

**DEPARTMENT OF THE INTERIOR  
OFFICE OF THE SPECIAL TRUSTEE  
FOR AMERICAN INDIANS  
BUDGET JUSTIFICATION FOR FISCAL YEAR 2007**

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**Performance Budget Overview**

**OVERVIEW OF FY 2007 BUDGET REQUEST**

(Dollars in Thousands)

Budget Authority	2005 Actual	2006 Estimate	2007 Request	2007 Request Change from 2006	
				Amount	Percent
Current	228,054	222,780	244,485	+21,705	+9.7%
Permanent	224,217	241,428	247,905	+6,477	+2.7%
<b>Total</b>	<b>452,271</b>	<b>464,208</b>	<b>492,390</b>	<b>+28,182</b>	<b>+6.1%</b>
<i>FTEs</i>	<i>565</i>	<i>590</i>	<i>605</i>	<i>+15</i>	<i>+2.5%</i>

Note: Current budget authority represents operating funds that are appropriated annually by Congress to the Office of the Special Trustee. Permanent budget authority represents certain funds held by DOI on behalf of Indian tribes, some of which will be transferred to tribes provided certain conditions are satisfied, and are considered U.S. Government funds (see Trust Funds section/tab for more information). The estimate and request columns represent anticipated budget authority.

**GENERAL STATEMENT**

In FY 2007, the Department will continue its emphasis on improving services to the beneficiaries of the Indian fiduciary trust. The Office of the Special Trustee for American Indians (OST) will continue its role in the oversight of the fiduciary trust responsibility by monitoring trust reform in accordance with the Comprehensive Trust Management Plan (CTM). The Bureau of Indian Affairs (BIA) – Indian Land Consolidation Office will expand efforts to reduce ownership fractionation. All proposed funding supports the Department’s goal of Serving Communities – Fulfill Indian Fiduciary Trust Responsibilities.

The United States Congress has designated the Secretary as the trustee delegate with the responsibility for approximately 56 million acres of land that is owned by American Indians and federally recognized Indian Tribes. Trust Management of these assets includes conserving, maintaining, investing, disbursing, and reporting to individual Indians and tribes on financial asset transactions generated from sales, leasing and other commercial activities on these lands. Through implementation of the CTM improvements in trust beneficiary services, ownership information, management of trust fund assets, and self-governance activities, the Department’s goals will be realized which will further the Serving Communities – Fulfill Indian Fiduciary Trust Responsibilities end outcome goal.

## **Trust Management Reform**

The CTM contains the framework the Department uses to manage the trust. The strategic goals and business objectives provide direction to improve performance and accountability in Indian trust management as reflected in the Fiduciary Trust Model (FTM), which will continue in 2007.

## **Legislative Reform**

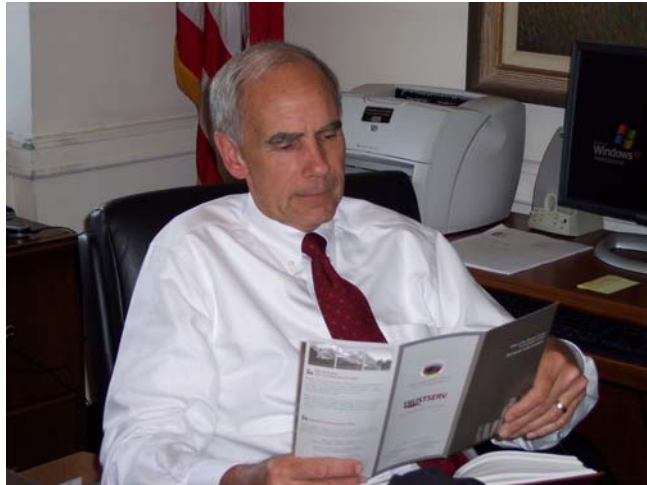
The Administration's ongoing efforts to implement trust reform and improve services to beneficiaries include reviewing and revising trust regulations. In 2005, as part of FTM implementation, the Department began reviewing existing regulations and the need for new regulations. This initiative brought together working groups comprising employees from the Bureau of Indian Affairs, Office of the Special Trustee for American Indians, Bureau of Land Management, National Business Center, Office of the Solicitor, Office of Hearings and Appeals, and Office of Historical Accounting. The working groups developed draft regulations to implement the FTM, comply with requirements of the new Probate Reform Act, and streamline trust business processes.

As an outgrowth from the workgroup efforts, the Department will consult with Tribes this spring to propose regulations and legislation addressing needed technical corrections and administrative improvements for implementing trust reform, which will continue to improve services to Indian trust beneficiaries.

Interior's legislative proposals, to be addressed in consultation with the Tribes, will focus on issues such as an expedited probate process to reduce probate backlogs; and the authority to create an unclaimed property fund and to close certain accounts with no known address, small balances, and special deposit accounts, thus reducing the accounting costs and creating efficiencies in management of the trust. Also, the Department will suggest amendments to the American Indian Probate Reform Act to allow the Secretary to initiate the purchase of more highly fractionated interests and parcels, resell the tracts by alienation, and retain any proceeds from the sale to purchase additional highly fractionated lands, thus resulting in further reduction of the fractionation of Indian lands.

## **Fiduciary Trust Model**

The concept of the FTM follows the As-Is/To-Be study findings completed in FY 2004. The FTM offers business processes that deliver services to the individual Indian and tribal beneficiaries by standardizing, streamlining, automating, and working in partnership with them. Implementing the FTM thus far includes: developing drafts of interagency handbooks and desk operating procedures that document the standardization and streamlining of the business processes; hiring



twelve BLM Indian Land Surveyors and initiating the Certified Federal Surveyor program; establishing the division of Indian Probate Hearings (within the Office of Hearings and Appeals (OHA)), hiring the primary point of contact (Fiduciary Trust Officers) for beneficiaries, and opening the Trust Beneficiary Call Center; implementing lockbox operations and procedures; enhancing the OST Appraisal function through workload management by the National Business Center, Appraisal Services Directorate; developing teams for updating Federal Regulations in support of the FTM and adding a minerals valuation unit to OST Office of Appraisal Services (OAS).

## **FTM Pilot Agencies**

On June 30, 2005, the implementation of an integrated system to support the trust systems conversion and validation was completed at the BIA Anadarko and Concho agencies. These agencies now utilize the interfaced re-engineered trust processes and systems, the Trust Fund Accounting System (TFAS) and trust title system and trust leasing system, Trust Asset and Accounting Management System (TAAMS). Trust data has been reconciled and validated within these systems, and numerous data system cleanup projects have been completed. This joint effort between BIA, OST staff, and contractors provide a working model of the efficient trust beneficiary organization envisioned by the FTM for nation-wide implementation. New business processes, handbooks, desk operating procedures and training will continue through FY 2006 to fully implement the FTM at these and other BIA agencies. Work continues on these agencies to implement other FTM requirements including revised business processes, standard operating procedures, handbooks, validating metrics, desk operating manuals and new skills training.

## **Trust Beneficiary Call Center**

In accordance with the beneficiary centered improvements included in the CTM and FTM, OST opened the Trust Beneficiary Call Center on December 3, 2004. The call

center, located in Albuquerque, New Mexico, is a nation-wide, toll free, call center that enables operators to conveniently access information for beneficiaries regarding their trust assets, check the status of a trust service or update Individual Indian Money (IIM) account information. Contracted staff, trained in various trust beneficiary issues and systems, operate the call center, managed by a small OST staff.

### **Historical Accounting**

Congress passed the *American Indian Trust Fund Management Reform Act of 1994*, which requires the Secretary of the Interior to account for “the daily and annual balance of all funds held in trust by the United States for the benefit of an Indian Tribe or an individual Indian which are deposited or invested pursuant to the Act of June 24, 1938” 25 U.S.C. 4011(a)). The Department is the defendant in a class action lawsuit, *Cobell v. Norton*, and approximately 31 tribal lawsuits associated with the Department’s historical management of Indian trust funds.

On January 6, 2003, as ordered by the court in the *Cobell* litigation, the Department filed *The Historical Accounting Plan for Individual Indian Money Accounts*. The Department’s accounting plan provides for an historical accounting for 260,000 plus individual Indian money (IIM) accounts over a five-year period at an estimated cost of \$335 million using both the transaction-by-transaction and statistical sampling reconciliation techniques to develop assurances of the accuracy of the statements of accounts.

The 2007 budget for historical accounting continues the level enacted by Congress in 2006. This amount may be adjusted depending on the outcome of any further court rulings in the *Cobell v. Norton* case, or congressional action.

The Department is considering modifying its January 6, 2003 accounting plan, based on the information now available from the work of the past three years, and recent appellate court decision vacating the district court’s structural injunction. The process will consider lessons learned from work already completed, removal of the structural injunction, statistical sampling parameters, and accounting costs.

### **Indian Land Consolidation Act (ILCA)**

One of the greatest challenges facing the government regarding fiduciary trust management is the fractionation or continuing subdivision of individual Indian interests in the land that the Federal government holds in trust. The Indian Land Consolidation Program (ILCP), which acquires small ownership shares in allotted lands, is a key component in trust reform and management. Over time, the system of allotments established by the *General Allotment Act of 1887*, and subsequent inheritance by multiple generations of descendents has resulted in an exponential increase in fractionated ownership of Indian lands. As original allottees died, their heirs received an undivided interest in the allottees’ lands. Approximately 27 million acres passed from Indian allottees by sale between 1887 and 1934, when the *Indian Reorganization Act* stopped the

allotment program. An additional 60 million acres of Indian land were ceded or sold to homesteaders and corporations. In successive generations, smaller undivided beneficial interests descended to the next generation. Because of fractionation, the operation of the Indian trust on behalf of individual Indian beneficiaries became increasingly complex. The number of heirs to the original allotments ballooned and the size of the individual beneficial interests correspondingly decreased, resulting in hundreds of individuals owning those original allotments. As of March 2005, there were 2.2 million land interests and 1.1 million minerals-only interests in the approximate 10 million acres of individually owned trust lands. The magnitude of this situation makes management of trust assets extremely difficult and costly. These millions of interests will continue to fractionate and cost more to administer unless an aggressive approach to reduce fractionation is taken.

Purchase and consolidation of fractional interests reduces record keeping and large numbers of small dollar financial transactions, and decreases the number of interests subject to probate.

BIA established the Indian Land Consolidation Office (ILCO) to purchase and consolidate fractionated interests. ILCO is managed by BIA, but it significantly impacts both BIA and OST's operations and OST will continue to provide oversight of the program in FY 2007.

The Department has demonstrated success over the past several years acquiring these highly fractionated interests through the Indian Land Consolidation program. Through December 31, 2005, the Department has acquired 202,775 fractional interests in individual Indian allotted lands.

The Department has determined that a more focused tiered acquisition approach is needed to:

- Provide a long term strategy for acquisition of highly fractionated interests.
- Establish a tiered priority process to select which interests to acquire.
- Achieve the most efficient use of limited resources.
- Develop additional tools and alternative options on financing this program.

As part of the 2007 proposal, the Department will implement a tiered acquisition strategy, targeting selected highly fractionated tracts. More detail of this strategy is included in the Indian Land Consolidation budget section.

### **FY 2007 Budget Request**

The FY 2007 request addresses the following issues: trust management and reform, historical accounting, and fractionation. The request also addresses litigation commitments, the CTM (including the Fiduciary Obligations Compliance Plan and FTM), identified audit weaknesses, probate and Secretarial initiatives related to improving services to American Indians and Alaska Natives. These reform initiatives also support the Department's strategic goal for fulfilling the Indian fiduciary trust

responsibility, and are implemented in a manner that promotes and supports the President's Management Agenda through utilization of the Secretary's four C's—Conservation through Cooperation, Consultation, and Communication.

The FY 2007 request for OST totals \$244.5 million, including \$185.0 million for Federal Trust Programs and \$59.4 million for Indian Land Consolidation and reflects a net increase of \$21.7 million from the FY 2006 enacted level and provides a significant increase for Indian Land Consolidation. The FY 2007 request for the Office of Historical Trust Accounting is \$56.4 million, the same as the FY 2006 enacted level

The FY 2007 OST budget request includes the following:

- Indian Land Consolidation increase of \$25.4 million for additional land acquisitions.
- Other program changes consist of decreases totaling \$4.9 million, as the result of the completion of certain contract efforts include the following:
  - -\$675,000 from OTRA for contract costs related to the development of the Indian Trust Examiner certification
  - -\$1,400,000 from Trust Accountability for training
  - -\$1,050,000 from Trust Accountability for Reengineering
  - -\$885,000 from Trust Accountability for Risk Management
  - -\$425,000 from Field Operations (FO) for accounting staff
  - -\$450,000 for Trust Services for accounting staff
- Some small program changes consist of increases totaling +\$337,000 include the following: +\$110,000 for space, +\$30,000 for working capital fund, and +\$196,000 for External Affairs staff.
- A net fixed cost increase of \$810,000 fully funds the pay increase, health benefits costs and space and decreases in working capital fund and workers compensation.

Additional detail of all changes can be found in the table under the new tab entitled "Budget at a Glance" and also in program sections under the Justification of Program Changes.

### **Base Budget Analysis**

OST's FY 2007 base budget is compiled using estimated operational needs of each program. The budget staff composes budget estimates based on a compilation of estimated operating costs which are re-calculated on an annual basis in order to capture the most current initiatives and priorities.

OST regularly conducts organizational assessments to improve efficiency and effectiveness. As a result of these reviews we have consolidated record storage space to Lenexa, Kansas, and realigned site assessment personnel to the Office of Trust Review and Audit. OST has implemented recommendations resulting from an efficiency review of mailing activities. OST has begun issuance of payment vouchers, collection activity and continue printing and mailing oil and gas Explanation of Payments (EOP) and performance statements.



As a cost saving measure, OST has co-located when possible, field personnel, with existing BIA staff. OST has formed a space taskforce that will centralize OST's space management activities and establish required policies.

OST implemented Activity Based Cost Management (ABC/M) in FY 2004. OST utilizes the data collected to make organizational assessments and align work efforts with GPRA goals. ABC/M is being used to assist managers in cost estimating, cost forecasting and improving programs by identifying future cost avoidance and savings.

### **Section 405 Compliance**

OST adheres to the requirements of Section 405 contained in the Department of the Interior, Environment and Related Agencies Appropriations Act, 2006, requiring agencies to present in their annual budget justification, any external and internal administrative costs, overhead charges, deductions, reserves, or holdbacks from programs, projects, and activities to support government-wide, Departmental and OST administrative functions or headquarters, regional or central office operations. Changes to such estimates will be reported by OST to Congress for approval.

Methodology – Generally, OST budgets for these costs in Budget, Finance and Administration (BFA) within the Program Operations and Support activity. Details of these costs are included in the BFA section. These centralized costs include funding requests for personnel services, EEO, rent, telephone and working capital fund activities. Any exceptions to this practice will be reported to Congress.

### **President's Management Agenda - Management Excellence**

OST supports the President's Management Agenda by improving government performance towards fulfilling the Nation's trust and other special responsibilities to American Indians. OST is involved in the five mutually reinforcing initiatives, each addressing a key element in managing performance with a significant opportunity for improvement by promoting better integration of budget and performance, incorporating the workforce plan to ensure a skilled workforce in the future, proper accounting for financial resources, competitive sourcing of non-inherently federal functions and secure greater services at lower cost through electronic government (E-Government).

OST has made significant progress implementing the Department's various information technology initiatives. For its wide-area network, OST relies on Trust Net. Trust Net provides services shared by both OST and BIA. OST worked with the Department to implement active directory and messaging. OST has installed the hardware in its facility for e-authentication and obtained replacement security cards to make the system fully operational upon the Department's finalization of policies and procedures for Homeland Security Presidential Directive (HSPD12).

### **Budget Performance Integration**

In preparing the FY 2007 budget submission, OST personnel worked closely to link resource requests to the Department's Strategic Plan end outcome goals. The Department's performance data is integrated with detailed program budget requests and established targets for FY 2007, and long-term FY 2008. The current suite of performance measures were developed as part of the Department's Strategic Plan revision in alignment with the CTM. The measures went into effect in FY 2004, the first year covered by the current Strategic Plan. As performance information was gathered in FY's 2004 and 2005 and continues in FY's 2006 and 2007, OST will be better able to factor this data into future budgetary decisions. The FY 2007 funding requests levels are based upon management's knowledge of programs, and a detailed analysis of existing conditions and operations. This data analysis was used to realign funds as demonstrated in the base budget analysis.

During FY 2007, OST will continue to implement an Activity Based Cost Management (ABC/M) system. Implementation of ABC/M will provide managers with cost information required to deliver products and services to beneficiaries. This information will be invaluable in the development of future budget requests and increasing efficiency of operations.

#### Strategic Management of Human Capital

The OST workforce planning group developed the OST Workforce Plan, a road map for integrating human capital initiatives with program goals and objectives. The OST Workforce Plan was guided by the Department's Strategic Human Capital Management Plan for FY 2003-2007, the CTM, and by the staff of the Assistant Secretary for Policy, Management and Budget (PMB). As part of the overall Department initiative to respond to cross-cutting workforce initiatives, the plan captures the analysis of workforce supply, demand, gaps based on historical trends, future projections, expected work demands and reflects the goals and objectives in the CTM to increase critical skills to carry out the mission in support of the Department's Serving Communities - Fulfill Indian Fiduciary Trust Responsibilities end outcome goal.

The Workforce Plan is a tool for identifying human capital needs, developing and implementing solutions, evaluating progress and determining the need for revised or new strategies. The plan is updated annually and used in conjunction with the performance plan to ensure that OST is strategically managing its human capital to meet its mission, vision, and goals.

### Improved Financial Performance

The American Indian Trust Fund Management Reform Act of 1994 requires “an annual audit on a fiscal year basis of all funds held in trust by the United States for the benefit of an Indian tribe or an individual Indian....” While those audits have resulted in qualified opinions, the material weaknesses identified, and still unresolved, are of long standing origin and are being addressed as part of the trust reform efforts of the Department. The most recently completed audit, for Fiscal Year 2005, included no new weaknesses. OST will continue to properly account for current fiduciary assets while working to resolve the outstanding issues from years past.

### Competitive Sourcing

While not conducting specific A-76 studies, OST continues to contract work where it is identified to be more cost effective to have the work performed by an external source rather than federal personnel. Much of the organization’s administrative functions (i.e., personnel, finance, acquisition, etc.) are performed by contract with other federal organizations. In FY 2006, OST will send selected employees to A-76 training. OST plans on these employees initiating formal A-76 studies allowing OST to explore opportunities for further contracting of non-inherently Federal work. This effort will continue under the Department’s competitive sourcing program in FY 2007.

In addition, during FY 2006, OST maintained self-governance and self-determination contract and compact agreements with 36 tribes and 2 programs (for appraisals and beneficiary processes functions that OST normally performs). Those compacts and contracts are expected to be continued through FY 2007. OST will continue to work with tribes that express an interest in contracting or compacting the work OST performs for them.

### Electronic Government

OST’s implementation of information technology solutions to provide products and services has been limited due to the court ordered disconnection from the Internet. Despite this limitation, OST has sought to use technology internally to improve operating efficiency and effectiveness. An internal Infonet for OST was developed that provides access to electronic staff and phone directories, a wide range of departmental manuals, directives, policies, procedures, IT requests, trust funds receivable application including images received from the lockbox, and electronic forms.

Bureau budget requests for information technology investments are included in the Department-wide Exhibit 53, which has been submitted electronically to OMB consistent with OMB Circular A-11 requirements. Capital Asset Plan and Business Case Exhibit 300s supporting the bureau’s major investments are also electronically transmitted to OMB.

The Department is moving towards a Department-wide enterprise approach to managing information technology. A significant number of investments in information technology that benefit OST are described in the Department's summary FY 2007 budget. OST has one major IT investment, the Trust Funds Accounting System (TFAS). TFAS supports the Department's mission of Serving Communities - Fulfill Indian Fiduciary Trust Responsibilities by providing a Commercial-Off-The-Shelf (COTS) trust accounting system that incorporates private sector system standards. OST supports the Strategy to "Manage Trust Fund Assets for Timely and Productive Use" to ensure that 99.5% of beneficiaries who have valid addresses on TFAS receive a statement of timely performance. TFAS is currently being used to account for approximately \$3.3 billion in trust funds in approximately 277,000 open IIM accounts and approximately 1,450 tribal accounts.

The Department requires that bureaus conduct Certification and Accreditation (C&A) on their IT systems using a risk-based approach on its most critical systems. OST's TFAS was re-certified on March 28, 2005 and re-accredited on March 29, 2005 in accordance with the Department's C&A guidelines. The remaining OST major system, General Support Systems (GSS), was C&A'd in June 2004 and is scheduled for re-accreditation in 2007.

### **Performance Summary**

(see Goal Performance Table under next tab for detailed performance measures)

The Department and OST are committed to fulfilling their trust responsibilities to American Indians and Alaska Natives effectively and efficiently and are committed to providing accurate and timely service to the beneficiaries of that trust. The Department and OST have interwoven strategic plans, see table below, to guide the design and implementation of the trust reform efforts. The CTM/FTM is the strategic plan that defines and describes the vision, goals, and objectives of trust reform and operating the trust program, and interrelates to the Department's Strategic Plan "Serving Communities" mission.

The CTM goals align to the intermediate outcomes and strategies in the Department's Strategic Plan. There is a one-to-one relationship between the CTM goals and the strategies in the Department's Strategic Plan. All the goals and strategies fall under the Serving Communities - Fulfill Indian Fiduciary Trust Responsibilities goal. The end outcome and intermediate outcome goals have associated performance measures to gauge progress. The measures with targets are presented in the next section.

Achieving the goals that are at the heart of the CTM will enhance: (1) beneficiary services, (2) ownership information, (3) land and natural resources assets, (4) trust fund assets, (5) Indian self-governance and self-determination, and (6) administrative services. The objectives set forth in the CTM define the overarching methods to achieve these goals. The CTM also considers the trends that influence trust management, the role of relevant stakeholders, and the interaction of the Department's bureaus and offices.

Through examination of the “big picture” of fiduciary trust management, the Department creates a coordinated and integrated system in which all pieces function as a coherent whole.

<b>MISSION GOAL: SERVING COMMUNITES</b>			
<b>Strategic Plan End Outcome</b>	<b>DOI Strategic Plan Intermediate Outcomes</b>		<b>CTM Strategic Goals</b>
<b>Fulfill Indian Fiduciary Trust Responsibilities</b>	Improve Indian fiduciary trust beneficiary services	↔	Beneficiary services that are trusted, accurate, and responsive
	Support Indian self-governance and self-determination	↔	Tribal self-governance and self-determination that increase participation in managing assets
	Improve Indian trust ownership and other information	↔	Ownership information that is accurate, timely, and reliable
	Manage trust fund assets for timely and productive use	↔	Trust fund assets management that meets fiduciary standards
	Improve management of land and natural resource assets	↔	Land and natural resources management that maximizes return
<b>Management Initiatives:</b> President’s Management Agenda (PMA), Secretary’s 4 Cs, GPRA, and PART			

OST supports the Serving Communities – Fulfill Indian Fiduciary Trust Responsibilities outcome through implementation of the following strategies in the CTM that align directly with the Department’s Strategic Plan:

- **Beneficiary services that are trusted, accurate, and responsive:** Routinely provide timely, accurate, understandable performance statements to beneficiaries; provide convenient access to trust account services and information; develop and maintain effective communications and facilitate beneficiary involvement in trust management; provide assistance to tribes in the management of trust assets; and working to increase the number of tribes that participate in cooperative audit programs for mineral leases.
- **Tribal self-governance and self-determination that increase participation in managing assets:** Foster expansion of self-governance compacts and self-determination contracts in a manner consistent with the Department’s fiduciary responsibilities

- **Ownership information that is accurate, timely, and reliable:** Distribute trust assets to heirs after OHA renders probate decisions; and ensure accuracy and integrity of data maintained in agency offices and trust fund accounting systems.
- **Trust fund assets management that meets fiduciary standards:** Manage and invest funds held in accounts on behalf of individual Indians and tribes; collect, disburse, and account for funds quickly and accurately.
- **Land and natural resources management that maximize return:** Obtain appraisal information, as needed on trust and restricted lands for tribal and individual Indian owners; and oversee implementation of the Indian Land Consolidation program to reduce the number of fractionated interests in land

OST's role and responsibilities encompass oversight of the above trust reform strategies, while actual program management is primarily for beneficiary services that are trusted, accurate and responsive and trust fund asset management that meets fiduciary standards. In the remaining three strategies, OST's role is primarily oversight, evaluation, and establishment of policies and procedures to ensure compliance with applicable laws and regulations which govern the Department's fiduciary trust responsibilities. A key component of the FY 2003 reorganization was the installation of Regional Trust Administrators and Fiduciary Trust Officers in field locations to ensure adherence to laws and regulations that pertain to management of the trust and being an ombudsman to beneficiaries.

### **Fulfill Indian Fiduciary Trust Responsibilities**

Considerable effort and dollars are devoted to managing Indian fiduciary assets and reforming processes and improving performance. The Department works to ensure that technical and economic assistance is provided to the tribes, and that organizational and process changes are introduced to address longstanding issues. However, these problems will not be solved immediately and require the Department to work in partnership with tribes to ensure the effective and efficient management of trust responsibilities.

Progress in each of these areas significantly benefits the Department's efforts in the management of the fiduciary trust. With the implementation of the FTM, OST is developing additional performance measures indicative of work performed and results to be achieved.

To achieve the Secretary's Serving Communities - Fulfill Indian Fiduciary Trust Responsibilities end outcome goal, OST ensures that financial information is accurately processed in trust beneficiaries accounts (account maintenance and financial transaction postings are performed timely) at least 98% of the time. OST has established a centralized system of internal controls over transactions, including post-encoding reviews, to ensure that posted transactions are complete and accurate. Additionally, OST monitors processing times to provide assurance that transactions are posted within the targeted timeframes and continually evaluates and refines the system of internal controls. Performance metrics are established to identify opportunities for improvement in the

efficiency of internal processing activities. OST's goal is to provide financial account information to trust beneficiaries (account "statements of performance") with a valid address, on time, at least 99.5% of the time. Over 600,000 statements are expected to be printed and mailed during FY 2007.

OST will achieve the following intermediate program accomplishments:

**Beneficiary services that are trusted, accurate, and responsive:** The establishment of Regional Trust Administrators and Fiduciary Trust Officers in field offices improved beneficiary satisfaction through communication and improved responsiveness to individual and tribal concerns. Trust Officers are the primary point of contact for beneficiary trust issues; this allows BIA employees to spend more time on trust activities such as land and natural resource management, probate and planning.

In FY 2007, OST will respond to tribal and individual inquiries within two business days, 90 percent of the time, and to respond to all other inquiries within 30 days. The projected improvement per year has been five percent. This performance metric is tracked through the beneficiary call center via logs and automated software.

**Tribal self-governance and self-determination that increase participation in managing assets:** As a continuing priority, the Office of External Affairs (OEA) dedicates the resources necessary to promote and support self-governance and self-determination opportunities for tribes. OEA anticipates continuing to process 100% of the formal applications from tribes for the withdrawal of their trust funds in accordance with the Reform Act and within the regulatory timeframe. In FY 2007, OEA will improve the response rate to tribes seeking information on the management of OST programs through compacts and contracts.

**Ownership information that is accurate, timely, and reliable:** By the end of FY 2006, accounts with 82% of recurring IIM income, which is approximately 82% of IIM accounts, is targeted to be converted to the TAAMS Leasing system from various legacy systems. Prior to conversion, all backlogs are scheduled to be brought current. OST and BIA will perform validation of electronic data to critical data elements contained within source documents within the data quality and integrity process. During FY 2007, any additional data validation identified during conversion, 9% of recurring IIM income and approximately 8% of IIM accounts are scheduled for the Data Quality and Integrity (DQ&I) process and conversion. The remaining 10% of recurring income and 10% of IIM Accounts will be converted in FY 2008.

The data system conversion and data validation schedule is expected to meet the targets in Exhibit 2.

The Indian Land Consolidation Program plans to acquire approximately 46,000 interests in FY 2006 and approximately 80,000 in FY 2007. These are preliminary target numbers that could change based on the experience with the program and variances in the appraised values. Consolidation of these lands will help reduce future probate workload by reducing the number of heirs to trust lands. With fewer sub-divided interests in trust

lands, management of the land on behalf of beneficiaries will be more efficient and effective.

**Trust fund assets management that meets fiduciary standards:** Trust Services continues to maintain a high rate of collections for oil and gas revenue recorded in TFAS within 24 hours of notification. The 2007 goal is for 98.5% of funds to be recorded in TFAS within 24 hours of notification. This measure is different than providing statements to beneficiaries and different from accurately processing other financial information in trust accounts.

**Land and natural resources management that maximize return:** Determining the fair market value of trust assets is important for effective management of land and natural resources. Ensuring the availability of appraisal information to BIA officials and beneficiaries is critical information for their decision making on leasing activities on trust lands. The appraisal services goal is to provide a valuation report 97% of the time within requester business requirements.

### **Data Verification and Validation**

The Office of the Special Trustee for American Indians data verification and validation (V&V) procedures utilize a three prong approach using the '*Data Validation and Verification Assessment Matrix*' guidance issued by the Assistant Secretary for Policy, Management and Budget on January 16, 2003. The approach includes: (1) a self-assessment by program managers conducted quarterly for all performance measures utilizing the recently fielded Risk Management Assessment/Evaluation tool (RM-Plus), (2) periodic rating coordinated by the Office of Trust Review and Audit, and (3) audits by the Office of the Inspector General, Government Accountability Office or Independent Audit firms.

Primary responsibility for data quality resides with the designated senior manager for the performance measure. The responsible manager has designated a program official as the data point of contact. The data point of contact is responsible for the collection of data, reporting of data, and conducting an annual assessment based upon Department's Data V&V assessment guidance. The senior manager has ultimate responsibility for data quality, and annually submits certification.

Data for measuring program accomplishments comes primarily from TFAS - a commercial trust application, the Status Reports to the Court, and work logs maintained by offices.



**Goal Funding Table**

**Office of the Special Trustee for American Indians**

*(Dollars in Thousands)*

	<b>2005 Enacted</b>	<b>2006 Estimate</b>	<b>2007 Request</b>	<b>Change From 2006</b>
Resource Protection				
Resource Use				
Recreation				
Serving Communities	228,054	222,780	244,485	+21,705
Management				
<b>Total</b>	<b>228,054</b>	<b>222,780</b>	<b>244,485</b>	<b>+21,705</b>

## **Unified Trust Budget**

The Department has responsibility for the largest land trust in the world. Today, the Indian trust encompasses approximately 56 million acres of land. Over ten million acres belong to individual Indians and nearly 45 million acres are held in trust for Indian Tribes. On these lands, Interior manages over 100,000 leases for uses such as farming, grazing, and oil and gas production on behalf of individual Indians and Tribes. Interior collects revenues for 277,000 open individual Indian money accounts approximately \$302 million per year generated from leasing, use permits, land sale revenues, and interest. Interior also collects about \$518 million per year in 1,450 tribal accounts for 300 Tribes. In addition, the Interior trust manages approximately \$2.9 billion in existing balances in tribal funds and \$400 million in individual Indian funds.

From 1996 through 2006, the Department will have invested \$3.4 billion in the management, reform, and improvement of Indian trust programs. As a result of these investments, trust business processes are being re-engineered to provide efficient, consistent, integrated, and fiscally responsible service to beneficiaries. Interior has reorganized the trust programs to better meet fiduciary trust responsibilities, provide greater accountability at every level, and operate with staff trained in the principles of fiduciary trust management. The Office of Historical Trust Accounting continues to focus on reconciling past transactions in individual and tribal trust accounts.

The 2007 budget proposes to invest an additional \$536.0 million in Indian trust programs. This amount includes a net program increase of \$30.2 million over the 2006 enacted level. The Unified Trust Budget includes \$244.5 million for OST and \$291.5 million for BIA trust asset management programs, an increase of \$21.7 million and \$8.2 million respectively, above the 2006 level.

### **BIA Programs**

In addition to the funding describes in the OST accounts budget, funding key components of the BIA budget are integral to trust reform and the management of trust assets. The BIA budgets proposes increases totaling \$11.5 million for BIA to meet the requirements outlined in FTM and continue trust reform initiatives.

### **Operation of Trust Programs**

The BIA budget includes an increase of \$3 million to fund staff and contract cost associated with about 24,000 probate cases. The BIA undertakes pre-case preparation, case preparation, and closings stages of the probate process. This additional funding will assist BIA in closing an estimated 9,000 probate cases in 2007, an increase of 6,820 above the 2006 level.

The 2007 budget proposes a \$6.5 million increase to implement the FTM's cadastral survey recommendations. These recommendations called for improvements to the cadastral survey process to eliminate backlogs and reduce the costs of surveys. A total of

\$16.4 million, including base program funding, will be used by BLM under contract to BIA to conduct cadastral surveys, establish a Certified Federal Surveyor Program, and maintain the Public Lands Survey system. The Certified Federal Surveyor Program will support training of BIA employees through a curriculum to be offered by the United Tribes Technical College and the Crownpoint Institute of Technology. The program will equip students with the technical and professional skills to become certified surveyors.

A \$2.0 million proposed increase would stimulate Indian energy resource development, including \$1.4 million for grants to Tribes to develop their resources through such means as energy inventories, feasibility studies, and technical training.

The 2007 budget continues funding for efforts initiated in 2002 to re-engineer trust business processes. These comprehensive changes are intended to bring about dramatic improvements in the management of fiduciary trust assets, and thereby better meet the needs of individual Indians and Tribes – the beneficiaries. Replacing major legacy software systems that exceed 30 years in age with modern technology will facilitate a fiscally responsible, efficient, and effective business.

At field agencies throughout Indian Country, field staff are emphasizing beneficiary services and meeting account holders' needs. The Trust Beneficiary Call Center answers inquiries and, for 90 percent of inquiries received, resolves issues without referring them to another individual.

The Department is acquiring thousands of tiny fractionated interests of individual Indian land. As of December 2005, 202,775 individual Indian interests have been acquired. In 2007, an increase of \$25.4 million is requested and is anticipated to result in the acquisition of an additional 80,000 interests.

The 2007 budget continues efforts under the Department's historical accounting, including \$39.0 million for IIM accounting, and \$17.4 million for tribal accounting. The Department will continue its efforts to determine and verify the correctness of opening balances, transactions, and ending balances, and will provide individual Indians with statements of assurance regarding the accuracy of the historical statement of their account.

The Department has developed a comprehensive and systematic plan known as the Fiduciary Trust Model to reform the management of its trust responsibilities. The FTM plan includes: reorganizing Interior's fiduciary trust offices to improve service delivery and enhance the accountability of trust operations; re-engineering Interior's fiduciary trust business processes and universal support functions to ensure the fulfillment of fiduciary trust goals and objectives; and reducing fractionated individual Indian trust land interests.

To improve the delivery of services to tribal and individual Indian beneficiaries, DOI is streamlining and improving its business processes. Working in partnership with beneficiaries to implement the FTM, Interior has implemented changes in operations and

staffing at agencies; hired Indian land surveyors and initiated the Certified Federal Surveyor program; established the division of Indian Probate Hearings and hired staff to serve as the primary point of contact for beneficiaries; deployed the Trust Beneficiary Call Center; implemented a nation-wide lockbox system for the collection of trust payments; updated Federal regulations and adding a minerals valuation unit; and developed draft interagency handbooks and desk operating procedures that document the standardization and streamlining of the business processes.

Note: The amount above for the Unified Budget Total decreased from the amount reflected in the FY 2007 Interior Budget in Brief. The previous total of \$536.681 million is reduced by \$0.700 million to \$535.981 million to reflect additional internal transfers within BIA.

A Unified Trust Budget table follows:

<b>FY 2007 UNIFIED TRUST BUDGET</b>						
	<b>FY 2005 Enacted</b>	<b>FY 2006 Enacted</b>	<b>Fixed Costs/ Transfers</b>	<b>Program Change</b>	<b>Total Change</b>	<b>FY 2007 Req</b>
<b>Beneficiary Services &amp; Ownership Information</b>						
BIA Trust Services General (TPA)	9,014	11,069	-577	0	-577	10,492
BIA Probate (TPA)	11,438	7,826	367	0	367	8,193
BIA Probate backlog		7,882	0	3,000	3,000	10,882
BIA Land Titles & Records	11,896	13,436	399	0	399	13,835
BIA General Program (TPA)	30,241	30,761	488	0	488	31,249
BIA Reservation Projects	10,742	9,817	47	6,534	6,581	16,398
BIA Real Estate Services	40,983	40,578	535	6,534	7,069	47,647
BIA Land Records Improvement Central	5,957	5,882	8,895	0	8,895	14,777
BIA Land Records Improvement Regional	2,029	2,009	15	0	15	2,024
BIA Land Records Improvement	7,986	7,891	8,910	0	8,910	16,801
BIA General Program (TPA)	2,395	2,498	-52	0	-52	2,446
BIA Envir. Quality Projects	9,541	9,490	64	0	64	9,554
BIA Environmental Quality	11,936	11,988	12	0	12	12,000
BIA Central Office Trust Service	3,266	0	0	0	0	0
BIA Central Office Real Estate Services	9,848	13,006	-8,716	0	-8,716	4,290
BIA Central Office Oversight Trust & Real Estate Serv.	13,114	13,006	-8,716	0	-8,716	4,290
BIA Regional Office Trust Services	2,686	0	0	0	0	0
BIA Regional Office Real Estate Services	7,058	11,362	639	0	639	12,001
BIA Reg. Office Environmental Quality Services	215	0	0	0	0	0
BIA Regional Oversight Trust & Real Estate Serv.	9,959	11,362	639	0	639	12,001
Trust and Real Estate Services Oversight	23,073	24,368	-8,077	0	-8,077	16,291
OST Indian Land Consolidation	34,514	34,006	0	25,443	25,443	59,449
OST TMPC- Probate Cleanup	8,791	10,535	2	0	2	10,537
<b>Total Beneficiary Services &amp; Ownership Information</b>	<b>159,631</b>	<b>169,579</b>	<b>1,571</b>	<b>34,977</b>	<b>36,548</b>	<b>206,127</b>
<b>Land &amp; Natural Resource Assets</b>						
BIA Real Estate Appraisals (TPA)	0				0	0
BIA Central Office Real Estate Appraisals	0				0	0
BIA Natural Resources (TPA)	4,819	4,925	-767	0	-767	4,158
BIA Endangered Species	2,157	1,192	22	-984	-962	230
BIA Indian Integ. Res. Info Prog	1,269	1,250	0	0	0	1,250
BIA General Program (TPA)	22,164	22,236	330	0	330	22,566
BIA Noxious Weed Eradication	2,057	2,036	8	-1,056	-1,048	988
					0	0
BIA Agriculture & Range	24,221	24,272	338	-1,056	-718	23,554
BIA General Program (TPA)	23,808	23,706	823	0	823	24,529
BIA Forestry Projects	18,549	18,431	134	0	134	18,565
BIA Forestry	42,357	42,137	957	0	957	43,094
BIA Water Resources General Program (TPA)	4,065	4,066	70	0	70	4,136
BIA General Program (TPA)	4,693	4,738	176	0	176	4,914
BIA Fish Wildlife & Parks Projects	1,588	1,787	13	-208	-195	1,592
BIA Fish Wildlife & Parks	6,281	6,525	189	-208	-19	6,506
BIA General Program (TPA)	2,450	2,548	428	0	428	2,976
BIA Mineral & Mining Projects	5,712	5,631	7	1,400	1,407	7,038
BIA Mining & Minerals Oversight		0	850	600	1,450	1,450

BIA Mineral & Mining	8,162	8,179	435	1,400	1,835	10,014
BIA Central Office Oversight Resources Mgmt.	3,416	3,000	-800	0	-800	2,200
BIA Regional Oversight Resources mgmt.	5,319	5,322	76	0	76	5,398
BIA Resources Mgmt. Program Oversight	8,735	8,322	-724	0	-724	7,598
<b>Total Land &amp; Natural Resource Assets</b>	<b>102,066</b>	<b>100,868</b>	<b>1,370</b>	<b>-248</b>	<b>1,122</b>	<b>101,990</b>
<b>Trust Fund Assets</b>						
OST Trust Services	8,982	8,989	212	-450	-238	8,751
OST Field Operations	31,710	30,575	2,024	-425	1,599	32,174
<b>Total Trust Fund Assets</b>	<b>40,692</b>	<b>39,563</b>	<b>2,236</b>	<b>-875</b>	<b>1,361</b>	<b>40,925</b>
<b>Administrative Services</b>						
<i>DOI Trust Organization</i>						
OST Executive Direction	2,216	2,199	-49	0	-49	2,150
OST Budget Finance & Adm	10,384	12,316	-50	140	90	12,406
OST External Affairs	537	536	14	197	211	747
OST Trust Review & Audit	5,521	5,465	417	-675	-258	5,207
OST Trust Accountability-Deputy	0	0	0	0	0	0
OST Trust Accountability-Trust Regulations	3,550	1,542	20	0	20	1,562
OST Trust Accountability-TPMC Data Projects	8,933	8,643	12	0	12	8,655
<b>Total DOI Trust Organization</b>	<b>31,141</b>	<b>30,701</b>	<b>364</b>	<b>-338</b>	<b>26</b>	<b>30,727</b>
<i>Historical Accounting</i>						
OHTA	57,194	56,354	0	0	0	56,354
<b>Historical Accounting</b>	<b>57,194</b>	<b>56,354</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>56,354</b>
<i>Human Resources</i>						
OST Trust Accountability-Training	4,565	4,506	10	-1,400	-1,390	3,116
OST TPMC- Workforce Planning	0	0	0	0	0	0
<b>Human Resources</b>	<b>4,565</b>	<b>4,506</b>	<b>10</b>	<b>-1,400</b>	<b>-1,390</b>	<b>3,116</b>
<i>Information Technology</i>						
OST - CIO ITServices	22,390	21,164	-815	0	-815	20,349
BIA Information Technology	58,092	57,431	-4,066	0	-4,066	53,365
<b>Total Information Technology</b>	<b>80,482</b>	<b>78,595</b>	<b>-4,881</b>	<b>0</b>	<b>-4,881</b>	<b>73,714</b>
<i>Business Practices</i>						
OST TPMC- Re-Engineering	4,776	4,893	21	-1,050	-1,029	3,864
OST TPMC- Risk Management	2,631	1,517	12	-885	-873	644
<b>Business Practices</b>	<b>7,407</b>	<b>6,410</b>	<b>33</b>	<b>-1,935</b>	<b>-1,902</b>	<b>4,508</b>
<i>Records Management</i>						
OST CIO -Trust Records	21,360	19,541	-1,020	0	-1,020	18,521
<b>Records Management</b>	<b>21,360</b>	<b>19,541</b>	<b>-1,020</b>	<b>0</b>	<b>-1,020</b>	<b>18,521</b>
Fixed costs	0	0	0	0	0	0
<b>Total Administrative Services</b>	<b>202,149</b>	<b>196,107</b>	<b>-5,494</b>	<b>-3,673</b>	<b>-9,167</b>	<b>186,940</b>
<b>Unified Budget</b>	<b>504,538</b>	<b>506,117</b>	<b>-317</b>	<b>30,181</b>	<b>29,864</b>	<b>535,981</b>

May not add due to rounding

Note: The amount above for the Unified Budget Total decreased from the amount reflected in the FY 2007 Interior Budget in Brief. The previous total of \$536.681 million is reduced by \$0.700 million to \$535.981 million to reflect additional internal transfers within BIA.

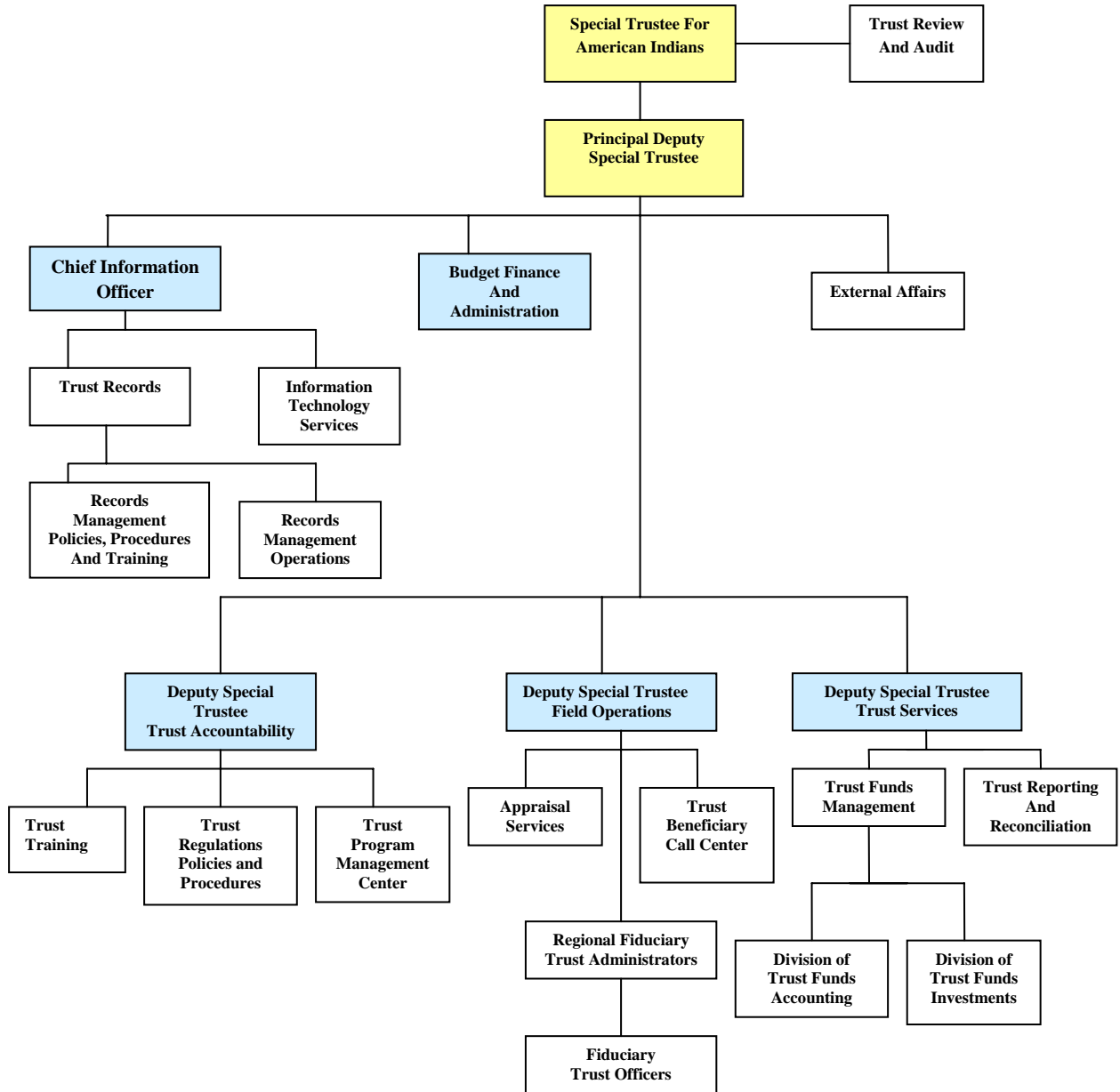
**Office of the Special Trustee for American Indians - FY 2007 President's Budget**

		FY 2006 Estimated	FTE	Fixed Cost and Related Changes	Program Changes	Total Changes	FY 2007 Budget
<b>FEDERAL TRUST PROGRAMS</b>							
EXECUTIVE DIRECTION							
Immediate Office of the Special Trustee	1	2,199	14	-49	0	-49	2,150
<b>EXECUTIVE DIRECTION TOTAL</b>	<b>1</b>	<b>2,199</b>	<b>14</b>	<b>-49</b>	<b>0</b>	<b>-49</b>	<b>2,150</b>
<b>PROGRAM OPERATIONS AND SUPPORT</b>							
PROGRAM OPERATIONS							
Information Technology							
Information Technology Services	2,3	21,164	33	-815	0	-815	20,349
Trust Records	2	19,540	49	-1020	0	-1,020	18,521
<b>INFORMATION TECHNOLOGY TOTAL</b>		<b>40,704</b>	<b>82</b>	<b>-1,835</b>	<b>0</b>	<b>-1,835</b>	<b>38,869</b>
Budget Finance and Admin.	1,2	12,318	30	-50	140	90	12,409
External Affairs		536	7	14	197	211	747
Trust Review & Audit	2	5,465	24	417	-675	-258	5,207
<b>PROGRAM OPERATIONS TOTAL</b>		<b>59,024</b>	<b>143</b>	<b>-1,454</b>	<b>-338</b>	<b>-1,792</b>	<b>57,232</b>
TRUST ACCOUNTABILITY							
Trust Training		4,506	5	10	-1,400	-1,390	3,115
Trust Regs. Policies and Procedures		1,542	10	19	0	19	1,561
TPMC				0		0	0
Risk Management		1,517	6	12	-885	-873	644
Reengineering		4,893	11	21	-1,050	-1,029	3,864
Probate Clean Up		10,535	1	2		2	10,537
Special Projects		3,272	3	6	0	6	3,278
Data Quality and Integrity		5,371	3	6	0	6	5,377
<b>TPMC Total</b>		<b>25,588</b>	<b>24</b>	<b>47</b>	<b>-1,935</b>	<b>-1,888</b>	<b>23,700</b>
<b>TRUST ACCOUNTABILITY TOTAL</b>		<b>31,636</b>	<b>39</b>	<b>76</b>	<b>-3,335</b>	<b>-3,259</b>	<b>28,377</b>
FIELD OPERATIONS							
Field Operations	3	20,877	241	1909	-425	1,484	22,361
Appraisal Services		9,697	59	115		115	9,812
<b>FIELD OPERATIONS TOTAL</b>		<b>30,574</b>	<b>300</b>	<b>2,024</b>	<b>-425</b>	<b>1,599</b>	<b>32,174</b>
<b>TRUST SERVICES TOTAL</b>		<b>8,989</b>	<b>109</b>	<b>212</b>	<b>-450</b>	<b>-238</b>	<b>8,751</b>
HISTORICAL ACCOUNTING							
		56,353	0	0	0	0	56,353
<b>TOTAL PROGRAM OPERATIONS AND SUPPORT</b>		<b>186,575</b>	<b>591</b>	<b>858</b>	<b>-4,548</b>	<b>-3,690</b>	<b>182,886</b>
<b>TOTAL FEDERAL TRUST PROGRAMS</b>		<b>188,774</b>	<b>605</b>	<b>810</b>	<b>-4,548</b>	<b>-3,738</b>	<b>185,036</b>
INDIAN LAND CONSOLIDATION							
		34,006	0	0	25,443	25,443	59,449
<b>TOTAL OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS</b>		<b>222,780</b>	<b>605</b>	<b>810</b>	<b>20,895</b>	<b>21,705</b>	<b>244,485</b>

**Adjustments**

- 1/ Transferred \$76K for 1 FTE from Ex. Direction to BF&A for planning.
- 2/ The following FTE/funding are transferred from OTR: CIO 6/\$560K, BFA 2/\$185K, OTRA 3/\$370K.
- 3/ Transferred Call Center funding to Field Operations from CIO/ITS.

## Office of the Special Trustee for American Indians





## Key to Measure Types

**The Goal Performance Table that follows includes a column called Type.** Each measure in the Goal Performance Table has measure Type: A, C, or F. Each classification reflects a different timeframe between when a result is realized, in terms of a changing target value, relative to when funds are budgeted.

### **A - Annual-result performance measures (“Annual” measures)**

For these performance measures, the 2007 budget request level is the resources that support the performance target for that year only. This is typical of any performance measure target for an operational effort that is repeated annually.

### **C - Cumulative-result performance measures (“Cumulative” measures)**

For these performance measures, the 2007 budget request reflects only an annual increment of funding that is being used to maintain or reach the level of achievement reflected in the target. While these measures reflect the level of performance achieved over a number of years, the target value for a given fiscal year reflects the level of performance which is expected to be reached by the end of that fiscal year, and no further.

### **F - Future-result performance measures (“Future” measures)**

For these performance measures, the 2007 budget request reflects an investment towards a result that may take multiple applications over time and/or contributions from other efforts to realize. “Future” performance measures are similar to “cumulative” performance measures in that the time to achieve results extends beyond a single budget year reflecting either a delayed effect or the contributions from multiple years. One of the characteristics that distinguish “cumulative” from “future” performance measures is whether or not the level of achievement can be reflected in a target value in the same year as the budget year with the funding effecting the achievement.

**Goal Performance Table**

<b>End Outcome Measure/Intermediate or PART Measure/PART Efficiency or Other Outcome Measure</b>	<b>Type</b>	<b>2004 Actual</b>	<b>2005 Final Plan</b>	<b>2005 Actual</b>	<b>2006 Estimate</b>	<b>2007 Plan</b>	<b>Change from 2006 to 2007</b>	<b>Long-term Target (2008) Pres Bud</b>	<b>Long-term Target (2008) Revised</b>	<b>Explanations of Changes: for change from 2006 to 2007 and 2006 and 2008 target revisions</b>
<i>End Outcome Measures</i>										
<b>Beneficiary Services:</b> Percent of financial information accurately processed in Trust beneficiary accounts. (SP)	A	18%	Modified Performance measure 97%	99.7%	98%	98%	0% 0%Δ	99%		
<b>Timeliness:</b> Percent timeliness of financial account information provided to trust beneficiaries. (SP)	A	97%	99%	99.1%	99.5%	99.5%	0% 0%Δ	99.9%		
<b>Trust Fund Accountability:</b> Percent of Federal Managers Financial Integrity Act management control plans with corrective action plan in place. (SP)	A	91%	92%	97%	95%	97%	2% 2%Δ	98%		Managers emphasis on risk management has raised program awareness resulting in increases in the number of corrective actions plans to developed mitigate risk

End Outcome Measure/Intermediate or PART Measure/PART Efficiency or Other Outcome Measure	Type	2004 Actual	2005 Final Plan	2005 Actual	2006 Estimate	2007 Plan	Change from 2006 to 2007	Long-term Target (2008) Pres Bud	Long-term Target (2008) Revised	Explanations of Changes: for change from 2006 to 2007 and 2006 and 2008 target revisions
<b>Self-Governance/Self-Determination:</b> Percent of formal applications for the withdrawal of tribal trust funds processed within the regulatory timeframe. (SP)	A	0	Modified Performance measure 100%	100%	100%	100%	0% 0%Δ	100%		
<b>Historical Accounting:</b> Judgment Accounts <sup>1</sup>	A	13,321	34,000	16,919	16,500	16,423	-77	N/A		
Per Capita Transactions <sup>1</sup>	A	4,636	9,200	6,667	6,500	611	-5,889	N/A		
SDA Dollars	A	\$12.7M	\$10M	\$10M	\$2.5M	\$3.5M	+\$1.0M	N/A		
IIM Transactions <sup>2</sup>	A	4,706	7,000	4,000	300	1,000	700			
Analysis and Resolution of Tribal Claims Tribal Accountings <sup>3</sup>	A		5	0	4	5	1			

<sup>1</sup> Judgment and Per Capita account work was reduced in FY 2005 to fund Litigation Support Accounting. The FY 2007 Request performance level is based on, and represents, completing all the remaining accounts.

<sup>2</sup> IIM transactions in FY 2005 are those related to completion of the Litigation Support Accounting for the electronic era. In FY 2006 and 2007 the work covers system testing and starting work on paper era account transactions.

<sup>3</sup> This was formerly reported as Tribal Accountings, which does not capture the ongoing work. In many cases, the work performed for a tribe is not a historical accounting, per se, but may involve related and often more specific or detailed examination of management of tribal funds.

<b>End Outcome Measure/Intermediate or PART Measure/PART Efficiency or Other Outcome Measure</b>	<b>Type</b>	<b>2004 Actual</b>	<b>2005 Final Plan</b>	<b>2005 Actual</b>	<b>2006 Estimate</b>	<b>2007 Plan</b>	<b>Change from 2006 to 2007</b>	<b>Long-term Target (2008) Pres Bud</b>	<b>Long-term Target (2008) Revised</b>	<b>Explanations of Changes: for change from 2006 to 2007 and 2006 and 2008 target revisions</b>
<b>Responsiveness:</b> Responsiveness of OST to tribal and individual trust concerns and needs. (BUR)	A	79%	80%	85%	85%	90%	+5% +5.9%Δ	90%		The 5% increase is the result of increased focus of RTA's, FTO's and the Trust Beneficiary Call Center to address beneficiary issues.
<b>Ownership Information:</b> Percent of missing owner information recovered. <sup>1</sup> (SP)	A	51%	25%	36%	20%	20%	0% 0%Δ			
<b>Records Management:</b> Percent of BIA/OST regional/agency offices reviewed to identify improvements needed in their Records Management Programs. (BUR)	A	Establish Baseline 4%	15%	28%	28%	25%	-3% -11%Δ	100%		The goal is to have all entities reviewed on a five year cycle and then do further reviews based on risk factors. The reduced performance goal for 2007 is reflective of the previous 2 years effort to get onto a five year cycle.

<sup>1</sup> The baseline used for Whereabouts Unknown performance metrics is the previous fiscal year's September 30, 2005 number of Whereabouts Unknown. This number is used as the denominator for measurement for the entire year to maintain a constant for comparison and trending. However, in actuality, that number constantly changes during the year based on changes for various reasons, including (a) new accounts established without an address, (b) mail returned for invalid address and (c) account holders refusing or not claiming mail. The numerator is defined based on our analysis of previous year's results and the current WAU listings.

<b>End Outcome Measure/Intermediate or PART Measure/PART Efficiency or Other Outcome Measure</b>	<b>Type</b>	<b>2004 Actual</b>	<b>2005 Final Plan</b>	<b>2005 Actual</b>	<b>2006 Estimate</b>	<b>2007 Plan</b>	<b>Change from 2006 to 2007</b>	<b>Long-term Target (2008) Pres Bud</b>	<b>Long-term Target (2008) Revised</b>	<b>Explanations of Changes: for change from 2006 to 2007 and 2006 and 2008 target revisions</b>
<b>ILCA:</b> Number and acreage of land acquisitions to increase land use capabilities and reduce fractionation of land interests. <b>(SP), (PART)</b>	A	40,170 Interests; 41,775 Acres	46,000 Interests; 41,000 Acres	72,547 Interests; 114,529 Acres	46,000 Interests; 41,000 Acres	80,000 Interests; 95,000 Acres	+34,000 Interests; +59,000 Acres	240,000 Interests; 200,000 Acres	220,000 Interests; 180,000 acres	Change in FY06 to FY07 based on a funding level increase of nearly 75%. <sup>1</sup> FY2008 target revised to reflect rising acquisition costs.
<b>Appraisals:</b> Percent of appraisal reports completed within requestor business requirements. <sup>2</sup> <b>(SP)</b>	A	94%	94%	79%	95%	96%	+1% +1%Δ	97%		Expected increase for FY2007 due to filling of staff vacancies. See Footnote regarding 2005 results.
Percent of revenue recorded in the Trust Financial Accounting System within 24 hours of receipt <b>(SP)</b>	A	99%	98%	100%	98.5%	98.5%	0% 0%Δ	99.5%		
Percent of responses to tribes within the required timeframe for management of eligible OST programs. <b>(BUR)</b>	A	Establish Baseline	75%	80%	80%	90%	+10% +12.3%Δ	85%		Increase in performance for FY2007 is a result of an increase in staff and funding over FY2006

<sup>1</sup> Interests acquired and corresponding acres is based on FY05 analysis of “average cost per interest” of \$565.57. Slightly higher average value per interest equates to lower number of acquisitions with funds available. FY08 budget is assumed to be authorized amount in AIPRA Act of \$145million.

<sup>2</sup> FY2005 goal of 94% was not met due to large staff turnover during the year. Positions have been filled and the goals for 2006 and 2007 are expected to be met.

End Outcome Measure/Intermediate or PART Measure/PART Efficiency or Other Outcome Measure	Type	2004 Actual	2005 Final Plan	2005 Actual	2006 Estimate	2007 Plan	Change from 2006 to 2007	Long-term Target (2008) Pres Bud	Long-term Target (2008) Revised	Explanations of Changes: for change from 2006 to 2007 and 2006 and 2008 target revisions
<b>Technical Assistance:</b> Percent of technical assistance requests for tribal management of trust assets met in timeframe requested. (BUR)	A	100%	100%	100%	100%	100%	0% 0%Δ	100%		
<b>Cooperative Programs:</b> Percent of risk management/internal control programs cooperatively implemented by OST and Self-Governance and Self-Determination. (BUR)	A	N/A	80%	90%	100%	100%	0% 0%Δ	100%		
<b>PART Efficiency and Other Output Measures</b>										
Reduce the number of open IIM accounts through acquisition. (PART)	A	Was not a measure in FY2004:  Actual: 2,408	500	606	500	800	+300	10,000		Change in FY06 to FY07 based on a funding level increase of nearly 75%.

**2007 Budgetary Changes at a Glance****Appropriations: Federal Trust Programs***(Dollars in Thousands)*

<b>No.</b>	<b>Description</b>	<b>2005 Actual</b>	<b>2006 Enacted</b>	<b>Internal Transfers</b>	<b>Fixed Costs</b>	<b>Program Changes</b>	<b>2007 President's Budget</b>
1.	Executive Direction – staff to BF&A	2,216	2,222	-76	+27	-	2,173
2.	IT – staff from OTR	-	-	+560	+64	-	-
3.	IT – Call Center to FO	1,461	1,453	-1,453	-	-	-
4.	IT – Records – staff to IT, BF&A, & OTRA	-	-	-1,115	+103	-	-
5.	Budget, Finance & Administration – staff from OTR	-	-	+261	+58	-	-
6.	Budget, Finance & Administration – space costs	4,438	5,638	-	+211	+110	5,959
7.	Budget, Finance & Administration – WCF Central Bill	1,599	2,062	-	-594	-	1,468
8.	Budget, Finance & Administration – WCF Direct Bill	1,011	978	-	-	+30	1,008
9.	Budget, Finance & Administration – Workers Comp	0	14	-	-9	-	5
10.	External Affairs - staff	537	541	-	+12	+196	749
11.	Trust Review & Audit – completed rating system	-	-	-	-	-675	-
12.	Trust Review & Audit – staff from OTR	-	-	+370	+47	-	-
13.	Trust Accountability – Training	4,565	4,551	-	-	-1,400	3,151

No.	Description	2005 Actual	2006 Enacted	Internal Transfers	Fixed Costs	Program Changes	2007 President's Budget
14.	Trust Accountability – Reengineering	4,777	4,771	-	-	-1,050	3,721
15.	Trust Accountability – Risk Management	2,631	1,533	-	-	-885	648
16.	Field Operations – field accounting staff	-	-	-	-	-425	-
17.	Trust Services - staff	8,982	9,080	-	+215	-450	8,845
	<b>Total – Federal Trust Programs</b>			<b>0</b>		<b>-4,548</b>	

Note : The table includes all transfers and program changes, but fixed costs do not reflect all pay and health which are spread throughout the organization by FTE.

**Appropriations: Indian Land Consolidation Program**

*(Dollars in Thousands)*

No.	Description	2005 Actual	2006 Enacted	Internal Transfers	Fixed Costs	Program Changes	2007 President's Budget
1.	ILCP	34,514	34,350	-	-	+25,650	60,000



**Appropriation Language Sheet****Office of the Special Trustee for American Indians**

## Federal Trust Program

For operation of trust programs for Indians by direct expenditure, contracts, cooperative agreements, compacts, and grants, [~~\$191,593,000~~] **\$185,036,000**, to remain available until expended, of which not to exceed [~~\$58,000,000~~] **\$57,000,000** shall be available for historical accounting: Provided, That funds for trust management improvements and litigation support may, as needed, be transferred to or merged with the Bureau of Indian Affairs, "Operation of Indian Programs" account; the Office of the Solicitor, "Salaries and Expenses" account; and the Departmental Management, "Salaries and Expenses" account: Provided further, That funds made available to Tribes and Tribal organizations through contracts or grants obligated during fiscal year [~~2006~~] **2007**, as authorized by the Indian Self-Determination Act of 1975 (25 U.S.C. 450 et seq.), shall remain available until expended by the contractor or grantee: [~~Provided further, That notwithstanding any other provision of law, the statute of limitations shall not commence to run on any claim, including any claim in litigation pending on the date of the enactment of this Act, concerning losses to or mismanagement of trust funds, until the affected Tribe or individual Indian has been furnished with an accounting of such funds from which the beneficiary can determine whether there has been a loss.~~] Provided further, That notwithstanding any other provision of law, the Secretary shall not be required to provide a quarterly statement of performance for any Indian trust account that has not had activity for at least 18 months and has a balance of [~~\$1.00~~] **\$15.00** or less: Provided further, That the Secretary shall issue an annual account statement and maintain a record of any such accounts and shall permit the balance in each such account to be withdrawn upon the express written request of the account holder: Provided further, That not to exceed \$50,000 is available for the Secretary to make payments to correct administrative errors of either disbursements from or deposits to Individual Indian Money or Tribal accounts after September 30, 2002: Provided further, That erroneous payments that are recovered shall be credited to and remain available in this account for this purpose. (Department of the Interior, Environment, and Related Agencies Appropriations Act, 2006.)

## Justification of Proposed Language Change

### Deletions

~~[Provided further, That notwithstanding any other provision of law, the statute of limitations shall not commence to run on any claim, including any claim in litigation pending on the date of the enactment of this Act, concerning losses to or mismanagement of trust funds, until the affected Tribe or individual Indian has been furnished with an accounting of such funds from which the beneficiary can determine whether there has been a loss:]~~

### Justification

The provision extending the time when the statute of limitations begins is proposed to be deleted. The Administration does not support this provision because it is no longer necessary since there has been sufficient time to file lawsuits.

### Revisions

Provided further, That notwithstanding any other provision of law, the Secretary shall not be required to provide a quarterly statement of performance for any Indian trust account that has not had activity for at least 18 months and has a balance of [~~\$1.00~~] **\$15.00** or less:

### Justification

The proposed language would raise the account balance threshold for mailing statements to Indian trust account holders from \$1.00 to \$15.00 where the account has not had activity in the preceding 18 months. This would save postage and other costs associated with the generation of statements.

As directed by Congress, currently the Secretary is not required to provide a quarterly statement of performance for any Indian trust account that has not had activity for at least 18 months and has a balance of \$1.00 or less. Annual statements still must be sent to these account holders.

As of November 30, 2005, there were 48,244 accounts with a balance less than \$15.00 with no activity for the preceding 18 months. Of these there are 18,107 accounts that already receive only an annual statement. There are also 6,240 whereabouts unknown to whom OST does not send statements. That leaves an additional 23,897 accounts that would be affected by the change. The approximate cost of generating each statement is \$0.46. For the three quarterly statements OST would not have to send that would save \$1.38 for each account. The additional cost avoidance from not having to mail statements for accounts with a balance of \$15.00 or less is approximately \$32,978.

## Appropriation Language Citations

### Appropriation: OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS

**1. For operation of trust programs for Indians by direct expenditure, contracts, cooperative agreements, compacts, and grants,**

25 U.S.C. 450(f)(a) and 450h(a) directs the Secretary, upon the request of any Indian tribe, to enter into a contract or contracts to plan, conduct, and administer programs which the Secretary is otherwise authorized to administer (P. L. 93-638, as amended).

31 U.S.C. Chapter 63 provides procedures to be followed in the preparation of Federal contracts, grants, and cooperative agreements.

25 U.S.C. 458(cc) provides procedures to be followed to establish and implement tribal self-governance compacts.

25 U.S.C. 162a authorizes the deposit and investment of Indian trust funds.

25 U.S.C. 4001 et seq. provides procedures to be followed for tribal withdrawal of trust funds, and authorizes the Office of the Special Trustee.

25 U.S.C. 459 et seq. includes numerous provisions affecting specific tribes related to distribution of claims, settlements, and judgments.

**2. to remain available until expended**

25 U.S.C. 13a authorizes the carryover of funds, which were not obligated and expended prior to the beginning of the fiscal year succeeding the fiscal year for which such sums were appropriated.

**3. That funds for trust management improvements and litigation support may be transferred, as needed, to the Bureau of Indian Affairs ...and to the Departmental Management...**

25 U.S.C. 4043(b)(1) authorizes the Special Trustee to oversee all reform efforts within the Bureau (of Indian Affairs)... and to ensure the establishment of policies, procedures, systems and practices to allow the Secretary to discharge his trust responsibilities in compliance with this chapter. This language also provides the authority for OST to transfer funds to the Office of Hearing and Appeals to address probate backlog reductions as part of trust reform efforts and to the Office of the Solicitor for litigation support.

4. **That funds made available to tribes and tribal organizations through contracts or grants obligated during fiscal year 2007, as authorized by the Indian Self-Determination Act of 1975 (25 U.S.C. 450 et seq.), shall remain available until expended by the contractor or grantee:**

25 U.S.C. 450(l)(c) authorizes funds obligated for tribal contracts to remain available until expended.

5. **That notwithstanding any other provision of law, the Secretary shall not be required to provide a quarterly statement of performance for any Indian trust account that has not had activity for at least eighteen months and has a balance of \$1.00 or less:**

25 U.S.C. 4043(b)(1) authorizes the Special Trustee to oversee all reform efforts within the Bureau (of Indian Affairs)... and to ensure the establishment of policies, procedures, systems and practices to allow the Secretary to discharge her trust responsibilities in compliance with this chapter.

25 U.S.C. 404 (et seq) requires the reform of trust practices to promote the effective discharge of the Secretary's trust responsibilities.

6. **That the Secretary shall issue an annual account statement and maintain a record of any such accounts and shall permit the balance in each such account to be withdrawn upon the express written request of the account holder.**

25 U.S.C. 404 (et seq) requires the reform of trust practices to promote the effective discharge of the Secretary's trust responsibilities.

7. **That not to exceed \$50,000 is available for the Secretary to make payments to correct administrative errors of either disbursements from or deposits to Individual Indian Money or tribal accounts after September 30, 2002: Provided further, That erroneous payments that are recovered shall be credited to and remain available in this account for this purpose.**

Interior and Related Agencies Appropriation Act, FY 2002. Annual Appropriations Acts have continued this provision each year since FY 2002.

### Summary of Requirements

(Dollars in Thousands)

Comparison by Activity	2005 Actual		2006 Estimate*		Fixed Costs & Related Changes (+/-)		Program Changes (+-)		2007 Budget Request		Inc (+) Dec (-) From 2006	
	FTE	Amt	FTE	Amt	FTE	Amt	FTE	Amt	FTE	Amt	FTE	Amt
<b>Executive Direction</b>	12	2,216	12	2,199	+2	-49	0	0	14	2,150	+2	-49
<b>Program Operations and Support</b>	569	191,325	578	186,575	+12	+858	+1	-4,548	591	182,886	+13	-3,690
<b>Appropriation Total</b>	581	193,540	590	188,774	+14	+810	+1	-4,548	605	185,036	0	-3,738
<b>Indian Land Consolidation</b>	0	34,514	0	34,006	0	0	0	+25,443	0	59,449	0	+25,443
<b>Total OST</b>	<b>565</b>	<b>228,054</b>	<b>590</b>	<b>222,780</b>	<b>+14</b>	<b>+810</b>	<b>+1</b>	<b>+20,895</b>	<b>605</b>	<b>244,485</b>	<b>+15</b>	<b>+21,705</b>

\* Includes the 0.476% the Department across the board rescission and 1% Omnibus across the board rescission contained in the 2006 Appropriations Act. May not add due to rounding.

**Fixed Costs & Related Changes**

<b>Additional Operational Costs from 2006 and 2007 January Pay Raises</b>			
	<b>2006 Budget Change</b>	<b>2006 Revised Change</b>	<b>2007 Change</b>
2006 Pay Raise, 3 Quarters in 2006 Budget .....	+461	+\$702	NA
Amount of pay raise absorbed.....	[0]	[\$241]	NA
2006 Pay Raise, 1 Quarter .....			276
Amount of pay raise absorbed.....			[0]
			<b>2007 Change</b>
2007 Pay Raise.....			+\$683
Amount of pay raise absorbed			[\$0]
These adjustments are for an additional amount needed in 2007 to fund the remaining 3-month portion of the estimated cost of the, on average, 3.1 percent pay increases effective in January 2006 and the additional costs of funding for an estimated 2.2 percent January 2007 pay increase for GS-series employees and the associated pay rate changes made in other pay series.			

**Other Fixed Cost Changes:**

	<b>2006 Budget</b>	<b>2006 Revised</b>	<b>2007 Change</b>
Workers Compensation Payments.....	\$14	\$14	-\$9

The adjustment is for actual charges through June 2005, in the costs of compensating injured employees and dependents of employees who suffered accidental deaths while on duty. Costs for 2006 will reimburse the Department of Labor, Federal Employees Compensation Fund, pursuant to 5 U.S.C. 8147(b) as amended by Public Law 94-273.

	<b>2006 Budget</b>	<b>2006 Revised</b>	<b>2007 Change</b>
Rental payments to GSA and others.....	\$5,047	\$5,204	+\$211

The adjustment is for changes in the costs payable to General Services Administration and others resulting from changes in rates for office and non-office space as estimated by GSA, as well as the rental costs of other currently occupied space. Costs of mandatory office relocations, i.e., relocations in cases where due to external events there is no alternative but to vacate the currently occupied space, are also included.

	<b>2006 Budget</b>	<b>2006 Revised</b>	<b>2007 Change</b>
Department Working Capital Fund Changes.....	\$1,828	\$1,970	-\$571

The change reflects expected changes in the charges for Department services and other services through the working capital fund. These charges are displayed in the Budget Justification for Department Management.

	<b>2006 Budget</b>	<b>2006 Revised</b>	<b>2007 Change</b>
Employer Share of Federal Health Benefit Plans .....	\$1,925	\$2,399	+\$220

The adjustment is for changes in the Federal government’s share of the cost of health insurance coverage for Federal employees. The increase is estimated at 11 percent, the average increase for the past few years.

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**Activity: Executive Direction**  
**Sub-activity: Immediate Office of the Special Trustee**

(Dollars in Thousands)

		2005 Actual	2006 Estimate	2007			Change From 2006 (+/-)
				Fixed Costs & Related Changes (+/-)	Program Changes (+/-)	Budget Request	
Immediate Office of the Special Trustee	\$(000)	2,216	2,199	-49	0	2,150	-49
	FTE	12	12	+2	0	14	+2

**Program Overview --** The Special Trustee is charged with general oversight of Indian trust asset reform efforts Department-wide to ensure proper and efficient discharge of the Secretary’s trust responsibilities to Indian tribes and individual Indians. The Office of the Special Trustee for American Indians (OST) was created to ensure that the Department establishes appropriate policies and procedures, develops necessary systems, and takes affirmative actions to reform the management of Indian trust funds. In carrying out the management and oversight of the Indian trust funds, the Secretary has a responsibility to ensure that trust accounts are properly maintained, invested and reported in accordance with the *American Indian Trust Fund Management Reform Act of 1994*, Congressional action, and other applicable laws. Funds provided for OST directly contribute to the appropriate oversight needed to further

The Office of the Special Trustee for American Indians (OST) supports legislative proposals addressing needed technical corrections and administrative improvements for implementing trust reform, which will continue to improve services to Indian trust beneficiaries.

Legislative proposals, to be addressed in consultation with the tribes, will focus on issues such as an expedited probate process to reduce probate backlogs; the authority to create an unclaimed property fund and to close certain accounts with no known address, small balances and special deposit accounts, thus reducing the accounting costs and creating efficiencies in management of the trust.



the Department’s Strategic Plan goal – Fulfill Indian Fiduciary Trust Responsibilities.

Executive leadership and guidance provided by the immediate office affects performance at all levels of OST, including the delivery of beneficiary services, promoting tribal self-governance and self-determination, managing financial trust assets and monitoring all efforts to reform and improve the manner in which the

Department carries out its Indian fiduciary trust responsibilities. In addition, OST

continues to support the President's Management Agenda by encouraging contracting of non-inherently federal functions, promoting better integration of budget and performance, developing a workforce plan that ensures a skilled workforce in the future, and properly accounting for financial resources. The Special Trustee has been able to only partially implement the President's E-government initiative due to the continued court ordered disconnection from the Internet.

### **2007 Program Performance Estimates**

- Identify, initiate, prioritize, evaluate and monitor reform activities.
- Ensure Quarterly Reports to the Court are done timely and accurately.
- Oversee trust activities throughout the Department – current managers are expected to advise the Office on a number of complex and sensitive issues relating to organization, reengineering, ongoing litigation and other trust activities.
- Fully develop and implement a comprehensive Risk Management program based on OMB A-123, FMFIA, RM-Plus (our automated Risk Management tool) and OTRA reviews throughout the Departmental bureau's having Indian Trust responsibilities.
- Support the work of the Special Trustee's Advisory Board.
- Create informed partnerships with other bureau and office directors in the Department to achieve trust reform outcomes.
- Direct oversight of FTM implementation and fully convert 35 BIA agencies to the standards of the FTM, representing an additional 20% of the total number of accounts and an additional 9% of the recurring income.

### **2006 Planned Program Performance**

- Identify, initiate, prioritize, evaluate and monitor reform activities.
- Ensure Quarterly Reports to the Court are done timely and accurately.
- Oversee trust activities throughout the Department – current managers are expected to advise the Office on a number of complex and sensitive issues relating to organization, reengineering, ongoing litigation and other trust activities.
- Develop and implement an effective and efficient A-123 program based on OMB's Internal Control Framework.
- Support the work of the Special Trustee's Advisory Board.
- Create informed partnerships with other bureau and office directors in the Department to achieve trust reform outcomes.
- Direct oversight of FTM implementation and fully convert 49 BIA offices to the standards of the FTM, representing an additional 65% of the total number of accounts and an additional 74% of the recurring income.

**2005 Program Performance Accomplishments**

With the implementation of the Fiduciary Trust Model, leadership and guidance provided by the immediate Office of the Special Trustee was increasingly vital to the management of Indian trust assets. In FY 2005:

- Identified, initiated, prioritized, evaluated and monitored reform activities.
- Ensured Quarterly Reports to the Court were timely and accurately.
- Oversaw trust activities throughout the Department –managers advised the Office on a number of complex and sensitive issues relating to organization, reengineering, ongoing litigation and other trust activities.
- Supported the work of the Special Trustee’s Advisory Board.
- Created informed partnerships with other bureau and office directors in the Department to achieve trust reform outcomes.
- Restructured the office of Appraisal Services within the Department’s Appraisal Directorate through direct oversight of the contract with NBC. The outcome was more timely appraisals after request and appraisals that complied with law and regulations.
- Directed oversight of FTM implementation and converted IT systems and data at two BIA agencies.

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**Activity: Program Operations and Support**

**Subactivity: Program Operations**

(Dollars in Thousands)

Programs		FY 2005 Actual	FY 2006 Estimate	FY 2007			Change From 2006 (+/-)
				Fixed Costs & Related Changes (+/-)	Program Changes (+/-)	Budget Request	
Information Technology	\$(000)	43,750	40,704	-1,835	0	38,869	-1,835
	FTE	96	96	-14	0	82	-14
Budget, Finance and Administration	\$(000)	10,384	12,318	-50	+140	12,409	+90
	FTE	25	25	+5	0	30	+5
Office of External Affairs	\$(000)	537	536	+14	+197	747	+211
	FTE	5	5	+1	+1	7	+2
Office of Trust Review and Audit	\$(000)	5,520	5,465	+417	-675	5,207	-258
	FTE	20	20	+4	0	24	+4
Total Requirements		60,191	59,024	-1,454	-338	57,232	-1,792
Total FTE Requirements		146	146	-4	+1	143	-3

May not add do to rounding

NOTE: Transfers reflected in 2007 fixed costs column represent internal realignment of \$1,440,000 for the TBCC from IT to Field Operations and \$76,000 and 1 FTE from Executive Direction to BFA. From OTR: 6 FTE and \$560,000 to CIO, 2 FTE and \$185,000 to BFA, and 3 FTE and \$370,000 to OTRA.

**Summary of 2007 Program Changes for Program Operations**

Request Component	Amount	FTE
Program Changes		
• BFA – Space	+110	0
• BFA – WCF Program Change	+30	0
• External Affairs - Staff	+197	+1
• OTRA – Completion of Examiner Certification	-675	0
<b>TOTAL Program Changes</b>	<b>-338</b>	<b>+1</b>

**Justification of 2007 Program Changes**

The FY 2007 budget request for Program Operations is \$57,232,000 and 143 FTE, a net program decrease of \$338,000 and an increase of 1 FTE from the FY 2006 enacted level.

No total performance change table provided for IT, BFA, and OTRA because performance measures remain unchanged. The performance change table for External Affairs is on page OST-43.

**Budget, Finance and Administration - Space (+\$110,000), Working Capital Fund (+\$30,000)** - An increase of \$110,000 is needed for increased space costs nationwide and \$30,000 for program changes within the Working Capital Fund.

The 2007 budget includes programmatic increases for projects and programs funded through the Working Capital Fund. Funds are budgeted in the bureaus and offices and collected into the Fund to support Department-wide enterprise approaches that result in improved effectiveness and efficiency. These projects are approved through the Department's investment review process and by the Working Capital Fund Consortium and are justified in the Departmental Management budget submission. The budget change of \$30,000 is a portion of the Department-wide budget for these projects, including: Messaging, FOIA Appeals, Geographic Information Management and Enterprise Services Network.

**External Affairs Staff (+\$197,000)** - An increase of \$197,000 is needed to provide for additional Indian self-governance and self-determination activities to tribes through assisting outreach efforts on OST trust programs. The Office of External Affairs (OEA) staff will be able to respond to an increasing workload associated with new and existing self-determination contracts and self-governance compacts to (1) provide available funding to tribes in a timely manner, (2) schedule negotiations within regulatory timeframes, (3) coordinate compact/contract award activities within the Department for the benefit of the Tribes, (4) meet all responses to inquiries and technical assistance in an appropriate timeframe and (5) ensure the required contract and compact reporting and evaluation occurs. Further, the staff will increase the visibility of OST to beneficiaries and stakeholders through direct mail, press releases and community meetings with FTO's.

As demonstrated on the following page, OEA anticipates meeting its self-governance and self-determination program priorities and providing responses to tribes regarding the management of OST programs within the required timeframe 90% of the time. While an increase in tribal initiatives for OST programs is anticipated, additional resources will assist OEA in responding to those inquiries within appropriate timeframes.

**Trust Review and Audit (-\$675,000)** – The Office of Trust Review and Audit (OTRA), working with contractors from the commercial trust industry, is developing an Indian Trust Examiner certification for its examiners. This certification will require enhanced specialized training to ensure that trust examiners are knowledgeable in all aspects of the performance of fiduciary trust functions, Department-wide. Contract related costs for development and implementation of this effort are planned to be finished in FY 2006, which results in a net decrease of \$675,000 in contract funds needed to maintain the program for FY 2007.

**Program Performance Change Table**

<i>Total Performance Change</i>					
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D= B+C</u>	<u>E</u>
<i>Overall Performance Changes from 2006 to 2007</i>					
<b>Measure</b>	<b>2006 Estimated Performance</b>	<b>2007 Base Performance</b>	<b>2007 Impact of Program Change on Performance</b>	<b>2007 Budget Request Performance</b>	<b>Out-year Impact of 2007 Program Change on Performance</b>
Percent of responses to tribes within the required timeframe for management of eligible OST programs. <b>(BUR)</b>	80%	90%	10%	90%	0%
<p>Column B: The performance level expected to be achieved absent the program change (i.e., at the 2006 request level plus/minus funded fixed cost/related changes); this would reflect, for example, the impact of prior year funding changes, management efficiencies, absorption of fixed costs, and trend impacts.</p> <p>Column E: The out-year impact is the change in performance level expected in 2008 and Beyond of ONLY the requested program budget change; it does <u>not</u> include the impact of receiving these funds again in a subsequent out-year.</p>					

**Program Overview-- Program**

Operations provides organization-wide administration and information technology support for OST in carrying out the fiduciary trust responsibilities to tribal and individual Indian beneficiaries. The Offices that encompass Program Operations help further accomplishment of the Fulfill Indian Trust goal by ensuring the necessary infrastructure is in place to provide administrative services that enable and empower the organization and workforce to be an effective fiduciary trustee. It will also provide modern, appropriate systems and tools to manage the fiduciary trust responsibilities. The program elements include the Office of Information Technology (IT), Office of Trust Records (OTR), Office of Budget Finance and Administration (BFA), Office of External Affairs (OEA), and Office of Trust Review and Audit (OTRA).

OST will continue implementation of ABC/M including analysis of cost information used to make resource allocations, streamline processes, develop budget projections, and realize greater efficiencies in fulfilling the fiduciary trust responsibilities and development of a mechanism to collect and compile output data.

The Office of Information Technology continues to work with BIA and outside vendors to be able to provide required trust information to personnel who are assisting beneficiaries.

Office of Trust Review and Audit (OTRA) by performing independent examinations, and implementing the Indian Trust Rating System for DOI bureaus, offices and Tribes performing trust functions, will monitor reform efforts in a uniform manner, identify and address current and potential problems relating to fiduciary trust management, and provide recommendations to resolve and/or improve the performance of trust functions.

**Information Technology (82 FTE/\$38,869,000):**

The Office of the Chief Information Officer (OCIO): Develops, maintains, and operates the trust enterprise architecture; provides day-to-day computer support to OST personnel; and implements the trust records management program. The Office of Information Technology (IT) through the OCIO provides organization-wide information technology support for OST in carrying out the fiduciary trust responsibilities to tribal and individual Indian beneficiaries; develops, maintains, and operates the trust enterprise architecture; provides day-to-day computer support to OST personnel nation-wide; and implements the trust records management program.

The OCIO oversees and directs IT support services including technical support, capital planning and procurement of IT equipment, security management (system and site certification and accreditation, access control, policies, procedures, guidelines and compliance) and electronic and hard records management activities. The OCIO facilitates the development and maintenance of cost-effective, supportable, and sustainable information management and technology solutions to advance the mission of OST consistent with the Department's Strategic Plan goal – Fulfill Indian Fiduciary Trust Responsibilities. These technology solutions enhance OST's ability to serve the beneficiaries through efficient business and resource management systems.

The OCIO interfaces with the other Departmental CIO offices and develops strategic plans to support OST business processes and manages OST's IT services which provides the daily OST data systems' support, testing and implementation of automated trust funds financial and other support systems, and ensures necessary interfaces with other trust systems in the BIA, Minerals Management Service (MMS), OHA, OHTA and other related offices in the Department.

Trust Funds Accounting System – In order to comply with the provisions of the *American Indian Trust Fund Management Reform Act of 1994* (Pub. L. 103-412, title IV, Sec. 401, Oct. 25, 1994, 108 Stat. 4249), OST uses the Trust Fund Accounting System (TFAS). TFAS is a commercial off-the-shelf (COTS) system owned and operated by a third party vendor. Some of the costs associated with the TFAS contract are based upon the number of accounts on the system (open+closed). The baseline number of accounts was 308,500. New accounts in FY 2007 that exceed the base are charged at the rate of \$2.81/account/month. The government has the option of increasing the base in 20,000 account increments up to a maximum of 100,000 additional accounts. The cost for the increase of the base accounts is \$1.00/account/month. In addition to normal processing, items included in the core price are the daily pricing of securities; software licenses that allow access for tribes via the Internet (when authorized) using StrataWeb; software licenses for the Computer Output to Laser Disk (C.O.L.D.) report manager, StrataVision; and software licenses for the electronic work ticket product, Customer Strata Station (CSS).



The performance target in FY 2007 is to continue to provide statements to beneficiaries with a valid address in TFAS on a timely basis 99.5% of the time. Performance statements are produced monthly for the tribes and quarterly for the majority of IIM account holders. Additionally, performance statements include the real property assets and encumbrances recorded by BIA in the TAAMS title system. The ability to report on the real property and encumbrances is expected to be available during the first quarter of FY 2008. This activity is in support of Fulfill Indian Trust Responsibilities – Beneficiary Services and Trust Fund accountability and the CTM section Administrative Services that includes “provide modern, appropriate systems and tools to manage the fiduciary trust.”

Estimated FY06 TFAS Total Accounts		Estimated FY07 TFAS Total Accounts	
Open	285,000	Open	300,000
Closed (no activity)	80,000	Closed	90,000
Non-Income	100,000	Non-Income	110,000
Total	465,000	Total	500,000
FY03 Contract Account Base	308,500	FY03 Contract Account Base	308,500
Cost/account/month above the base	\$2.73	Cost/account/month above the base	\$2.81
Cost/account/month to increase the base by 20,000	\$1	Cost/account/month to increase the base by 20,000	\$1

Other support contracts to operate TFAS include: asset performance calculations and reporting services for 200 selected tribal accounts; secure telecommunication services between both the primary OST location and the OST Continuity of Operations location; participation in the vendor’s user group which allows the government to obtain a copy of the annual SAS 70 audit report; and investment accounting services.

OCIO also operates the Virtual Portal to fulfill the Department’s fiduciary responsibility to beneficiaries and to provide the right information to the right people in a timely manner, a secure data sharing environment is essential.

The Portal provides a transparent access to existing data sources, which are separate databases with different owners, and on different technical platforms. In essence, the system will enable integrated access to varied data sources, giving many of the benefits of a single centralized database, while retaining the flexibility of separate (and separately controlled) data repositories, and have a very low impact on existing operational systems. The Portal acts as a virtual data warehouse data hub, allowing access to the corporate data stored in heterogeneous data sources. Portal technology provides direct connections between disparate applications. The Portal is key to sharing the right information with the right people, all as directly as possible. The Portal approach also requires less time and expense to develop, and entails less risk of data being lost or out-of-date. The current applications will remain as the systems of record against which all functional transaction activity takes place.

As a result of internal reviews, the FY 2007 budget includes the redirection within the Information Technology (IT) budget of \$586,000 from Trust Architecture and \$491,000

from the trust data warehouse to fund the increase in costs for the TFAS contract, Microsoft licenses, communications, maintenance and IT equipment. The decreased cost in trust architecture is the result of the Departmental CIO office having obtained a satisfactory enterprise architecture baseline. The decrease in the data warehouse cost is related to completing development and reduced maintenance costs. As part of the FTM, approximately 100,000+ non income producing accounts will be added to TFAS in order to provide beneficiaries periodic statements of surface and subsurface assets owned. In addition, funds will provide for replacing computer equipment in accordance with life cycle management practices, updating trust related modernization blueprints, integration of new applications into the trust portal; and upgrades to beneficiary support systems such as the beneficiary call center, commercial lockbox, trust portal, and TFAS.

Records Management -

The OCIO is responsible for the fiduciary and general trust records management within the BIA and OST. The OCIO provides guidance and support on records management to all BIA and OST program offices. It is responsible for development of, and obtaining approval from the Archivist of the United States, for BIA and OST records schedules; supporting computer based records management training; providing technical guidance and advice on records management at BIA and OST field locations; disposition and safeguarding of inactive records; retrieval of records for authorized users; and working with the Department on the development of requirements for an electronic records management system and providing assistance to OST and BIA during the training and implementation of a Departmental Electronic Records Management System (ERMS).



OCIO supports records management programs for active records by: organizing all the Department agencies' Indian records into a single record group in order to assure appropriate retention and preservation of Indian Fiduciary Trust Records; continuing to safeguard active records by providing necessary fireproof filing equipment; providing technical guidance and assistance to BIA, MMS, BLM, OHA and OST; and providing assistance to those tribes with contracted/compacted programs that request such assistance; and developing and revising records disposition schedules.

OCIO support for inactive records includes: continuing to maintain and update the central electronic database of retired records (Box Index Search System); ensuring that the necessary security safeguards continue to remain in place at the American Indian Records Repository (AIRR) and continuing to prohibit the withdrawal of original records from AIRR; preserving and providing remedial services for inactive records received at and/or housed within AIRR; restricting access for research purposes to authorized users of the records; and continuing to support the Department's bureaus and offices in retirement of Indian Affairs records to AIRR on a regularly scheduled basis.



OCIO is responsible for funding the American Indian Records Repository (AIRR) in Lenexa, Kansas, pursuant to an agreement between the Department and the National Archives and Records Administration. This state of the art facility stores all inactive Indian records from BIA and OST offices across the United States. All research of BIA and OST inactive records takes place in AIRR. No original records are allowed to be taken from the facility. Under the same agreement, OCIO funds an archival and records management certificate program at Haskell Indian Nations University and anticipates hiring students at the AIRR. The records management program and work experience will provide a cadre of individuals trained in records management who can work for the federal and tribal governments to implement records management.

OCIO is responsible for funding the American Indian Records Repository (AIRR) in Lenexa, Kansas, pursuant to an agreement between the Department and the National Archives and Records Administration. This state of the art facility stores all inactive Indian records from BIA and OST offices across the United States. All research of BIA and OST inactive records takes place in AIRR. No original records are allowed to be taken from the facility. Under the same agreement, OCIO funds an archival and records management certificate program at Haskell Indian Nations University and anticipates hiring students at the AIRR. The records management program and work experience will provide a cadre of individuals trained in records management who can work for the federal and tribal governments to implement records management.

In order to provide services directly to the field offices of BIA and OST, at least one records liaison is located in each BIA region and additional liaisons are located in those regions that have greater numbers of programs to manage. Records management has become an annual requirement for all BIA and OST employees. Additionally, all OST Senior Executive Service members now have performance plans that include a mandatory records management measure.

OCIO developed an electronic index of all Indian records in OTR's custody. The database is searchable through use of a search engine. This electronic database replaces all previously existing paper inventories, spreadsheets and databases that contained partial information on inactive boxes of retired records.

The American Indian Records repository located in Lenexa, Kansas, currently holds more than 130,000 boxes collectively containing about 300 million pages of records stored in accordance with the highest standards for the preservation of archival records.

In addition, \$500,000 is being redirected from the records indexing project in the Office of Trust Records to support cost increases for ongoing IIM and tribal trust litigation activities. These costs include funding to the Solicitor's office for staff attorneys, and funding for the Department of Justice to provide document production capabilities for thousands of pages of documents requested by both IIM and tribal plaintiffs.

### **2007 Program Performance Estimates**

- Continue service bureau operation of a commercial off-the-shelf trust accounting system, TFAS.
- Obtain an independent audit of TFAS using commercial SAS 70 standard.
- Provide IT support for over 800 users.
- Renew the Certification and Accreditation for OSTNET that was originally C&A'd on June 30, 2004. Per Departmental guidance, this C&A must be renewed every three years.
- Increase the number of applications interfacing with the trust portal.
- Continue working with the Departmental OCIO to achieve the major enterprise architecture goals, specifically the development of the modernization blueprints.
- Support records management operations and research and litigation document production at AIRR.
- Finalize revised records schedules and obtain approval from the Archivist of the United States.
- Assign accession and store inactive records retired from BIA and OST offices.
- Provide support to federal agencies, tribes and federal/tribal contractors in tribal trust litigation cases.
- Revise record retention schedules for BIA and OST programs for all fiduciary and general trust records.
- Support OHTA research projects.
- Support the records management curriculum at Haskell Indian Nations University.
- Support the implementation of a departmental ERMS for BIA and OST. OTR will assist BIA and OST offices during the implementation and training phase of the ERMS.
- Provide technical support and training for tribes with contracted/compacted programs.

### **2006 Planned Program Performance**

- Obtain and updated Certification and Accreditation of the trust systems used by OST in accordance with OMB Circular A 130 Appendix III and Department guidance.
- Implement the use of smart card technology in accordance with the Departmental HSPD-12 guidelines.
- Implement Active Directory for all of OST and join the Department ESN.
- Plan for the migration from FFS to FBMS in accordance with the Department's schedule.
- Hire a dedicated Project Management Institute (PMI) certified IT Project Manager .
- Include a portal interface to the Box Index Search System.

- Increase the number of OTR records management liaisons in the BIA regions to provide records management assistance to BIA and OST field personnel on a daily basis.
- Begin revision of the Bureau of Indian Affairs Records and Files Disposition Handbook.
- Provide significant support to parties in *Cobell v. Norton* and tribal trust litigation parties by providing access to thousands of boxes of inactive records necessary for document production, research, etc., including providing access to the database search engine.
- Continue accession and storage of all indexed inactive records at the American Indian Records Repository.
- Provide support to federal agencies, tribes and federal/tribal contractors in tribal trust litigation cases.
- Develop and submit for approval to the Archivist of the United States records schedules for OST programs that have not been scheduled.
- Develop and submit electronic records schedules for all identified electronic systems for BIA and OST.
- Develop records schedules for the new business systems established under the Fiduciary Trust Model.
- Begin development of the 075 Records Group – Indian Affairs Records Schedule Manual. This manual will contain all records schedules of all the Departmental agencies/offices which create, maintain and retire Indian fiduciary trust records.
- Pilot a Vital Records Program at a BIA/OST agency that other BIA/OST offices can use as a model to establish a vital records program.
- Establish a records management disaster assistance team to provide services to BIA/OST field offices including development of policies and procedures.

### **2005 Program Performance Accomplishments**

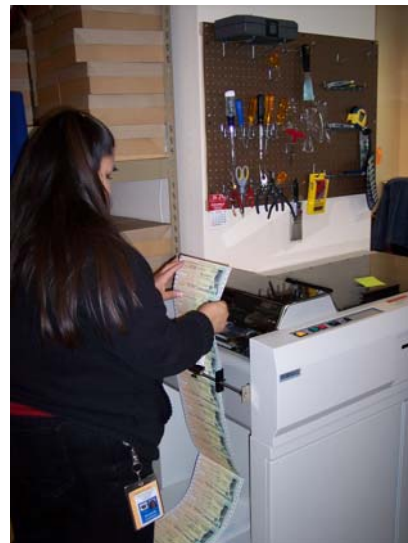
- Renewed the Certification and Accreditation for TFAS and updated the C&A for OSTNET.
- Expanded Call Center operations and increased Call Center capacity
- Completed update of BIAM records schedules for general trust records (e.g. Law Enforcement, Indian Education Program, Tribal Services, Economic Development, Indian Gaming, etc.).
- Began identifying; collecting and indexing inactive record boxes currently in the field.
- Indexed 37,457 boxes of inactive boxes of records and entered data into the Box Index Search System (BISS) database.
- Published the Privacy Act Notice for BISS.
- Expanded training effort to provide records management training for tribes with compacted and contracted BIA and/or OST programs.
- Completed electronic records schedules for nine BIA electronic systems and the record schedule for BISS and submitted the schedules to the Archivist of the United States for approval.

- Conducted 11 records management site assessments at BIA/OST field offices and 5 tribal programs.
- Provided records management training to 515 new BIA/OST, BIA Law Enforcement and Office of Indian Education records contacts.
- Responded to approximately 1,400 research requests and provided approximately 22,000 pages of documents in response to research requests.
- Secured certifications from all the Department bureaus and offices officials certifying that all identified records series in their respective record schedules that contain Indian fiduciary records have been identified and steps to safeguard and prevent destruction of such records have been taken.
- Purchased 832 pieces of fireproof equipment for BIA and OST offices.

**Budget, Finance and Administration (30 FTE / \$12,409,000):**

The Office of Budget, Finance and Administration (BFA) provides budget, planning and analysis support; oversees the administration of the personnel, acquisition, finance, and GSA space contracts. BFA also provides administrative support services (i.e. finance, personnel, procurement, property, safety, check disbursement, budget, planning and mail service) for OST, in carrying out the fiduciary trust responsibilities to American Indian tribes, individual Indians, and Alaska Natives efficiently and effectively. BFA coordinates required reporting to the Department, the Office of Management and Budget (OMB), and to the United States Congress.

BFA manages its responsibilities through four components: (1) Budget and Finance, (2) Planning and Analysis, (3) Facilities Support and (4) Trust Support. Support functions include the: formulation, execution, and presentation of the OST budget; development and implementation of activity based cost management; development of performance plan documents and performance measures; processing and mailing of Individual Indian Monies (IIM) account holder checks and explanation of payments (EOP), and other beneficiary related documents; and oversight of contracts for general support to other programs and offices within OST, such as, acquisition, personnel and finance.



In addition, the Office coordinates the implementation of four of the President's Management Agenda (PMA) items — budget and performance integration, competitive sourcing, human capital and financial management. Prior year accomplishments implementing the PMA includes: alignment of the FY 2004 budget request with the new Department Strategic plan structure; integration of the annual performance plan with the budget request; implementation of Activity Based Cost Management (ABC/M); strategic use of contract resources to leverage private industry knowledge and expertise on trust management; and financial performance improvements.

The Budget, Finance and Administration program includes coordination of government-wide, Departmental and other agency services that support OST’s programs such as: personnel, EEO, rent, telephone, and working capital fund activities. Prior year program increases justified in other sections included funding for additional costs of these services as part of a program expansion. Transfers of base funding to centralize these costs are reflected in this budget request. Estimates of these costs are reflected in the following table:

**BFA Budget by Category**

*(Dollars in Thousands)*

<b>Services</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Estimate</b>	<b>Total Change</b>	<b>Service Provider</b>
<b>Personnel</b>	1,337	1,337	0	Minerals Management Service
<b>EEO</b>	54	54	0	Office of the Secretary
<b>Space/Rent</b>	5,204	5,525	+321	GSA
<b>Long Distance</b>	133	133	0	MCI
<b>Working Capital Fund (central &amp; direct)</b>	4,004	3,463	-541	Department of the Interior
<b>Workers Comp</b>	14	5	-9	Department of Labor
<b>BFA Staff</b>	1,573	1,892	+319	OST
<b>Total</b>	<b>12,319</b>	<b>12,409</b>	<b>+90</b>	

Note: Working Capital figures includes estimate for acquisition and financial systems and services. FY 2007 BFA staff estimates includes the transfer of 3 FTE from OTR and 1 FTE from Executive Direction.

**2007 Program Performance Estimates**

- Increase budget performance integration by conducting quarterly management meetings to discuss performance accomplishments and budget resources necessary for improvements and realignment of funds as required.
- Continue implementation of ABC/M including analysis of cost information used to make resource allocations, streamline processes, develop budget projections, and realize greater efficiencies in fulfilling the fiduciary trust responsibilities and development of a mechanism to collect and compile output data.
- Develop and deliver project management training in conjunction with the Office of Trust Training. Work with program managers to develop trust project plans that will be entered into the Secretary’s Trust Tracking System (STTS).
- Continue mailing Bills for Collection, to collect lease payments into a lock box for the benefit of the beneficiaries.
- Continue mailing EOP statements and advice notices to beneficiaries.
- Continue mailing beneficiary checks.

- Continue mailing tribal and individual statements of account and tax forms.
- Continue identifying opportunities to reduce space costs.
- Complete on-site property inventories, property program reviews, and safety reviews of the remaining 1/3 of OST's field locations.

### **2006 Planned Program Performance**

- Integrate the annual performance plan with the budget request.
- Continue implementation of Activity Based Cost Management (ABC/M) including identification of managerial report requirements analysis of cost information that may be used to make resource allocations, streamline processes, develop budget projections, and realize greater efficiencies in fulfilling the fiduciary trust responsibilities and development of a mechanism to collect and compile output data.
- Continue leveraging strategic contract resources and private industry knowledge and expertise on trust management; and financial performance improvements.
- Increase budget performance integration by conducting quarterly management meetings to discuss performance accomplishments and budget resources necessary for improvements and realignment of funds as required.
- Issue Bills for Collection, to collect lease payments into a lock box for the benefit of the beneficiaries.
- Mail EOP statements and advice notices to beneficiaries.
- Mail beneficiary checks.
- Mail tribal and individual statements of accounts and tax forms.
- Identify ways to reduce prompt pay interest penalties and charge card delinquencies working with program managers.
- Develop administrative OST-wide guidance on implementing the Department policies and procedures.
- Conduct on-site property inventories, property program reviews, and safety reviews of 1/3 of OST's field locations.

### **2005 Program Performance Accomplishments**

- Continued implementation of Activity Based Cost Management (ABC/M) including identification of managerial report requirements analysis of cost information that may be used to make resource allocations, streamline processes, develop budget projections, and realize greater efficiencies in fulfilling the fiduciary trust responsibilities and development of a mechanism to collect and compile output data.
- Leveraged strategic use of contract resources and private industry knowledge and expertise on trust management; and financial performance improvements. BF&A contracted out the acquisition support function to the NBC. After a study of the operations, it was determined to be more efficient to contract for these services rather than continue to provide them in-house.
- Implemented centrally billed lodging in the travel program reducing the amount of delinquent charge card payments and taxes.



- Centralized the processing of payments for maintenance and services at the various filed locations.

**External Affairs (7 FTE / \$747,000):**

In supporting the Special Trustee's statutorily-required reform and oversight activities, the Office of External Affairs (OEA) has two primary areas of responsibility: (1) communications with a diverse group of stakeholders about the Department's trust reform initiatives; and (2) administration of OST's tribal self-governance and self-determination program. OEA conducts liaison activities with Congressional and tribal stakeholders, media, and other organizations; provides technical assistance to tribes and administers OST's self-governance compact/self-determination contract program activities; and produces information materials related to trust issues.



In the area of communications, OEA works to provide tribal and individual Indian trust beneficiaries, Department personnel, the media, the U.S. Congress, other government agencies, the public and other interested organizations with a wide range of information on the status of trust reform priorities, current initiatives and benefits through personal contacts and printed materials.

In the area of self-governance and self-determination administration, staff members provide information to tribes on self-governance and self-determination opportunities, and provide technical assistance to encourage new contracting and compacting activities. Staff members negotiate appropriate program standards with these tribes to ensure fulfillment of the Secretary's fiduciary trust responsibilities. Additionally, External Affairs staff coordinate OST's activities in response to requests from tribes seeking to withdraw trust funds for management outside of the Federal government pursuant to the *American Indian Trust Fund Management Reform Act of 1994 (Reform Act)*.

OEA supports the Department's mission goal of Serving Communities – Fulfill Indian Fiduciary Trust Responsibilities. The Office helps the Department accomplish its trust mission through the development and maintenance of a comprehensive communications program to fulfill business objectives identified in the CTM including:

- **Expand Self-Governance Compacts and Self Determination Contracts:** Foster expansion of self-governance compacts and self-determination contracts in a manner consistent with the Department's fiduciary responsibilities.

- **Technical Assistance:** Coordinate and provide tribes with technical assistance to develop proposals for the withdrawal of tribal trust funds from Federal management in accordance with the Reform Act.
- **Beneficiary Communications:** Develop and maintain effective communications with beneficiaries to facilitate their involvement in improving trust management, acquisition and disposal, and conveyances of trust assets, consistent with the Department's fiduciary duties.

OEA supports the Secretary's 4Cs vision by providing timely information on the status of trust reform activities to beneficiaries and establishing effective avenues of communication with stakeholders. Further, OEA promotes the President's e-government initiative to use technology to streamline the delivery of products and services to the American people.

### **2007 Program Performance Estimates**

- Build capacity to provide coordinated and comprehensive communications materials for stakeholders while continuing the communications and media activities initiated in 2006.
- Attend national Indian conferences to provide information to beneficiaries on the progress of trust reform, respond to beneficiary concerns, and to better identify the information that would be helpful for beneficiaries.
- Organize and broadcast the annual "State of Indian Affairs" address by BIA and OST leadership to discuss the current status of Indian Affairs activities and goals for FY 2007.
- Continue regular communications with Members of Congress and their staff to discuss trust reform initiatives and potential legislative solutions.
- Expand the capacity within OEA to enhance the quality of the self-governance and self-determination program.
- Administer the full range of self-governance and self-determination activities with an increasing number of tribes to include: promoting new opportunities; providing technical assistance; negotiating proposals and program standards; coordinating the allocation of funds; and coordinating the appropriate review and evaluation activities.
- Coordinate and review applications from tribes to withdraw their funds from trust.

### **2006 Planned Program Performance**

- Publish OST quarterly newsletters, two new informational brochures, a new account holder welcome kit, inserts in quarterly account holder statements, Congressional testimony, and other informational materials.
- Organize and broadcast the national "State of Indian Affairs" address for all BIA and OST employees to hear from the Secretary of the Interior and Indian Affairs leadership about the current status of Indian Affairs activities and goals for FY 2006.
- Improve Congressional awareness of the impact of Indian trust reform initiatives by hosting visits to locations where such initiatives have been implemented.
- Promote opportunities for new tribes to compact or contract OST programs.

- Negotiate new and continuing annual funding agreements and performance standards with self-determination and self-governance tribes.
- Coordinate the review and approval of tribal applications for the withdrawal of tribal trust funds for independent management.

### **2005 Program Performance Accomplishments**

- Developed a full range of printed material to provide information to stakeholders, including a quarterly OST newsletter, two new OST brochures, informational flyers for inclusion in quarterly account statements, and information on Whereabouts Unknown account holders.
- Participated in meetings throughout Indian country including five regional listening conferences held by the Intertribal Monitoring Association, the annual National Congress of American Indians annual convention and mid-year meeting, the two Department tribal self-governance conferences, the BIA Awarding Officials Annual Conference, and numerous meetings with individual beneficiary groups, tribes and other interested organizations to discuss trust reforms and contracting and compacting opportunities.
- Promoted a media initiative that resulted in the publication of articles and editorials in newspapers throughout Indian Country, in national magazines and on Internet sites to provide information on trust reform and facts on the status of current litigation.
- Negotiated annual funding agreements and program standards with more than 40 tribes that compact and contract OST programs.
- Coordinated the review and approval of two applications from tribes seeking to withdraw a total of approximately \$200 million worth of trust funds from OST for self-management.

In FY 2005, OEA hired new staff which allowed responses to tribes initiating inquiries about the management of OST programs to be provided within the required timeframe 100% of the time, as reflected in the chart below. In future years, OEA expects an increasing number of tribal inquiries resulting in an increased workload which will tax current staff resources. OEA therefore, anticipates adjusting its FY 2006 and FY 2007 target goals based on workload projections.

**Performance Overview**

<b>Measure</b>	<b>2005 Plan</b>	<b>2005 Actual</b>	<b>Change from 2005 Plan</b>	<b>2006 Estimate</b>	<b>2006 Change from 2005 Actual</b>	<b>2007 Request</b>	<b>2007 Change from 2006</b>
Percent of responses to tribes within the required timeframe for management of eligible OST programs. (BUR)	75%	100%	+25%	80%	-20%	90%	10%

**Office of Trust Review and Audit (24 FTE / \$5, 207,000):**

The Office of Trust Review and Audit (OTRA) is responsible for oversight of the delivery of trust products and services to beneficiaries and supports senior management in the execution of their duties to carry out the Department’s fiduciary responsibilities. OTRA provides independent reviews of Indian fiduciary trust responsibilities administered by the Department and Indian tribes to ensure that the Secretary’s trust responsibilities are being fulfilled.

OTRA provides independent oversight and performs examinations of fiduciary trust programs and operations, both internally and externally. OTRA serves as a quality control for the proper management of trust assets. Through implementation of an oversight and examination program of trust activities, OTRA supports the Department’s outcome goal – Fulfill Indian Fiduciary Trust Responsibilities.

Work activities support the underlying trust reform goals in the CTM to improve beneficiary services, Indian trust ownership, management of land and natural resources, management of trust fund assets, and support Indian self-governance and self-determination. Streamlining of processes and improvement of the efficiency of operations will be possible through monitoring reviews of Indian trust asset management activities Department-wide and providing timely reports and recommendations to Departmental senior management on efficiency, and effectiveness of operations and compliance with applicable laws and regulations at the program and/or field office level.

The Indian Trust Rating System (rating system) is being developed in-house, to provide a method for assessing the operational effectiveness of trust asset management activities Department-wide. OST anticipates that a successful implementation will make great strides towards a management tool that will allow a timely identification and correction of weaknesses in trust function performance. This rating system will be comprehensive and will be applied in a uniform manner. It will provide a methodology for rating the overall effectiveness of an Agency or Tribe based on: (1) Management - the capabilities and quality of management, (2) Asset Management - management of Indian trust assets, (3) Compliance - compliance with applicable laws, regulations policies, procedures and

accepted standards of fiduciary conduct, and (4) Operations - effectiveness and efficiency of operations including adequacy and internal controls.

As part of the Department's trust reform reorganization, the duties and responsibilities of the Office of American Indian Trust (OAIT) were transferred from BIA to OST in April of 2003. In keeping with the mandates of the Trust Reform Act and the Court, OST has revised the evaluation process to be more thorough and more useful to the Department and the participating tribes as part of the trust reform initiative. These more intense examinations have increased oversight and provided information to managers of trust programs at the tribal and Federal levels that should result in improved overall management of the programs. Due to the comprehensive nature of these examinations, and the much larger universe of trust programs that must be evaluated, examinations are based on a determination of where there is the highest risk. This process is fully operational and is subject to continuing refinement.

In addition, trust evaluations were conducted in conjunction with assessments of the abilities of seven Tribes to perform as required in Sec. 139 of the Interior and Related Agencies Appropriation Act of 2004. Section 139 requires that those named Tribes demonstrate to the satisfaction of the Secretary of the Interior that they have the capability to perform their responsibilities under the same fiduciary standards as those to which the Secretary is held. OTRA reviewed the trust operations of the following seven Tribes: (1) Chippewa Cree Tribe; (2) Hoopa Valley Tribe; (3) Karuk Tribe of California; (4) Redding Rancheria; (5) Confederated Salish & Kootenai Tribes of the Flathead Nation; (6) Salt River Pima-Maricopa Indian Community; and (7) Yurok Tribe. There were no findings of imminent jeopardy and the tribes all demonstrated that they are capable of performing trust functions compacted for under the same fiduciary standards as those to which the Secretary is held.

### **2007 Program Performance Estimates**

- Apply the comprehensive Indian trust rating system to all entities being evaluated.
- Continue tracking audit and examination findings and recommendations and providing guidance on best practices to improve performance. Advise senior managers when audit findings are not timely resolved.
- Coordinate findings with reengineering and process improvement functions carried out by other OST organizations, and monitoring the implementation of corrective actions for internal and external trust activities.
- Start all special investigations/projects within 10 business days of being notified of the circumstances.
- Prepare final report on all trust reviews and evaluations within 120 business days of starting the engagement.
- Ensure 75% of all OTRA employees have at least 30 days of training toward the 60 days required for the Indian Trust Examination certification. Approve certifications for at least 40% of all examiners.

**2006 Planned Program Performance**

- Plan development and partial implementation of a comprehensive Indian trust asset management rating system.
- Transition the incorporation/implementation of the Office of American Indian Trust's (OAIT) duties and responsibilities for evaluating tribally managed trust programs (compacted and contracted).
- Continue tracking audit and review findings and providing guidance on best practices to improve performance.
- Coordinate findings with reengineering and process improvement functions carried out by other Trust organizations, and monitor the implementation of corrective actions for internal and external trust activities.

**2005 Program Performance Accomplishments**

- Continued fiduciary trust examinations at organizations.
- Continued implementation of a comprehensive Indian trust asset management rating system.
- Developed a framework for tracking audit and review findings and providing guidance on best practices to improve performance.
- Coordinated findings with reengineering and process improvement functions carried out by other OST organizations, and monitoring the implementation of corrective actions for internal and external trust activities.
- Released the Examiners Guide, Version 1, for use in performing trust examinations of bureaus, offices and tribes.

**Performance Overview**

<b>Measure</b>	<b>2005 Plan</b>	<b>2005 Actual</b>	<b>Change from 2005 Plan</b>	<b>2006 Estimate</b>	<b>2006 Change from 2005 Actual</b>	<b>2007 Request</b>	<b>2007 Change from 2006</b>
Number of trust examinations performed for internal and external entities performing trust functions	20%	<b>24%</b>	<b>4%</b>	20%	<b>-4%</b>	<b>20%</b>	<b>0%</b>
Number of corrective action plans (CAP) received from entities performing trust functions to address identified deficiencies.	50% CAP received	<b>57%</b>	<b>7%</b>	65%	<b>+8%</b>	<b>75%</b>	<b>+10%</b>
Number of verification reviews conducted to monitor progress of corrective actions.	0% of CAP's received	<b>0%<sup>1</sup></b>	<b>0%</b>	25%	<b>25%</b>	<b>45%</b>	<b>+20%</b>

<sup>1</sup> There is on final report issued in FY2004 with CAP's. No follow up was conducted during FY 2005 due to lack of CAP's. The CAP's created in FY 2005 are not immediately verified to allow proper time for the entity to perform required corrective actions. OTRA will begin aggressive monitoring of CAP's in FY 2006. OTRA will complete 100% of the Trust examinations by FY 2008 by conducting 20% in each fiscal year.

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**Activity: Program Operations & Support**  
**Sub-activity: Trust Accountability**

(Dollars in Thousands)

Programs		2005 Actual	2006 Estimate	FY 2007			Change From 2006 (+/-)
				Fixed Costs & Related Changes (+/-)	Program Changes (+/-)	Budget Request	
Office of the Deputy Special Trustee	\$000	245	245	-245	0	0	-245
	FTE	3	3	-3	0	0	-3
Trust Training	\$000	4,565	4,506	+10	-1,400	3,115	-1,390
	FTE	6	6	0	-1	5	-1
Trust Regulations Policies and Procedures	\$000	3,305	1,297	+264	0	1,561	+264
	FTE	10	10	0	0	10	0
Trust Program Management Center	\$000	25,131	25,588	+47	-1,935	23,700	-1,888
	FTE	30	30	0	-6	24	-6
<b>Total Requirements</b>		<b>33,246</b>	<b>31,636</b>	<b>+76</b>	<b>-3,335</b>	<b>28,377</b>	<b>-3,260</b>
<i>Total FTE Requirements</i>		<i>49</i>	<i>49</i>	<i>-3</i>	<i>-7</i>	<i>39</i>	<i>-10</i>

Note: Transfers reflected in 2007 fixed costs column represent internal realignment of \$245,000 from the Office of the Deputy Special Trustee to Trust Regulations Policies and Procedures.

**Summary of 2007 Program Changes for Trust Accountability**

Request Component	Amount	FTE
Program Changes		
• Trust Training	-1,400	-1
• Reengineering	-1,050	-3
• Risk Management	-885	-3
<b>TOTAL Program Changes</b>	<b>-3,335</b>	<b>-7</b>

**Justification of 2007 Program Changes**

The FY 2007 budget request for Trust Accountability is \$28,377,000 and 39 FTE, a net program decrease of \$3,335,000 and decrease of 7 FTE from the FY 2006 enacted level.

**Trust Training (-\$1,400,000)** The funding reduction to Trust Training is a result of transition to a more consulting and oversight role in training, based on the completion of Trust Officer Certification programs and the implementation of the National Indian Programs Training Center (NIPTC). Therefore, there will be less reliance on contract support to define, develop, facilitate, and deliver trust training programs.

**Reengineering (-\$1,050,000)** In FY 2007, standard Fiduciary Trust Model (FTM) operating processes will be functional. The receiving bureaus, agencies and offices will have completed their regulatory changes, policies and procedures upgrades, modifications and additions, begun their system changes, and be able to manage their trust responsibilities in a more streamlined fashion. The reduction is due to less reliance on contract support to perform these activities. Reengineering staff will assume more

consulting and oversight roles, working with the receiving bureaus, agencies and offices to redefine and continue to streamline fiduciary trust programs.

**Risk Management (-\$885,000)** In FY 2007, the business process modeling of the Department's bureaus will be completed. In addition, personnel in bureaus and offices with Indian fiduciary trust responsibilities will have been trained on a standardized risk management tool to support their assessments and enable them to identify and manage their trust-related program's risks. The reduction in funding is due to less reliance on contract support for these activities as Risk Management staff will assume a consulting and oversight role in supporting individual bureaus' Annual Assurance Statements.

No total performance change table provided because performance measures remain unchanged.

**Program Overview:** The Office of Trust Accountability (TA) provides enhanced capability for trust management reform and fiduciary trust management. TA provides central leadership and guidance for several key functions which support the Department's trust management reform. The Deputy Special Trustee-TA: (1) manages and supervises a workforce trained to carry out the Department's fiduciary trust responsibilities; (2) coordinates development of policies and procedures which ensure fiduciary and legal responsibilities are fulfilled; and (3) oversees development of reengineered trust business processes; and (4) provide trust training to Department and tribal staff. TA is responsible for integrating trust reform planning and reform project execution as outlined in the Comprehensive Trust Management Plan (CTM). TA supports the Department's strategic goal of Serving

OST, together with BIA and the DOI University, will establish the National Indian Program Training Center (NIPTC). The NIPTC will bring a unified training approach to developing Indian Country program expertise and help to meet unique training and education needs of Indian programs at multiple levels and functions, and prepare Indian program staff to use resources and technology more effectively.

In FY 2005, the Data Quality and Integrity (DQ&I) project was completed for two BIA agencies and post quality assurance processes were implemented at two BIA Land Titles and Records Offices. This resulted in accurate automatic trust fund distributions and the generation of accurate beneficiary trust land asset statements. In FY 2006, the DQ&I project will be implemented across five BIA regional offices, with project tasks being completed at one regional office.

For FY 2007, FTM initiatives will continue to implement nationally standardized Trust asset management and ownership processes, improving the quality of information available on ownership, land and natural resources assets, trust funds assets, Indian self-governance and self-determination, and administrative services while building a highly effective fiduciary trust services organization. In addition, 65% of FTM processes will have updated regulations, standard operating procedures and that training has been completed at the office level. Title, leasing and portions of the financial operation processes will be supported by the standardized and integrated automated systems in the Regions.



Communities – Fulfill Indian Fiduciary Trust Responsibilities through implementation of the CTM improvements in trust land ownership information and trust asset management.

TA manages the operations of three major programs: (1) Office of Trust Training; (2) Office of Trust Regulations, Policies and Procedures; and (3) the Trust Program Management Center.

**Trust Training (5 FTE / \$3,115,000):** The Office of Trust Training provides oversight, development, and coordination of training efforts for the Department and tribal staff. Training supports trust management reform by providing training on skills and required knowledge, to current and future personnel with fiduciary trust responsibilities, to effectively carry out their duties.

**Trust Regulations, Policies and Procedures (10 FTE / \$1,561,000):** The Office of Trust Regulations, Policies and Procedures (OTP) oversees, coordinates, and facilitates the adoption and implementation, by the Department, of consistent written policies and procedures governing the performance of the Secretary's fiduciary trust responsibilities. OTP is responsible for coordination and training, access, and compliance with applicable trust regulations, policies, procedures, and practices. OTP assists in and tracks the development of appropriate trust regulations, policies, procedures, manuals, and training materials. OTP ensures that fiduciary principles consistent with the Secretary's fiduciary trust responsibilities and the Reform Act are integrated into the trust regulations, policies, procedures, manuals and training materials that guide the Department's discharge of those responsibilities.

**Trust Program Management Center (24 FTE / \$23,700,000):**

(Dollars in Thousands)

Programs		2005 Actual	2006 Estimate	Fixed Costs & Related Changes (+/-)	Program Changes (+/-)	Budget Request	Changes from 2006 (+/-)
Office of the Director	\$(000) FTE	171 1	169 1	-169 -1	0 0	0 0	-169 -1
Risk Management	\$(000) FTE	2,631 7	1,517 7	+12 0	-885 -1	644 6	-873 -1
Reengineering	\$(000) FTE	4,777 13	4,723 13	+190 +1	-1,050 -3	3,864 11	-860 -2
Probate Clean Up	\$(000) FTE	8,790 1	10,535 1	+2 0	0 0	10,537 1	+2 0
Special Projects	\$(000) FTE	3,316 4	3,272 4	+6 0	0 -1	3,278 3	+6 -1
Data Quality and Integrity	\$(000) FTE	5,446 4	5,371 4	+6 0	0 -1	5,377 3	+6 -1
<b>Trust Program Management Center Total</b>	<b>\$(000) FTE</b>	<b>25,132 30</b>	<b>25,588 30</b>	<b>+47 0</b>	<b>-1,935 -6</b>	<b>23,700 24</b>	<b>-1,888 -6</b>

Note: Transfers reflected in 2007 fixed costs column represent internal realignment of \$169,000 from the Office of the Director to Reengineering.

The Trust Program Management Center (TPMC) provides the project development and coordination to accomplish and continuously improve the Department's trust reform program administration and project management efforts. TPMC provides guidance and support necessary to successfully implement trust reform activities outlined in the CTM as well as monitor and report on progress made and resources expended toward overall trust program objectives. The work carried out by the TPMC supports the Department's trust organization with the structure, policies, and procedures that fulfill the Secretary's fiduciary trust responsibilities.

Risk Management: The Trust Risk Management program is responsible for developing and implementing a risk management program for the Department's bureaus and offices that have Indian fiduciary trust responsibilities. The Trust Risk Management program is defined as the actions taken by senior leadership, management, and other personnel designed to provide reasonable assurance regarding the achievement of Indian trust objectives related to effectiveness and efficiency of operations, the reliability of financial reporting, compliance with applicable laws and regulations, and safeguarding of Indian trust assets.

In addition, the program provides guidance to the Department's bureaus and offices to integrate management control activities into their normal business process cycles, complete their risk self-assessments correctly, and integrate the FTM trust reform activities associated with risk management into their daily operations.

Reengineering: The Reengineering effort is currently implementing the policies, procedures, systems, and processes of the FTM that create a highly effective fiduciary trust services organization. Continuous review of the Department's Strategic Plan, the CTM, the business environment and other trust-related activities is provided by Reengineering staff to ensure the FTM remains aligned with the Department's trust reform goals.

Probate Clean Up: Probate Clean Up is a trust improvement project that requires the efforts of the BIA, the Office of Hearings and Appeals, and OST. The immediate goal of the project is to bring the probate caseload current so that individual Indian beneficiaries have the use of their trust assets and the Department's trust systems reflect the correct ownership information. Funding primarily used to support adjudication of probate cases by OHA. Trust Accountability funding is primarily used to support the research and adjudication of probate cases.

Special Projects: Special Projects is responsible for analyzing, planning, implementing, managing, and successfully completing high priority trust asset management and trust reform projects identified by senior management. In coordination and partnership with the BIA, Special Projects develops project methodologies, schedules, and timelines for project(s) completion. These projects directly affect trust beneficiaries by enabling their receipt of trust funds in a more timely and efficient manner.

Data Quality and Integrity (DQ&I): DQ&I is a large scale effort to validate the quality of or correct existing trust land ownership and encumbrance data recorded in the BIA's land title system. To help ensure continuing accuracy of validated/corrected trust data, the project also implements an on-going post quality assurance review of transactions entered into the BIA's land title and realty system. In addition, the DQ&I project supports and assists the BIA with their trust system migration efforts.

### **2007 Program Performance Estimates**

- Train on *Interagency Procedures Handbook* and FTM related processes.
- Design, develop, and conduct pilot project for baseline curriculums for the NIPTC.
- In alignment with the Data System Conversion and Data Validation Schedule, implement Phase 2 of the Lockbox Project to increase the number of BIA locations that have implemented automated distribution processes to beneficiaries.
- Facilitate the FTM implementation strategy by providing business reengineering expertise and guidance in the development of an enhanced land and resource management system.
- Conduct risk assessments of the FTM processes and define corrective action plans to mitigate risks to an acceptable level.

- Complete business process workflows, integrated systems support and workforce plans to ensure that 65% of all BIA field locations are meeting the FTM requirements.
- Incorporate approved regulatory changes into operating procedures, manuals and handbooks at all BIA agency locations.
- Skills Models that identify the skills needed by the future trust workforce (by job function) to deliver FTM-compliance trust services will be used in hiring and performance practices for 80% of all new hires.
- Complete DQ&I project tasks for 21 BIA agencies.
- Implement post quality assurance review processes at two BIA LTROs.
- Deliver FTM process training, continue training Trust Fundamentals, TFAS and related systems and Cannon Fiduciary Trust courses to increase the number of Certified Indian Fiduciary Trust Specialists and Analysts and improve the skills of all DOI employees with trust responsibilities.

### **2006 Planned Program Performance**

- Conduct assessments of business process workflows, integrated systems support, and workforce plans at field locations.
- Incorporate regulatory initiatives into operating procedures, manuals and handbooks.
- Develop and incorporate standardized conveyance operating procedures into handbooks issued by BIA to streamline the process to acquire and convey ownership and beneficial interests in trust assets.
- Develop and automate standardized agricultural and range lease contracts.
- Develop training curriculum for the FTM standardized processes.
- Provide quarterly trust-related training including Trust Fundamentals, orientation programs, TFAS and other related trust systems.
- Certify 60 DOI employees as Certified Indian Fiduciary Trust Analysts or Specialists. Evaluate the Risk Management program to ensure alignment with OMB circulars A-123 and A-130 for all OST locations and the pilot agencies.
- Complete BIA-wide implementation of the Lockbox.
- Complete DQ&I project tasks for 11 BIA Agencies.
- Implement post quality assurance review processes at three BIA LTROs.
- Develop and issue desk operating procedures for reporting and reconciliations processes.
- Complete a directive handbook to standardize the format of various types of directives that provide guidance to program offices in the creation and maintenance of the OST directive manual.

### **2005 Program Performance Accomplishments**

- Developed and implemented Cannon's *Certified Indian Fiduciary Trust Analyst, Certified Indian Fiduciary Trust Specialist and Certified Indian Trust Examiner* certification programs.

- Developed and provided orientation program for 50 OST Fiduciary Trust Officers and BIA Deputy Superintendents. The three-week integrated program provided an overview of federal Indian law and policy, organizational overview, team building, technical training, panel discussions, and group exercises.
- Developed and provided job-specific training to over 700 DOI and tribal employees in the following areas: Probate/AIPRA; tribal self-governance and self-determination and trust accounting.
- Developed the multi-phased, FTM project plan, creating a unified CTM/FTM implementation team with representatives from multiple bureaus and tribes.
- Designed and implemented Indian trust funds Lockbox operation.
- Designed, developed, tested and implemented a risk management assessment tool, RM-PLUS, providing automated assessment and corrective action plan development capabilities for OST, BIA, OSM, MMS and BLM.
- Developed, trained and issued Desk Operating Procedures for Income/Interest Factor, Account Maintenance, Receipting, and Disbursement processes.
- Completed DQ&I project tasks for pilot BIA agencies.
- Implemented post quality assurance review processes at pilot BIA LTROs.

**Performance Overview**

<b>Measure</b>	<b>2005 Plan</b>	<b>2005 Actual</b>	<b>Change from 2005 Plan</b>	<b>2006 Estimate</b>	<b>2006 Change from 2005 Actual</b>	<b>2007 Request</b>	<b>2007 Change from 2006</b>
<b>Trust Fund Accountability:</b> Percent of Federal Managers Financial Integrity Act management control plans with corrective action plans in place. <b>(SP)</b> <sup>1</sup>	92%	97%	5%	95%	-2%	97%	+2%
<b>Cooperative Programs:</b> Percent of risk management/ internal control programs cooperatively implemented by OST and Self Governance and Self Determination tribes. <b>(BUR)</b>	80%	80%	0%	100%	20%	100%	0%
<b>Ownership Information:</b> Percent of missing owner information recovered. <sup>2</sup> <b>(SP)</b>	25%	36%	+11%	20%	-16%	20%	0%

1\ FY 2003 MMS revenue reported, beneficiary statements mailed, and management control weaknesses used as static basis for '04 and '08 targets.

2\ Accounts are being created in TFAS for non-financial asset owners in order to generate asset statements. Many of these owners do not have current addresses. As a result, the total number of WAU is expected to increase substantially in 2006 however it is expected that number of recovered account holders in 2006 will not vary significantly from 2005.



**Activity: Program Operations and Support**

**Subactivity: Field Operations**

*(Dollars in Thousands)*

Programs		FY 2005 Actual	FY 2006 Estimate	FY 2007			Change From 2006 (+/-)
				Fixed Costs & Related Changes (+/-)	Program Changes (+/-)	Budget Request	
Field Operations	\$000	20,915	20,877	+1,909	-425	22,361	+1484
	FTE	213	213	+32	-4	241	+28
Office of Appraisal Services	\$000	10,795	9,697	+115	0	9,812	+115
	FTE	55	55	+4	0	59	+4
Total Requirements		31,710	30,574	+2,024	-425	32,174	+1599
<i>Total FTE Requirements</i>		268	268	+36	-4	300	+32

May not add do to rounding

**NOTE:** FY 2006 funding adjusted to reflect internal realignment of \$1,439,000 to transfer the Trust Beneficiary Call Center from the CIO to Field Operations.

**Summary of 2007 Program Changes for Field Operations**

Request Component	Amount	FTE
Program Changes		
• Field Staff	-1,000	-4
• Call Center	+575	0
<b>TOTAL Program Changes</b>	<b>-425</b>	<b>-4</b>

**Justification of 2007 Program Changes**

The FY 2007 budget request for Field Operations is \$32,174,000 and 300 FTE a net program decrease of \$425,000 and decrease of 4 FTE from the FY 2006 enacted level.

**Field Staff (-\$1,000,000)** - Savings from implementation of the lockbox and Trust Beneficiary Call Center (TBCC) will result in a decrease in requirement for funding in Field Operations staff and salary. This decrease is attributed to the combined effects of the following: (1) field staff will no longer be preparing and completing probate transaction documentation, and (2) field staff will no longer be preparing and completing collection transactions documentation. Field staff will still follow up with BIA on probate transactions that do not pass OST’s Pre-Quality Assurance (QA) process prior to posting to TFAS. The Pre-QA process ensures that postings to TFAS include proper authorizations, supporting documentation, and compliance with policies, laws and regulations.

**Call Center (+\$575,000)** – An increase of \$575,000 is needed to support cost increases for the TBCC due to increased call volume. Beneficiary inquiry traffic is expected to

increase as a result of expanding awareness of the call center and from the effect of the implementation of the *American Indian Probate Reform Act*. TBCC operation costs will increase due to increased inquiry tracking and reporting capabilities, including upgrades to software and call center systems.

No total performance change table provided because performance measures remain unchanged.

**Program Overview:** Field Operations serves as the primary point of contact for the various trust beneficiary services outlined in the FTM. Field staff interacts with beneficiaries on a daily basis at regional, agency, and urban locations. They are often the primary point of contact for beneficiaries seeking trust products and services. With the establishment of Regional Fiduciary Trust Administrators (RTA) and the placement of Fiduciary Trust Officers (FTO) in selected locations, Field Operations provides both responsive and proactive beneficiary services in cooperation with BIA.

Field Operations continues to modify Activity Based Costing (ABC) codes in order to compile meaningful information for management decisions. Field Operations codes have been too generic. Coding is being refined to capture meaningful information while not being burdensome. Staff is being trained on utilization of the new coding. The information that will ultimately be compiled from the ABC information will be utilized to access the effectiveness and efficiency of field operations and access the resources needed for Field Operations to fulfill their fiduciary functions.



RTAs provide technical assistance on trust matters to their subordinates and BIA and provide direct line authority to agency level FTOs. FTOs and support staff provide beneficiaries with convenient access to trust account information and other trust products and services. The goal is to provide services to beneficiaries that are trusted, accurate, and responsive to their needs. FTO’s responsibilities include coordinating trust asset management activities with the BIA in their respective geographic area.

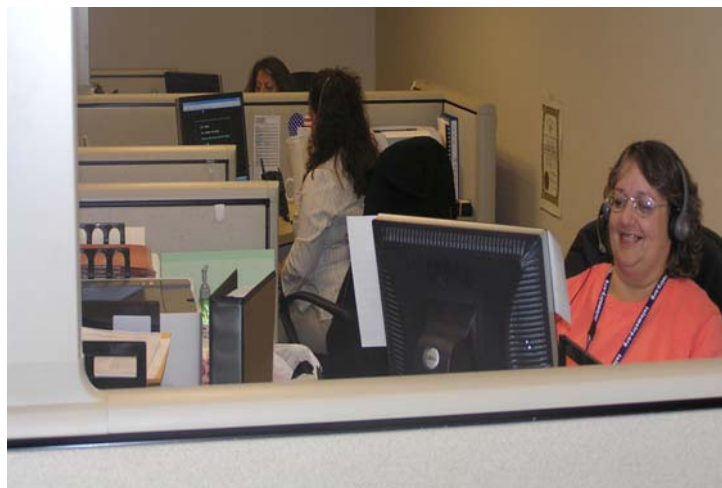
FTO’s provide guidance to support staff in the examination, verification, and management of accounts and accounting data. They also, ensure that trust beneficiary requests are responded to in a timely, courteous, and accurate manner.

Field Operations established the TBCC to respond to ever-increasing inquiries received via telephone. The TBCC is responsible for responding to telephone inquires from trust beneficiaries. The call center has access to various trust systems and operations staff in

order to provide account information to beneficiaries and to complement field staff services. A major responsibility of the call center is to provide “one-stop” servicing for all beneficiary inquiries including information regarding account statements, account balance, other account attributes, receipts, disbursements, leases and leasing, probate processing, and other trust activities.

On December 3, 2004, OST opened the Trust Beneficiary Call Center, located in Albuquerque, New Mexico. This nationwide, toll free call center enables operators to conveniently access information about beneficiaries’ account balances, check the status of transactions, and update account information. Staff trained in various trust beneficiary issues and systems operate the center. In its first year of operation, the Center received over 75,000 calls and provided a first-line resolution for approximately 90 percent of the requests. First-line resolution by the person answering the call without referral is more responsive and more effective, meets the needs of the beneficiaries, and is also more efficient. This allows BIA and OST field staff to focus on operational duties without interruption. A call tracking system deployed in the field assures that beneficiaries receive consistent and timely responses and allows field staff to track requests and avoid duplication.

Within Field Operations (FO), in combination with cost reductions, \$575,000 is being directed to support cost increases for the Trust Beneficiary Call Center increased call volume. Beneficiary inquiry traffic is expected to increase from an ever expanding awareness of the call center and from the effect of the implementation of the American Indian Probate Reform Act. Accordingly, the



Trust Beneficiary Call Center will use the additional funding for increased inquiry tracking and reporting capabilities, including upgrades to software and call center equipment. This increase is more than offset by a reduction of \$1.0 million as a result of implementation of the call center and lock box.

### **2007 Program Performance Estimates**

- Maintain strategic partnerships with the Department’s bureaus and agencies with Indian trust responsibilities.
- Continue interaction with tribal and individual Indian beneficiaries through local community outreach programs.
- Continue to participate in the implementation of reform initiatives in partnership with BIA.

- Continue to reduce whereabouts unknown accounts.
- Respond to increased volume in the Trust Beneficiary Call Center.
- Respond to 90% of beneficiary inquiries within two business days and respond to the balance of these inquiries within 30 days.
- Actively engage beneficiary in management of their Indian trust assets.
- Continue to increase beneficiary awareness of direct deposit capabilities and the importance of will drafting.
- Continue assistance in reducing use of Special Deposit Accounts and cleanup.

### **2006 Planned Program Performance**

- Develop strategic partnerships with the Department's bureaus and agencies with Indian trust responsibilities.
- Increase direct interaction with tribal and individual Indian beneficiaries through local community outreach programs and Inter-Tribal Monitoring Association listening conferences.
- Hire Trust Beneficiary Call Center staff.
- Continue assistance in reducing use of Special Deposit Accounts and cleanup.
- Increase beneficiary awareness of direct deposit capabilities, and the importance of estate planning.
- Actively engage beneficiaries in the management of their Indian trust assets.
- Maintain Trust Officer presence in 52 field offices.
- Address Field Operations audit advisory recommendations.
- Continue to identify new ways to locate whereabouts unknown beneficiaries.
- Continue to increase the use of direct depositing.
- Continue to participate in the implementation of reform initiatives in partnership with BIA.
- Continue implementation of lockbox operation at all trust income collection locations.
- Respond to 85% of beneficiary inquiries within two business days and respond to the balance of these inquiries within 30 days.

### **2005 Program Performance Accomplishments**

- Hired Regional Fiduciary Trust Administrators and expanded Trust Officer presence to a total of 52 locations.
- Addressed Field Operations audit recommendations
- Assisted in the reduced use of special deposit accounts and continued to assist in cleanup.
- Converted 2,596 beneficiaries to direct deposit.
- Assisted in initiation of lockbox operation.
- Converted Pilot agencies Concho and Anadarko to utilization of new software for asset management, funds receivables and lockbox.
- Assisted in streamlining processing of probate transactions.

- Continued to identify new ways to locate whereabouts unknown beneficiaries, this resulted in over 5,100 accountholders being located with account balances in excess of \$9.8 million.
- Contracted for development and implementation of the Trust Beneficiary Call Center.
- Responded to 91% (151,992/167,340) of beneficiary inquiries within two business days and respond to the balance of these inquiries within 30 days. The FY 2005 target was 80%.
- Continued providing Indian tribes with technical assistance to develop and manage their tribal trust funds.
- Processed two tribal withdrawals of approximately \$200 million under the Reform Act within regulatory time frame.
- Established outreach and communications at local level with beneficiaries, over 100 (target was 90) such events took place and staff met one on one with over 450 beneficiaries.
- Received 53,712 calls by the Trust Beneficiary Call Center, 48,702 were answered by the call center without having to be referred to someone else to answer the beneficiaries inquires. This is a 90% first line resolution rate.
- Sent 603 boxes of non-active records to the American Indian Records Repository.

**PERFORMANCE OVERVIEW**

Measure	2005 Plan	2005 Actual	Change from 2005 Plan	2006 Estimate	2006 Change from 2005 Actual	2007 Request	2007 Change from 2006
<b>Responsiveness:</b> Responsiveness of OST to tribal and individual trust concerns and needs. (BUR)	80%	80%	0%	85%	+5%	90%	5%

**Appraisal Services**

**Program Overview:** The Office of Appraisal Services provides impartial estimates of value for a variety of specific real property interests on land owned in trust or restricted status. Estimates are provided through a contract with the Department Appraisal Directorate, regional appraisal staff, and contract appraisers. Various regulations governing Indian trust land transactions require the Secretary of the Interior to obtain valuations. Major types of valuations include commercial, industrial, recreational, agricultural and other types of leases; rights-of-way; land sales and land exchanges; grazing and range permits; and trespass.

No total performance change table provided because performance measures remain unchanged.

**2007 Program Performance Estimates**

- Update software and IT equipment according to cyclical requirements, and as needed to accommodate the Appraisal Request and Review Tracking System (ARRTS).
- Continue coordination and support of Self-Governance and Self-Determination tribes.
- Provide continuing education and certification opportunities to ensure the highest levels of professionalism among the OAS staff, as part of the Comprehensive Trust Management Plan and Fiduciary Trust Model.
- Provide continuing education on Uniform Standard of Preferred Appraisal Practices and Uniform Standard for Federal Land Acquisition to ensure all OAS opinions of value conform to professional standards.

**2006 Planned Program Performance**

- Enhance support of and assistance to the self-governance and self-determination program (P.L. 93-638).
- Establish standards for appraisals and credentials for appraisers and offer continuing education to assist appraisers in meeting those goals.
- Utilize contract support and temporary staff to augment staffing shortfalls and meet critical needs.
- Finalize and implement the OAS policy handbook.
- Establish a new minerals valuation division to support the Indian Land Consolidation effort and other Department needs.

**2005 Program Performance Accomplishments**

- Filled key Appraisal positions including management, appraisers, and support staff.
- Contracted management of Appraisal Services to the National Business Center. Enhanced support of and assistance to the self-governance and self-determination Program (P.L. 93-638).
- Established standards for appraisals and credentials for appraisers and offered continuing education to appraisers to meet those goals.
- Established Regional based budget operating targets.
- Utilized contract support and temporary staff to augment staffing shortfalls and meet critical needs.

**Activity: Program Operations and Support**

**Subactivity: Trust Services**

*(Dollars in Thousands)*

Programs	FY 2005 Actual	FY 2006 Estimate	FY 2007			Change From 2006 (+/-)
			Fixed Costs & Related Changes (+/-)	Program Changes (+/-)	Budget Request	
Trust Services	8,982	8,989	+212	-450	8,751	-238
<i>Total FTE Requirements</i>	<i>106</i>	<i>106</i>	<i>+3</i>	<i>0</i>	<i>109</i>	<i>+3</i>

May not add do to rounding

**Summary of 2007 Program Changes for Trust Services**

<u>Request Component</u>	<u>Amount</u>	<u>FTE</u>
Program Changes		
• Trust Services	-450	0
<b>TOTAL Program Changes</b>	<b>-450</b>	<b>0</b>

**Justification of 2007 Program Changes**

The FY 2007 budget request for Trust Services is \$8,751,000 and 109 FTE a net program decrease of \$450,000 from the FY 2006 enacted level.

**Trust Services (-\$450,000)** - The decrease is a result of efficiencies from commercial lockbox processing and TAAMS/TFAS automated income allocation implementation and from implementation of the Fiduciary Trust Model. The efficiencies gained are primarily in the area of contract work. Trust Services encoding work is contracted so that when lockbox and TAAMS/TFAS automated income allocation become operational, contract staff can be reduced. Currently, resource income is manually encoded into suspense accounts and then manually transferred to beneficiary accounts at a later date as ownership is verified. Because of the delay in transferring the funds received to beneficiary accounts, interest must be calculated and transferred as well. When lockbox in combination with TAAMS/TFAS automated income allocation is operational at a BIA location, resource income is received at the lockbox and automatically distributed without any manual intervention.

No total performance change table provided because performance measures remain unchanged.

**Program Overview:** Trust Services manages financial assets held in trust on behalf of tribes and individual Indian beneficiaries in compliance with the Department's fiduciary responsibility. The products and services provided support the Trust Financial Management business line for comprehensive trust management.

Trust Services manages approximately \$3.3 billion of funds held in trust for Indian tribes and individual Indian beneficiaries. Approximately \$2.9 billion is held in approximately 1,450 tribal accounts and other trust funds, including the Alaska Native Escrow Fund. Approximately \$400 million is held on behalf of individual Indians in approximately 277,000 accounts.

Trust Services continued tracking of cost and performance data in FY 2005 and is currently using this data to better assess the efficiency and effectiveness of our trust operations as exhibited by:

- Revamping beneficiary statements of performance printing and mailing processes to save costs and increase reliability and timeliness.
- Utilizing individual employee performance metrics to assess and validate individual and team performance. Data is used to identify performance standards and training needs.
- Utilizing individual performance metrics to assess and validate contractor performance.
- Utilizing cost data to determine and begin automation of the SF-224 Treasury reporting and standard general ledger processes.



Pursuant to the Comprehensive Trust Management Plan, the program's business objectives are to manage and invest fund assets to provide prudent rates of return; and to quickly and accurately collect, disburse, and account for funds associated with trust assets. Accomplishment of these objectives enables the Department to provide accurate and timely information to trust beneficiaries. The accuracy and timeliness of information is comprised of several factors: same

day processing of cash transactions, timely processing of account maintenance transactions, timely posting of investment income transactions, and accuracy of reconciliation and reporting activities on trust accounts. During fiscal year 2005, over 8.5 million transactions were processed (both automated and manual), that resulted in an average of over 700,000 transactions a month or an average of 34,000 per day, both manual and automated.



Trust Services is responsible for the individual Indian, Alaska Native and tribal trust funds accounting, investment and reporting fiduciary responsibilities of the Department. This Office provides leadership, guidance and oversight of the development of policies, procedures, and processes to ensure proper management of trust funds on behalf of beneficiaries. By successfully operating the program, Trust Services supports the Department's Strategic Plan end outcome goal of Serving Communities - Fulfill Indian Fiduciary Trust Responsibilities through the end out come performance measures of providing timely and accurate financial account information to trust beneficiaries, the timely recording of oil and gas royalties in the trust accounting system and the accurate processing of financial information in trust beneficiary accounts.

The United States Congress has designated the Secretary as the trustee delegate with responsibility for the monetary and non-monetary resources held in trust on behalf of American Indian tribes, individual Indians, and other trust funds. In carrying out the management and oversight of the Indian trust funds, the Secretary has a fiduciary responsibility to ensure that trust accounts are properly maintained, invested, and reported in accordance with the *American Indian Trust Fund Management Reform Act of 1994* (Reform Act), Congressional action, and other applicable laws.

The Reform Act further identified certain of the Secretary of the Interior's duties to ensure proper discharge of the trust responsibilities of the United States. These include the following as it relates to Trust Services:

- Providing adequate controls over receipts and disbursements.
- Providing periodic, timely reconciliation to assure the accuracy of accounts.
- Preparing and supplying account holders with periodic statements of their account performance.
- Establishing consistent, written policies and procedures for trust fund management and accounting.
- Providing adequate staffing, supervision, and training for trust fund management and accounting.

The balances that have accumulated in the Indian trust funds have resulted from claims and judgment awards, investment income, and revenues from approximately 56 million acres of trust land. Revenues are derived from subsurface mineral extractions (coal, oil, gas, and uranium) timber, grazing, and other surface leases. Trust Services provides centralized accounting services for all trust funds management activities including receipting, accounting, investing, and disbursing of individual and tribal trust funds. Trust Services works directly with field offices to ensure cash management supporting documentation complies with policies and procedures and plans, directs, operates and controls the buying, selling and trading of investment instruments.

Trust Services is responsible for reconciling subsidiary and control accounts and monitoring trust funds activities. This office prepares internal and external financial accounting reports for trust funds. It also is responsible for the accurate and timely preparation and submission of appropriate external reports and required tax forms. The

reconciliation of trust fund activities include custodial management of proprietary data, compliance and interface with Treasury cash flow reports, MMS, and BIA receipt of funds and source documents. This Office also ensures that beneficiary statements of performance are prepared and issued.

Trust Services utilizes a complex mixture of tools, both automated and manual, as well as contracted and in-house services to carry out the responsibilities of the office. The core accounting system is TFAS, a commercial off-the-shelf trust system that is used by 7 out of the 10 largest U.S. trust departments. Two other systems complement the core trust system: Customer StrataStation and Stratavision. Customer StrataStation allows the use of electronic approvals versus paper approvals. Stratavision is a computer output to laser disk storage product that allow the paperless view and storage of all reports generated by the core trust system. Trust Services also utilizes a centralized commercial custodian to process the financial investment securities as well as a commercial pricing service to price the securities daily. The Trust Services' investment group is on-line with the Bloomberg Service in order to execute security trades on a timely basis and at a prudent price. The Trust Services Reporting and Reconciliation group utilizes a myriad of government systems to report and reconcile trust management activities.

### **2007 Program Performance Estimates**

- Attain 98% accuracy for financial information processed in trust beneficiary accounts in support of the Department's Strategic Plan.
- Record 98.5% of the Minerals Management Service royalty revenue within 24 hours of receipt in support of the Department's Strategic Plan.
- Attain 99.5% timeliness of financial account information provided to beneficiaries in support of the Department's Strategic Plan.
- Support key initiatives such as the lockbox, trust-funds receivable and assets and encumbrance statement implementation projects.
- Continue to process probate backlog and special deposit account clean-up transactions.
- Continue to compile monthly and annual financial statements.
- Prepare and mail approximately 650,000 beneficiary Statements of Performance.
- Evaluate the performance of third-party investment management firm(s) responsible for investment security selection and execution functions.
- Develop additional performance metrics and/or automated tracking tools to assist in evaluating the performance of the program's key functional areas.
- Develop ways to utilize Intelligent-Mail (I-Mail) with the U.S. Postal Service to provide tracking of mailed items.
- Explore and analyze feasibility of electronic beneficiary Statements of Performance.
- Plan for and implement Government-Wide Accounting (GWA) initiatives.

**2006 Planned Program Performance**

- Continue to competitively source key functions such as probate financial document preparation, investment custodian, data entry, and investment accounting.
- Complete Fiduciary Trust Financial Audit on time.
- Prepare and mail approximately 650,000 beneficiary monthly/quarterly Statements of Performance.
- Attain 98% accuracy for financial information processed in trust beneficiary accounts in support of the Department's Strategic Plan.
- Record 98.5% of the Minerals Management Service royalty revenue within 24 hours of receipt in support of Department's Strategic Plan.
- Attain a 99.5% timeliness rate for financial account information provided to beneficiaries in support of the Department's Strategic Plan.
- Fully implement the three-way reconciliation between OST, BIA and MMS for oil and gas revenues.
- Continue to load account holder liabilities for additional agencies.
- Implement new beneficiary statement format for estates to address Privacy Act concerns.
- Continue to process probate backlog and special deposit account clean-up transactions.
- Implement the requirements of revised OMB Circular A-123.
- Develop and mail consolidated IRS forms 1099-INT/MISC/DIV in a timely manner.
- Convert additional agencies to the TAAMS/TFAS automated income allocation modules and processes.

**2005 Program Performance Accomplishments**

- Continued to competitively source the investment security selection and execution function for the IIM investment pool, as well as data entry functions and returned check lockbox procedures.
- Completed FY 2005 Fiduciary Trust Financial Audit on time.
- Prepared and mailed more than 675,000 beneficiary monthly/quarterly Statements of Performance.
- Attained 99.7% accuracy for financial information processed in trust beneficiary accounts, exceeding goal of 97%.
- Recorded 100% of the Minerals Management Service royalty revenue within 24 hours of receipt, exceeding goal of 98%.
- Attained 99.1% timeliness of financial account information provided to beneficiaries, exceeding goal of 99%.
- Implemented three-way reconciliation between OST, BIA and MMS for oil and gas revenues.
- Developed and implemented procedures to report account holder liabilities and related activity in quarterly statements of performance. Loaded account holder liabilities for pilot agencies.
- Tested the automated calculation of interest on forestry contract funds.

- Expanded the availability of the electronic work ticket system.
- Developed and/or modified performance metrics for current business processes, including probate and special deposit processes, and utilized performance metrics to assess performance of staff and contractors.
- Continued to coordinate policies, practices and systems, and provide guidance in identifying problems and potential solutions in the processing of probate and special deposit transactions.
- Implemented automated ILCA processing that reduced the time it takes a beneficiary to receive a check for a land sale from up to three months to as little as three days.

**Performance Overview**

Measure	2005 Plan	2005 Actual	Change from 2005 Plan	2006 Estimate	2006 Change from 2005 Actual	2007 Request	2007 Change from 2006
<b>Beneficiary Services:</b> Percent of financial information accurately processed in Trust beneficiary accounts. (SP)	97%	99.7%	2.7%Δ	98%	-1.7%Δ	98%	0%
<b>Timeliness:</b> Percent timeliness of financial account information provided to trust beneficiaries. (SP)	99%	99.1%	.1%Δ	99.5%	.4%Δ	99.5%	0%
<b>Manage Trust Fund Assets:</b> Percent of revenue recorded in the Trust Fund Accounting System within 24 hours of receipt. (SP)	98%	100%	2%Δ	98.5%	-1.5%Δ	98.5%	0%

There is actually not a decrease in what was planned from 2005 to 2007. What occurred is that the actual for 2005 was better than expected due to the implementation of new processes. However, with the conversion of TAAMS real property assets to TFAS and the addition of thousands more accounts and real property transactions, Trust Services cannot guarantee that the new processes will ensure that the planned target is exceeded in 2006 and 2007.

**Activity: Program Operations and Support**

**Subactivity: Historical Trust Accounting**

*(Dollars in Thousands)*

Programs	FY 2005 Actual	FY 2006 Estimate	FY 2007			Change From 2006 (+/-)
			Fixed Costs & Related Changes (+/-)	Program Changes (+/-)	Budget Request	
Historical Trust Accounting	57,194	56,353	0	0	56,353	0

Note: FTE for OHTA are included in the Office of the Secretary account.

<b>Total Performance Change</b>					
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D=A+B+C</b>	<b>E</b>
<b>Overall Performance Changes from 2006 to 2007</b>					
<b>Measure</b>	<b>2006 Estimated Performance</b>	<b>2007 Base Performance</b>	<b>2007 Impact of Program Change on Performance</b>	<b>2007 Budget Request Performance</b>	<b>Out-year Impact of 2007 Program Change on Performance</b>
Judgment Accounts: (See Information below) <sup>1</sup>	16,500	16,423	0	16,423	
Per Capita Accounts (See Information below) <sup>1</sup>	6,500	611	0	611	
SDA Dollars:	\$2.5 million	\$3.5 million	0	\$3.5 million	
IIM Land-Based Transactions <sup>2</sup>	300	1,000	0	1,000	
Analysis and Resolution of Tribal Claims <sup>3</sup>	3	4	0	4	
<p><b>Column B:</b> The performance level you expect to achieve absent the program change (i.e., at the 2006 request level plus/minus funded fixed cost/related changes); this would reflect, for example, the impact of prior year funding changes, management efficiencies, absorption of fixed costs, and trend impacts.</p> <p><b>Column E:</b> The out-year impact is the change in performance level expected in 2008 and Beyond of ONLY the requested program budget change; it does <u>not</u> include the impact of receiving these funds again in a subsequent outyear.</p>					

1. In FY 2007 OHTA will complete both Judgment and Per Capita accounts. The performance level shown reflects the number of accounts expected to be remaining at the end of FY 2006.
2. The ruling by the Court of Appeals vacating the structural injunction on November 15, 2005, has put OHTA in an assessment process to determine the additional work needed to complete the historical accounting which will affect transaction reconciliation work in FY 2006.
3. This was formerly reported as Tribal Accountings, which does not capture the ongoing work. In many cases, the work performed for a tribe is not a historical accounting, per se, but may involve related and often more specific or detailed examination of management of tribal funds.

**Program Overview:** In 1994, Congress passed the *American Indian Trust Fund Management Reform Act of 1994*. This Act requires the Secretary of the Interior to “account for the daily and annual balance of all funds held in trust by the United States for the benefit of an Indian tribe or an individual Indian which are deposited or invested pursuant to the Act of June 24, 1938 (25 U.S.C. Sec. 4011(a)).” The Department is currently involved in the class action lawsuit *Cobell v. Norton*, and 31 lawsuits associated with the Department’s management of Indian trust funds. In July of 2001, the Office of Historical Trust Accounting (OHTA) was created by Secretarial Order to plan, organize,

direct, and execute the historical accounting of Tribal Trust accounts and Individual Indian Money (IIM) accounts. OHTA’s management model is based on a small staff of Federal employees directing the efforts of a number of individual contractors. The contractors provide the critical technical expertise in areas such as accounting services, project management, information technology, data security, statistical analysis, quality control, document search, collection and reproduction, and trust law analysis.

As a result of the Litigation Support Accounting (LSA) project completed in FY 2005, OHTA has determined variance rates and dollar differences in accounts for the electronic records era, approximately 1985 through 2000. The remaining work for the electronic era is to complete system tests to add to the coverage of LSA results and perform data completeness validation of accounts to allow OHTA to prepare historical statements of account.

On January 6, 2003, as ordered by the court in the *Cobell* litigation, the Department filed *The Historical Accounting Plan for Individual Indian Money Accounts*. The Department’s accounting plan provided for a historical accounting for about 260,000 IIM accounts open on or after October 25, 1994, that had balances. The plan, over a five-year period, was estimated to cost \$335 million. The plan used both transaction-by-transaction and statistical sampling techniques to develop assurances of the accuracy of the statements of account. OHTA has since added in additional land-based IIM accounts, judgment and per capita accounts, and special deposit accounts. The historical accounting is addressing three distinct types of IIM accounts, judgment and per capita IIM accounts, land-based IIM accounts, and special deposit accounts.

**Historical Accounting Summary**

Type of Account	No. of Accounts	Reconciliation Approach
Judgment and Per Capita	99,500 (1)	<ul style="list-style-type: none"> <li>• 100% of transactions reconciled</li> </ul>
Land-Based	240,000 (2)	<ul style="list-style-type: none"> <li>• Transactions \$5,000 and greater reconciled on a transaction-by-transaction basis.</li> <li>• Transactions less than \$5,000 reconciled through statistically valid samples.</li> </ul>
Special Deposit	21,500	<ul style="list-style-type: none"> <li>• Accounts researched to document proper owners</li> <li>• Funds distributed to owners and accounts closed where appropriate</li> </ul>

(1) The January plan reported 42,000 judgment and per capita accounts open as of December 31, 2000. However, approximately 57,500 more of these types of accounts that were open as of October 25, 1994, and closed before December 31, 2000, have been added to the population of accounts to be reconciled.

(2) The January plan reported approximately 200,000 land-based accounts open as of December 31, 2000. However, approximately 40,000 more of these types of accounts that were open as of October 25, 1994, and closed before December 31, 2000, have been added to the population of land-based IIM accounts to be reconciled.

On November 15, 2005, the Court of Appeals for the D.C. Circuit vacated a February 23, 2005, structural injunction imposed by the District Court in the *Cobell* litigation that called for a transaction-by-transaction accounting for all transactions back to 1887 and

was expected to cost about \$10 to \$12 billion. The Court of Appeals ruling specifically allows the use of statistical sampling as part of the IIM historical accounting.

The Department is considering modifying its January 6, 2003 historical accounting plan, based on the information now available from the work of the past three years, and the recent appellate court decision vacating the district court's structural injunction. The process will consider lessons learned from work already completed, removal of the structural injunction, statistical sampling parameters, and accounting costs.

As of December 31, 2005, OHTA had reconciled more than 50,000 judgment accounts and reconciled over 15,000 per capita accounts. OHTA also had resolved residual balances in over 9,500 special deposit accounts, identifying the proper ownership of more than \$51 million belonging to individual Indians, tribes, and private entities.<sup>1</sup> In support of both IIM and tribal accounting efforts, OHTA has imaged and coded more than 9.0 million pages of fiduciary trust records representing over 634,000 documents. OHTA is using its accounting reconciliation tool system and has reconciled nearly 8,000 land-based IIM transactions.

By the end of FY 2006, OHTA expects to resolve the proper ownership of approximately \$2.5 million in residual special deposit account balances, and complete the reconciliation of approximately 23,000 judgment accounts and per capita accounts. As part of litigation support, OHTA will reconcile approximately three hundred land-based IIM account transactions.

The FY 2006 funding for tribal accounting will support work by OHTA on potential settlement negotiations with tribes. It will also provide funding to conduct analysis and settlement of tribal claims (including historical accountings), administer settlements, and present tribal briefings, as requested. In FY 2006, OHTA expects to complete analysis and settlement of tribal claims for three tribes and image and code an additional 1.8 million pages of tribal documents.

In FY 2006, OHTA will work on three current tribal lawsuits and a cooperative agreement with a tribal organization on developing agreed upon tribal trust accounting procedures. It has already conducted a number of briefings for tribes and tribal organizations. These briefings are the first step in OHTA's administrative process to address unresolved or additional accounting issues, and have been a prelude to discussions and negotiations with tribes to develop tribe-specific work plans that are a means to resolve the outstanding accounting issues and the litigation. Working with Interior's Office of the Solicitor and the Department of Justice, OHTA provided ten

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<sup>1</sup> The correct total amount of funds identified in special deposit accounts as of December 31, 2005 is \$51.2 million, which includes \$48.5 million in principal and \$2.7 million in interest. In error, the amount reported in the Fiscal Year 2007 The Interior Budget in Brief was more than \$48 million, which only reflected principal.



briefings to tribes and a tribal organization on the results of the 1972-1992 Tribal Reconciliation, and developed three historical accounting plans for tribes.

The FY 2007 budget for historical accounting is \$56.4 million, the same level enacted by Congress in 2006. This amount will provide approximately \$39.0 million for IIM accounting and \$17.4 million for tribal accounting. This amount may be revised depending on the outcome of any further court rulings in *Cobell v. Norton* or congressional action.

The following table provides additional summary data on FY 2005 accomplishments and estimates for FY 2006 and FY 2007:

Description	FY 2005		FY 2006		FY 2007	
	Accomplishments		Estimate		Estimate	
	Number	Dollars	Number	Dollars	Number	Dollars
<b>IIM Accounts</b>						
Judgment accounts completed	16,919	--	16,500	--	16,423	--
Reconciled per capita accounts	6,667	--	6,500	--	611	--
Reconciled Special deposit accounts	--	\$10m	--	\$2.5m	--	\$3.5m
Pages imaged	2,700,000	--	2,500,000	--	3,000,000	--
Documents coded	87,250	--	85,000	--	100,000	--
<b>Tribal Accounts</b>						
Pages imaged	1,518,000	--	1,800,000	--	2,000,000	--
Documents coded	890,000	--	950,000	--	1,200,000	--
Analysis and Resolution for tribal claims	0	--	3	--	4	--

**2007 Program Performance Estimates**

The requested funds will provide approximately \$39.0 million for IIM accounting and \$17.4 million for tribal accounting.

In FY 2007, OHTA will perform data completeness validation and recalculation of interest for three BIA regions, which will be a total of seven BIA Regions for which historical statements of account for the electronic records period could be mailed to land-based IIM account holders.

Reconciliation work will be performed as part of a system test verifying that income generated on allotted lands was posted to the IIM accounts of the allotment interest owners. This work, started in FY 2006, may be completed in FY 2007. An additional 1,000 account transaction reconciliations will be performed on paper era high dollar transactions and the start of sampled transactions.

OHTA expects to complete all of the remaining judgment and per capita accounts, fully reconciling more than 99,500 of these accounts. Mailing of historical statements of

account to judgment and per capita account holders will continue in FY 2007, subject to obtaining approval from the District Court. Also in FY 2007, OHTA will research the rightful owners of residual balances in special deposit accounts and distribute \$3.5 million to individual Indians, Tribes, and third parties.

In support of the historical accounting work, approximately three million pages of documents will be imaged and coded, including approximately 100,000 pages of ledgers which will be digitized to construct from paper records an electronic database for accounts with activity prior to 1985.

In Tribal Trust accounting, OHTA will continue to compile and validate tribal account statements for litigating tribes. Litigation support to the Department of Justice and Solicitor will be provided on five of the active tribal lawsuits, including imaging and coding about two million pages of Indian records for document production. OHTA will perform analysis and resolution of claims (including historical accountings) for four tribes.

### **2006 Planned Program Performance**

Funding provided for FY 2006 provides for the following activities: records collection and indexing, imaging and coding, accounting for Per Capita and Judgment accounts, analysis and resolution of tribal claims, reviewing and distributing funds from special deposit accounts, litigation support and costs related to the *Cobell* litigation, and program management of the Office of Historical Trust Accounting. OHTA plans to:

- Reconcile an additional 16,500 judgment accounts.
- Reconcile an additional 6,500 per capita accounts.
- Resolve proper ownership of an additional \$2.5 million in special deposit accounts.
- Reconcile, as part of IIM system tests approximately 300 land-based IIM account transactions to provide information on the soundness of the IIM trust system.
- Perform data completeness validation on the IIM accounts for the electronic period for three BIA regions, and recalculate interest for those accounts.
- Continue to work on settlement negotiations with tribes, administer settlements, analyze and resolve three historical accounting claims for tribes, and present tribal briefings, as requested.
- Image and code about 1.8 million pages of Indian records for document production.
- Establish, through notice and comment procedures and consultations, administrative procedures for tribes to follow in seeking a historical accounting.

### **2005 Program Performance Accomplishments**

- Reconciled over 4,000 land-based IIM transactions drawn from a national sample of accounts and transactions over \$100,000, achieving a reconciliation rate of 99 percent of transactions sampled.
- Distributed over \$10 million of residual balances in special deposit accounts to the rightful owners, including individual Indians, tribes, and third parties.

- Reconciled 23,586 judgment and per capita accounts, bringing the totals through FY 2005 to 47,616 judgment accounts and 11,922 per capita accounts.
- Mailed to IIM account holders a total of over 12,000 historical statements of judgment and per capita accounts.
- Continued the BIA region-by-region examination, validation, and mapping of electronic trust accounting data received from the Office of Trust Funds Management and the BIA. One region was completed in FY 2005. This effort addresses the need to identify and correct any missing transaction data relating to certain IIM accounts, resolve any discrepancies in account balance totals and in the account numbering convention, and map account posting and collection transactions to facilitate the historical accounting. This work, performed in cooperation with OST, and the BIA ensures the integrity, accuracy, and utility of the historical trust accounting data on which OHTA staff and contractors perform the reconciliation.
- Issued a revised version of the Accounting Standards Manual. The Manual provides guidance to accounting firm contractors and OHTA staff on the key documents to use in reconciling transactions in IIM accounts.
- Performed extensive quality control checks on the reconciliation results of OHTA's accounting firm contractors. These quality control reviews determined that the accounting work was appropriately supported.
- Deployed the Accounting Reconciliation Tool (ART), a specialized data management system used to standardize and expedite the historical accounting work, to the offices of two of OHTA's CPA contractor firms. ART runs over a secure, virtual private network, allowing users to undertake queries to link specific IIM account transactions to images of supporting documents.

**Performance Overview**

<b>Measure</b>	<b>2005 Plan</b>	<b>2005 Actual</b>	<b>Change from 2005 Plan</b>	<b>2006 Estimate</b>	<b>2006 Change from 2005 Actual</b>	<b>2007 Request</b>	<b>2007 Change from 2006</b>
Judgment Accounts <sup>1</sup>	34,000	16,919	-17,081	16,500	-419	16,423	-77
Per Capita <sup>1</sup> Accounts	9,200	6,667	-2,533	6,500	-167	611	-5,889
SDA Dollars	\$10 million	\$10 million	--	\$2.5 million	-\$7.5 million	\$3.5 million	+1.0 million
IIM Transactions <sup>2</sup>	7,000	4,000	-3,000	300	-3,700	1,000	+700
Analysis and Resolution of Tribal Claims <sup>3</sup>	5	0	-5	4	+4	5	+1

1. Judgment and Per Capita account work was reduced in FY 2005 to fund Litigation Support Accounting. The FY 2007 Request performance level is based on and represents completing all the remaining accounts.
2. IIM transactions in FY 2005 are those related to completion of the Litigation Support Accounting for the electronic era. In FY 2006 and 2007 the work covers system testing and starting work on paper era account transactions.
3. This was formerly reported as Tribal Accountings, which does not capture the ongoing work. In many cases, the work performed for a tribe is not a historical accounting, per se, but may involve related and often more specific or detailed examination of management of tribal funds.

## Office of the Special Trustee for American Indians

### Summary of Obligations by Object Class

(Dollars in Thousands)

Object Class	2006 Estimate	Fixed Costs and Related Changes	Program Changes	2007 Request
Full Time Permanent	42,000	+1,000	-1,000	42,000
Other Full Time Permanent	2,000	0	0	2,000
<b>Total Personnel Compensation</b>	<b>44,000</b>	<b>+1,000</b>	<b>-1,000</b>	<b>44,000</b>
Civilian Personnel Benefits	11,000	+179	-253	10,926
<b>Total Personnel &amp; Benefits</b>	<b>55,000</b>	<b>+1,179</b>	<b>-1,253</b>	<b>54,926</b>
Travel & Transportation of Persons	5,000	0	0	5,000
Communications, Utilities, Misc.	4,000	0	+110	4,110
Other Services	121,774	-369	-3,405	118,000
Supplies and Materials	1,000	0	0	1,000
<b>Total Contractual Services and Supplies</b>	<b>128,000</b>	<b>-369</b>	<b>-3,405</b>	<b>124,226</b>
Equipment	2,000	0		2,000
<b>Total Budget Authority</b>	<b>188,774</b>	<b>810</b>	<b>-4,548</b>	<b>185,036</b>

**Office of the Special Trustee for American Indians**  
(in millions of dollars)

	Treasury Account ID: 14 – 0120 – 0	2005 Actual	2006 Estimate	2007 Estimate
	Obligations by program activity			
0001	Executive direction	2	2	2
0002	Program operations, support, and improvements	197	192	188
0900	Reimbursable Program	14	1	1
1000	Total new obligations	213	195	191
	Budgetary resources available for obligation			
2140	Unobligated balance available, start of year	27	15	10
2200	New budget authority (gross)	197	190	186
2210	Resources available from recoveries of prior year obligations	4	0	0
2390	Total budgetary resources available for obligation	228	205	196
2395	New obligations	-213	-195	-191
2440	Unobligated balance available, end of year	15	10	5
	New budget authority (gross), detail			
	Discretionary			
4000	Appropriation	196	192	185
4033	Appropriation permanently reduced (HR 2863)		-2	
4035	Appropriation permanently reduced	-3	-1	0
4100	Transferred to other accounts	-10		
4300	Appropriation (total discretionary)	183	189	185
6800	Spending Authority from Offsetting Collections	11	1	1
6810	Change in uncollected customer payments from Federal sources (unexpired)	3	0	0
6890	Spending authority from offsetting collections (total discretionary)	14	1	1
7000	Total New Budget Authority	197	190	186
	Change in obligated balances			
7240	Obligated balance, start of year	72	67	70
7310	Total new obligations	213	195	191
7320	Total outlays (gross)	-211	-192	-202
7345	Recoveries of prior year obligations	-4	0	0
7400	Change in uncollected customer payments from Federal sources (unexpired)	-3	0	0
7440	Obligated balance, end of year	67	70	59
	Outlays (gross), detail			
8690	Outlays from new discretionary authority	133	126	123
8693	Outlays from discretionary balances	78	66	79
8700	Total outlays (gross)	211	192	202
	Offsets			
	Against gross budget authority and outlays			
8800	Offsetting collections (cash) from Federal sources	-11	-1	-1
	Against gross budget authority only			
8895	Change in uncollected customer payments from Federal sources (unexpired)	-3	0	0
	Net budget authority and outlays			
8900	Budget authority	183	189	185
9000	Outlays	200	191	201

Note: Table may not add due to rounding.

**Office of the Special Trustee for American Indians**

(in millions of dollars)

Treasury Account ID: 14 – 0120 – 0		<b>2005 Actual</b>	<b>2006 Estimate</b>	<b>2007 Estimate</b>
	<b>Object Classification</b>			
	Direct obligations			
	Personnel compensation			
1111	Full time permanent	32	36	36
1115	Other personnel compensation	1	1	1
1119	Total personnel compensation	33	37	37
1121	Civilian personnel benefits	9	10	10
1210	Travel and transportation of persons	4	4	4
1231	Rental Payments to GSA	4	6	6
1233	Communications, utilities	2	2	2
1252	Other services	72	60	56
1253	Purchases of goods and services from government accts	2	5	5
1260	Supplies and Materials	2	1	1
1310	Equipment	4	2	2
1990	Subtotal, Direct obligations	132	127	123
1990	Reimbursable obligations	14	1	1
	Allocation Account			
	Personnel compensation			
3111	Full-time permanent	6	6	6
3113	Other than full-time permanent	1	1	1
3119	Total personnel compensation	7	7	7
3121	Civilian personnel benefits	1	1	1
3210	Travel and transportation of persons	1	1	1
3231	Rental payments to GSA	1	1	1
3233	Communications, utilities, and miscellaneous charges	2	2	2
3252	Other services	55	55	55
3990	Subtotal, Allocation account	67	67	67
9999	Total obligations	213	195	191

Note: Table may not add due to rounding.

**Office of the Special Trustee for American Indians**

<b>Personnel Summary</b>	<b>2005 Actual</b>	<b>2006 Estimate</b>	<b>2007 Estimate</b>
<b>Direct</b>			
Civillian full-time equivalent employment	565	590	605

**Office of the Special Trustee for American Indians  
Employee Count by Grade**

(Total Employment)

<b>Grade</b>	<b>2005 Actual</b>	<b>2006 Estimate</b>	<b>FY 2007 Estimate</b>
EX-02	1	1	1
ES	12	12	12
GS-15	26	26	26
GS-14	86	86	86
GS-13	91	87	95
GS-12	64	59	66
GS-11	17	17	17
GS-10	0	0	0
GS-9	28	28	28
GS-8	20	20	20
GS-7	135	135	135
GS-6	45	45	45
GS-5	61	61	61
GS-4	12	12	12
GS-2	0	0	0
<b>WG - 05</b>	<b>1</b>	<b>1</b>	<b>1</b>
Total Employment (actual/projected) at end of fiscal year	<b>599</b>	<b>590</b>	<b>605</b>

FY 2005 includes total actual personnel on-board at EOY, not FTE. FY 2006 and 2007 include FTE estimates.



**Appropriation Language Sheet****Office of the Special Trustee for American Indians**

## Indian Land Consolidation

For consolidation of fractional interests in Indian lands and expenses associated with redetermining and redistributing escheated interests in allotted lands, and for necessary expenses to carry out the Indian Land Consolidation Act of 1983, as amended, by direct expenditure or cooperative agreement, [~~\$34,514,000~~] \$59,449,000, to remain available until expended, and which may be transferred to the Bureau of Indian Affairs and Departmental Management accounts: Provided, That funds provided under this heading may be expended pursuant to the authorities contained in the provisos under the heading "Office of Special Trustee for American Indians, Indian Land Consolidation" of the Interior and Related Agencies Appropriations Act, 2001 (Public Law 106-291). (Department of the Interior, Environment, and Related Agencies Appropriations Act, 2006.)

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**Activity: Indian Land Consolidation**

(Dollars in Thousands)

Programs	FY 2005 Actual	FY 2006 Estimate	FY 2007			Change From 2006 (+/-)
			Fixed Costs & Related Changes (+/-)	Program Changes (+/-)	Budget Request	
Indian Land Consolidation	34,514	34,006	0	+25,443	59,449	+25,443

Note: FTE for ILCP are included in the Bureau of Indian Affairs

**Summary of 2007 Program Changes for Indian Land Consolidation**

Request Component	Amount	FTE
Program Changes		
• Land Acquisitions	+25,443	0
<b>TOTAL, Program Changes</b>	<b>+25,443</b>	<b>0</b>

**Justification of 2007 Program Changes**

The FY 2007 budget for Indian Land Consolidation Program (ILCP) is \$59.4 million; an increase of \$25.4 million or 75 percent above the FY 2006 enacted level. This level of funding will provide for expansion of the acquisition program to a level of about 80,000 small, highly fractionated interests among individual Indian landowners. This is an increase of approximately 34,000 interests above the estimated 2006 level of acquisition. The estimate of the number of interests to be acquired is based on historical average costs to date, and as acquisition activities continue and additional targeted interests are acquired, the average cost per acquisition, cost per interest, and amount of interest acquired will likely changes from the experience to date.

In addition, the Indian Land Consolidation Office (ILCO) will continue reconciliation of ownership records to ensure agreement of ownership information and provide contractor support for outreach, marketing, and sales for the current participating reservations.

The Department has determined that a more focused tiered acquisition approach is needed to:

- Provide a long term strategy for acquisition of highly fractionated interests.
- Establish a tiered priority process to select which interests to acquire.
- Achieve the most efficient use of limited resources.
- Develop additional tools and alternative options on financing this program.

As part of the 2007 proposal, the Department will implement a tiered acquisition strategy, targeting selected highly fractionated tracts. Based on data available from the TAAMS database as of March 2005, there are 2,173 highly fractionated tracts (defined as 200 or more interests per tract) owned by 98,905 individuals who own a total of 711,530 interests. A focus on these tracts will begin in 2006 and target approximately 1,557 of

these highly fractionated tracts owned by 64,055 individuals who own 520,685 individual interests located in ten geographic locations. In addition, partnership efforts will continue with tribal land consolidation efforts to leverage funding where appropriate.

<b>Total Performance Change</b>					
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D=B+C</b>	<b>E</b>
<i>Overall Performance Changes from 2006 to 2007</i>					
<b>Measure</b>	<b>2006 Estimated Performance</b>	<b>2007 Base Performance</b>	<b>2007 Impact of Program Change on Performance</b>	<b>2007 Budget Request Performance</b>	<b>Out-year Impact of 2007 Program Change on Performance</b>
Number and acreage of land acquisitions to increase land use capabilities and reduce fractionation of land interests. (SP), (PART) <b>Annual</b>	46,000 undivided interest equivalent of 41,000 Acres	46,000 undivided interest equivalent of 41,000 Acres	+34,000 undivided Interest equivalent of +54,000 Acres	80,000 undivided interest equivalent of 95,000 Acres	
Reduce number of open IIM accounts through acquisition (PART) (IIM accounts eligible for closure) <b>Annual</b>	500	500	300	800	
<p><b>Column B:</b> The performance level you expect to achieve absent the program change (i.e., at the 2006 request level plus/minus funded fixed cost/related changes); this would reflect, for example, the impact of prior year funding changes, management efficiencies, absorption of fixed costs, and trend impacts.</p> <p><b>Column E:</b> The out-year impact is the change in performance level expected in 2008 and beyond of only the requested program budget change; it does <u>not</u> include the impact of receiving these funds again in a subsequent out-years.</p>					

**Program Overview:** The Indian land Consolidation Program (ILCP) assists the Department in fulfilling its trust responsibilities by addressing the growth of fractionated interests in Indian land. ILCP acquires highly fractionated land ownership interests from willing sellers at fair market value and is a key component in Trust Reform and Management. BIA manages the program while funding is provided through OST’s budget. Purchase of fractional interests reduces record keeping and large numbers of small dollar financial transactions, and decreases the number of individuals subject to probate.

Purchase of fractional interests increases the likelihood of more productive use of the land, reduces record keeping, reduces the large numbers of small dollar financial transactions, and decreases the number of individuals subject to probate.

The *American Indian Probate Reform Act* enacted in 2004, provided new tools to improve probate and slow the rate of fractionation. 2007 will be the first full year of implementation of the Act, as key provisions will take effect on June 28, 2006, with respect to the estates of Indians who die owning trust property after that date. Those provisions include a new federal Indian probate code and authorities for consolidating land ownership through sales, gift deeds, land exchanges, and consolidation agreements.

Provisions of the Act provide for measures to slow the rate for continued fractionation on approximately 85 percent of all interests. The remaining 15 percent of interests will, however, continue to fractionate, resulting in continued growth in the number of interests. Further, even those small interests that do not continue to fractionate will continue to cost millions to manage. The individual accounts that track, hold, and pay earnings and interest will require probate upon the death of the account holder.

The Indian Land Consolidation program completed a PART review in 2002. The review recommended coordinating efforts with tribal land acquisition entities to leverage program dollars and develop a long-term strategy to guide program expansion.

The Department has demonstrated success over the past several years acquiring these highly fractionated interests through the Indian Land Consolidation program.

#### ***ILCP Accomplishments***

Through December 31, 2005, the Department has:

Acquired 202,775 fractional interests in individual Indian allotted lands.

Acquired 100 percent ownership in 166 tracts with over 1,142 individual owners

Acquired 100 percent ownership of interests held by 5,253 individuals.

As a result:

One reservation now has a majority interest in 94 percent of all allotted tracts.

One reservation now has a majority interest in 75 percent of all allotted tracts.

One reservation now has a majority interest in 60 percent of all allotted tracts.

Two reservations now have a majority interest in over 50 percent of all allotted tracts.

#### **2007 Program Performance Estimates**

Acquire approximately 80,000 small-fractionated undivided land interests, the equivalent of approximately 95,000 aggregate acres by:

- Target most highly fractionated tracts (200 or more interests) in 10 geographic locations.

- Purchase of selected interests from targeted sellers, including re-vested *Youpee* interests.
- Utilize AIPRA to acquire small fractionated interests at probate.
- Target tracts to achieve majority ownership.
- Continue to target tracts to achieve tribal majority ownership.
- Concentrate efforts to acquire the least valuable interests.
- Continue efforts to acquire 100% of an individual's interests to potentially eliminate a probate/IIM account.
- Continue to leverage other funds at current reservations to acquire majority interests in tracts.

### **2006 Planned Program Performance**

- Advance the purchase of selected interests from targeted sellers, including re-vested *Youpee* interests.
- Began to target most highly fractionated tracts (200 or more interests) in 10 geographic locations.
- Continue to update standard operating procedures and issue written program policies as needed.
- Continue to assist with finalizing regulations under AIPRA pertaining to the ILCP.
- Continue to reconcile ownership and update valuation data on all participating reservations.
- Continue to target tracts to achieve tribal majority ownership.
- Concentrate efforts to acquire the least valuable interests.
- Continue efforts to acquire 100% of an individual's interests to potentially eliminate a probate/IIM account.
- Continue to leverage other funds at current reservations to acquire majority interests in tracts.

### **2005 Program Performance Accomplishments**

- Assisted with the development of TAAMS Realty System's ability to interface with the program to improve verification of land ownership on a nation-wide basis.
- Coordinated with Tribal land acquisition programs, where possible, to leverage federal funds. However, limited tribal funds minimize the amount of fractionated land interests a tribe can acquire.
- Purchased 11,779 re-vested *Youpee* interests and selected interests from willing sellers.
- Continued to reconcile ownership and update valuation data on all participating reservations.
- Coordinated reconciliation and valuation procedures on all reservations in Rocky Mountain Region.
- Assisted with drafting implementing regulations for AIPRA.

**Performance Overview**

<b>Measure</b>	<b>2005 Plan</b>	<b>2005 Actual</b>	<b>Change from 2005 Plan</b>	<b>2006 Estimate</b>	<b>2006 Change from 2005 Actual</b>	<b>2007 Request</b>	<b>2007 Change from 2006</b>
Number and acreage of land acquisitions to increase land use capabilities and reduce fractionation of land interests. <b>(SP), (PART)</b>	46,000 undivided interest equivalent of 41,000 Acres	72,547 undivided interest equivalent of 114,529 Acres	+26,547 undivided interest equivalent of +73,529 Acres	46,000 undivided interest equivalent of 41,000 Acres	-26,547 Undivided interest equivalent of -73,529 Acres	80,000 undivided interest equivalent of 95,000 Acres	+34,000 undivided interest equivalent of +59,000 Acres
Reduce number of open IIM accounts through acquisition <b>(PART)</b> <b>(IIM accounts eligible for closure)</b> <b>Annual</b>	500	606	+106	500	-106	800	+300

Note: In FY 2005, the actual performance compared to the plan was significantly increased due to a one-time transfer of \$10.2 million in additional funds for land acquisition.

**Office of the Special Trustee for American Indians**

(Dollars in millions)

	Indian Land Consolidation (14-2103)	2005 Actual	2006 Estimate	2007 Estimate
	Obligations by program activity			
0001	Direct Program Activity	46	37	60
1000	Total new obligations	46	37	60
	Budgetary resources available for obligation			
2140	Unobligated balance available, start of year	2	2	0
2200	New budget authority (gross)	46	35	60
2390	Total budgetary resources available for obligation	48	37	60
2395	New obligations	-46	-37	-60
2440	Unobligated balance available, end of year	2	0	0
	New budget authority (gross), detail			
	Discretionary			
4000	Appropriation	35	34	59
4200	Transferred from other accounts	10	0	0
4300	Appropriation (total discretionary)	45	34	59
6800	Spending authority from offsetting collections	1	1	1
7000	Total new budget authority (gross)	46	35	60
7240	Obligated balance, start of year	3	4	5
7310	Total new obligations	46	37	60
7320	Total outlays (gross)	-45	-36	-60
7440	Obligated balance, end of year	4	5	5
8690	Outlays from new discretionary authority	45	32	54
8693	Outlays from discretionary balances	0	4	6
8700	Total outlays (gross)	45	36	60
	Offsets:			
8800	Offsetting collections (cash) from: Federal sources	-1	-1	-1
8900	Budget authority	45	34	59
9000	Outlays	44	35	59

Note: Table may not add due to rounding.



**Object Classification**

(in millions of dollars)

	Indian Land Consolidation (14-2103)	<b>2005 Actual</b>	<b>2006 Estimate</b>	<b>2007 Estimate</b>
9909	Reimbursable obligations	1	1	1
	Allocation Account-direct:			
1100	Full-time permanent	2	2	2
1115	Other than full-time permanent	1	1	1
1119	Total personnel compensation	3	3	3
1121	Civilian personnel benefits	1	1	1
1252	Other Services	7	5	6
1320	Land and structures	34	27	49
	Allocation account-direct			
9999	Total obligations	46	37	60

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**Office of the Special Trustee for American Indians**  
**Tribal Special and Tribal Trust Funds**

(Dollars in thousands)

Programs		FY 2005 Actual	FY 2006 Estimate	FY 2007			Change From 2006 (+/-)
				Fixed Costs & Related Change s (+/-)	Program Changes (+/-)	Budget Request	
Tribal Special Fund	\$(000)	168,198	176,608	0	+9,360	185,968	+9,360
	<i>FTE</i>	0	0	0	0	0	0
Tribal Trust Fund	\$(000)	56,019	58,820	0	+3,117	61,937	+3,117
	<i>FTE</i>	0	0	0	0	0	0
Total Requirements		224,217	235,428	0	+12,477	247,905	+12,477
<i>Total FTE Requirements</i>		0	0	0	0	0	0

Note: May not add due to rounding.

Budget authority for the Tribal Trust and Special Funds is equal to the receipts of such funds. Receipts generally include appropriations from the general fund, investment income, and proceeds (i.e., maturities, sales) from investments in non-Treasury securities. Investments in non-Treasury and non-Federal securities are recorded as an outlay upon purchase.

**Budgetary Classification of Tribal Trust Funds**

Tribal trust funds are deposited into consolidated accounts in the U.S. Treasury pursuant to: (1) general or specific acts of Congress and (2) Federal management of tribal real properties, the titles to which are held in trust for the tribes by the United States. These funds are available to the respective tribal groups for various purposes, under various acts of Congress, and may be subject to the provisions of tribal constitutions, bylaws, charters, and resolutions of the various tribes, bands, or groups.

Commencing with FY 2000, most tribal trust funds, including special funds, managed by the Office of Special the Trustee were reclassified as non-budgetary. Ownership of these funds did not change, nor did the Federal Government's management responsibilities; changes were made for presentation purposes only. Some tribal trust funds will remain budgetary, in either the Tribal Special Fund or the Tribal Trust Fund. Funds in the Tribal Special Fund are those not designated in the law as a trust, and generally are funds held and invested to carry out obligations of the Secretary of the Interior. The majority of the assets are in investments held outside Treasury.

The budgetary funds are included in either a budgetary special fund account or trust fund account. The distinction between a special and a trust fund is purely technical from a budgetary standpoint; if the law creating the fund delineates it as a "trust fund," it is

included in the trust fund account. If the law delineates the fund as something other than a trust fund (e.g., a “development fund”) it is included in the special fund account.

### **Tribal Special Fund**

This fund includes activities associated with the following accounts:

- *Tribal Economic Recovery Fund*. This fund is authorized by the *Three Affiliated Tribes and Standing Rock Sioux Tribe Equitable Compensation Act of 1992* (P.L. 102-575) and holds funds which have been appropriated pursuant to the Act. Beginning in 1998, interest earned on the principal of this fund is available for both Tribes for economic development, education, and social services programs.
- *Three Affiliated Fort Berthold* (P.L. 102-575). The fund is not designated by law as a trust fund. The act provides for additional compensation to the Three Affiliated Tribes and the Standing Rock Sioux Tribe for the taking of tribal lands related to the Garrison Dam and Reservoir project. The tribes are only entitled to the interest earnings, not the corpus (Sec. 3504(a)(4)).
- *Standing Rock* (P.L. 102-575, Title XXXV). The Act provides for additional compensation to the Three Affiliated Tribes and the Standing Rock Sioux Tribe for the taking of tribal lands related to the Garrison Dam and Reservoir project. The Tribes are only entitled to the interest earnings, not the corpus (Sec. 3504(a)(4)).
- *Papago Cooperative Fund* (P.L. 97-293). The fund was established for the tribe to obtain services that are financed by earnings on investment of the fund.
- *Ute Tribe* (P.L. 102-575, Title V). The fund was established for certain environmental and developmental purposes. One of the expressed purposes of this act is to put the Tribe in the same economic position it would have been had features contemplated by a September 20, 1965 agreement with the United States and others been constructed and thus, resolve tribal claims arising out of the agreement. In addition, the Act qualifies the Tribe’s reserved rights and provides for the waiver of tribal claims related to this issue. The funds provided for by Section 504, like all funds provided for by the Act, with the exception of those funds provided for under Section 505, are intended to resolve legal claims related to the Tribe’s water rights.
- *Pyramid Lake Indian Reservation* (P.L. 101-618). (Specifically, the Lahonta Valley and Pyramid Lake Fish and Wildlife Fund). The Lahonta Valley and Pyramid Lake Fish and Wildlife Fund consists of payments for the use of certain water and transfers from the Fisheries Fund. Except for the transfers, the use of the funds are subject to appropriations for fish and protection.
- *San Luis Rey Water Authority* (P.L. 100-675). This is settlement legislation that resolves pending water rights litigation between the United States, the Bands local entities. The Act established the San Luis Rey Tribal Development Fund and authorized appropriations of \$30 million to the Fund. Following execution of the proposed settlement agreement, the Secretary of the Treasury is directed to make the funds available upon the request of the Indian Water Authority.
- *Cochiti Wetfields Solution*. In 1994, the Army Corps of Engineers transferred \$4 million pursuant to P.L. 102-358 to fund the Department's responsibilities under the settlement agreement between Cochiti Tribe, the Corps, and the Department. The

Secretary of the Interior is responsible for maintenance, repair, and replacement of a drainage system constructed by the Corps for the Cochiti Pueblo.

- *Southern Arizona Water Rights Settlement Act.* This Cooperative Fund was established to provide a source of funds to carry out the obligations of the Secretary under sections 303, 304, and 305 of the Act (Title III, P.L. 97-293, 96 Stat. 1274-1285). Only interest accruing to the fund may be expended.

### **Tribal Trust Fund**

This fund includes activities associated with the following accounts:

- *Funds Contributed for the Advancement of the Indian Race.* This fund accounts for any contributions, donations, gifts, etc., which are to be used for the benefit of American Indians in accordance with the donors' wishes (82 Stat. 171).
- *Bequest of George C. Edgeter.* This fund consists of a bequest, the principal of which is invested in U.S. Treasury securities, and the interest is to be used for the relief of American Indians as specified by the donors' wishes (82 Stat. 171).
- *Ella M. Franklin Fund.* This fund includes a donation made by George C. Edgeter, income is available according to the terms of the bequest for the expenditure as determined by the Assistant Secretary, Indian Affairs for the relief of American Indians.
- *Josephine Lambert Fund.* This fund includes a donation made by Josephine Lambert, income to be used for the health or education of underprivileged Indian children.
- *Orrie Shaw Fund.* This fund includes a donation made by Dr. Orrie Shaw, income used only for the training or education of American Indians.
- *Welmas Endowment Fund.* This fund was established to receive revenue generated by land owned by the decedent for the period of ten (10) years whereby the annual interest earnings of the endowment can be distributed by the Assistant Secretary-Indian Affairs for the education of members of federally recognized tribes; provided that 20% of the annual interest serves to benefit the education of Agua Caliente Tribal members. The Tribe has the option of obtaining complete control of the land, prior to the end of the endowment period, if it elects to fund the endowment so that the principal amount reaches \$750,000.
- *Arizona Intertribal Fund* (P.L. 100-696). The fund represents an exchange agreement for privately held lands in Florida for publicly held land in Arizona. Use of the money is subject to appropriations and is available to pay for supplemental education and child welfare programs.
- *Navajo Trust Fund* (P.L. 100-696). The fund ratifies an exchange of Federal land in Arizona.
- *Crow Creek* (P.L. 104-223). The Act established a corpus that is to be invested and makes the interest earnings available without appropriation for the various activities under Section 5. However, the Act does not appear to transfer ownership of the money to the Tribe or create a legal claim to the funds, until it is paid to them.
- *So Ute Tribal Resource Fund* (P.L. 106-554). This fund was established in FY 2002. As part of the requirements under Section 18 of the Act for disbursing the tribal

resource funds, the Colorado Ute are required to submit a resource acquisition and enhancement plan or an investment plan to the Secretary for approval.

- *Ute Mtn Tribal Resource Fund* (P.L. 106-554). The fund was established in FY 2002. As part of the requirements under Section 18 of the Act for disbursing the tribal resource funds, the Colorado Ute are required to submit a resource acquisition and enhancement plan or an investment plan to the Secretary for approval.
- *Chippewa Cree Tribal Compact ADM/Chippewa Cree Future Water Supply* (P.L. 106-163). The fund was established in FY 2001. The trust fund is established under Title I, Sec. 104, Chippewa Cree Indian Reserved Water Rights Settlement Trust Fund. The ownership of the trust fund does not convey to the Tribe until such time as the Tribe waives all claims and meets the underlying settlement requirements.
- *Shivwits Band of Paiute Indians* (P.L. 106-263). The fund was established in FY 2002. Ownership of the trust fund does not convey to the Tribe until such time as funds have been appropriated and deposited into the Trust fund; the St. George Water Reuse Project Agreement, the Santa Clara Project Agreement and the Settlement Agreement are approved and in effect; the State Engineer of Utah has approved all applications necessary to implement the provision of the Santa Clara Project Agreement, St. George Water Reuse Agreement and the Settlement Agreement; the Court has entered a judgment and decree confirming the Shivwits Water Rights and is final as to all parties to the Santa Clara Division and the Virgin River Adjudication.
- *Northern Cheyenne Indian Reserved Water Rights Settlement Trust Fund*. This fund established a \$21.5 million trust fund for the Northern Cheyenne Indian Tribe. These funds may be used by the Tribe to make \$11.5 million available to the State of Montana as a loan to assist in financing Tongue River Dam project costs; land and natural resources administration, planning, and development; land acquisition; and any other purpose determined by the Tribe. In addition, this fund holds \$31.5 million for the enlargement and repair of the Tongue River Dam project.
- *The Crow Creek Sioux Tribe Infrastructure Development Trust Fund of 1996* (P.L. 104-223, 110 Stat 3026). The fund establishes a Crow Creek Sioux Tribe Infrastructure Development Trust Fund. In 1997, \$27.5 million was deposited into the Fund. The interest earned from the invested principal is available for payment to the Tribe for tribal educational, health care, recreational, and other projects.

**Tribal Special Fund**

(in millions of dollars)

	Treasury Account ID: 14 – 5265 – 0	<b>2005 Actual</b>	<b>2006 Estimate</b>	<b>2007 Estimate</b>
	Obligations by program activity			
0001	Direct Program Activity	203	186	196
1000	Total new obligations (object class 41.0	203	186	196
	Budgetary resources available for obligation			
2140	Unobligated balance carried forward, start of year	92	58	48
2200	New budget authority (gross)	168	176	186
2390	Total budgetary resources available for obligation	260	234	234
	Total new obligations	-203	-186	-196
2440	Unobligated balance carried forward, end of year	58	48	38
	<b>New budget authority (gross) detail</b>			
	<b>Mandatory:</b>			
6020	Appropriation (Special fund)	168	176	186
	<b>Change in obligated balances:</b>			
7310	Total new obligations	203	186	196
7320	Total outlays (gross)	-203	-186	-196
	<b>Outlays (gross) detail:</b>			
8697	Outlays from new mandatory authority	168	176	186
8698	Outlays from mandatory balances	35	10	10
8700	Total outlays (gross)	203	186	196
	<b>Net budget authority and outlays:</b>			
8900	Budget authority	168	176	186
9000	Outlays	203	186	196
	<b>Memorandum (non-add) entries:</b>			
9201	Total investments, start of year: Federal securities: Par value	92	58	48
9202	Total investments, end of year, Federal securities: Par value	58	48	38

. Note: Table may not add due to rounding

**Tribal Trust Fund**

(in millions of dollars)

Treasury Account ID: 14 – 8030 – 0		<b>2005 Actual</b>	<b>2006 Estimate</b>	<b>2007 Estimate</b>
	<b>Obligations by program activity</b>			
0001	Direct Program Activity	38	69	73
1000	Total new obligations (object class 41.0)	38	69	73
	<b>Budgetary resources available for obligation</b>			
2140	Unobligated balance carried forward, start of year	22	40	30
2200	New budget authority (gross)	56	59	63
2390	Total budgetary resources available for obligation	78	99	93
2395	Total new obligations	-38	-69	-73
2440	Unobligated balances carried forward, end of year	40	30	20
	<b>New budget authority (gross), detail</b>			
	Mandatory			
6026	Appropriation (trust fund)	56	59	63
	<b>Change in obligated balances</b>			
7310	Total new obligations	38	69	73
7320	Total outlays (gross)	-38	-69	-73
	<b>Outlays (gross), detail</b>			
8697	Outlays from new mandatory authority	38	59	63
8698	Outlays from mandatory balances	0	10	10
8700	Total outlays (gross)	38	69	73
	<b>Net budget authority and outlays</b>			
8900	Budget authority	56	59	63
9000	Outlays	38	69	73
	<b>Memorandum (non-add) entries</b>			
9201	Total Investments, start of year: Federal securities: Par Value	22	40	30
9202	Total Investments, end of year: Federal securities: Par Value	40	30	20

Note: Table may not add due to rounding.



**Statistics for House Interior Subcommittee Report****Exhibit I****OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS**

The Office of the Special Trustee for American Indians (OST) was established by the American Indian Trust Fund Management Reform Act of 1994 (Public Law 103-412). The Special Trustee is charged with general oversight of Indian trust asset reform efforts Department-wide to ensure proper and efficient discharge of the Secretary's trust responsibilities to Indian Tribes and individual Indians. The Office of the Special Trustee was created to ensure that the Department of the Interior establishes appropriate policies and procedures, develops necessary systems, and takes affirmative actions to reform the management of Indian trust funds. In carrying out the management and oversight of the Indian trust funds, the Secretary has a responsibility to ensure that trust accounts are properly maintained, invested and reported in accordance with the American Indian Trust Fund Management Reform Act of 1994, Congressional action, and other applicable laws.

The Special Trustee for American Indians also has responsibility for the related financial trust functions including deposit, investment, and disbursement of trust funds. The Department has responsibility for what may be the largest land trust in the world. Indian trust lands today encompass approximately 56 million acres of land--over 10 million acres belonging to individual Indians and approximately 45 million acres owned by Indian Tribes. On these lands, The Department manages over 100,000 leases for individual Indians and Tribes. Leasing, use permits, sale revenues, and investment income of approximately \$302 million per year are collected for approximately 277,000 individual Indian money accounts, and about \$518 million per year is collected for about 1,450 Tribal accounts per year. In addition, the trust manages approximately \$2.9 billion in Tribal funds and \$420 million in individual Indian funds.

**Data System Conversion and Data Validation Schedule**

**Exhibit II**

<b>June 30, 2005</b>	<b>SOUTHERN PLAINS REGION</b>	<b>Number of Accounts</b>	<b>% of Total Accounts</b>	<b>Dollars</b>	<b>% of Total Dollar</b>
CONCHO FIELD OFFICE		4,910	2.35%	\$7,673,842	5.57%
ANADARKO AGENCY		10,868	5.21%	\$14,851,390	10.79%
<b>Agencies converted June 2005</b>		<b>15,778</b>	<b>7.56%</b>	<b>\$22,525,232</b>	<b>16.36%</b>
<b>FY 2005 Total</b>		<b>15,778</b>	<b>7.56%</b>	<b>\$22,525,232</b>	<b>16.36%</b>
<b>Cumulative Totals to Date</b>		<b>15,778</b>	<b>7.56%</b>	<b>\$22,525,232</b>	<b>16.36%</b>
<b>January 31, 2006</b>	<b>EASTERN OKLAHOMA REGION</b>				
MIAMI FIELD OFFICE*		439	0.21%	\$188,274	0.14%
*Converting due to Southern Plains LTRO servicing Miami field office					
	<b>SOUTHERN PLAINS REGION</b>				
HORTON FIELD OFFICE		1,705	0.82%	\$292,425	0.21%
SOUTHERN PLAINS REGION		3,770	1.81%	\$921,176	0.67%
PAWNEE AGENCY		3,642	1.74%	\$1,141,089	0.83%
<b>Agencies converted January 2006</b>		<b>9,556</b>	<b>4.58%</b>	<b>\$2,542,964</b>	<b>1.85%</b>
<b>Cumulative Totals to Date</b>		<b>25,334</b>	<b>12.14%</b>	<b>\$25,068,196</b>	<b>18.21%</b>

<b>June 30, 2006</b>	<b>GREAT PLAINS REGION</b>	<b>Number of Accounts</b>	<b>% of Total Accounts</b>	<b>Dollars</b>	<b>% of Total Dollar</b>
YANKTON AGENCY		2,668	1.28%	\$293,312	0.21%
ROSEBUD AGENCY		8,085	3.87%	\$1,491,156	1.08%
FORT TOTTEN AGENCY		2,021	0.97%	\$394,790	0.29%
TURTLE MOUNTAIN AGENCY		10,066	4.82%	\$949,386	0.69%
FORT BERTHOLD AGENCY		3,146	1.51%	\$1,449,490	1.05%
GREAT PLAINS REGION		11	0.01%	\$1,221	0.00%
CROW CREEK AGENCY		1,413	0.68%	\$244,499	0.18%
LOWER BRULE AGENCY		932	0.45%	\$161,574	0.12%
FLANDREAU AGENCY		239	0.11%	\$17,885	0.01%
PINE RIDGE AGENCY		12,101	5.80%	\$2,382,041	1.73%
CHEYENNE RIVER AGENCY		4,765	2.28%	\$1,174,411	0.85%
WINNEBAGO AGENCY		4,940	2.37%	\$1,408,450	1.02%
STANDING ROCK AGENCY		5,727	2.74%	\$1,644,084	1.19%
SISSETON AGENCY		4,354	2.09%	\$1,161,229	0.84%
	<b>MIDWEST REGION</b>				
GREAT LAKES AGENCY		7,474	3.58%	\$616,188	0.45%
MINNESOTA AGENCY		6,573	3.15%	\$50,968	0.04%
RED LAKE FIELD OFFICE		323	0.15%	\$7,971	0.01%
SAC & FOX AGENCY		249	0.12%	\$58,708	0.04%
MINN-SIOUX AFO		117	0.06%	\$10,017	0.01%
MICHIGAN FIELD OFFICE		1,276	0.61%	\$62,427	0.05%
MIDWEST REGION		508	0.24%	\$22,480	0.02%
MENOMINEE AGENCY		180	0.09%	\$8,434	0.01%
<b>Agencies converted June 2006</b>		<b>77,168</b>	<b>36.97%</b>	<b>\$13,610,720</b>	<b>9.89%</b>
<b>Cumulative Totals to Date</b>		<b>102,502</b>	<b>49.11%</b>	<b>\$38,678,916</b>	<b>28.10%</b>

<b>July 31, 2006</b>	<b>NORTHWEST REGION</b>				
FORT HALL AGENCY		2,271	1.09%	\$4,769,943	3.47%
YAKAMA AGENCY		4,869	2.33%	\$5,998,386	4.36%

	<b>ROCKY MOUNTAIN REGION</b>	<b>Number of Accounts</b>	<b>% of Total Accounts</b>	<b>Dollars</b>	<b>% of Total Dollar</b>
NORTHERN CHEYENNE AGENCY		2,435	1.17%	\$667,305	0.48%
FORT BELKNAP AGENCY		2,217	1.06%	\$845,745	0.61%
FORT PECK AGENCY		5,876	2.82%	\$3,159,121	2.29%
ROCKY MOUNTAIN REGION		1	0.00%		0.00%
CROW AGENCY		3,793	1.82%	\$3,042,061	2.21%
WIND RIVER AGENCY		4,455	2.13%	\$1,196,190	0.87%
BLACKFEET AGENCY		6,278	3.01%	\$2,333,789	1.70%
ROCKY BOYS FIELD OFFICE		711	0.34%	\$18,788	0.01%
<b>Agencies converted July 2006</b>		<b>32,906</b>	<b>15.76%</b>	<b>\$22,031,328</b>	<b>16.00%</b>
<b>Cumulative Totals to Date</b>		<b>135,408</b>	<b>64.87%</b>	<b>\$60,710,244</b>	<b>44.10%</b>
<b>August 31, 2006</b>	<b>PACIFIC REGION</b>				
SOUTHERN CALIFORNIA AGENCY		657	0.31%	\$10,855,030	7.89%
PALM SPRINGS FIELD OFFICE		142	0.07%	\$12,404,404	9.01%
<b>Agencies converted August 2006</b>		<b>799</b>	<b>0.38%</b>	<b>\$23,259,435</b>	<b>16.90%</b>
<b>Cumulative Totals to Date</b>		<b>136,207</b>	<b>65.25%</b>	<b>\$83,969,679</b>	<b>61.00%</b>

<b>September 30, 2006</b>	<b>NAVAJO REGION</b>				
WESTERN NAVAJO AGENCY - TUBA C		325	0.16%	\$27,977	0.02%
EASTERN NAVAJO AGENCY		16,404	7.86%	\$6,508,615	4.73%
FORT DEFIANCE AGENCY		1,868	0.89%	\$661,074	0.48%
NAVAJO REGION		55	0.03%	\$24,725	0.02%
SHIPROCK AGENCY		1,998	0.96%	\$1,463,861	1.06%
CHINLE AGENCY		118	0.06%	\$17,318	0.01%

	<b>WESTERN REGION</b>	<b>Number of Accounts</b>	<b>% of Total Accounts</b>	<b>Dollars</b>	<b>% of Total Dollar</b>
FORT YUMA FIELD OFFICE		719	0.34%	\$597,556	0.43%
UINTAH & OURAY AGENCY		1,859	0.89%	\$9,360,813	6.80%
PAPAGO AGENCY		2,513	1.20%	\$4,465,651	3.24%
COLORADO RIVER AGENCY		738	0.35%	\$176,986	0.13%
SALT RIVER FIELD OFFICE		1,776	0.85%	\$1,427,247	1.04%
SAN CARLOS AGENCY		615	0.29%	\$136,250	0.10%
PIMA AGENCY		5,768	2.76%	\$3,624,093	2.63%
<b>Agencies converted September 2006</b>		<b>34,756</b>	<b>16.65%</b>	<b>\$28,492,167</b>	<b>20.70%</b>
<b>FY 2006 Total</b>		<b>155,185</b>	<b>74.35%</b>	<b>\$89,936,614</b>	<b>65.33%</b>
<b>Cumulative Totals to Date</b>		<b>170,963</b>	<b>81.90%</b>	<b>\$112,461,846</b>	<b>81.70%</b>
<b>March 31, 2007</b>	<b>ALASKA REGION</b>				
ANCHORAGE FIELD OFFICE		2	0.00%	\$7,262	0.01%
ALASKA REGION		929	0.45%	\$1,993,683	1.45%
	<b>EASTERN REGION</b>				
EASTERN REGION		46	0.02%	\$6,805	0.00%
SEMINOLE AGENCY		2	0.00%	\$376	0.00%
CHOCTAW FIELD OFFICE		1	0.00%	\$130	0.00%
NEW YORK FIELD OFFICE		7	0.00%	\$996	0.00%
CHEROKEE AGENCY		3	0.00%	\$363	0.00%
	<b>SOUTHWEST REGION</b>				
SOUTHWEST REGION		5	0.00%	\$1,110	0.00%
RAMAH NAVAJO AGENCY		3	0.00%	\$1,754	0.00%
MESCALERO AGENCY		519	0.25%	\$98,760	0.07%
JICARILLA AGENCY		73	0.03%	\$9,177	0.01%
LAGUNA AGENCY		102	0.05%	\$11,331	0.01%
NORTHERN PUEBLOS AGENCY		77	0.04%	\$13,670	0.01%
ZUNI AGENCY		30	0.01%	\$5,160	0.00%
SOUTHERN PUEBLOS AGENCY		74	0.04%	\$14,503	0.01%
SOUTHERN UTE AGENCY		358	0.17%	\$3,440,342	2.50%
UTE MOUNTAIN UTE FIELD OFFICE		451	0.22%	\$321,757	0.23%
<b>Agencies converted March 2007</b>		<b>2,682</b>	<b>1.28%</b>	<b>\$5,927,183</b>	<b>4.31%</b>
<b>Cumulative Totals to Date</b>		<b>173,645</b>	<b>83.19%</b>	<b>\$118,389,028</b>	<b>86.00%</b>

<b>August 31, 2007</b>	<b>PACIFIC REGION</b>	<b>Number of Accounts</b>	<b>% of Total Accounts</b>	<b>Dollars</b>	<b>% of Total Dollar</b>
NORTHERN CALIF. FIELD OFFICE		667	0.32%	\$31,042	0.02%
CENTRAL CALIFORNIA AGENCY		1,494	0.72%	\$5,973	0.00%
<b>Agencies converted August 2007</b>		<b>2,161</b>	<b>1.04%</b>	<b>\$37,015</b>	<b>0.03%</b>
<b>Cumulative Totals to Date</b>		<b>175,806</b>	<b>84.22%</b>	<b>\$118,426,043</b>	<b>86.03%</b>
<b>September 30, 2007</b>	<b>EASTERN OKLAHOMA REGION</b>				
CHICKASAW AGENCY		871	0.42%	\$747,858	0.54%
WYANDOTTE TRIBE		14	0.01%	\$67	0.00%
EASTERN OKLAHOMA REGION		90	0.04%	\$6,852	0.00%
WEWOKA AGENCY		730	0.35%	\$308,006	0.22%
CHEROKEE NATION		959	0.46%	\$496,910	0.36%
OSAGE AGENCY		4,697	2.25%	\$879,920	0.64%
OKMULGEE FIELD OFFICE		2,079	1.00%	\$1,180,356	0.86%
TALIHINA FIELD OFFICE		1,886	0.90%	\$2,308,603	1.68%
<b>Agencies converted September 2007</b>		<b>11,326</b>	<b>5.43%</b>	<b>\$5,928,572</b>	<b>4.31%</b>
<b>FY 2007 Totals</b>		<b>16,169</b>	<b>7.75%</b>	<b>\$11,892,770</b>	<b>8.64%</b>
<b>Cumulative Totals to Date</b>		<b>187,132</b>	<b>89.65%</b>	<b>\$124,354,615</b>	<b>90.34%</b>
<b>November 30, 2007</b>	<b>NORTHWEST REGION</b>				
MAKAH FIELD OFFICE		379	0.18%	\$101,118	0.07%
SILETZ FIELD OFFICE		31	0.01%	\$232	0.00%
COLVILLE AGENCY		4,327	2.07%	\$1,827,476	1.33%
NORTHERN IDAHO AGENCY		1,854	0.89%	\$1,075,271	0.78%
TAHOLAH FIELD OFFICE		1,170	0.56%	\$2,583,665	1.88%
NORTHWEST REGION		271	0.13%	\$27,620	0.02%
OLYMPIC PENINSULA AGENCY		1,545	0.74%	\$2,662,335	1.93%
WARM SPRINGS AGENCY		2,490	1.19%	\$215,628	0.16%
UMATILLA AGENCY		1,013	0.49%	\$1,185,930	0.86%
SPOKANE AGENCY		1,243	0.60%	\$460,783	0.33%
METLAKATLA FIELD OFFICE		2	0.00%		0.00%
FLATHEAD FIELD OFFICE		1,983	0.95%	\$702,578	0.51%
PUGET SOUND FIELD OFFICE		3,054	1.46%	\$2,288,095	1.66%

	<b>WESTERN REGION</b>	<b>Number of Accounts</b>	<b>% of Total Accounts</b>	<b>Dollars</b>	<b>% of Total Dollar</b>
FORT APACHE AGENCY		314	0.15%	\$12,803	0.01%
TRUXTON CANON FIELD OFFICE		110	0.05%	\$5,087	0.00%
SOUTHERN PAIUTE FIELD OFFICE		2	0.00%	\$5,988	0.00%
HOPI AGENCY		75	0.04%	\$42,957	0.03%
WESTERN REGION		9	0.00%	\$9,072	0.01%
WESTERN NEVADA AGENCY		1,634	0.78%	\$84,300	0.06%
EASTERN NEVADA FIELD OFFICE		98	0.05%	\$13,355	0.01%
<b>Agencies converted November 2007</b>		<b>21,604</b>	<b>10.35%</b>	<b>\$13,304,294</b>	<b>9.66%</b>
<b>FY 2008 Totals</b>		<b>21,604</b>	<b>10.35%</b>	<b>\$13,304,294</b>	<b>9.66%</b>
<b>Cumulative Totals to Date (May not add due to rounding)</b>		<b>208,736</b>	<b>100.00%</b>	<b>\$137,658,909</b>	<b>100.00%</b>

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