon find out the hard way that our personal freedoms and rights were not delegated to you!

The actions taken against Barbara Skenandore and other employees of the Oneida Tobacco Enterprise are also out of order and in violation of their tribal and individual rights. The violence that resulted indicates that something more serious needs to be done than merely having a meeting. This must never happen again. You might recover some of your dignity by attempting to control yourself and try to make some amends. Lacking that our membership I hope, will do it for you.

I believe that the General Council should convene a Tribal Court of inquiry to determine what transpired and why. Beyond this, we should determine whether or not the Oneida Business Committee has violated the rights of our members. Whether or not you are found guilty will at least provide you with an opportunity to witness due process in action. I bring this up directly because I want to be straightforward and honest

with the Committee. Most of the members of the OBC are good people who I admire and respect. As a Business Committee however, I believe that you should be compelled to contain yourself.

There is more than sufficient evidence to indicate that our membership believes that the Business Committee has overstepped its bounds considerably. It has now come to appear that the OBC has assumed broad and sweeping powers which it seems to be enjoying without restraint. I believe that a tribal court, legal counsel answering directly to General Council, and a separate Business Development Authority would go a long way toward divesting the OBC of too much power and assure us of some checks and balances.


The reason that O.T.D.C. was overhauled under new management a few years ago was because the Tribal General Council requested an investigation of the operation of the corporation. At that time the OBC ran the Development Corporation. At that time O.T.D.C. was virtually bankrupt and a new Board was established to straighten things out. Part of this was recommended by Jerry Hill as a result of a review and investigation conducted by a General Council Committee.

I came home from Washington, D.C. shortly after the investigation was completed and the report was issued. I was asked by the new board to become the president of O.T.D.C. Things were often rocky, but less than a year later, we established new records and on our second year our accounting records were certified by a public accounting firm. O.T.D.C. is presently one of the few entities within the Tribe that has certifiable records. The Tribe has not had a certifiable accounting or record system within memory. That fundamentally is why the Tribe is not fit to assume the management of a business entity.

We must all seek some sort of forum to discuss and resolve the Tribe's management problems and shortcomings. Ironically enough, your attempts to seize a management responsibility has illustrated very clearly that the OBC is sadly lacking in management ability.

Attached, is my memorandum of April 12, which you refused to consider. It is proof that you were better advised. Those of you who are my personal friends will not ultimately be offended by what I say and will realize that no personal offense is intended. For the rest of you who are angry please be comforted to know that I am not. I hope that there is some chance to minimize any further damage and that the things we all must do, does not leave lasting scars on our community. If nothing else, a long overdue fundamental change in how we conduct business will at last happen.

Respectfully Submitted,

  
Ernest L. Stevens Sr.

Rational Motive Absent For Changing Management:

Notably missing from the O.B.C.'s determination for transferring the management of O.T.E. over to the direct supervision of the Tribe is rational and sound reason. I have discussed the reasons with practically every Business Committee member from the first time a takeover was attempted two and one-half years ago. O.T.D.C. has delivered all that was promised and their isn't any good reason why they should not be permitted to continue; at least until the Tribe's accounting records get straightened out.

The point I am trying to establish is that from the outset O.T.E. has been well managed and adequately accounted for. Additionally, it has produced steadily increasing income to the Tribe. It is one of the few Tribal operations which can be adequately audited and it has always been committed to the principle of a sound central accounting system.

Furthermore, it has 100% Oneida employees; it has virtually no personnel problems; and it is operated and managed by people who in the past have not had experience, but have been trained to handle a commercial enterprise in a competent manner.

Usually, management is withdrawn on a contract because it is not working; or there are personnel complaints; or there are no profits. In this case there are indications that the principle reasons are that the Business Committee simply wants to more closely control the money.

In fact if O.T.D.C. loses the O.T.E. contract, a case will be made that successful and profitable management can be penalized in the Tribe. There is little enough success in our Tribe and I think competence should be rewarded and not punished.

The efficiency of the O.T.E. system is under-rated. It should be pointed out that the system survived an almost complete recent deterioration of other sections of O.T.D.C. caused by management problems. O.T.E. however, maintained good management and accountability since procedures were prescribed and written. Furthermore, these policies and procedures were rigidly adhered to and with some small improvement continue to provide good guidance.

Related to the matter of efficiency is the fact that the Tribe's Business Committee has never successfully supervised a profitable venture in our Tribe's history! The only ventures that have worked efficiently have been established and set up by semi-autonomous and/or chartered organizations largely independent of the Business Committee.