

Status Report to the Court Number Thirty-Two

For the Period
January 1, 2008 through March 31, 2008



May 1, 2008

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INTRODUCTION

This *Status Report to the Court Number Thirty-Two* (Report) represents the period from January 1, 2008, through March 31, 2008. The Report is presented for the purpose of informing the Court of actions taken since the issuance of the preceding status report. The Report includes delays in and obstacles to trust reform activities. A report on the progress of the historical accounting of individual Indian beneficiary funds managed by Interior is a primary part of the Report.¹

This Report is prepared in a manner consistent with previous reports to the Court. Managers from the Office of Historical Trust Accounting, Office of the Special Trustee for American Indians, Office of the Chief Information Officer, Bureau of Indian Affairs, Office of the Assistant Secretary – Indian Affairs, Bureau of Land Management, and Minerals Management Service submit reports on the status of their respective Indian trust activities.

A glossary of acronyms and abbreviations is included in this Report. The glossary is located at the end of the Report.

¹ This Report contains information on the broad trust reform efforts underway at Interior. Accordingly, it may include information on reform efforts that are not within the scope of the *Cobell* litigation.

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I. OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS

Special Trustee's Observations

FY2009 Budget

The President submitted his budget request to Congress for FY2009. The OST portion of the budget was \$181.6 million a reduction of \$7.7 million, compared to FY2008 enacted funding. The major difference in the budget proposals was the deletion of funding for the ILCA program for FY2009. Interior determined that the rate of fractionation of Indian land had not declined as a result of ILCA program activities and, in fact, had increased by more than 800,000 interests during the past five years. Interior expects to begin consulting with Indian Country about fractionation.

Assistance to FIMO

During this reporting period, FIMO requested OST's assistance to research and correct oil and gas distributions from 18 leases in the Navajo Region. FIMO's research indicates that incorrect payments were made due to re-numbering of the leases. I understand that this problem may have begun as early as 2001 and is expected to affect approximately 800 beneficiaries. Upon a request by FIMO, I have directed my staff to assist FIMO, MMS, and BIA in ensuring that the affected beneficiaries receive the proper payments as soon as possible. In addition, the Fiduciary Trust Officers and Trust Beneficiary Call Center staff will be prepared to address beneficiary questions and concerns.

Special Trustee's Advisory Board Action

At a meeting of the Special Trustee's Advisory Board, three resolutions were passed. The first addressed fractionation. The Board resolved that Congress work with Interior and Indian organizations to solve fractionation. They suggested a solution similar to one in existence on the Rosebud Sioux Reservation in South Dakota. The Rosebud Sioux Tribe created a Tribal Land Enterprise to which individual Indian interest holders can contribute or sell their fractional land interests in exchange for an interest in the Enterprise. Dividends from the Enterprise then are paid to those who make contributions of their land. It is important to engage in a consultative effort with Tribes to determine the best alternative to solving the problem before any one solution is put forward.

The second resolution was a request for Interior to recommend legislation creating an unclaimed property account similar to those of states and local governments. Principal would remain in the unclaimed property account in perpetuity or until claimed by the owner. Savings would result from simplified accounting, including for several thousand "whereabouts unknown" IIM accounts.

The third resolution concerned the status of OST. The Board resolved that advances made by OST should not be reversed, nor should progress on trust reform cease. The consensus was that

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Office of the Special Trustee for American Indians

OST needs to continue in its role in the Department of the Interior as a focused, professional, independent fiduciary trust management organization with separate congressional funding.

FY2007 Independent Auditor's Report

The Independent Auditor's Report was made available to the general public during this reporting period. The Report reflected that there were no material weaknesses other than those present when OST took over the accounting function.

Assurance Statement

The comments and observations are provided by the Special Trustee for American Indians and reflect the opinion of the Special Trustee only.

Date: April 16, 2008

Name: *Signature on File*
Ross O. Swimmer
Special Trustee for American Indians

A. OFFICE OF HISTORICAL TRUST ACCOUNTING

Introduction

OHTA's historical accounting includes all transactions in IIM accounts open on or after October 25, 1994 (the enactment date of the American Indian Trust Fund Management Reform Act), through the earlier of the date of account closure or December 31, 2000. OST has regularly issued account statements to IIM account holders since the end of 2000.

Accomplishments

During this reporting period, data completeness validation tests and interest recalculation work were completed for over 40,000 Land-Based IIM accounts, for a cumulative total of 90,018.

Current Status

System Tests – Confirming Completeness of Land-Based Accounts

Data Completeness Validation - Electronic Ledger

Data completeness validation is a process consisting of multiple tests (Transaction and Disbursement Mapping, Balance Comparison, Account Number Review, and System Conversion Tests).

Transaction Mapping: Confirms whether transfer and reversal transactions posted are in balance within the IIM accounting system (*i.e.*, that no funds are missing from the electronic record or leaked out of the system). This test is 97% complete. During this reporting period, transaction mapping for over 2,200,000 transactions was completed. Approximately 300,000 of these were pre-December 31, 2000 transactions.

Disbursement Mapping: Confirms the status of disbursements issued during the timeframes of the Treasury CP&R System for check payments, and the Treasury PACER System for electronic payments. Additionally, this test is used to identify cancelled disbursements which should be re-credited to an IIM account belonging to the same account holder. The mapping of the CP&R data is 98% complete and no discrepancies were noted. The PACER mapping began during last reporting period and continues.

Balance Comparison: Confirms whether transactions included in an HSA correspond to the December 31, 2000, balance shown. This test is 100% complete for TFAS and 83% complete for the Electronic Ledger Era IRMS data. During this reporting period, 20,000 out-of-balance accounts were resolved (*i.e.*, the balance and the transactional data now agree).

Account Number Review: Ensures that OHTA provides the appropriate transactions to each IIM account holder receiving an HSA regardless of whether the account number was reused or

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Office of Historical Trust Accounting

changed historically. This test is 99% complete. During this reporting period, work continued on identifying new accounts and correcting names for existing accounts.

System Conversion Test: Confirms that all open accounts with a non-zero balance at the end of IRMS were converted to TFAS with the same balance. This test is 100% complete for the Electronic Ledger Era and no discrepancies were noted. During this reporting period, a preliminary listing of IIM accounts open during the pre-1985 Paper Ledger Era was updated for testing the conversion from paper ledgers to IRMS.

The foregoing tests have identified transactions that did not appear in the IRMS electronic dataset. This transactional data rarely impacts account balances. During this reporting period, over 72,000 Electronic Ledger Era IRMS transactions were restored and over 95,000 Electronic Ledger Era IRMS account balances were verified.

Land-to-Dollars Test

A Land-to-Dollars test determines whether expected revenues documented by surface or subsurface leases are recorded as credits in the IIM Trust Fund systems for the Electronic Ledger Era. As described previously, samples of revenue generating activity in terms of contracts, leases, permits, etc., were selected at Colville, Uintah and Ouray, and Crow Agencies. Using these selected revenues, work continues to determine how different types of revenue can (or cannot) be verified to the appropriate documentation in each case. The priority for working on Land-to-Dollars testing has been lowered, in part, to give higher priority to accounts from the Paper Ledger Era.

Paper Ledger Era

OHTA continues to research and examine IIM Trust Fund records from the Paper Ledger Era to determine the accuracy and reliability of transactions that may be included in HSAs for *Cobell* class members. During a previous reporting period, a sample was drawn from the subpopulation of accounts either known or likely to have transactions beginning in the Paper Ledger Era and continuing into the Electronic Ledger Era. The search to locate the paper ledgers for these accounts was continued during the current reporting period at both AIRR, the Regional Archives in Ft. Worth, Texas, GPRO (imaging microfiche records) and the Archives Annex in College Park, Maryland (imaging Osage “Headright” distribution records).

Additionally, OHTA’s accounting firm contractors have begun to review account jacket files and paper ledgers to assess when each sampled IIM account opened. OHTA anticipates that digitization of located paper ledgers will begin in the next reporting period in order to generate a list of transactions that will be sampled for reconciliation.

Interest Recalculation for Land-Based IIM Accounts

OHTA continued interest recalculation work for Pacific, Rocky Mountain, Northwest, Western and Great Plains Region accounts, as well as for all accounts originating after the installation of TFAS. Interest recalculation completed during this reporting period raised the total of such tested IIM accounts to 90,018. The accuracy of interest postings are quality-control checked by a professional accounting firm contractor not involved in the recalculation effort.

Judgment and Per Capita IIM Accounts

Results to date are summarized in *Status Report to the Court Number Twenty-Nine*. No further work was conducted on these accounts during this reporting period.

Mailings to IIM Account Holders

OHTA still awaits approval from the Court to mail 66,130 HSAs to Judgment and Per Capita IIM account holders. This total reflects the submission of three requests from the years 2005 to the present.

OHTA SDA Distribution Project – Undistributed SDA Balances

During this reporting period, OHTA and its contractors' work resulted in the distribution of \$420,843 of SDA balances, raising the total dollars resolved as of March 31, 2008, to \$50.1 million of SDA balances. As of March 31, 2008, a total of 10,856 SDA, involving \$16,376,486, remain to be resolved and funds distributed. Of those SDA, 7,694 (71% of the remaining SDA) have balances of less than \$500 each, involving \$646,891 (4% of the remaining dollars).

Imaging/Coding - Individual Indian Trust Documents

During this reporting period, OHTA completed imaging 675,179 IIM pages, coding 233,600 IIM documents and loading 226,956 IIM documents into ART. As of March 31, 2008, ART contained 11.3 million coded IIM images and 9.5 million coded tribal images. The coded images to date total approximately 20.8 million, constituting 3.7 million IIM and tribal documents.

OHTA's Federal Records Management

OHTA delivered an electronic copy of the ART electronic system to NARA for pre-accessioning on March 7, 2008.

Delays and Obstacles

OHTA responds to information needs of SOL and the Department of Justice in 99 tribal trust cases pending in multiple federal courts involving twenty-nine different judges. The continued lack of email connectivity to SOL has adversely impacted OHTA's productivity in supporting these tribal cases. Further, since OST and BIA must use an isolated intranet, OHTA incurs

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greater cost by maintaining two distinct systems – one system for communication with OST and BIA and another system for communication to the rest of DOI and externally. Moreover, a limited number of staff has access to both systems.

Assurance Statement

I concur with the contents of the information contained in the Office of Historical Trust Accounting section of the *Status Report to the Court Number Thirty-Two*. The information provided in this section is accurate to the best of my knowledge.

Date: April 29, 2008

Name: *Signature on File*
Bert T. Edwards, Executive Director
Office of Historical Trust Accounting

B. TRUST SERVICES – CURRENT ACCOUNTING

Introduction

Current accounting activities focus on: (a) special deposit accounts; (b) whereabouts unknown accounts; and (c) small balance accounts.

a. Special Deposit Account Activity

Current Status

BIA has the responsibility for distribution of SDA funds received since January 1, 2003 (prospective receipts). During this reporting period, there were 38 receipt transactions posted to SDA.

All of the previously-reported aged SDA funds, \$16,483.11 plus interest to date, were distributed during this reporting period. The remaining SDA are those which cannot be distributed due to pending appeals of range rates (\$234,179.94), SOL opinions (\$110,495.18) and cadastral surveys (\$13,955.81).

OST staff and contractors assisted BIA staff in performing work necessary to distribute aged and current receipts at the Colville, Fort Belknap and Fort Berthold Agencies, as well as the Navajo Region.

Delays and Obstacles

Inability to use the Internet continues to delay access to information useful to resolving SDA.

b. Whereabouts Unknown Accounts

Current Status

Priority continues to be placed on securing current addresses for account holders of the rolling top 100 highest dollar balance WAU accounts. During this reporting period, 13 of the top 100 WAU accounts, with combined account balances in excess of \$1,015,126, were updated with current addresses.

During this reporting period, 10,182 accounts with a combined balance of \$4.5 million were added to the WAU list, while 6,761 accounts with a combined balance of \$6.3 million were updated with current addresses.

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Trust Services – Current Accounting

As of March 31, 2008, there were 81,374 WAU accounts with a combined balance of \$72.4 million. The following table illustrates the number of accounts stratified by account balance and WAU category.

Account Balance	Correspondence/ Check Returned	Account Setup/No Address	Awaiting Address Confirmation	Refused/ Unclaimed Mail	Total
Equal to or over \$100,000	14	10	0	0	24
Under \$100,000 and equal to or over \$50,000	31	12	0	0	43
Under \$50,000 and equal to or over \$5,000	2,450	756	2	1	3,209
Under \$5,000 and equal to or over \$1,000	5,852	1,555	0	5	7,412
Under \$1,000 and equal to or over \$100	9,682	3,550	8	3	13,243
Under \$100 and equal to or over \$1	17,182	6,293	16	6	23,497
Under \$1	13,430	20,471	40	5	33,946
Total	48,641	32,647	66	20	81,374

Delays and Obstacles

The lack of Internet access limits communication effectiveness and hinders locating WAU account holders. OST and its contractors must rely primarily on mail and telephone to maintain communication with IIM account holders.

c. Small Balance Accounts

Current Status

As of March 31, 2008, 18,263 accounts had a \$.01 - \$1.00 balance with no activity for the previous 18 months. The total in those accounts was \$5,224.79. Statements are sent to account holders for these accounts on an annual basis pursuant to direction from Congress.

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Trust Services – Current Accounting

Assurance Statements

I concur with the content of the information contained in the Whereabouts Unknown Accounts subsection of the Current Accounting Activities section of the *Status Report to the Court Number Thirty-Two*. The information provided in this subsection is accurate to the best of my knowledge.

Date: April 15, 2008

Name: *Signature on File*

Bryan Marozas
Program Manager, Trust Beneficiary Call Center
Office of the Special Trustee for American Indians

I express no opinion on the content of the Whereabouts Unknown Accounts subsection, above. I concur with the content of the information contained in the balance of the Current Accounting Activities section of the *Status Report to the Court Number Thirty-Two*, and this information is accurate to the best of my knowledge.

Date: April 16, 2008

Name: *Signature on File*

Margaret Williams
Deputy Special Trustee, Trust Accountability
Office of the Special Trustee for American Indians

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C. OFFICE OF TRUST RECORDS

Introduction

The Office of Trust Records was established in 1999 to develop and implement a program for the economical and efficient management of trust records, consistent with the 1994 Act, the Federal Records Act and other statutes and implementing regulations. The OTR records management program has been developed and implemented, and continues to evolve, to ensure that necessary Indian records are maintained, records retention schedules are consistent with retention needs, and records are safeguarded throughout their life-cycles.

The American Indian Records Repository, located in Lenexa, Kansas, was built by Interior in collaboration with NARA for the purpose of consolidating and preserving Indian records at one NARA regional records center.

Accomplishments

American Indian Records Repository

Approximately 8,296 boxes of inactive records were moved from BIA and OST field locations to the Lenexa Annex for indexing during this reporting period. Indexing of approximately 171,340 boxes has been completed as of the end of this reporting period. Approximately 166,326 indexed boxes have been sent to AIRR for permanent storage.

Training

OTR provided records management training for 129 BIA and OST records contacts and 79 tribal employees during this reporting period. OTR provides records management training to Tribes as they request training.

Current Status

Records Retention Schedules

OTR continued to work with NARA, BIA and OST on the records retention schedules for six BIA and one OST electronic records systems.

Delays and Obstacles

Lack of Internet access continues to hinder OTR's ability to provide remote access to the record index database for authorized users of AIRR records. If Internet access were available, authorized researchers could conduct their searches from their respective work sites and visit AIRR only when necessary to inspect specific boxes or request documents from specific boxes.

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Office of Trust Records

Court orders in tribal litigation continue to restrict movement of records to AIRR, which limits Interior's ability to consolidate Indian records in a central location, thus hindering its ability to provide records to parties in litigation.

Assurance Statement

I concur with the content of the information contained in the Office of Trust Records section of the *Status Report to the Court Number Thirty-Two*. The information provided in this section is accurate to the best of my knowledge.

Date: April 11, 2008

Name: *Signature on File*

Ethel J. Abeita

Director, Office of Trust Records

Office of the Special Trustee for American Indians

D. TRUST ACCOUNTABILITY

1. TRUST BUSINESS PROCESS MODELING

Introduction

Interior is working to build a highly effective fiduciary trust services organization by implementing the business objectives contained in the Comprehensive Trust Management Plan. The CTM laid the groundwork for the development of the Fiduciary Trust Model. The FTM is being implemented to transform the current trust business processes into more efficient, consistent, integrated and fiscally responsible business processes that meet the needs and priorities of the beneficiaries. Implementation of the FTM is a collaborative effort of BIA, OST, BLM, MMS and OHA, and is integrated with Interior's other trust reform initiatives.

Accomplishments

Reengineering staff drafted detailed procedures for identifying and correcting discrepancies in the TAAMS to TFAS upload file and for resolving outstanding payments and managing outstanding invoices. BIA issued the procedures as National Policy Memoranda.

As reported in *Status Report to the Court Number Thirty-One*, reengineering staff drafted several policies for BIA review. As a result, BIA published the following updates during this reporting period: 52 IAM 10 – Tribal Land Assignments; 52 IAM 6 – Delinquent Payments Received on Expired Leases; 52 IAM 8 – Posting for Deposits of Right-of-Way Funds; and 52 IAM 11 – USDA Farm Services Program Payments. The following policies were not published as they require an enhancement to the TAAMS leasing module: standard late payment penalties; over/under payments; unknown quantities (non-oil and gas); and the standard agricultural lease form. The early payments policy is currently under SOL review.

Reengineering staff assisted BIA with identifying key risk management controls for commercial leasing of Indian trust land in support of the intra-agency A-123 team.

Current Status

Reengineering staff presented overviews of the trust income receipting process to staff and tribal members at Ft. Berthold, Puget Sound, Colville and Spokane Agencies, Seattle Field Office and BIA Western and Northwest regional offices.

The reengineering staff continued to review and edit regulations included in Phase III of the Regulatory Initiative. These regulations include leasing, grazing, rights-of-way, trespass and land title and records.

Reengineering staff continued to provide technical support for conversion of RDRS to the oil and gas royalty management module within TAAMS, including identification of additional system requirements.

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Trust Business Process Modeling

The updated versions of the minerals handbooks were delivered to the BIA handbook team leader for final review.

Delays and Obstacles

Lack of Internet access impedes communication with other trust bureaus and offices, and hinders the expansion of reengineered processes that utilize the Internet. This exacerbates the complexity of reengineering the existing trust business processes.

Assurance Statement

I concur with the content of the information contained in the Trust Business Process Modeling section of the *Status Report to the Court Number Thirty-Two*. The information provided in this section is accurate to the best of my knowledge.

Date: April 16, 2008

Name: *Signature on File*

Margaret Williams

Deputy Special Trustee, Trust Accountability

Office of the Special Trustee for American Indians

2. TRUST DATA QUALITY AND INTEGRITY

Introduction

The success of trust reform depends, in part, on the accuracy of data generated from the maintenance of trust assets, ownership of trust assets, distribution of trust income, and management of trust accounts. The DQ&I project focuses on three primary initiatives.

The first initiative is assisting BIA with document encoding into TAAMS. On September 30, 2007, BIA completed conversion to TAAMS Leasing, which is used to manage trust land activity. BIA previously completed its conversion to TAAMS Title, which is used to record Indian title activity.

The second initiative involves the validation and correction of CDE to their respective source documents. CDE are defined as those trust data elements that are needed to provide: (1) timely and accurate payments to beneficiaries; (2) timely and accurate transaction listings and asset inventories to beneficiaries; and (3) effective management of the assets. Examples of CDE are beneficiary name, account number, tract identification number, and land ownership interests.

The third initiative is implementation of a Post-QA review process. The Post-QA review process helps to ensure the ongoing accuracy of CDE by comparing TAAMS document encoding to the respective source input document.

Accomplishments

During this reporting period, TPMC's contractors completed:

Encoding

Encoding of surface leases for Puget Sound (236), Spokane (10), Colville (188), Western Nevada (444), Fort Apache (127), Hopi (337) and Salt River (146) Agencies. Surface lease encoding, reported as on-going during the last reporting period, should have been reported as completed for Flathead, Northern Idaho, Eastern Nevada and Colorado River Agencies.

Encoding of right-of-ways for Puget Sound (129) and Flathead (130) Agencies.

Encoding of Global ID numbers for SPRO LTRO (46). Global ID number encoding, reported as on-going during the last reporting period, should have been reported as completed for Colville Agency.

Research

Researching land ownership interest variances for Colorado River Agency (1,222). Land ownership interest variance research, reported as on-going during the last reporting period, should have been reported as completed for Puget Sound, Northern Idaho,

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Trust Data Quality and Integrity

Umatilla and Central California Agencies.

Researching landowner ID numbers for the Colville (696) and Siletz (14,305) Agencies. Landowner ID number research, reported as on-going during the last reporting period, should have been reported as completed for Eastern Nevada and Spokane Agencies.

Researching contractor ID numbers for the Puget Sound Agency (351).

Current Status

TPMC's contractors continued to assist BIA with TAAMS Leasing post-conversion and TAAMS Title cleanup efforts by:

- Encoding 200 (cumulative total 793) Global ID numbers and 245 (cumulative total 707) trust deeds for NWRO LTRO.
- Encoding 48 (cumulative total 318) ID numbers and 16 (cumulative total 27) trust deeds for PRO LTRO.
- Encoding land tracts in TAAMS Title for EORO LTRO (101) (cumulative total 3,094) (Transposition occurred in *Status Report Number Thirty-One*, as the amount of land tracts encoded was 2,993, but 2,933 was reported.), and ARO LTRO (795) (cumulative total 3,565).
- Encoding deeds for Colville Agency (351).
- Encoding right-of-ways for Pima Agency (60).
- Encoding of legal documents for Flathead Agency (1,707) (cumulative total 1,768).
- Researching landowner ID numbers for the Ft. Yuma Agency (651) (cumulative 851), PRO LTRO (530) (cumulative total 1,722) (Last reporting period 1,192 landowner ID numbers were researched, but 665 was reported.), and SWRO LTRO (564) (cumulative total 3,085).
- Researching land ownership interest variances for Taholah Agency (14,480) (cumulative total 24,811). (Transposition occurred in *Status Report Number Thirty-One*, as the amount of land ownership interest researched was 10,331, but 10,311 was reported.)
- Preparing probate modifications for the SWRO LTRO (300) (cumulative total 352) and Western Nevada Agency (322) (cumulative total 688).
- Chaining title history for Colville Agency tracts (189) (cumulative total 384).
- Conducting Post-QA review of 14,030 transactions encoded into the trust systems during the reporting period for a cumulative total of 198,798.

During this reporting period, FIMO requested assistance from OST to analyze RDRS transactions related to 18 oil and gas leases, as lease re-numbering resulted in incorrect RDRS distributions. TPMC's contractors began analyzing and documenting the cumulative impacts on affected beneficiary accounts, which resulted from the incorrect RDRS distributions. Completion is expected during FY2008.

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Trust Data Quality and Integrity

Delays and Obstacles

Lack of access to the Internet has resulted in: (1) communication delays; (2) adverse project coordination issues; (3) increased administrative program costs; and (4) the overall DQ&I project being unable to take full advantage of available information technology.

Assurance Statement

I concur with the content of the information contained in the Trust Data Quality and Integrity section of the *Status Report to the Court Number Thirty-Two*. The information provided in this section is accurate to the best of my knowledge.

Date: April 24, 2008

Name: *Signature on File*

John E. White

Trust Reform Officer, Trust Accountability

Office of the Special Trustee for American Indians

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3. INDIAN FIDUCIARY TRUST TRAINING PROGRAM

Introduction

Interior has a continuing responsibility to provide adequate staffing, supervision and training for trust fund management and accounting activities. Fiduciary trust training is essential to the success of Interior's trust reform efforts and forms an integral part of all training for Interior employees who are involved in the management of Indian trust assets.

Current Status

During this reporting period, Cannon Financial Institute presented:

- Two *Indian Fiduciary Trust Principles* courses to 83 employees of OST, BIA and Tribes. Completion of this course, passing an exam and reviewing a DVD entitled *Fiduciary Concepts* are requirements of the *Certified Indian Fiduciary Trust Analyst* certification.
- Eight specialty courses to 146 employees of OST, BIA and Tribes. The specialty courses, *Risk Management*, *Probate*, *Fiduciary Behaviors*, *Guardianships* and *Trust Accounting* are part of the *Certified Indian Fiduciary Trust Specialist* certification program.

During this reporting period, OST training staff conducted five training sessions for 74 employees from OST, BIA and contractors on the use of TFAS and related systems and reporting programs that include:

- CSS – used to enter, approve and post cash transactions;
- Stratavision – contains daily, weekly and monthly reports from OST systems for viewing by OST and BIA staff;
- Historical Query Database – contains account transaction history going back to 1985; and
- TFR – used for tracking lockbox receipts.

OST and BIA staff presented two *Trust Fundamentals* courses to 48 employees of OST, BIA, OHA and Tribes. This course includes such topics as the history and policy of Indian trust, current trust reform activities, job roles and responsibilities, and organization and working relationships.

Delays and Obstacles

The lack of Internet access inhibits electronic communication with other government agencies and contractors, hinders the research of training tools and potential contractors, and restricts OST's ability to access on-line training programs.

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Indian Fiduciary Trust Training Program

Assurance Statement

I concur with the content of the information contained in the Indian Fiduciary Trust Training Program section of the *Status Report to the Court Number Thirty-Two*. The information provided in this section is accurate to the best of my knowledge.

Date: April 16, 2008

Name: *Signature on File*

Dianne M. Moran

Director, Office of Trust Training

Office of the Special Trustee for American Indians

4. RISK MANAGEMENT

Introduction

The Deputy Special Trustee, Trust Accountability is responsible for overseeing OST's risk management program, which is implemented by the Trust Program Management Center.

TPMC risk management staff identify and document OST programs, policies, procedures and processes, both trust and administrative activities. TPMC staff also develop, operate and maintain risk-based management tools to support and monitor the risk levels and implementation of corrective actions. In addition, TPMC staff facilitate program reviews, which include testing of program operations, financial reports, and compliance with the law. These reviews provide the basis for OST's interim and annual statements of assurance.

Accomplishment

OST developed a methodology and began its transaction testing for FY2008 in a collaborative effort with BIA, MMS and BLM. This testing will provide additional support for OST's interim and annual statements of assurance.

Current Status

OST continues to develop its FY2008 methodology and plan for the testing of program operations' efficiency and effectiveness, financial reporting reliability, and compliance with laws and regulations. These tests and reviews will provide the basis for OST's interim and annual statements of assurance.

As a result of OST's FMFIA and A-123 self-assessment testing for FY2007, 55 corrective action plans were opened. During this reporting period, the one remaining corrective action plan from FY2006 was closed, resulting in a total of 47 open corrective action plans as of March 31, 2008. The open corrective actions plans are expected to be resolved during FY2008. None of the corrective actions plans are expected to impact the trust funds financial statement.

Delays and Obstacles

The lack of Internet access complicates coordination among bureaus and offices, and hampers implementation and use of RM-PLUS, since it is designed as a web-based application.

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Risk Management

Assurance Statement

I concur with the content of the information contained in the Risk Management section of the *Status Report to the Court Number Thirty-Two*. The information provided in this section is accurate to the best of my knowledge.

Date: April 24, 2008

Name: *Signature on File*
John Constable
Program Analyst
Office of the Special Trustee for American Indians

5. TRUST REGULATIONS, POLICIES AND PROCEDURES

Introduction

The Office of Trust Regulations, Policies and Procedures was established on April 21, 2003, to assist Interior in establishing “consistent, written policies and procedures for trust fund management and accounting,” as stated in the 1994 Act. OTP oversees and facilitates the development, promulgation and coordination of trust-related regulations, policies, procedures and other materials to guide the proper discharge of Interior’s fiduciary responsibilities. OTP is separate from the Office of Regulatory Management, AS-IA. ORM activities are reported in the Indian Affairs section of the report to the Court.

Accomplishments

During this reporting period, OTP published 40 new or revised policies, procedures, and handbooks.

Current Status

- OTP is helping to develop major revisions to the Investing DOP. During this reporting period, work progressed on the draft document with three of four main sections initiated.
- OTP is compiling OST Delegations of Authority. Upon completion, these delegations will be distributed to the responsible program offices for review and updating.
- OTP began drafting a handbook for the Trust Beneficiary Call Center.
- OTP revisions to OST’s Privacy Act disclosure statement are being circulated for comments.

Delays and Obstacles

Lack of access to the Internet for research of statutes, the Federal Register and other resources continues to present challenges to this office.

STATUS REPORT TO THE COURT NUMBER THIRTY-TWO

May 1, 2008

Trust Regulations, Policies and Procedures

Assurance Statement

I concur with the information contained in the Office of Trust Regulations, Policies and Procedures section of the *Status Report to the Court Number Thirty-Two*. The information provided in this section is accurate to the best of my knowledge.

Date: April 16, 2008

Name: *Signature on File*

John Marshall, Acting Director

Office of Trust Regulations, Policies and Procedures

Office of the Special Trustee for American Indians

E. TRUST REVIEW AND AUDIT

Introduction

OTRA reports directly to the Special Trustee for American Indians. OTRA was created by OST as a response to trust initiatives developed during the tribal consultation process of 2002. OTRA conducts performance audits, examinations and reviews of Interior entities as well as Tribes that perform fiduciary trust activities. Examinations are routinely conducted at locations that perform trust operations, resulting in a performance rating. Also, compliance reviews are undertaken in response to information and complaints received from beneficiaries, employees and the public.

Current Status

Indian Trust Examinations

During this reporting period, OTRA performed ten Indian trust examinations and five follow-up reviews on the status of corrective action implementation. OTRA issued nine draft reports and one follow-up memorandum for comment, 15 final Indian trust examination reports, and three final follow-up corrective action reports. Of the 15 final Indian trust examination reports issued, 12 offices were rated “satisfactory,” and three offices were rated “in need of improvement.”

For those offices rated “in need of improvement,” OTRA reported 15 findings in three component areas:

- Compliance – eight findings, primarily involving real estate services, rights-of-way, environmental compliance, non-agricultural leasing, and supervised accounts.
- Operations – four findings involving cash management and information technology.
- Asset Management – three findings involving land titles and records, non-agricultural leasing, and real estate services.

Records Assessments

The records assessment is a focused evaluation of records maintenance and security. OTRA completed six trust records assessments and 14 follow-up reviews on the status of corrective action implementation. OTRA issued seven final records management assessment reports and four records management follow-up reports.

Compliance/Investigative Reviews

During this reporting period, OTRA received no new allegations or inquiries relating to trust operations. OTRA performed one investigative review from a prior period and incorporated the results in a follow-up corrective action report. OTRA issued one final investigative report and one memorandum with results of OTRA’s review.

OTRA issued 23 inquiries, seeking the status of corrective actions recommended from examinations performed in prior reporting periods.

Delays and Obstacles

Lack of Internet access impedes OTRA's work processes and its ability to communicate effectively, both internally and externally. OTRA is hindered in researching prior audits due to its inability to access the DOI, OIG, GAO and Single Audit Clearinghouse websites for audit information. In addition, OTRA cannot communicate via the Internet or email with Tribes.

Assurance Statement

I concur with the content of the information contained in the Trust Review and Audit section of the *Status Report to the Court Number Thirty-Two*. The information provided in this section is accurate to the best of my knowledge.

Date: April 24, 2008

Name: *Signature on File*

Julene Theis

Deputy Director, Office of Trust Review and Audit

Office of the Special Trustee for American Indians

F. OFFICE OF APPRAISAL SERVICES

Introduction

The Office of Appraisal Services is responsible for Indian land valuations required by various regulations governing Indian trust lands. To meet these requirements, an appraisal or other valuation method is used to determine fair market value of Indian lands.

Accomplishments

During this reporting period, OAS completed 1,336 real estate appraisals. Two hundred twenty-two of these were completed using the mass-appraisal system (ATLAS) by the Great Plains Region. ATLAS provides for reliable and efficient appraisal services in a region with a high volume of appraisal requests generated from sales and agricultural leases.

In support of ILCP, OME evaluated 99 parcels during this reporting period.

Compliance reviews led by NBC-ASD staff are conducted to ensure compliance with applicable professional standards and appraisal policies and procedures in OAS and ASD. During this reporting period, compliance reviews were completed in the Eastern Oklahoma and Western Regions.

Current Status

During this reporting period, the Deputy Chief Appraiser and Regional Appraiser Navajo positions were advertised.

Because of issues that could not be resolved with the contractor, the update and enhancement of ITARS will be completed by OST information technology staff. In addition, ATLAS software was purchased for two OAS locations; full deployment of the software is expected during this fiscal year.

Indefinite-delivery, indefinite-quantity appraisal contracts were established for the Great Plains Region; solicitations for the Southern Plains Region are out for bid. OAS continues to work with NBC to establish IDIQ contracts at many of the appraisal offices throughout Indian Country. These contracts are expected to result in a more effective and efficient contracting process.

STATUS REPORT TO THE COURT NUMBER THIRTY-TWO

May 1, 2008

Office of Appraisal Services

Appraisal Backlog

For this reporting period, the “backlog” includes appraisal requests that contain all required supporting documentation and are more than 90 days old. The backlog also includes requests for review of appraisals performed by compacted and contracted Tribes that are more than 30 days old. Counting methodologies vary from region to region. For example, some regions might count a right-of-way appraisal for a pipeline easement that crosses 20 allotments as one appraisal, whereas other regions might count that same request as 20 appraisals. The appraisal backlogs as reported by the regions are as follows:

Region	Appraisal Backlog As of 12/31/07	Appraisal Backlog As of 03/31/08
Northwest	223	387
Rocky Mountain	328	443
Midwest	111	86
Western	6	8
Southwest	38	33
Eastern Oklahoma	113	72
Navajo	5	51
Pacific	35	19
Alaska	122	94
Eastern	0	2
Southern Plains	65	30
Great Plains	1,372	1,339*
TOTAL	2,418	2,564

*This number includes 1,267 requests (majority are ILCP related) that have been initiated, approved, accepted, and submitted for completion using ATLAS.

Delays and Obstacles

The inability to utilize the Internet as a tool to research comparable sales and market activities is a continuing hardship. Without access to the Internet, OAS has limited access to realtor, commercial services or county sale transaction data. OAS has to rely on data from contracted appraisals to obtain Internet-available information. OAS review appraisers are greatly disadvantaged without the Internet as a tool for testing the quality and quantity of comparable sales. Additionally, OAS staff analysis is restricted by not having access to mapping, utility and other descriptive land data that is available on the Internet.

STATUS REPORT TO THE COURT NUMBER THIRTY-TWO

May 1, 2008

Office of Appraisal Services

Assurance Statement

I concur with the content of the information contained in the Appraisal section of the *Status Report to the Court Number Thirty-Two*. The information provided in this section is accurate to the best of my knowledge.

Date: April 25, 2008

Name: *Signature on File*
Debra J. Meisner
Director, Administrative Operations
Office of Appraisal Services

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II. INDIAN AFFAIRS

A. TRUST REGULATIONS, POLICIES AND PROCEDURES

Introduction

The Office of Regulatory Management in the Office of the Assistant Secretary – Indian Affairs is responsible for review and revision of all regulations governing the Department’s management of the Indian trust. ORM is separate from OST's Office of Trust Regulations, Policies and Procedures, whose activities are reported in the OST section of the *Status Report to the Court*.

Current Status

Regulatory Initiative – Phase I of the Regulatory Initiative involves the promulgation of regulations related to probate, probate hearings and appeals, tribal probate codes, life estates and future interests in Indian land, and conveyances of trust or restricted land. During this reporting period, the work groups held meetings to resolve outstanding issues and finalize the rules for publication. The work groups continued to consider and incorporate comments in anticipation of the final rules. The final rules are undergoing an editorial review and ORM expects to circulate the rules for Interior approval in the second quarter of CY2008. ORM now expects to have the final rules published in the Federal Register during the second quarter of CY2008, but OMB review and approval may delay publication.

Phase II includes the Trust Fund Accounting and Appeals regulations. During this reporting period, the Phase II workgroup met several times to prepare these regulations for Interior approval. ORM expects to have the proposed rules published in the Federal Register during the second quarter of CY2008, but OMB review and approval may delay publication.

Phase III includes tribal consultation and promulgation of regulations affecting leasing, grazing, rights-of-way, trespass and land title and records. Interior now expects to begin consultation with Tribes on preliminary drafts of these regulations in the third quarter of CY2008.

25 CFR 200 to 207 – Minerals Leasing, Development, Exploration and Reclamation – These new CFR parts will reorganize and update current provisions related to leasing, development and exploration of minerals to increase user friendliness. Subject matter experts within Interior are drafting these changes and expect to have a draft complete by the second quarter of CY2008.

25 CFR 224 – Tribal Energy Resource Agreements – The Office of Indian Energy and Economic Development incorporated OMB comments on the final rule. The final rule was published in the Federal Register on March 10, 2008 (73 Fed. Reg. 12808).

STATUS REPORT TO THE COURT NUMBER THIRTY-TWO

May 1, 2008

Trust Regulations, Policies and Procedures

Delays and Obstacles

Lack of access to the Internet has hindered ORM's ability to research statutes and departmental manuals, and makes distribution of documents for review by Tribes more difficult and costly. In addition, ORM staff must routinely communicate with, but does not have email connectivity to, the Office of the Executive Secretariat, SOL, Departmental staff, OMB and NARA.

Assurance Statement

I concur with the content of the information contained in the Trust Regulations, Policies and Procedures – Indian Affairs section of the *Status Report to the Court Number Thirty-Two*. The information provided in this section is accurate to the best of my knowledge.

Date: April 21, 2008

Name: *Signature on File*

Michele F. Singer

Director, Office of Regulatory Management

Office of the Assistant Secretary – Indian Affairs

III. BUREAU OF INDIAN AFFAIRS

A. FRACTIONATION

Introduction

Fractionation of Indian trust and restricted land results from the federal Indian policy of the 19th century. Fractionation occurs because, as land passes from one generation to the next, an increasing number of heirs or devisees acquire an undivided interest in the land. This is a complex and potentially emotion-charged issue, due primarily to cultural differences, historical legacy and family associations of the present owners with the original Indian owners of those lands. Efforts to address this complex issue are coordinated primarily through the BIA Indian Land Consolidation Office, which seeks to help Tribes make use of the opportunities offered by the Indian Land Consolidation Act, as amended in 2004. ILCO is operating several acquisition projects that purchase undivided interests in highly fractionated tracts and transfer title to the Tribes.

Accomplishments

During this reporting period ILCP acquired: 13,561 fractional interests and 13,833.48 acre-equivalents.

Of the total interests acquired, 91% were interests of less than 2% ownership in the respective tracts of land.

Tribes acquired majority ownership in 215 tracts during this reporting period (7,658 total tracts). Tribes also acquired 100% ownership in 19 additional tracts. As a result of ILCP purchases, Tribes now have 100% ownership of 418 total tracts.

Current Status

- ILCP efforts to support the Great Plains Region LTRO by assisting with recording deeds, re-vesting *Youpee* interests, researching ownership files and recording to ownership records have been reduced to provide additional funding for acquisitions.
- A total of 15 reservations located in four BIA Regions are participating in ILCP.

Delays and Obstacles

- Probate and LTRO backlogs and *Youpee* issues continue to impede acquisitions.
- Lack of Internet access results in slower processing of applications from potential sellers and hinders searches for WAU account holders.

STATUS REPORT TO THE COURT NUMBER THIRTY-TWO

May 1, 2008

Fractionation

Assurance Statement

I concur with the content of the information contained in the Fractionation section of the *Status Report to the Court Number Thirty-Two*. The information provided in this section is accurate to the best of my knowledge.

Date: April 15, 2008

Name: *Signature on File*
Robert R. Jaeger
Director, Indian Land Consolidation Office
Bureau of Indian Affairs

B. PROBATE

Introduction

BIA, OHA and OST must coordinate their work to complete the probates of Indian estates. Information on the status of probates is contained within the ProTrac system. Each BIA regional office and corresponding agency is responsible for encoding new cases, examining “initial load” cases and making corrections.

Current Status

Case Preparation

Case preparation is the initial stage of the probate process. During this stage information is researched and gathered regarding the identity and whereabouts of potential heirs, and an inventory of the trust assets of an estate is prepared. According to ProTrac, 7,925 probate cases are in the case preparation stage.

Case Adjudication

Depending on the complexity of the case, probates are adjudicated by OHA Administrative Law Judges, Indian Probate Judges, or Attorney Decision Makers. According to ProTrac, 5,320 probate cases are in the case adjudication stage. As reported by OHA, deciding officials received 1,640 cases and issued decisions in 1,808 cases. OHA reported 3,737 cases pending.

Case Closure

Cases in the closing stage are ones that have been adjudicated but not updated in TFAS, LTRO or the Lease Distribution System. According to ProTrac, there are 2,783 cases in the closing stage, and 1,744 cases were closed during this reporting period.

Financial Case Closure

Financial case closure is the posting and recording of ownership and distribution of assets after the case has been adjudicated. OST reported that it distributed funds and closed 2,079 accounts in TFAS during this reporting period representing 2,054 estates. As of the end of March 31, 2008, TFAS contained 33,391 open estate accounts, which is a decrease of 5 from the 33,396 estate accounts at the end of the last reporting period.

Delays and Obstacles

The following obstacles have been identified as having an impact on the progress of the probate program:

- Lack of Internet access, which impedes BIA’s ability to identify and locate heirs, and its

STATUS REPORT TO THE COURT NUMBER THIRTY-TWO

May 1, 2008

Probate

- ability to communicate with state, federal and tribal agencies;
- Continued fractionation of ownership of Indian lands; and
- Cultural differences regarding the subject of death and funerals.

Assurance Statement

I concur with the content of the information contained in the Probate section of the *Status Report to the Court Number Thirty-Two*. The information provided in this section is accurate to the best of my knowledge.

Date: April 16, 2008

Name: *Signature on File*
Patricia L. Mattingly
(Acting) Director, Probate Division
Office of Trust Services
Bureau of Indian Affairs

IV. OTHER TOPICS

A. INFORMATION TECHNOLOGY

Introduction

This section describes the status of Interior IT systems, particularly the systems that house or provide access to IITD or provide various computing capabilities, including functions critical to the proper administration of the individual Indian trust responsibilities within Interior. In addition, this section describes various efforts being made to improve IITD security within Interior, pursuant to OMB Circular A-130 Appendix III, and challenges due to the lack of Internet connectivity at four bureaus and offices.

Accomplishments

Staffing:

The OHA Bureau and Office Chief Information Security Officer position was filled during the reporting period.

Computer Security:

Interior continues to make progress in enhancing IT security through improvements to security monitoring processes and the re-Certification & Accreditation of systems. The most noteworthy accomplishments during the reporting period are described below.

Prevention and Monitoring:

- ESN completed an optimization of the perimeter security controls at the end of January. This configuration change corrected a network performance problem by eliminating the unnecessary reporting of many routine and expected attacks at the perimeter.
- ESN perimeter security controls, which are the first line of defense, successfully blocked over one million network attacks during the reporting period. The decrease in the successfully blocked attacks, from the previous reporting period, is a result of ESN optimizing the perimeter security controls.
- BIA hired three new Information System Security Officers for three of their four GSS zones.

Policies and Guidance:

- On January 31, 2008, the Interior CIO issued “Internal Control Review (ICR) Guidance for Fiscal Year (FY) 2008” to the heads of bureaus and offices and to bureau and office Chief Information Officers. This directive provides specific guidance for IT system owners and BCISOs for conducting annual assessments of the security controls in place for all IT systems contained in DEAR.
- On January 31, 2008, the Interior CIO issued “Fiscal Year 2008 (FY08) Annual End-User Federal Information Systems Security Awareness Training” to assistant

- secretaries and heads of bureaus and offices. This memo requires all users of Interior IT systems to complete annual security awareness training no later than July 31, 2008.
- On March 6, 2008, the Interior CIO issued “Fiscal Year 2008 (FY08) Information Technology (IT) Security Role-Based training” to assistant secretaries and heads of bureaus and offices. This memo requires all users with significant IT Security related responsibilities of Interior IT systems to complete the training no later than July 31, 2008.
 - On March 20, 2008, the Interior CIO issued “Promulgation of Interior’s Information Technology Security Policy Handbook” to assistant secretaries, heads of bureaus and offices, bureau and office Chief Information Officers, and bureau and office Chief Information Security Officers. This memo formally establishes and promulgates Interior’s IT Security Policy Handbook that takes precedence over existing OCIO directives and memoranda, regarding IT security policies and standards.
 - On March 25, 2008, in accordance with OMB M-07-16², the Office of the Secretary finalized an update to the Systems of Records Notices (OS-02: “Individual Indian Money (IIM) Trust Funds” (published March 8, 2001, 66 FR 13945-13947)). This update authorizes disclosure of IIM information to appropriate agencies, entities, and persons in the event of a data breach.

Current Status

Reconnection Planning:

As reported in the *Status Report to the Court Number Thirty-One*, Interior is preparing to reconnect BIA, OST, SOL and OHA to the Internet. On February 11, 2008, Interior filed its submission with the Court for the reconnection of BIA, OST, and OHA, as well as for the connection of OHTA. ESN is re-engineering the network architecture in order to prepare for reconnection of BIA, OST, SOL and OHA, and for the connection of OHTA, to the Internet.

As part of the ongoing reconnection process, Interior continues to assess, prioritize, and mitigate vulnerabilities through established internal processes while the Court considers vacating the Consent Order.

Plan of Action and Milestones:

Interior continues to identify, prioritize, track and correct security weaknesses using the POA&M process.

- During the reporting period, Interior reported to OMB that 143 weaknesses were eliminated and 126 new weaknesses were identified and added. These weaknesses reflect only trust systems at each of the trust bureaus and offices.
- At the end of this reporting period, there are 460 weaknesses associated with Trust systems. Of the 460 open weaknesses, 33 (7%) are rated high, 233 (51%) are rated medium and 194 (42%) are rated low.

² OMB-07-16 directed agencies to develop and publish a routine use for disclosure of information in connection with response and remedial efforts in the event of a data breach.

A-130 Certification and Accreditation:

- Of the 41 trust systems that are currently tracked in DEAR, all had ATO during the reporting period. ATO status for TFAS expired on March 30, 2008; an IATO was granted on April 24, 2008. OST is negotiating a new TFAS contract. Once the contract is awarded, OST expects to re-C&A the system for three years.
- After re-C&A, ATO was renewed for 19 BIA systems.

Training and Awareness:

Interior began the 2008 Role-Based Security Training and Security Awareness training as required by FISMA.

Incidents:

- As reported in the *Status Report to the Court Number Thirty-One*, on July 27, 2007, a BIA computer containing PII and other sensitive data was stolen from the BIA main administration building in San Carlos, Arizona. BIA law enforcement continues to pursue the criminal incident. BIA OCIO does not plan any additional action and has closed the incident.
- As reported in the *Status Report to the Court Number Thirty-One*, on September 29, 2007, OHA reported a laptop was stolen in Phoenix, Arizona from an OHA employee's residence. The NBC CSIRT and OHA officials have closed this incident and concluded the level of risk for the exposure of probate data to unauthorized sources was very low.
- On January 23, 2008, an incident occurred with a BIA employee storing potential PII and IITD on a USB thumb drive. The incident was reported to the Interior CIRT, BIA CSIRT, and OIG. BIA CSIRT turned the investigation over to OIG on February 7, 2008, for forensic analysis. The employee was subsequently indicted on two counts of making false statements. The employee has been removed from federal service, and BIA does not plan any additional action.
- On January 30, 2008, an OST desktop computer used to process IITD in Denver, Colorado was inadvertently connected during an office move to the NBC intranet printer virtual LAN. The incident was reported to the NBC CSIRT and Interior CIRC. The NBC CSIRT investigated the network traffic for the time period and concluded that 1) no unknown traffic came to or from the system, and 2) no IITD information left the system or was attempted to be accessed from the NBC Intranet. The NBC CSIRT concluded that no exposure of IITD occurred and this incident has been closed.
- On February 14, 2008, an employee of the Chickasaw Nation in Ada, Oklahoma vandalized a Chickasaw telecommunications closet and forced the BIA network at the Chickasaw site down for several days. The employee is being prosecuted by the Chickasaw Nation. BIA does not plan any additional action and has closed the incident.

Reports:

These reports were among those issued during this reporting period.

- GAO issued the following reports that relate to information security across all federal agencies:
 - “Information Security: Although Progress Reported, Federal Agencies Need to Resolve Significant Deficiencies.”
 - “Information Security: Protecting Personally Identifiable Information.”
 - “Information Security: Progress reported, but Weaknesses at Federal Agencies Persist.”

Delays and Obstacles

Like other federal agencies, Interior must address many challenges regarding the integration, performance, funding, security, and data integrity of IT systems. Interior initiated or completed steps to address some of the challenges reported in this and previous reporting periods. However, delays and obstacles listed below impede progress in achieving Interior’s IT management goals.

Staffing

Interior continues to experience high staff and management turnover in critical IT positions, particularly IT security.

Funding and Resources

- Limited congressional appropriations have impacted the ability of Interior to fill personnel vacancies, complete projects and meet deadlines.
- Court orders requiring bureaus and offices to maintain email backup tapes for indefinite periods require the acquisition and maintenance of an extremely large volume of expensive backup tape media. This cost burden of approximately \$1.7 million per year on Interior bureaus and offices has diverted funding from other Interior programs.

Denied Internet Access

Four Interior bureaus and offices (BIA, OHA, OST and SOL) have not been permitted by the Court to have Internet access since December 5, 2001. As previously reported and detailed in the *Status Reports to the Court Number Twenty-Eight* and *Number Thirty-One*, lack of Internet access impedes work processes and the ability to communicate effectively, both internally and externally.

STATUS REPORT TO THE COURT NUMBER THIRTY-TWO

May 1, 2008

Information Technology

Assurance Statement

I concur with the content of the information contained in the Information Technology section of the *Status Report to the Court Number Thirty-Two*. The information provided in this section is accurate to the best of my knowledge.

Date: April 24, 2008

Name: *Signature on File*

Michael J. Howell, Jr.

Department of the Interior Chief Information Officer

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B. CADASTRAL SURVEY

Introduction

Cadastral surveys provide assurance that land boundaries for individual Indian and tribal trust and restricted lands are identified appropriately. By federal law, surveys of Indian lands are to be performed under BLM's direction and control and in conformity with the rules and regulations under which other public lands are surveyed. Official surveys, whether preexisting or new, identify the location of land boundaries of Indian trust assets and determine official acreage. The official surveys are integral to realty transactions, resource management activities, litigation support and the federal system of patent, allotment and land tenure records maintained by BLM, BIA and local governments. Ownership information, distribution of land-based trust assets, and management of land-based trust accounts may be related to or based upon the information recorded in official surveys.

Accomplishments

Interior Standards for Indian Trust Lands Boundary Evidence

BLM issued guidance for processing the Standards for Indian Trust Lands Boundary Evidence and for completing federal authority surveys utilizing the services of a CFedS on March 11, 2008. The guidance develops the initial processes and procedures to be implemented while preparing Standards documents. As previously reported, the Standards were developed jointly by the BIA, OST, BLM, and Tribal and Alaska Native Corporation Representatives for the guidance of Departmental employees, CFedS, and pre-approved agency or tribal officials or agents when gathering boundary evidence.

In the first half of FY 2008 BLM consulted on 771 survey issues and prepared 82 Standards documents.

Survey Production

BLM approved a total of 22 completed survey projects in Indian Country during this reporting period. These surveys produced 22 plats, 388 miles of survey line and an additional 705 survey monuments in Indian Country.

Certified Federal Surveyor Program

The BLM Cadastral Program deployed the CFedS program in FY2007. During this reporting period:

- The third certification examination was offered in this reporting period with 23 surveyors passing. There are now 161 CFedS holding a certification in 39 different states.

- Five hundred forty professional land surveyors are enrolled and participating in the CFedS program. Forty-five states are now represented with licensed surveyors enrolled in the program.
- The second CFedS workshop was held in Spokane, WA, on March 8, 2008, in conjunction with the ACSM annual conference. ACSM sponsored a ceremony where the new CFedS were recognized by the Special Trustee for American Indians, BLM and ACSM.
- The first of six continuing education courses is scheduled for completion May 15, 2008.
- BLM completed a draft of an informational video on the CFedS program. A final video is expected to be distributed to BIA and Tribes in the third quarter of FY2008.

Current Status

Implementation of the FTM

During this reporting period, BLM continued to implement FTM goals. These goals as they relate to cadastral services are: (1) funding and support for the 12 BLM Indian Lands Surveyors located in the BIA Regions; (2) deployment and continued development of the CFedS program; (3) improving and extending the PLSS within Indian Country; and (4) creation of a CGIS to be used as a foundation layer of BIA and tribal GIS, which should include legal land descriptions, ownership status, uses and encumbrances, as well as surveys. BLM and BIA continued collecting data for the pilot project areas, which will be used to determine the feasibility of spatially mapping and displaying CGIS data residing in TAAMS. BLM completed its primary tasks for the pilot and is assisting BIA in the evaluation of existing GIS technologies and the integration of TAAMS. This pilot still is scheduled to be completed by the end of the third quarter of FY2008.

Delays and Obstacles

Disconnection from the Internet

The Court-ordered disconnection from the Internet continues to hamper communications and service delivery between BLM, BIA, OST and SOL. For example, BLM's lack of ability to exchange electronic drafts and comments with SOL and BIA has slowed progress on the BLM and BIA manuals and handbooks for the Interior Standards for Indian Trust Lands Boundary Evidence.

Additionally, Internet disconnection adversely impacts the way CARS is being implemented. BLM's productivity has decreased, and the cost associated with dual networks has caused the cost of survey services to increase. This issue continues to impact BLM's ability to provide cadastral services in an effective and cost efficient manner to its trust clients.

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May 1, 2008

Cadastral Survey

Funding of the FTM

Proper planning, scheduling and implementation of future FTM work are dependent on funding. The reduced level of funding and delay in enacting Interior's FY2008 appropriation continued to impact negatively the implementation of the FTM initiatives. Planning survey projects involves long-term commitment of professional services. Uncertainty of funding impacts the planning for resources, which increases overall costs.

Assurance Statement

I concur with the content of the information contained in the Cadastral Survey section of the *Status Report to the Court Number Thirty-Two*. The information provided in this section is accurate to the best of my knowledge.

Date: April 29, 2008

Name: *Signature on File*
Donald A. Buhler
Chief Cadastral Surveyor
Bureau of Land Management

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C. MINERALS MANAGEMENT SERVICE

Introduction

Minerals Revenue Management, an MMS program, is responsible for collecting, accounting for, and distributing mineral revenues from both federal and Indian mineral leases, and for evaluating industry compliance with laws, regulations and lease terms. MRM maintains reported information and distributes revenues at the lease level. BIA maintains individual Indian ownership records that are used to provide information to OST for disbursement of the lease revenues to individual Indian beneficiaries.

Accomplishment

Indian Oil Valuation Rule

MMS published a final Indian Oil Valuation Rule in the Federal Register on December 17, 2007. The final rule took effect on February 1, 2008, and contains technical corrections to the 1988 Indian Oil Valuation Rule. MMS expects to address issues regarding the “major portion” calculation for oil produced from Indian leases in a negotiated rulemaking committee. A Federal Register notice, to solicit nominations to the committee, is expected to be published during the next reporting period. The committee plans to convene after membership nominations have been accepted and selections made.

Assurance Statement

I concur with the content of the information contained in the Minerals Management Service section of the *Status Report to the Court Number Thirty-Two*. The information provided in this section is accurate to the best of my knowledge.

Date: April 29, 2008

Name: *Signature on File*
Richard J. Adamski
Chief of Staff
Minerals Revenue Management
Minerals Management Service

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ACRONYMS AND ABBREVIATIONS

1994 Act (or Act) 2007 Plan	American Indian Trust Fund Management Reform Act of 1994 Plan for Completing the Historical Accounting of Individual Indian Money Accounts
A-123	Office of Management and Budget Circular A-123, Management's Responsibility for Internal Control
A-130	Office of Management and Budget Circular A-130 Appendix III
ACSM	American Congress on Surveying and Mapping
ADM	Attorney Decision Makers
AFMSS	Automated Fluid Mineral Support System
AIMS	ActivCard Identity Management System
AIPRA	American Indian Probate Reform Act
AIRR	American Indian Records Repository
ALIS	Alaska Land Information System
ALJ	Administrative Law Judges
ARO	Alaska Region office
ARRTS	Appraisal Request and Review Tracking System
ART	Accounting Reconciliation Tool
AS-IA	Assistant Secretary-Indian Affairs
ASD	Appraisal Services Directorate
ASM	Accounting Standards Manual
ATLAS	AgWare Trust Land Appraisal System
ATO	Authority to Operate
BCISO	Bureau and Office Chief Information Security Officer
BIA	Bureau of Indian Affairs
BIAM	Bureau of Indian Affairs Manual
BILS	BLM Indian Lands Surveyors
BISS	Box Index Search System
BITSM	Bureau Information Technology Security Manager
BLM	Bureau of Land Management
BOR	Bureau of Reclamation
BPA	Blanket Purchase Agreement
BRM	Business Reference Model
C&A	Certification and Accreditation
CARS	Cadastral Automated Request System
CBS	San Carlos Irrigation Continental Billing System
CDE	Critical Data Elements
CFedS	Certified Federal Surveyor
CFI	Continuous Forest Inventory
CGI	Software vendor successor to TAAMS vendor
CGIS	Cadastral Geographic Information Systems
CI Manual	Coding and Imaging Manual
CIFTA	Certified Indian Fiduciary Trust Analyst
CIFTS	Certified Indian Fiduciary Trust Specialist

STATUS REPORT TO THE COURT NUMBER THIRTY-TWO

May 1, 2008

Acronyms and Abbreviations

CIO	Chief Information Officer
CIRC	Computer Incidents Response Center
CISO	Chief Information Security Officer
CISSP	Certified Information System Security Professional
CITE	Certified Indian Trust Examiners
CMS	Credential Management System
COTS	Commercial off-the-shelf
CP&R	Check Payment and Reconciliation
CPIC	Capital Planning and Investment Control
CREUMS	Colorado River Electrical Utility Management System
CSIRC	Computer Security Incident Response Capability
CSIRT	Computer Security Incident Response Team
CSS	Customer StrataStation
CTM	Comprehensive Trust Management Plan
DAA	Designated Approving Authority
DEAR	DOI Enterprise Architecture Repository
DDoS	Distributed Denial of Service
DLRM	DOI Land and Resource Management
DM	Departmental Manual
DMZ	De-Militarized Zone
DNS	Domain Name Server
DOI	Department of the Interior
DOP	Desk Operating Procedure
DoS	Denial of Service
DQ&I	Data Quality and Integrity
DRM	Data Reference Model
EA	Enterprise Architecture
ENA	Eastern Navajo Agency
EORO	Eastern Oklahoma Region office
ERA	Electronic Records Era
ERO	Eastern Region office
ESN	Enterprise Services Network
ETP	Enterprise Transition Plan
FAMS	Facilities Asset Management System
FAR	Federal Acquisition Regulation
FBMS	Financial Business Management System
FFMIA	Federal Financial Management Improvement Act
FIMO	Farmington Indian Minerals Office
FIPS	Federal Information Processing Standards
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FOIA	Freedom of Information Act
FRC	Federal Records Center
FRD	Functional Requirements Document
FTM	Fiduciary Trust Model

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Acronyms and Abbreviations

FTO	Fiduciary Trust Officer
FWS	U.S. Fish and Wildlife Service
GAO	Government Accountability Office
GCDB	Geographic Coordinate Data Base
GIS	Geographic Information System
GLO	General Land Office
GLADS	Great Lakes Agency Database System
GPRO	Great Plains Region office
GPS	Global Positioning System
GSA	General Services Administration
GSS	General Support Systems
HSA	Historical Statement of Account
HSPD-12	Homeland Security Presidential Directive 12
IAM	Indian Affairs Manual
IATO	Interim Approval to Operate
ICR	Internal Control Review
ICRs	Information Collection Requests
IDIQ	indefinite-delivery, indefinite-quantity
IEA	Interior Enterprise Architecture
IFTR	Indian Fiduciary Trust Records
IG	Inspector General
IIM	Individual Indian Money
IITD	Individual Indian Trust Data
ILCA	Indian Land Consolidation Act
ILCO	Indian Land Consolidation Office
ILCP	Indian Land Consolidation Project
IM	Instruction Memorandum
IMDA	Indian Mineral Development Act
InfoDat	Indian Forestry Database
Interior	Department of the Interior
IP	Internet Protocol
IPJ	Indian Probate Judges
IPS	Intrusion Protection System
IPv6	Internet Protocol Version 6
IQCS	Incidence Qualification and Certification System
IRM	Information Resources Management
IRMS	Integrated Records Management System
IRN	Isolated Realty Network
IRS	Internal Revenue Service
ISSDA	Indian Service Special Disbursing Agents
ISA	Information Security Assessment
ISIT	Internal Security Improvements Team
IT	Information Technology
ITARS	Indian Trust Appraisal Request Tracking System
ITIMS	Integrated Transportation Information Management System

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Acronyms and Abbreviations

ITRS	Indian Trust Rating System
IV&V	independent verification and validation
LAN	Local area network
LCTS	Land Consolidation Tracking System
LMS	Learning Management System
LR2000	Legacy Rehost 2000 System
LRIS	Land Records Information System
LTIC	Land Tenure in Indian Country
LTRO	Land Titles and Records Office
MA	Major Application
MAD/LCP	Management Accounting Distribution/Land Consolidation Program
MADS	Management Accounting Distribution System
MMD	Missing Mandatory Documents for Unrestricted Accounts
MMS	Minerals Management Service
MOU	Memorandum or Memoranda of Understanding
MRM	Minerals Revenue Management
MRMSS	Minerals Revenue Management Support System
MWRO	Midwest Region office
NARA	National Archives and Records Administration
NBC	National Business Center
NFR	Notice of Findings and Recommendations
NILS	National Integrated Lands System
NIPTC	National Indian Programs Training Center
NIRMC	National Information Resource Management Center
NIST	National Institute of Standards and Technology
NORC	National Opinion Research Center
NPS	National Park Service
NRO	Navajo Region office
NWRO	Northwest Region office
O&G	Oil and Gas
OAS	Office of Appraisal Services
OCIO	Office of the Chief Information Officer
OHA	Office of Hearings and Appeals
OHTA	Office of Historical Trust Accounting
OIG	Office of the Inspector General
OIP	Office of Information Policy
OISP	Office of IT Security and Privacy
OME	Office of Minerals Evaluation
OMB	Office of Management and Budget
ORM	Office of Regulatory Management
OSM	Office of Surface Mining
OST	Office of the Special Trustee for American Indians
OTFM	Office of Trust Funds Management
OTP	Office of Trust Regulations, Policies and Procedures
OTR	Office of Trust Records

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Acronyms and Abbreviations

OTRA	Office of Trust Review and Audit
PACER	Payments, Accounting, Claims and Enhanced Reconciliation System
PAR	Performance and Accountability Report
PII	Personally Identifiable Information
PIV	Personal Identity Verification
PLSS	Public Land Survey System
PMB	Policy, Management and Budget
PMSO	Project Management Support Office
POA&M	Plans of Actions and Milestones
Post-QA	Post Quality Assurance
PPA	Office of Planning and Policy Analysis
PRIS	Production and Response Information System
PRO	Pacific Region office
ProTrac	Probate Case Management and Tracking System
QA	Quality Assurance
QC	Quality Control
RAF	Recommended Action Forms
RAS	Rangeland Administration System
RDRS	Royalty Distribution and Reporting System
REM	Real Estate Module
RFP	Request for Proposal
RM-PLUS	Risk Management Assessment/Evaluation tool
RMRO	Rocky Mountain Region office
ROCIS	Regulatory Information Service Center/Office of Information Regulatory Affairs Consolidated Information
ROW	Rights-of-Way
SANS	SysAdmin, Audit, Network, Security
SCADA	Supervisory Control and Data Acquisition
SDA	Special Deposit Accounts
SDLC	System Development Life Cycle
SMEs	Subject Matter Experts
SMS	System Management Servers
SOL	Office of the Solicitor
SPRO	Southern Plains Region office
SSA	Social Security Administration
SSAS	Social Services Automated System
SSM	System Security Manager
SSP	System Security Plan
ST&E	Security Test and Evaluation
Statements	Historical Statements of Account
STIGs	Security Technical Implementation Guides
SUS	System Update Servers
SWRO	Southwest Region office
TAAMS	Trust Asset and Accounting Management System
TAP	Technical Architecture Profile

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Acronyms and Abbreviations

TBCC	Trust Beneficiary Call Center
TESC	Trust Executive Steering Committee
TFAS	Trust Fund Accounting System
TFR	Trust Fund Receivable
TPMC	Trust Program Management Center
TRAC	Trust Tracking and Coordination
Treasury	Department of the Treasury
TRM	Technical Reference Model
TRO	Temporary Restraining Order
UAT	User Acceptance Testing
US-CERT	United States Computer Emergency Readiness Team
USGS	United States Geological Survey
USPAP	Uniform Standards of Professional Appraisal Practice
VBNS	Very High Performance Backbone Network Service
VLAN	Virtual Local Area Network
VPN	Virtual Private Network
WAN	Wide area network
WAU	Whereabouts Unknown
WRO	Western Region office