

**DEPARTMENT OF THE INTERIOR
OFFICE OF THE SPECIAL TRUSTEE
FOR AMERICAN INDIANS
BUDGET JUSTIFICATION FOR FISCAL YEAR 2006**

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OVERVIEW OF FY 2006 BUDGET REQUEST
(Dollars in Thousands)

Budget Authority	2004 Actual	2005 Enacted	2006 Request	2006 Request Change from 2005	
				Amount	Percent
Current	209,013	228,054	303,911	+75,857	+33%
Permanent	277,964	299,068	310,652	+11,584	+6%
Total	486,977	527,122	614,563	+87,441	+18%
<i>FTEs</i>	507	581	581	0	0%

GENERAL STATEMENT

In FY 2006, Interior will continue its emphasis on improving services to the beneficiaries of 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). In FY 2006, the Office of Historical Trust Accounting (OHTA) will continue implementation of its five year plan and the Bureau of Indian Affairs (BIA) – Indian Land Consolidation Office will continue efforts to reduce ownership fractionation. All proposed funding supports Interior’s goal of Serving Communities – Fulfill Indian Fiduciary Trust Responsibilities.

Interior has responsibility for what may be the largest land trust in the world, approximately 56 million acres. OST oversees the management of these trust assets as well as maintains, invests, disburses, and reports to individual Indians and tribes on financial asset transactions generated from 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, Interior’s goals will be realized and we will further the Serving Communities – Fulfill Indian Fiduciary Trust Responsibilities end outcome goal.



Trust Management Reform

The CTM contains the framework Interior uses to manage trust reform. The strategic goals and business objectives provide direction to improve performance and accountability in Indian trust management including the “To-Be” study resulting in the approved Fiduciary Trust Model (FTM) Implementation Plan and the Indian Land Consolidation Plan. Work is expected to

continue in each of these areas for FY 2006 as the implementation plans are followed and tasks are completed.

Reengineering

An integral part of Interior's trust reform was the completion of the "To-Be" study and creation and approval of the FTM. The "To-Be" study was completed during FY 2004 becoming the FTM. The draft FTM implementation plan was approved on August 11, 2004.

As a result of the FTM implementation effort, Interior will continue to make significant changes in the way business is currently conducted in all bureaus and offices involved in providing fiduciary trust services to beneficiaries. Changes will streamline activities and address those functions that are essential to effectively and efficiently managing trust assets. Implementation of the FTM will continue in FY 2005 and FY 2006 including hiring of additional trust officers, implementing nationwide call center, establishing a central lockbox to receive all fiduciary trust payments and standardizing conveyance, probate, encumbrance and title documents and processes.

Trust Organization

The reorganization of OST and BIA began in FY 2003 and is expected to be completed during FY 2005. However, some adjustments may need to take place as the FTM is implemented during FY 2005 and FY 2006.

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 24 other tribal lawsuits associated with the Department's 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 historical accounting plan). The Department's accounting plan provides for an historical accounting for 260,000 plus IIM accounts over a five-year period at an estimated cost of \$335 million using both the transaction-by-transaction verification and statistical sampling techniques to provide assurances of the accuracy of the statements of accounts.

The 2006 budget for IIM historical accounting is based on an estimate of the Department's costs to continue implementation of the historical accounting plan. This amount may be revised depending on any court rulings in the *Cobell v. Norton* case and congressional action, which could potentially delineate the specific historical accounting obligations of the Department.

In 2006, subject to any congressional or court-mandated directions, OHTA will continue to reconcile IIM trust account transactions in accordance with the historical accounting plan submitted to the *Cobell v. Norton* Court on January 6, 2003, as modified to recognize “lessons learned” during the last two years of accounting activities.

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 descendants has resulted in an exponential explosion of ownership fractionation of Indian lands. As original allottees died, their heirs received an equal, 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 interests descended to the next generation. Due to 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 shares correspondingly decreased, resulting in hundreds of individuals owning those original allotments. Today, there are 2.3 million land interests and 1.2 million minerals only interests in the 10 million acres of individually owned trust lands, a situation the magnitude of which makes management of trust assets extremely difficult and costly. These millions of interests will continue to expand costing more and more to administer and leaving Indian country with less and less economic use of these lands unless an aggressive approach to reduce fractionation is taken.



Addressing the increasing fractionation on Indian lands is critical to improving management of trust assets. Purchase and consolidation of fractional interests increases the likelihood of more productive economic use of the land, 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 and return the land to productive use. The ILCO is managed by BIA, but it significantly impacts BIA and OST’s operations and OST will continue to provide oversight of the program in FY 2006.

On October 27, 2004, the President signed S. 1721, the "American Indian Probate Reform Act of 2004," which amends the Indian Land Consolidation Act to provide a means to reduce fractionation of individual Indian land interests; and establishes a uniform probate code for Indian trust assets. The provisions in the Act will impact the rate of fractionation on the land and

ILCO's draft plan will need to be revised as appropriate to reflect the new provisions contained in the Act.

Additionally the Act:

- Increases the importance and benefits of writing a will or doing an estate plan.
- Provides greater access to trust asset records.
- Ensures that Tribal probate laws are consistent with Federal probate laws.
- Improves individuals' ability to consolidate interests in trust or restricted land.
- Improves individuals' ability to manage parcels of land in which an interest is owned.
- Limits inheritance without a will when ownership is less than five percent of the total.

These and other provisions of the law will enhance the land consolidation effort by providing useful tools to individuals, Tribes and the Department. The law requires the Secretary to send a notification to Tribes and individuals who might be affected by the law, and to certify that such notice was sent. Most of the provisions on the law will take effect one year from the date of the certification, which should be completed by mid 2005.

FY 2006 Budget Request

The FY 2006 request addresses the following issues: trust management and reform, historical accounting and fractionation. The request also addresses litigation commitments, the Comprehensive Trust Management Plan, including the Fiduciary Obligations Compliance Plan and FTM, identified audit weaknesses, probate and the Secretarial initiatives related to improving services to American Indians. These reform initiatives also support the Interior's strategic goal for fulfilling the Indian fiduciary trust responsibility, and will be implemented in a manner to promote and support the President's Management Agenda through utilization of the Secretary's four C's—Conservation through Cooperation, Consultation, and Communication. Performance measures have been developed for FY 2005 and will be continually measured to support activity planned in FY 2006.

The FY 2006 request for OST totals \$303.9 million, including \$269.4 million for Federal Trust Programs and \$34.5 million for Indian Land Consolidation. The request reflects a net increase of +\$75.9 million above the FY 2005 enacted level. The FY 2006 request for the Office of Historical Trust Accounting is \$135 million, an increase of \$77.8 million above the FY 2005 enacted level. This additional funding provides resources to continue an historical accounting in accordance with the five-year historical accounting plan filed with the court, and addresses tribal accountings¹. The FY 2006 request also includes an increase in Budget, Finance, and Administration (BFA) of \$1.0 million for previously underestimated space costs, not additional space, \$496,000 for Departmental Information Technology projects and \$1.4 million in

¹ This amount may be revised depending on any court rulings in the *Cobell v. Norton* case and congressional action, which could potentially delineate the specific historical accounting obligations of the Department.

uncontrollable cost increases. Offsetting reductions or realignment of funds are also proposed for Information Technology (-\$2.5 million), Trust Accountability (-\$3.1 million), and Field Operations (-\$1.0 million). These savings are from project completion, revised estimates and consolidation. Also included is a \$1.9 million transfer for the costs of Attorney Decision Makers (ADM) from BIA to OST's budget for the Office of Hearings and Appeals. A single probate adjudication office was established as part of the recommendations of the Fiduciary Trust Model. The probate adjudication function has been consolidated within the Office of Hearings and Appeals, and funded from trust reform projects in OST.

Budget Request by DOI Mission Component

(Dollars in Thousands)

	2005	2006	Change
	Enacted	Request	From 2005
Resource Protection			
Resource Use			
Recreation			
Serving Communities	228,054	303,911	+75,857
Management			
Total	228,054	303,911	+75,857

Section 333 Compliance

OST adheres to the requirements of Section 333 contained in the Department of the Interior and Related Agencies Appropriations Act, 2005, 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 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 continues to support 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 management 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, and competitive sourcing of non-inherently federal functions.

The Special Trustee has only been able to partially implement the President's e-government initiative because of the continued court ordered disconnection from the Internet.

In implementing the Department's various Information Technology initiatives, OST has made significant progress. For its wide-area network, OST relies on Trust Net. Trust Net is up and running and provides current services shared by both OST and BIA. OST continues to work with the Department to ensure that OST's progress in implementing active directory and messaging follows the Department of the Interior (DOI) guidance. OST has installed the hardware in its facility for e-authentication and obtained replacement security cards to make the system fully operational in 2005.

OST continues to support the President's Management Agenda by encouraging competitive sourcing of non-inherently federal functions, promoting better integration of budget and performance, developing a workforce plan that will ensure a skilled workforce well into the future, and to perform proper accounting for financial resources.

Budget Performance Integration

For the FY 2006 budget request, OST was not scheduled to complete a Program Assessment Rating Tool (PART) review. As a result of the FY 2003 reorganization, OST is staffed to support achievement of the goals and objectives in the CTM and enhance the Serving Communities mission goal – Fulfill Indian Fiduciary Trust Responsibilities.

In preparing the FY 2006 budget submission, OST personnel worked closely to link resource requests to the new Interior Strategic Plan mission goals. Interior performance data is integrated with detailed program budget requests with established targets for FY 2005, FY 2006, and long-term FY 2008. The current suite of performance measures were developed as part of Interior's Strategic Plan revision in alignment with the CTM. The measures went into effect in FY 2004, the first year covered by the new Strategic Plan. In FY 2003, limited performance data existed upon which to base management decisions for the FY 2005 budgetary process. As performance information was gathered in FY 2004 and continues in FY 2005, OST will be better able to factor this data into future budgetary decisions. For FY 2006, funding levels were based upon management knowledge of programs, and a detailed analysis of existing programs and operations.

During FY 2003, OST began development of an Activity Based Cost Management (ABC/M) system in line with the Interior mandate to implement ABC/M by October 1, 2003. Implementation of ABC/M will provide managers with cost information required to deliver products and services to beneficiaries. This information is invaluable in the development of future budget requests and increasing efficiency of operations. Training was developed and provided to educate employees about ABC/M. ABC/M was in effect in OST for FY 2004 and provided management with a baseline to continue revising effective measures and metrics.

As part of the detailed analysis of current trust management business processes, the "To-Be" team conducted studies of private organizations that manage trust to identify best practices and efficiencies. The team identified the use of a single point of contact in the private sector as a cost

efficient business practice for implementation in Interior. In private industry, customer inquiries are handled through a primary point of contact (e.g., Call Center and/or Trust Officers) supported by interrelated database systems. Private trust companies are able to provide efficient, high quality service with minimum inconvenience to the customer and minimal interruptions to operations staff. The management of trust assets in Interior has been highly decentralized hampering an efficient response to tribal and individual Indian beneficiary inquiries. It is anticipated the implementation of a single point of contact will create a more efficient and effective trust organization and provide improved service to beneficiaries.

Field Operations staff will serve as the primary contact between Interior and beneficiaries with the introduction of Trust Officers in the field, many co-located in BIA agency offices. Trust Officers were initially hired in early FY 2004 in the Concho and Anadarko BIA Agency Offices. The hiring of additional Trust Officers in field offices will allow accounting technicians and natural resource management staff who currently respond to beneficiary inquiries to devote more time to processing transactions, leasing land, providing lease compliance and preparing probates for adjudication. Through these efforts, both OST and BIA will improve fiduciary operations.



Strategic Management of Human Capital

OST formed a workforce planning group that 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 Interior 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 Interior 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 Interior Serving Communities - Fulfill Indian Fiduciary Trust end outcome goal.

The workforce numbers and skills were originally compared with estimates of requirements for the future during the start-up implementation of the FTM. This analysis formed the basis for identifying several workforce-planning challenges. These include:

1. In depth training of trust asset management will continue to be critical to the delivery of services to the beneficiary. Key program delivery areas include beneficiary trust representation, trust financial management and the oversight of trust asset management. Training and employee development will be critical to success.
2. A performance focus on beneficiary satisfaction through communication on trust issues and feedback from beneficiaries. A formal survey was designed to achieve greater accountability to beneficiaries and to reduce the need for rework by account holders and field staff by ensuring thorough and accurate information and data gathering.

3. Approximately 25 percent of OST's current staff being retirement eligible by FY 2008.
4. OST must focus on the renewal of its workforce and succession planning for supervisory and managerial positions.
5. Reorganization efforts and reengineering as guided by the CTM will affect the workforce skills analysis and future planning strategies.

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 will be 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.

Competitive Sourcing

OST continues to contract out work wherever it is identified to be more cost effective to have the work performed by contract rather than internal personnel. Much of the organization's administrative functions (i.e., personnel, finance, acquisition, etc.) are performed by contract.

Trust Services contracts for the trust fund encoding and post quality assurance processes. The centralized custodian function is contracted as well as the trust funds accounting system and the maintenance of the accounting system (referred to as a service bureau environment). Trust Services contracts the statement printing and mailing as well as the research and development of several reconciliation processes. In Fiscal Year 2004, Trust Services contracted for the "back room" investment accounting operations and executed a contract of the investment security selection and execution function for the IIM pool. Other processes or functions contracted include the returned check lockbox and the investment performance measurement system.



In Fiscal Year 2005, OST continues to explore opportunities for further contracting of non-inherently federal work including the beneficiary call center operation.

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 OST Infonet was developed that provides access to electronic staff/phone directories and a wide range of policies, procedures and forms.

Bureau budget requests for information technology investments are included in the Interior-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 and Bureaus have

worked extensively this past year on improving the Exhibit 53, including a standard methodology for identifying funding sources in a manner that is meaningful for budget review and an updated Unique Project Identification (UPI) coding to align with the Interior's Strategic Plan and the Federal Enterprise Architecture.

Interior is moving towards an Interior-wide enterprise approach to managing information technology. A significant number of investments in information technology that benefit OST are described in Interior's summary FY 2006 budget.

One-time costs reductions of \$950,000 in information technology will be achieved as a result of the implementation of a virtual trust data warehouse and an appraisal system.

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. A C&A was completed for OST's major systems on June 30, 2004. Additional documentation is anticipated for systems from private vendors. This work might require some contract modifications during FY 2005.

OST has two major IT investments. They are Trust Funds Accounting System (TFAS) and the OST General Support System (GSS).

TFAS is used by Interior to account, invest, value financial assets and report to government agencies and the beneficiaries for the monies held in trust on behalf of individual Indians and Tribes. It is the same commercial off-the-shelf (COTS) trust funds accounting system that is used by seven of the top ten U.S. trust banks. The system is owned, operated and maintained by the vendor in what is known as a service bureau environment. 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.”

TFAS supports the Interior mission of Serving Communities - Fulfill Indian Fiduciary Trust Responsibilities by providing a 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 98 percent of beneficiaries who have valid addresses on TFAS receive a statement of performance. TFAS is currently being used to account for approximately \$3.4 billion in trust funds in approximately 245,000 open IIM accounts for individuals and approximately 1400 tribal accounts².

OST standardized the input to TFAS and has incorporated both pre and post quality assurance procedures to ensure accuracy of transactions in compliance with fiduciary trust policies and procedures. This effort has allowed OST to follow a best practices approach and maintain continuity nationwide.

Benefits include increased assurance through utilization of a COTS system that is currently used by approximately 70 percent of the U.S. trust departments. The COTS product undergoes a

² Source: Dollar amounts come from the FY 2004 Audit Report, open accounts as of 12/31/2004.

yearly independent audit at the request of the vendor's user group. The results are reported in a Statement of Auditing Standards (SAS) 70 report. The SAS 70 is provided to the auditors when they are conducting the yearly independent financial statement audit.

TFAS is owned and operated by a non-government company and Interior utilizes the system through a firm fixed price contract.

Summary of Information Technology Investments

(Dollars in Thousands)

		2005 Enacted	2006 Request	Change From 2005
Bureau Major Investment				
	TFAS	13,700	13,700	0
Other Investments – total				
		10,799	9,886	-913
	Total	24,499	23,586	-913

Source: FY 2006's Exhibit 53.

The FY 2006 request for "Other Investments" reflects investments previously summarized as General Support Systems and now outlined in the Exhibit 53.

Exhibit 53 Summary

System	FY 2005	FY 2006	change +/-
Federal Financial System (FFS)	0.379	0.392	0.013
Financial and Business Management System (FBMS)	0.099	0.099	0
Virtual Data Warehouse & Portal	1.704	1.222	-0.482
Trust Appraisal Tracking & Management (TATM)	0.487	0	-0.487
E-Gov	0.03	0.027	-0.003
Government Paperwork Elimination Act (GPEA)	0.009	0.009	0
e-Payroll	0.12	0.12	0
IT hardware/software	0.607	0.652	0.045
Application Services	0.867	0.953	0.086
Data Center	0.424	0.31	-0.114
Electronic Email Archive System (EEAS)	0.013	0.022	0.009
Wide Area Network	0.846	0.594	-0.252
Enterprise Services Network	0.402	0.473	0.071
Local Area Network	0.417	0.349	-0.068
Voice	0.317	0.232	-0.085
Video	0.073	0.081	0.008
Messaging	0.279	0.184	-0.095
Web	0.096	0.1	0.004
Security	1.015	0.812	-0.203
Certification and Accreditation Program	0.076	0.165	0.089
Smartcards	0.01	0.05	0.04
Software Engineering	0.157	0.163	0.006
Asset Management	0.097	0.101	0.004
Interior Enterprise Architecture	0.893	0.989	0.096
DOI Capital Planning	0.022	0.127	0.105
OHTA - Account Reconciliation Tool	1.16	1.16	0
ILCA - Land Consolidation Tracking System	0.2	0.5	0.3
Total	10.799	9.886	-0.913

Performance Summary

DOI 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. Interior and OST have interwoven strategic plans to guide the design and implementation of the trust reform efforts. The CTM 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 Interior strategic plan “Serving Communities” mission.

The CTM goals align to the intermediate outcomes and strategies in the DOI Strategic Plan. There is a one-to-one relationship between the CTM goals and the strategies in the Interior 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 broad ways in which these goals will be achieved. The CTM also considers the trends that influence trust management, the role of relevant stakeholders, and the interaction of Interior agencies. Through examination of the “big picture” of trust management, Interior creates a coordinated and integrated system in which all pieces function as a coherent whole.

MISSION GOAL: SERVING COMMUNITES		
Strategic Plan End Outcome	DOI Strategic Plan Intermediate Outcomes	CTM Strategic Goals
Fulfill Indian Fiduciary Trust Responsibilities	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
	Management Initiatives: 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 Interior Strategic Plan:

Improve Indian Fiduciary Trust Beneficiary Services by routinely providing timely, accurate, understandable statements; providing convenient access to trust account services and information; developing and maintaining effective communications and facilitating beneficiary involvement in trust management; providing 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.

Support Indian Self-Governance and Self-Determination by fostering expansion of self-governance compacts and self-determination contracts in a manner consistent with Interior's fiduciary responsibilities.

Improve Indian Trust Ownership and Other Information by distribution of trust assets to heirs after OHA renders probate decisions; and ensuring accuracy and integrity of data maintained in agency offices and trust fund accounting systems.

Manage Trust Fund Assets for Timely and Productive Use by managing and investing funds held in accounts on behalf of individual Indians and tribes; and, collecting, disbursing, and accounting for funds quickly and accurately.

Improve Management of Land and Natural Resource Assets by obtaining appraisal information, as needed on trust and restricted lands for tribal and individual Indian owners; and overseeing 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 and management of financial trust fund assets. In the other three strategies OST's role is primarily oversight, evaluation and establishment of policy and procedures to ensure compliance with applicable laws and regulations which govern Interior's fiduciary trust responsibilities. A key component of the 2003 reorganization was the installation of Regional Trust Administrators and Fiduciary Trust Officers mainly in BIA Agency locations to ensure adherence to laws and regulations that pertain to management of the trust and enhanced beneficiary services.

Fulfill Indian Fiduciary Trust Responsibilities

Considerable effort and dollars will be devoted to managing Indian fiduciary assets and reforming processes and improving performance. Interior has been working with tribal governments to ensure that mineral revenue receipts are distributed in a timely manner, that technical and economic assistance are 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 will require Interior to work in partnership with the tribes to ensure that we become more effective and efficient in meeting our trust responsibilities.

The Interior Strategic Plan measures in the following tables were derived from the CTM goals and objectives to gauge progress toward improving beneficiary services, ownership information, management of trust land and natural assets, and support for self-governance and self-

determination compacts and contracts. Progress in each of these identified strategies will move Interior closer to reforming the management of trust. Once the new FTM is implemented, OST will be able to develop additional performance measures indicative of work performed and results to be achieved.

Performance Summary

End Outcome Measures	FY 2003 Actual	FY 2004 Actual	FY 2005 Plan	FY 2006 Plan	Change in Performance 2005 Plan to 2006	Long-term Target (2008)
End Outcome: Fulfill Indian Fiduciary Responsibilities (Key (SP) and Non-key (NK))						
Beneficiary Services: Percent of financial information accurately processed in Trust beneficiary accounts. (SP) ¹		18%	Modified Performance measure 97%	98%	1%	99%
Timeliness: Percent timeliness of financial account information provided to trust beneficiaries. (SP) ²		97%	99%	99.5%	0.5%	99.9%
Trust Fund Accountability: Percent of Federal Managers Financial Integrity Act management control plans with corrective action plans in place. (SP) ²		91%	90%	95%	5%	98%
Self-Governance/Self-Determination: Percent of formal applications for the withdrawal of tribal trust funds processed within the regulatory timeframe. (SP) ⁵		0	Modified Performance Measure 100%	100%	0%	100%
Historical Accounting: Percent of land-based IIM transactions, as identified in the 1/6/03 Plan for Historical Accounting that will be reconciled. (SP) (see information below) ^{3 & 6}						
Judgment Accounts ²	17,376	13,321	34,000	15,842	-18,158	NA
Per Capita Transactions	619	4,636	9,200	4,578	-4,622	NA
SDA Dollars ³	NA	\$12.7 million	\$13 million	\$17.7 million	+ \$4.7 million	NA
IIM Transactions ⁴	0	4,706	7,000	30,000	+23,000	
Tribal Accountings ³	NA	0	5	10	+5	25

1\ Modified performance measure from historical accounting information provided to beneficiaries to current accounting information.
 2\ Beneficiary statements mailed and management control weaknesses were used as a static basis for '04 and '08 targets. The FTM implementation will increase the number of plans and corrective actions.
 3\ Special Deposit Account Dollars - Due to constant change in the denominator a percent measure is not possible.
 4\ Individual Indian Money Transactions - Reconciliation work temporarily suspended in FY 2004 pending Congressional decision on accounting method.
 5\ This performance measure has been changed to more accurately reflect the responsibilities and activities of OST in support of tribal withdrawals. OST provides information and technical assistance to tribes requesting information on tribal withdrawals; however, each tribe ultimately decides whether or not to pursue an application to withdraw its funds. Further, upon evaluation of a complete application, the Special Trustee is responsible for approving or denying the request. OST is committed to processing applications for the withdrawal of tribal trust funds within the authorized timeframe.
 6\ Historical Accounting measures in this table are reduced for 2005 as a result of lower appropriations and for 2006 as a result of finishing work in these categories.

Intermediate Outcome Measures	FY 2003 Actual	FY 2004 Actual	FY 2005 Plan	FY 2006 Plan	Change in Performance 2005 Plan to 2006	Long-term Target (2008)
Intermediate Outcome: Improve Indian Fiduciary Trust Beneficiary Services						
Intermediate Outcome Measures (Key (SP) and Non-key (NK))						
Responsiveness: Responsiveness of OST to tribal and individual trust concerns and needs. (NK)		79%	80%	85%	5%	90%
Intermediate Outcome: Improve Indian Trust Ownership and Other Information						
Intermediate Outcome Measures (Key (SP) and Non-key (NK))						
Ownership information: Percent of missing owner information recovered. (SP) ⁷		51%	25%	25%	0%	TBD
Records Management: Percent of BIA/OST regional/agency offices reviewed to identify improvements needed in their Records Management Program. (NK)		Establish Baseline	15%	28%	13%	100%
ILCA: Number and acreage of land acquisitions to increase land use capabilities and reduce fractionation of land interests. (SP) ⁸	14,997 interest; 9,902 Acres	40,170 interests; 41,775 Acres	46,000 interests; 41,000 acres	46,000 interest; 41,000 acres	0%	240,000 interests; 200,000 acres
Intermediate Outcome: Improve the Management of Land and Natural Resource Assets						
Intermediate Outcome Measures (Key (SP) and Non-key (NK))						
Appraisals: Percent of appraisal reports completed within requestor business requirements. (SP) ⁹		94%	94%	95%	1%	97%

⁷ When OST starts reporting assets for accounts with no income to the individual beneficiaries; OST will be using addresses provided by BIA. It is anticipated the "Whereabouts Unknown" base will increase significantly. At this time, OST does not know what the pool of "Whereabouts Unknown" will be for FY 2005 through 2008.

⁸ ILCA measures for 2005 reflect reductions due to lower appropriations. Acres are a byproduct of interest acquisitions.

⁹ This measure is only attainable if the requestor's business requirements are realistic (i.e., an appraisal can not be completed in one week). Currently, the Office of Appraisal Services considers appraisal reports over 90 calendar days old to be part of the backlog.

Intermediate Outcome Measures	FY 2003 Actual	FY 2004 Actual	FY 2005 Plan	FY 2006 Plan	Change in Performance 2005 Plan to 2006	Long-term Target (2008)
Intermediate Outcome: Improve Management of Trust Assets for Timely and Productive Use						
Intermediate Outcome Measures (Key (SP) and Non-key (NK))						
Percent of revenue recorded in the Trust Financial Accounting System within 24 hours of receipt (SP) ¹⁰		99%	98%	98.5%	0.5%	99.5%
Intermediate Outcome: Support Self Governance and Self Determination						
Intermediate Outcome Measures (Key (SP) and Non-key (NK))						
Percent of responses to tribes within the required timeframe for management of eligible OST programs. (NK)		Establish Baseline	75%	80%	5%	85%
Technical Assistance: Percent of technical assistance requests for tribal management of trust assets met in timeframe requested. (NK)		100%	100%	100%	0%	100%
Cooperative Programs: Percent of risk management/ internal control programs cooperatively implemented by OST and Self-Governance and Self-Determination tribes. (NK)		N/A	80%	90%	10%	98%

¹⁰ FY 2003 MMS revenue reported used as static basis for '04 and '08 targets. New procedures implemented at the end of FY 2004 help increase performance above expected targets.

Performance Accomplishments

To further achievement of the Secretary's Serving Communities - Fulfill Indian Fiduciary Responsibilities end outcome goal OST strives to ensure account maintenance and financial transaction postings are performed timely and accurately at least 97% of the time. We have established a centralized system of internal controls over transactions that are processed by OST, including post-encoding reviews to ensure that posted transactions are complete and accurate. Also, OST closely 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 account "statements of performance," to beneficiaries with a valid address on time at least 99% of the time. Over 500,000 statements are expected to be printed and mailed during FY 2005. Account maintenance activity continues efforts to locate account holders who do not possess a valid address. OST continues to provide technical assistance to tribes that request to manage their financial trust assets.

OST will achieve the following intermediate program accomplishments:

Improve Indian Fiduciary Trust Beneficiary Services: Establishing Regional Trust Administrators and Fiduciary Trust Officers in field offices has improved beneficiary satisfaction with communication and improved responsiveness to individual and tribal concerns. OST is proactive in soliciting feedback from beneficiaries on products and services. Our current response rate is low but encouraging. Most responses are from beneficiaries satisfied with the service received. The Fiduciary Trust Officers will increase the number of staff at the local level to provide service and assistance to beneficiaries. Trust Officers will be the primary point of contact for beneficiary issues; this will permit BIA employees to spend more time on trust activities such as land and natural resource management, probate and planning. For FY 2005, OST has developed an improved measure to capture beneficiary satisfaction on communications and trust issues. The initial barometer for determining if these objectives were met was through beneficiary surveys and outreach meetings.



Another target in FY 2005 is to respond to tribal and individual inquiries within two business days, 80 percent of the time, and to respond to all other inquiries within 30 days. The projected improvement per FY is five percent. This metric will be tracked through the beneficiary call center via logs and automated software.

Improve Indian Trust Ownership and Other Information: In FY 2005, the Office of Trust Review and Audit (OTRA) with support from the Office of Trust Records (OTR) will conduct assessments of 15 percent of the BIA and OST programs to identify improvements needed in the records program. In FY 2005, OST will provide training to field personnel on the criteria for the proper maintenance of trust records. The long-term goal is to assess 100 percent of records programs by fiscal year 2008. The review will be an ongoing effort with the goal of reviewing 100 percent of programs every three years.

The Indian Land Consolidation Program will acquire approximately 46,000 interests in FY 2005 and FY 2006. 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 less subdivided interests in trust lands, management of the land on behalf of beneficiaries will be more efficient and effective.

Improve the Management of Land and Natural Resource Assets: Appraisal Services will provide a report in response to a request within requestor business requirements, 94 percent of the time in FY 2005. The long-term goal is to provide a report 97 percent of the time. 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 is critical information in their decision making on leasing activities on trust lands.

Improve Management of Trust Assets for Timely and Productive Use: Trust Services will maintain a high rate of revenue collections for oil and gas revenue recorded in TFAS within 24 hours of notification. By 2008 the goal is for 99.5 percent of funds to be recorded in TFAS within 24 hours of notification.

Support Self Governance and Self Determination: In FY 2005, the Office of External Affairs goal is to maintain a 100 percent response rate to tribes seeking technical assistance within the requested timeframe.

OST prior year accomplishments include: continued implementation of the CTM plan that outlines the Secretary's vision for trust reform (The CTM document is the blue print for Interior's trust reform effort and ultimate accomplishment of the fulfill Indian trust strategic plan goal); implementation of the trust reorganization to a more performance-based accountable organization; and development of an implementation plan for the FTM.

The programs supported by OST's budget further the accomplishment of Interior's fiduciary trust responsibilities through the following program activities:

- **Trust Accountability** – Development and delivery of trust training; review and development of trust policies, regulations, and procedures; and implementation of special projects, including implementation of the FTM to ensure that the business processes can carry out the Interior trust responsibilities effectively and efficiently

- **Field Operations** – Improve beneficiary services, and for oversight of trust management activities in the field to ensure that standards are followed in the management of both natural and financial assets on behalf of beneficiaries. Funds will support implementation of the FTM beneficiary services delivery model.
- **Trust Services** - Carry out financial activities that pertain to the maintenance, investment, and reporting on approximately \$3.4 billion of funds held in trust for Indian tribes and individuals.
- **Office of Historical Trust Accounting** - Continued implementation of the five-year historical accounting plan.
- **Indian Land Consolidation** - Acquisition of small individual interests in trust lands for more efficient and cost effective management of assets. Although, requested in OST's budget, the program work is conducted by BIA. Purchase of fractional interests increases the likelihood of more productive economic use of the land, reduces record keeping and large numbers of small dollar financial transactions, and decreases the number of interests subject to probate. Experience with the purchase program has demonstrated that large numbers of owners are willing to sell and a purchase program can be administered at a reasonable cost.
- **Information Technology** - TFAS and GSS costs.
- **Office of Trust Records** - Records program.
- **Office of Trust Review and Audit** - Review internal and external trust programs.

Data Verification and Validation

The Office of the Special Trustee for American Indians data verification and validation (V&V) procedures will 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, (2) periodic rating coordinated by the Office of Trust Review and Audit, and (3) audits by external staff from the Office of the Inspector General, General Accounting Office, or an Independent Audit firm.



Primary responsibility for data quality will reside 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 Interior V&V assessment guidance. The

senior manager has ultimate responsibility for data quality, and annually will submit certification.

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

Unified Trust Budget

The Department has responsibility for the largest land trust in the world. The Indian trust today 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 individual Indians and Tribes. Leasing, use permits, land sale revenues, and interest totaling approximately \$205 million per year are collected for 245,000 open individual Indian money accounts. About \$414 million per year is collected in 1,400 tribal accounts for 300 Tribes. In addition, the trust manages approximately \$3.0 billion in tribal funds and \$400 million in individual Indian funds.

From 1996 through 2005, the Department invested \$2.9 billion in the management, reform and improvement of Indian trust programs. Trust business processes have been re-engineered to provide efficient, consistent, integrated and fiscally responsible service to beneficiaries. The trust organization is being reorganized to meet fiduciary trust responsibilities, provide greater accountability at every level, and operate with staff trained in the principles of fiduciary trust management. The land consolidation program has been expanded to address the exponential growth of fractionated interests in individual Indian allotted lands. An Office of Historical Trust Accounting has been established and is reconciling past transactions in individual and tribal trust accounts.

The 2006 budget proposes to invest an additional \$591.4 million in Indian trust programs and to perform the court ordered historical accounting. This amount includes a net program increase of \$80.1 million over the 2005 enacted level. The Unified Trust Budget includes \$303.9 million for OST and \$287.4 million for BIA trust asset management programs, an increase of \$75.9 million, and \$9.9 million respectively, above the 2005 level.

Unified Trust Budget – BIA Programs

In addition to the funding described 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 budget proposes a net increase of \$9.9 million for trust improvements; strategically focused in the areas of probate, trust services and resource management programs.

Operation of Trust Programs

In 2002, the Department began a meticulous process to re-engineer trust business processes. In 2003, the Department began to implement a complementary effort to reorganize trust functions in the BIA and OST.

The BIA budget includes an increase of \$12.6 million for trust operations. Of this increase, \$3.0 million will support the BIA reorganization, by providing additional funding for 7 FTE's for BIA deputy regional directors and 25 FTE's for deputy agency superintendents for trust at the local level. This additional staffing will significantly advance implementation of trust reform. It will permit more decisions to be made at the local level, thus giving beneficiaries timely responses to questions and more efficient management of trust assets

An increase of \$8.0 million is proposed to continue contract efforts to complete case preparation of over 20,000 probate cases by the end of 2008. The balance of the increase (\$1.6 million) is for contractual support for land title and records offices to undertake title-related expanding workloads in Indian land consolidation, probate, and *Youpee* activities.

The trust operation increases are partially offset by reductions of \$5.1 million, which reflect adjustments in operating level programs including a \$1.8 million decrease to reflect the reduction of budgeted one-time costs for recruitment and the establishment of BIA agency deputy positions in 2005, and a \$3.3 million decrease in BIA real estate services and resource management programs due to one time cost savings or management efficiencies.

In addition, although not included within the Unified Trust Budget, but an integral support program to implementing trust reform, is an increase of \$1.5 million in the BIA budget for leasing costs of space for the National Indian Programs Training Center. The Department established the National Indian Programs Training Center in Albuquerque, New Mexico to enhance and standardize adequate trust and program-related training. The Center will be a hub for trust training of all Departmental Indian fiduciary and trust services, and tribal employees involved in trust reform and self-government and determination programs. In addition, the Center will provide a range of mission critical, leadership, and career development courses to employees of the BIA and OST. The facility, to be located adjacent to the BIA southwest regional office at the site of the former Albuquerque Indian School, will have modern classrooms and employ state-of-the-market computer services for consistent training. The Center will be operated by the Department of the Interior University under a contract with BIA and OST.

A Unified Trust Budget table follows:

FY 2006 UNIFIED TRUST BUDGET

	FY 2004 Enacted	FY 2005 Enacted	Uncont / Tech Change	Program Change	Total Change	FY 2006 Request
Beneficiary Services						
BIA TPA Trust Services	4,027	9,014	420	1,800	2,220	11,234
BIA COO Trust Services	3,316	3,266	23	8,000	8,023	11,289
BIA ROO Trust Services	2,379	2,686	-123	1,200	1,077	3,763
Total Beneficiary Services	9,722	14,966	320	11,000	11,320	26,286
Owenship Information						
OST TPMC- Probate Cleanup	8,914	8,791	1,901	0	1,901	10,692
OST-Indian Land Consolidation	21,709	34,514	0	0	0	34,514
BIA TPA Real Estate Services	30,143	30,241	980	0	980	31,221
BIA TPA Probate	7,572	11,438	-1,695	-1,800	-3,495	7,943
BIA NRP Real Estate Services	10,903	10,742	70	-849	-779	9,963
BIA COO Real Estate Services	926	9,848	63	0	63	9,911
BIA ROO Real Estate Services	7,172	7,058	449	0	449	7,507
BIA ROO Land Titles & Records	12,064	11,896	141	1,600	1,741	13,637
Total Owenship Information	99,403	124,527	1,909	-1,049	860	125,388
Land & Natural Resource Assets						
BIA TPA Real Estate Appraisals	10,420	0	0	0	0	0
BIA TPA Environmental Quality Services	2,430	2,395	140	0	140	2,535
BIA COO Real Estate Appraisals	502	0	0	0	0	0
BIA COO Land Records Improvement	508	5,957	12	0	12	5,969
BIA ROO Land Records Improvement	2,067	2,029	10	0	10	2,039
BIA ROO Environmental Quality Services	218	215	47	0	47	262
BIA TPA Resource Management	62,252	61,999	1,150	0	1,150	63,149
BIA ORP Hatchery O&M	1,589	1,588	15	0	15	1,603
BIA NRP Resources Management	27,815	28,474	192	-1,970	-1,778	26,696
BIA NRP Trust Services/Environmental Mgt	9,676	9,541	91	0	91	9,632
BIA COO Resources Management	3,445	3,416	80	-452	-372	3,044
BIA ROO Resources Management	5,408	5,319	84	0	84	5,403
BIA SPPO Indian Integ. Res. Info Prog	1,290	1,269	0	0	0	1,269
Total Land & Natural Resource Assets	127,620	122,202	1,821	-2,422	-601	121,601
Trust Fund Assets						
OST Trust Services	9,101	8,982	141	0	141	9,123
OST Field Operations	25,044	31,710	359	-1,038	-679	31,031
Total Trust Fund Assets	34,144	40,692	500	-1,038	-538	40,154
Administrative Services						
DOI Trust Organization						
OST Executive Direction	2,247	2,216	16	0	16	2,232
OST -Budget Finance & Adm	7,724	10,384	624	1,492	2,116	12,500
OST External Affairs	542	537	7	0	7	544
OST Trust Review & Audit	3,343	5,521	27	0	27	5,547
OST Trust Accountability- Deputy	247	245	4	0	4	249
OST Trust Accountability- Trust Regulations	5,847	3,305	13	-2,002	-1,989	1,316
OST Trust Accountability- TPMC	9,055	8,933	11	0	11	8,944
BIA COO A/S Support-consultation office	0	1,084	0	0	0	1,084
DOI Trust Organization	29,005	32,225	702	-510	192	32,416
Historical Accounting						
OHTA	44,446	57,194	0	77,806	77,806	135,000
Collecting Information	0	0	0	0	0	0
Historical Accounting	44,446	57,194	0	77,806	77,806	135,000
Human Resources						
OST Trust Accountability-Training	4,660	4,565	8	0	8	4,573
OST TPMC- Workforce Planning	0	0	0	0	0	0
Human Resources	4,660	4,565	8	0	8	4,573
Information Technology						
OST - CIO IT Services	38,530	22,391	40	-950	-910	21,481
BIA Information Technology	38,233	58,092	196	0	196	58,288
Information Technology	76,763	80,483	236	-950	-714	79,769
Business Practices						
OST TPMC-Re-engineering	4,839	4,777	17	0	17	4,795
OST TPMC- Risk management	2,665	2,631	9	-1,100	-1,091	1,540
Business Practices	7,503	7,408	26	-1,100	-1,074	6,335
Records Management						
OST CIO -Trust Records	20,102	21,360	88	-1,616	-1,528	19,832
Records Management	20,102	21,360	88	-1,616	-1,528	19,832
Total Administrative Services	182,479	203,235	1,060	73,630	74,690	277,924
Unified Budget	453,369	505,622	5,612	80,121	85,733	591,355

May not add due to rounding

FY 2005 OST-FIELD OPERATIONS - Hiring Schedule - ALL

	Trust Administrators	Trust Officers	Related Staff	Hires in Qtr.
Actual Hiring by Year End FY 2004	6	25	8	39
QUARTER 1 (October 1 - December 31, 2004)		16	0	16
QUARTER 2 (January 1 - March 31, 2005)		3	13	16
QUARTER 3 (April 1 - June 30, 2005)		8	13	21
QUARTER 4 (July 1 - September 30, 2005)		0	13	13
Total	6	52	47	105

Trust Officers location to be filled in the 2nd and 3rd quarters of FY 2005 at the following locations: Pine Ridge, Osage, Northern Idaho, Winnebago, Fort Berthold, Sisseton, Warm Springs, and Flathead

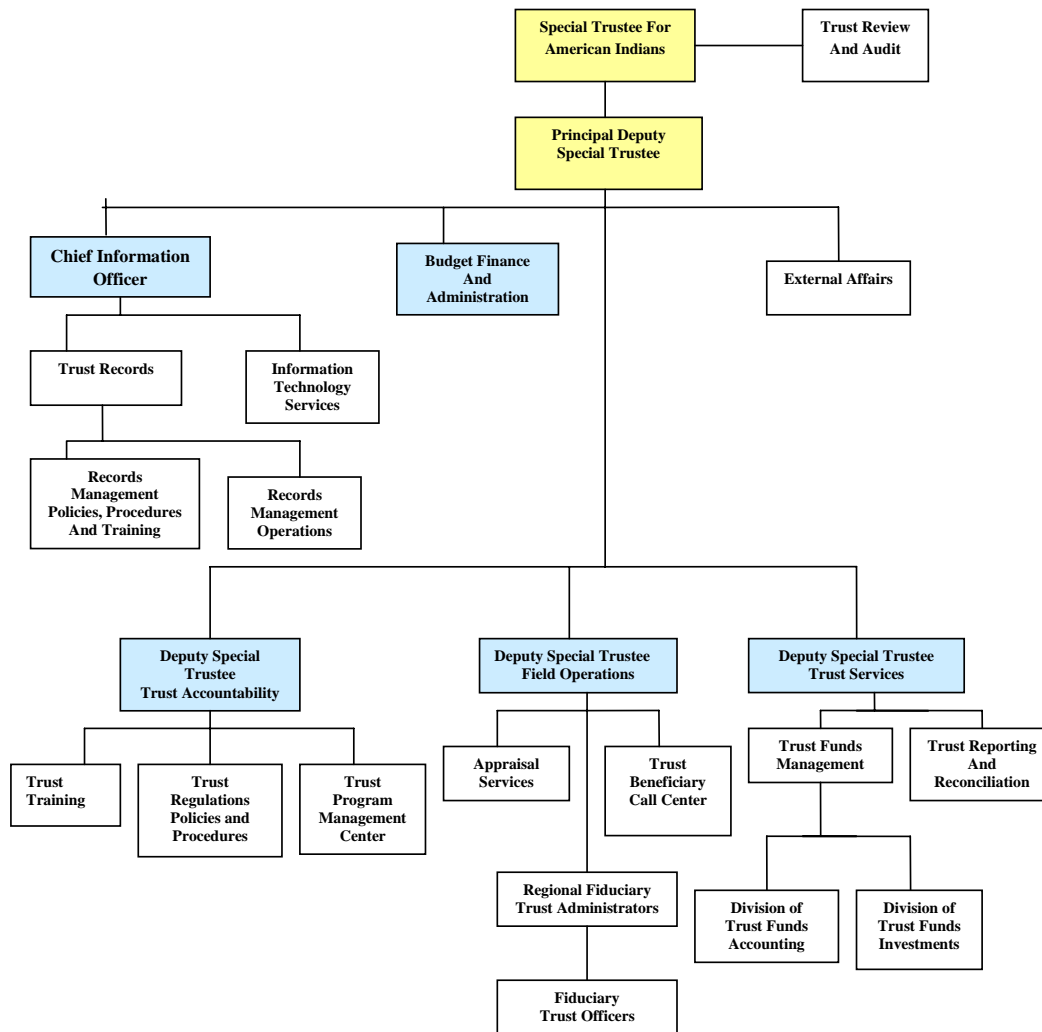
Office of the Special Trustee for American Indians - FY 2006 President's Budget

Activity/Subactivity/Program	FY 2005 Enacted	Uncontrollables/ Transfers	Program Changes	Total Changes	FY 2006 Request
FEDERAL TRUST PROGRAMS					
EXECUTIVE DIRECTION					
Immediate Office of the Special Trustee	2,216.0	16.0	0.0	16.0	2,232.0
EXECUTIVE DIRECTION TOTAL	2,216.0	16.0	0.0	16.0	2,232.0
PROGRAM OPERATIONS & SUPPORT					
Program Operations					
Information Technology					
Office of the Chief Information Officer	171.0	1.0	0.0	1.0	172.0
Information Technology Services	22,220.0	39.0	-950.0	-911.0	21,308.0
Records	21,360.0	88.0	-1,616.0	-1,528.0	19,832.0
Information Technology Total	43,750.0	128.0	-2,566.0	-2,438.0	41,312.0
Budget Finance & Administration	10,383.0	624.0	1,492.0	2,116.0	12,500.0
External Affairs	537.0	7.0	0.0	7.0	544.0
Trust Review & Audit	5,520.0	27.0	0.0	27.0	5,547.0
PROGRAM OPERATIONS TOTAL	60,192.0	786.0	-1,074.0	-288.0	59,903.0
TRUST ACCOUNTABILITY					
Office of Deputy ST - Accountability	245.0	4.0	0.0	4.0	249.0
Trust Training	4,565.0	8.0	0.0	8.0	4,573.0
Trust Regulations, Policies & Procedures	3,305.0	13.0	-2,002.0	-1,989.0	1,316.0
Trust Program Management Center					
TPMC – Director	171.0	1.0	0.0	1.0	172.0
Risk Management	2,631.0	9.0	-1,100.0	-1,091.0	1,540.0
Reengineering	4,777.0	17.0	0.0	17.0	4,794.0
Probate Clean Up Total	8,790.0	1,901.0	0.0	1,901.0	10,692.0
Data Clean up total	3,316.0	5.0	0.0	5.0	3,321.0
ITS/Data Quality	5,446.0	5.0	0.0	5.0	5,451.0
TPMC total	25,132.0	1,938.0	-1,100.0	838.0	25,970.0
TRUST ACCOUNTABILITY TOTAL	33,246.0	1,963.0	-3,102.0	-1,139.0	32,108.0
FIELD OPERATIONS					
FIELD OPERATIONS TOTAL	31,710.0	359.0	-1,038.0	-679.0	31,031.0
TRUST SERVICES					
Office of Deputy Special Trustee	830.0	8.0	0.0	8.0	838.0
Office of Trust Funds Management	6,977.0	116.0	0.0	116.0	7,093.0
Trust Funds Management	7,807.0	124.0	0.0	124.0	7,931.0
Reporting & Reconciliation	1,175.0	17.0	0.0	17.0	1,192.0
TRUST SERVICES TOTAL	8,982.0	141.0	0.0	141.0	9,123.0
HISTORICAL ACCOUNTING	57,194.0	0.0	77,806.0	77,806.0	135,000.0
TOTAL PROGRAM OPERATIONS & SUPPORT	191,325.0	3,249.0	72,592.0	75,841.0	267,165.0
TOTAL FEDERAL TRUST PROGRAMS	193,540.0	3,265.0	72,592.0	75,857.0	269,397.0
INDIAN LAND CONOLIDATION	34,514.0	0.0	0.0	0.0	34,514.0
TOTAL OFFICE OF THE SPECIAL TRUSTEE	228,054.0	3,265.0	72,592.0	75,857.0	303,911.0

1. As noted in the FY 2005 Budget Justification, a total of \$1.656 million was reprogrammed from Field Operations to Budget Finance and Administration to reflect bureau centralization of costs for space (\$428,700); Working Capital Fund Fee for Service and Direct Billing (433,500), and Personnel support (793,800).

2. As part of the OST realignment of programs, a total of \$94,138 was reprogrammed from several subactivities to Budget Finance and Administration for centralization of budget and administrative functions, including \$21,185 from Trust Records, \$33,169 from Trust Accountability, and \$39,785 from Trust Services.

Office of the Special Trustee for American Indians



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, [~~\$196,267,000~~] **\$269,397,000**, to remain available until expended, of which not to exceed [~~\$58,000,000~~] **\$135,000,000** 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 [~~2005~~] **2006**, 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 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 and Related Agencies Appropriations Act, 2005.)

Justification of Proposed Language Change

Office of the Special Trustee

No changes proposed.

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 the 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 2001, 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 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, 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;**

Interior and Related Agencies Appropriation Act, FY 1991. Annual Appropriations Acts have continued this provision each year since FY 1991.

- 6. 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.

- 7. 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.

- 8. 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	2004 Actual		2005 Enacted*		Uncontrollable & Related Changes (+/-)		Program Changes (+/-)		2006 Budget Request		Inc (+) Dec (-) From 2005	
	FTE	Amt	FTE	Amt	FTE	Amt	FTE	Amt	FTE	Amt	FTE	Amt
Executive Direction	12	2,247	12	2,216	0	+16	0	0	12	2,232	0	+16
Program Operations and Support	441	185,057	569	191,325	+0	+3,249	0	+72,592	569	267,165	0	+75,841
Appropriation Total	453	187,304	581	193,540	+0	+3,265	0	+72,592	581	269,397	0	+75,857
Indian Land Consolidation	0	21,709	0	34,514	0	0	0	0	0	34,514	0	0
Reimbursable FTE	54	0	0	0	0	0	0	0	0	0	0	0
Total OST	507	209,013	581	228,054	0	+3,265	0	+72,592	581	303,911	0	+75,857

* Includes the 0.594% Interior across the board rescission and .80% Omnibus across the board rescission contained in the 2005 Appropriations Act. May not add due to rounding.

Uncontrollable and Related Changes

Additional Operational Costs from 2005 and 2006 January Pay Raises

	2005 Budget	2005 Revised	2006 Change
2005 Pay Raise.....	+\$143	+\$741	+\$246
Amount of pay raise absorbed.....	[+\$139]	[+642]	[\$0]
			2006 Change
2006 Pay Raise.....			+\$461

These adjustments are for an additional amount needed in FY 2006 to fund the remaining 3-month portion of the estimated cost of the, on average, 3.5 percent pay increase effective in January 2005 and the additional cost of funding an estimated 2.3 percent January 2006 pay increase for GS-series employees and the associated pay rate changes made in other pay series.

Other Uncontrollable Cost Changes:

	2005 Budget	2005 Revised	2006 Change
Workers Compensation Payments	\$0	\$0	+\$14

The adjustment is for actual charges through June 2004, in the costs of compensating injured employees and dependents of employees who suffered accidental deaths while on duty. Cost for 2005 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.

	2005 Budget	2005 Revised	2006 Change
Rental payments to GSA and others	\$4,109	\$4,668	+\$379

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. The FY 2005 revised figure is the result of improved estimates. The revised 2005 column reflects Exhibit 54 estimates, which do not include the cost of OHTA space or Office of Appraisal Services space (\$341,000).

	<u>2005 Budget</u>	<u>2005 Revised</u>	<u>2006 Change</u>
Department Working Capital Fund Changes.....	\$1,048	\$1,630	+\$198

The change reflects expected changes in the charges for Department and other services through the centralized billing portion of the working capital fund. These charges are displayed in the Budget Justification for Department Management. In addition to the 2006 uncontrollable change, the 2006 budget includes requested program changes (e.g. ESN). The change between 2005 Budget and 2005 revised is attributable to bureau requested changes in billing methodologies, 2005 requested program increases for e-government payments that will be collected and paid centrally through the WCF, and changes that were approved by the Working Capital Fund Consortium. These changes are reflected in the Departmental Management Justification.

	<u>2005 Budget</u>	<u>2005 Revised</u>	<u>2006 Change</u>
Employer Share of Federal Health Benefit Plans.....	\$1,401	\$1,738	+\$187
Amount to be absorbed	\$66	\$337	[0]

The adjustment is for changes in the Federal government’s share of the cost of health insurance coverage for Federal employees.

	<u>2006 Change</u>
One Less Payday.....	-\$120

This adjustment reflects the decreased costs resulting from the fact that there is one less payday in 2006 than in 2005.

Related Changes / Technical Transfers

	<u>2006 Change</u>
Probate	+\$1,900

The 2006 budget request reflects a transfer of \$1.9 million from BIA for probate adjudication activities. A single probate adjudication office was established as part of the recommendations of the Fiduciary Trust Model. The probate adjudication function has been consolidated within the Office of Hearings and Appeals, and funded from trust reform projects in OST.

JUSTIFICATION OF PROGRAM AND PERFORMANCE

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

(Dollars in Thousands)

		2004 Actual	2005 Enacted	Uncontrollable & Related Changes (+/-)	Program Changes (+/-)	2006 Budget Request	Changes from 2005 (+/-)
Immediate Office of the Special Trustee	\$(000)	2,247	2,216	+16	0	2,232	+16
	<i>FTE</i>	<i>12</i>	<i>12</i>	<i>0</i>	<i>0</i>	<i>12</i>	<i>0</i>

Note: May not add due to rounding.

Program Overview:

The Special Trustee is charged with general oversight of Indian trust asset reform efforts Interior-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 Interior establishes appropriate policies and procedures, develops necessary systems, and takes affirmative actions to reform the management of Indian trust funds. The mission of OST is to provide oversight, reform, and coordination of the policies, procedures, systems, and practices used by the various agencies to manage Indian trust assets. 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 Interiors Strategic Plan goal – Fulfill Indian Fiduciary Trust Responsibilities as outlined in the Comprehensive Trust Management Plan.

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 Interior 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 will ensure 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.

FY 2004 Program Performance Accomplishments

The Office:

- Identified, initiated, prioritized, evaluated and monitored reform activities.
- Ensured Quarterly Reports to the Court are done timely and accurately.
- Oversaw trust activities throughout Interior.
- Fostered greater cooperation and communication with other bureaus and offices within Interior who have trust responsibilities.
- Supported the work of the Special Trustee's Advisory Board.
- Provided leadership and guidance to promote 'best practices' in Interior's management of trust assets.

FY 2005 Planned Program Performance

With the implementation of the Federal Trust Model, leadership and guidance provided by the immediate office of the special trustee will become increasing vital to management of Indian trust assets. In FY 2005, the office will continue to:

- Identify, initiate, prioritize, evaluate and monitor reform activities.
- Ensure Quarterly Reports to the Court are done timely and accurately.
- Oversee trust activities throughout Interior – current managers are expected to advise the office on a number of complex and sensitive issues relating to reorganization, reengineering, ongoing litigation and other trust activities.
- Support the work of the Special Trustee's Advisory Board.
- Create informed partnerships with other bureau and office directors in DOI to achieve trust reform outcomes.
- Restructure office of Appraisal Services within DOI Appraisal Directorate through direct oversight of the contract with NBC. Outcome to be more timely appraisals after request and appraisals that comply with law and regulations.
- Direct oversight of FTM implementation to fully convert two BIA agencies to the standards of the FTM.

Activity: Program Operations & Support

(Dollars in Thousands)

Subactivities		2004 Actual	2005 Enacted	Uncontrollable & Related Changes (+/)	Program Change (+/-)	2006 Budget Request	Change from 2005 (+/-)
Program Operations	\$(000)	70,242	60,192	+786	-1,074	59,903	-288
	FTE	125	146	0		146	0
Trust Accountability	\$(000)	36,226	33,246	+1,963	-3,102	32,108	-1,139
	FTE	48	49	0	0	49	0
Field Operations	\$(000)	25,044	31,710	+359	-1,038	31,031	-679
	FTE	170	268	0	0	268	0
Trust Services	\$(000)	9,101	8,982	+141	0	9,123	+141
	FTE	98	106	0	0	106	0
Historical Accounting	\$(000)	44,446	57,194	0	+77,806	135,000	+77,806
	FTE	0	0	0	0	0	0
Program Operations & Support Total	\$(000)	185,057	191,325	+3,249	+72,592	267,165	+75,841
	FTE	441	569	0	0	569	+0

Note: May not add due to rounding.

Activity: Program Operations & Support
Sub-activity: Program Operations

(Dollars in Thousands)

Programs		2004 Actual	2005 Enacted	Uncontrollable & Related Changes (+/-)	Program Changes (+/-)	2006 Budget Request	Changes from 2005 (+/-)
Information Technology	\$(000) FTE	58,633 88	43,750 96	+128	-2,566	41,312 96	-2,438 0
Budget, Finance and Administration	\$(000) FTE	7,724 20	10,383 25	+624	+1,492 0	12,500 25	+2,117
Office of External Affairs	\$(000) FTE	542 3	537 5	+7 0	0 0	544 5	+7 0
Office of Trust Review and Audit	\$(000) FTE	3,343 14	5,520 20	+27	0	5,547 20	+27 0
Program Operations Total	\$(000) FTE	70,241 125	60,192 146	+786	-1,074	59,903 146	-288 0

Note: May not add due to rounding.

PROGRAM OPERATIONS

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 through ensuring the necessary infrastructure to provide administrative services that enable and empower the organization and workforce to be an effective fiduciary trustee; and provide modern, appropriate systems and tools to manage the fiduciary trust responsibilities. The program elements include the Office of Information Technology, Office of Budget Finance and Administration (BFA), Office of External Affairs, and Office of Trust Review and Audit.

In FY 2004, OST implemented activity based cost management. In the future BFA will use cost information to analyze the efficiency of operations, allocate resources and develop budget projections and funding requests.

The Office of Information Technology (OIT) expects to conduct an interface between OST, BIA and outside vendors to be able to provide required trust information to beneficiaries.

Office of Trust Review and Audit (OTRA) will complete field testing of an "Examiners Handbook" and quality rating system for DOI bureaus and offices and tribes performing trust functions. OTRA will identify causes of poor performance and monitor corrective action plans.

Information Technology: develops, maintains, and operates the trust enterprise architecture; provides day-to-day computer support to OST personnel; and implements the trust records management program.

Budget, Finance and Administration: provides budget, planning and analysis support; oversees the administration of the personnel, acquisition, finance, and GSA space contracts.

External Affairs: conducts liaison activities with Congressional and tribal stakeholders, media, and other organizations; provides technical assistance to tribes seeking to compact/contract for program activities; and produces information materials related to trust issues.

Trust Review and Audit: conducts audits of internal and external trust management activities to ensure compliance with applicable laws, oversees expanded trust financial audit contract, and conducts beneficiary special investigations.

Information Technology (96 FTE / \$41,312,000)

The Office of the Chief Information Officer (1 FTE / \$172,000): (OCIO) is responsible for Information Technology (IT) for OST nationwide and 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.

OCIO manages and supervises the Office of Information Technology Services. 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 Interior 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 Office interfaces with the other Interior CIO offices and develops strategic plans to support OST business processes and manages the OST's IT services. The CIO centrally approves all IT expenditures for OST and subordinate offices to ensure adequacy of resources and compliance with Interior enterprise and trust architecture and Capital Planning Investment Control (CPIC) processes, cost savings and standardization.

The office provides systems that support trust business processes. The office will coordinate the development of the new universal IT support functions needed to support the new trust business processes as a result of the Fiduciary Trust Model (FTM).

OST will continue to fund the Trust Architect and Trust Security Officer positions within the Departmental OCIO as well as special projects in support of continuing trust reform efforts and the maturing of the Departmental Enterprise Architecture.

The Trust Enterprise Architecture (TEA) is the Department of the Interior's roadmap to achieve its Indian trust management fiduciary responsibilities through optimal performance of its trust management business processes, within an efficient information management and information technology environment. The trust enterprise target architecture represents enhancements to an existing baseline architecture that adds new functionality to support and improve existing trust business operations. The intent is to continuously review and update the TEA keeping it viable

by continuous improvements. This reflects the need to adjust the architecture in accordance with unforeseen changes in business directions, technology advances or availability. The goal is to establish annual/semi-annual baseline target architectures that are fiscally and technologically achievable while being grounded in the business needs of the organization.

The TEA vision is the establishment of a secure integrated systems environment that increases the efficiency, quality and integrity of the trust business processes and trust data that instills beneficiary satisfaction and confidence by providing beneficiary focused, consistent business services and accurate trust management information. The target systems environment will consist of fewer systems that will be integrated within a unified shared data environment. The establishment of a virtual, unified trust data warehouse using portal technologies will create interoperability and data sharing among the various trust applications and systems. This will increase the business services and provide trust information to the beneficiaries in a readily available and easily accessible way. To accomplish this requirement the target systems environment will consist of Authoritative Data Sources integrated into a unified shared data environment.

Maintaining the TEA will be accomplished within the enforcement structure and configuration control mechanisms of the organization. Trust Enterprise Architecture maintenance is the responsibility of the CIO, Chief Architect, and the Trust Business and Systems Program Managers. Using a system of oversight processes and independent verification, the architecture core team periodically assesses and aligns the TEA to the ever-changing business practices, funding profiles, and technology insertion.

The Office of Information Technology Services (29 FTE / \$21,308,000): The Office of Information Technology Services 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 Bureau of Indian Affairs (BIA), Minerals Management Service (MMS), Office of Hearings and Appeals (OHA), Office of Historical Trust Accounting (OHTA), and other related offices in the Interior.

Included within the IT program are the costs to operate the Trust Funds Accounting System (TFAS). Approximately \$13.7 million is planned for costs to operate the system in FY 2006. TFAS is a commercial off-the-shelf (COTS) system owned and operated by a third party vendor. The TFAS contract is based upon the number of accounts on the system (open and closed). A baseline (308,500) for the number of accounts has been established and any new accounts in FY 2006 on the system that exceed the base are charged at the rate of \$2.73/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; 500 software licenses that allow access for tribes via the Internet, (when authorized) using StrataWeb; 800 software licenses for the Computer Output to Laser Disk (C.O.L.D.) report manager, StrataVision; and 250 software licenses for the electronic work ticket product, Customer Strata Station (CSS).

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.

Also, the office produces the print file for the quarterly statement of performance to ensure timely information to beneficiaries in accordance with the provisions outlined in the *American Indian Trust Funds Management Reform Act of 1994*. The performance target in FY 2006 is to provide statements to 100 percent of beneficiaries with a valid address in TFAS. Performance statements are produced monthly for the tribes and quarterly for the Individual Indian Monies (IIM) account holders. 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 FY05 TFAS Total Accounts		Estimated FY06 TFAS Total Accounts	
Open	280,000	Open	285,000
Closed (no activity)	75,000	Closed	80,000
Non-Income ¹	50,000	Non-Income	100,000
Total	370,000	Total	465,000
FY03 Contract Account Base	308,500	FY03 Contract Account Base	308,500
Cost/account/month above the base	\$2.65	Cost/account/month above the base	\$2.73
Cost/account/month to increase the base by 20,000	\$1	Cost/account/month to increase the base by 20,000	\$1

FY 2004 Program Performance Accomplishments

- Continued service bureau operation of a commercial off-the-shelf trust accounting system TFAS.
- Obtained an independent audit of TFAS using commercial SAS 70 standards.
- Provided IT support for over 650 users.
- Implemented infrastructure and security upgrades to the OST LAN/WAN.
- Established a dedicated OST Security Officer position in accordance with 375 DM 19.
- Hired two additional personnel security personnel to work with the SOT Security Officer.
- Continued updating and implementing OST IT policy and procedures.
- Staffed the OST Chief Information Officer’s office with a dedicated Capital Planning and Investment Control (CPIC) planner and Project Manager.
- Continued the use of smart card technology.
- Supported the implementation of a beneficiary call center.

¹ In the past, only financial accounts have been included in TFAS. Beginning in FY 2005, as a result of BIA completing its LRIS conversion to TAAMS Title, statements in TFAS will begin including Land assets (non-income producing) as well financial. This was required by the Reform Act.

- Began to investigate, acquire, test and implement software supporting the appraisal functions.
- Established a trust data warehouse portal project in coordination with the Department's Trust Architect.

FY 2005 Planned Program Performance

- Continue service bureau operation of a commercial off-the-shelf trust accounting system TFAS (TFAS operated and maintained by contractor).
- Obtain an independent Audit of TFAS using commercial SAS 70 standards.
- Provide IT support for over 700 users.
- Implement infrastructure and security upgrades to the OST LAN/WAN as required.
- Renew the Certification and Accreditation for the OST major application(s) and the OST General Support System (GSS).
- Increase the number of applications interfacing with the trust portal (data warehouse).
- Continue to support the Trust Reform Initiatives for the 21st Century.
- Expand Call Center operations.

The FY 2005 accomplishments support the preliminary analysis required to achieve the development of web-enabled information management and access architecture that allows users to query and produce reports of consolidated data contained in trust information systems. The following tasks will be completed to create the foundation of a web-enabled information management and access architecture.

- *Data analysis*: Analysis of the trust systems profile, metadata, data models and data dictionaries of the Interior trust systems. Based on this analysis and other requirements, a contractor has developed a unified data model.
- *Migrate to portal applications*: Recommendations of the applications that could be migrated to a portal application have been completed
- *XML interfaces*: Define the interfaces between the Virtual data warehouse and the other Interior internal systems. Determine the business rules that will be applied when the data transfer occurs including the frequency of transfer and whether there will be a full or an incremental refresh of data.
- *WEB portal architecture*: Develop the conceptual web portal architecture for employee, end-user, and management portal environments.
- *Data security architecture concept*: Develop the data security architecture for the unified data model, and portal environment.
- *Data management strategy*: Develop a sustainable, long-term data management strategy for the trust enterprise architecture.

The Office of Trust Records (66 FTE / \$19,832,000):

The Office of Trust Records (OTR) is responsible for fiduciary and general trust records management within the OST and BIA. This includes all media (e.g., paper and electronic). A stable and consistent Indian Affairs records management program in OST/BIA must be maintained so that Interior will not be hindered in providing accurate and timely information to trust beneficiaries.



With the signing of a Memorandum of Understanding, the partnership between OTR and BIA was formalized with regard to the management of trust records created, maintained, and used by the BIA. The CTM identifies Records Management as a universal support function and as such responds to the Department of the Interior Strategic Goal, "Fulfill Indian Fiduciary Trust Responsibilities." The Records Management program also supports the following Secretary's Trust Principles that are reflected in the CTM including: protect and preserve Indian trust assets, maintain a verifiable system of records, and establish and maintain a system of records.

OTR provides guidance and support on records management to all BIA and OST program offices. It is responsible for development of records schedules and for obtaining approval from the Archivist of the United States for BIA and OST records schedules; training; providing technical guidance and advice on records management; conducting site assessments of all BIA and OST program offices; disposition and safeguarding of inactive records; and retrieval of records for authorized users.

OTR is responsible for funding the American Indian Records Repository in Lenexa, Kansas, pursuant to agreement between the Department of the Interior 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. Under the same agreement, NARA and DOI have established a records management and archival certificate program at Haskell Indian Nations University. The records management certification will provide a cadre of individuals trained in records management who can work for the federal and tribal governments to implement records management.



OTR will continue to implement records management improvements for BIA/OST; provide guidance, technical assistance and training to BIA and OST; and provide limited

assistance to Tribes with contracted/compact programs. OTR will continue to store and safeguard inactive Indian fiduciary trust records as well as other inactive Indian Affairs records while making such records available to authorized users of the records.

In order to provide services directly to the field offices of BIA and OST, OTR has one records liaison who works with each BIA region and OST field offices. OTR anticipates providing additional liaisons to those regions which have greater numbers of programs and employees to manage. Additionally, OTR intends to reach a broader range of BIA and OST employees through the development and use of computer based training on records management. It is expected that records management training will become an annual requirement for all



BIA and OST employees. OTR will conduct assessment of records management programs in conjunction with the Office of Trust Review and Audit at BIA and OST field offices.

OTR has developed an electronic index of all Indian Affairs records in OTR's custody. The database is searchable through use of a search engine. This electronic database replaces all previously existing data bases, word processing documents and spreadsheets each of which contained partial information on boxes of retired inactive records.

OTR has provided records management training to tribal employees from tribes with compacted or contracted programs. OTR intends to develop a program to inform tribes of its services and to provide direct records management training to requesting tribes.



OTR has developed a work plan to structure and organize its projects. The OTR Work Plan consists of six major tasks listed below with numerous sub-tasks as required by the complexity of the work.

1. **Establish records retention schedules** -- National Archives Records Administration (NARA) approved Records Disposition Schedules are a critical component of a successful records management program. Having completed the fiduciary trust schedules in FY 2003, OTR concentrated on the non-trust record schedules in FY 2004. Necessary reviews, in FY 2004, by BIA programs and NARA exceeded the timeframes OTR projected and therefore, extended the project into FY 2005. OTR will complete update of the remainder of 16 BIAM for Law Enforcement and Indian Education Programs during FY 2006. OTR already began work on development of BIA and OST Electronic System

Schedules in FY 2005 and will complete this work in FY 2006. OTR will also complete the Records Disposition Schedule for non-financial OST records in FY 2006.

2. **Establish and implement record keeping requirements that allow for record retrieval on an as needed basis** -- OTR is progressing on several projects that will allow for improved record keeping and retrieval. In FY 2003, OTR engaged the services of a contractor to create one central database of all retired Indian Affairs records. OTR and its contractor acquired the necessary hardware, software and services to implement the central database. The database will continue to grow at pace with the indexing. The indexing project is designed to occur in three phases. The initial phase was comprised of inactive records stored in OTR facilities in Albuquerque and retired at the NARA Lee's Summit Records Center. By the end of July 2004, the contractor had completed the first phase. By the end of December 2004, the contractor completed the second phase. OTR's contractor is currently working on a small collection of records received from GSA which were not included in the original estimates. The third phase will be to identify, collect and index the remaining boxes of inactive records currently in BIA and OST field offices over the next several years.

A pilot project that was conducted in conjunction with the National Park Service, the Bureau of Indian Affairs and the Office of Historical Trust Accounting to test an electronic record keeping system for potential deployment to all of OST, BIA, and potentially the Department, was concluded in FY 2004. The results of the pilot demonstrated that the specific system tested could not meet DOI requirements for an electronic recordkeeping system. However, the pilot provided the Department with a clear idea of the requirements necessary for a successful electronic recordkeeping system. Some of the lessons learned from the pilot include the following: dedicate an integrated project team; identify specific requirements (e.g., user must be able to determine whether or not an email is a record in XX seconds or less); better understand business processes to strengthen reengineering processes for an electronic environment; develop and implement automated forms processing; and, be able to be automatically installed without manual installation or integration. OTR is working with the Office of the Secretary, Office of the Chief Information Officer, in the identification of requirements of a system which meets the needs of the Department.

3. **Safeguard records** -- Like the task described above, this task directly supports the Secretary's Trust Principle, "Establish and maintain a system of records that permits beneficiaries to obtain information regarding their Indian trust assets in a timely manner and protect the privacy of such." Following up on the FY 2003 agreement between NARA and DOI, the American Indian Records Repository in Lenexa, KS, was constructed and was dedicated in May 2004. During FY 2004, OTR implemented the move procedures, issued by the Office of the Deputy Secretary, and began to move inactive records to AIRR. Eventually, all retired Indian records, as well as the backlog of inactive records in BIA and OST field offices, will be stored at AIRR. Also pursuant to the NARA/DOI agreement, the first records management classes at the Haskell Nations Indian University were held in September 2004.

During FY 2004, OTR implemented the move procedures, issued by the Office of the Deputy Secretary, and began to move inactive records to AIRR. OTR will move inactive records into AIRR as required by NARA approved record schedules.



In FY 2004, OTR provided over 400 units of fireproof storage equipment for active records in BIA and OST field offices. At the end FY 2004 OTR hired a contractor to assess records which may be damaged due to exposure to environmental conditions which adversely affected the records. In FY 2005, OTR expects that the contractor will assess records and provide recommendations for remediation, where appropriate. OTR will take action to acquire services of contractors to implement recommendations. It is anticipated that the contractor will be able to assist OTR at field locations in FY 2005.

- 4. Records Management Training Program** -- During FY 2004, OTR trained 1,397 BIA and OST identified records contacts and 35 tribal employees. As stated above, OTR anticipates the development of computer based training on records management to be completed in FY 2005. This will be the primary tool for records management training for OST and BIA employees.
- 5. Undertake continual assessment of records program** -- Continual assessments are necessary to insure compliance with OTR, BIA and NARA records management regulations, policies and procedures. Reports with recommendations for corrective actions are prepared for each location assessed. OTR's intermediate outcome measure is the number of BIA/OST programs reviewed to identify improvements needed in the Records Management Program. These assessments will identify corrective actions and identify offices complying with Federal Records Management Regulations and DOI, BIA and OST Policies and Procedures. During FY 2004, OTR completed 8 assessments of BIA and OST Offices. OTR concentrated on training all identified BIA and OST records contacts first and to allow them the opportunity to implement guidance received at their respective program offices. In order to limit the impact of duplicative site visits on agency offices in FY 2005, OTR plans to conduct site assessments of BIA and OST programs in conjunction with the Office of Trust Review and Audit (OTRA). The coordination of site visits between OTRA and OTR may impact the number of reviews completed by OTR in FY 2005. Future assessments are expected to become a routine part of OST's Review and Audit program.

- 6. Establish program to meet trust and other records retrieval needs of customers and document production requests** -- Records retrieval policies and procedures have been developed. General procedures were disseminated by memorandum to authorized users of the records in the Office of the Solicitor, the Department of Justice, the Office of Historical Trust Accounting and OST offices by memorandum. In FY 2004, OTR continued to train new researchers on the correct way to handle records while researching and required researchers to sign a research agreement. In FY 2004, OTR provided access to boxes of inactive records to OHTA and its contractors, BIA and OST field offices, tribal trust litigation lawyers and contractors at its Albuquerque facilities and at AIRR. In FY 2005 and FY 2006, access to records will be required by these same parties but all research is expected to take place in AIRR in Lenexa, KS.

FY 2004 Program Performance Accomplishments

- Completed the construction of the American Indian Records Repository, pursuant to the agreement with the National Archives and Records Administration and DOI.
- Relocated more than 64,000 boxes of inactive records were to AIRR
- Established the records management program at Haskell Indian Nations University and classes offered for the Fall 2004 semester.
- Indexed more than 62,000 boxes of inactive Indian Affairs records.
- Funded and participated in an electronic recordkeeping management system pilot with the National Park Service to test software which could be used Department-wide to manage electronic records. Lessons learned are proving valuable in the development of the Departmental Request for Proposals.
- Assigned records management program specialists at the BIA Regions to provide records management assistance to BIA and OST field personnel on a daily basis. Records management specialists provide services at each BIA and OST region and the BIA Central Office.
- Conducted a pilot training session in records management for a compacted tribe.
- Provided records management training, guidance and technical assistance for approximately 1,397 BIA/OST identified records contacts, 192 BIA/OST managers, OTR staff, and employees of several Self-Governance and Contracted Tribes.
- Obtained approval from the Archivist of the United States for fiduciary trust records schedules for OST and submitted draft Electronic Record Schedules for some of the remaining Fiduciary Trust Systems to BIA for review and comment.
- Completed the final draft of the BIA General Trust Records Schedules.
- Completed 8 records management site assessments of BIA and OST programs
- Completed the Indian Affairs Records Management Manual and distributed the manual to BIA and OST in FY 2004.

FY 2005 Planned Program Performance

- Complete update of 16 BIAM records schedules for general trust records (e.g. Law Enforcement, Indian Education Program, Tribal Services, Economic Development, Indian Gaming, etc.).
- Complete records disposition schedule for OST non-financial records.
- Begin identifying; collecting and indexing inactive record boxes currently in the field.

- Complete relocation of boxes of currently existing inactive records to AIRR in Lenexa, KS from Albuquerque.
- Develop and distribute computer based training for BIA and OST employees in records management and Privacy Act.
- Expand training effort to provide Records Management training for tribes with compacted and contracted BIA and/or OST programs.
- Continue the development of electronic records schedules for BIA and OST electronic Systems.
- Conduct records management site assessments at BIA/OST field offices.
- Provide records management training to new BIA/OST records contacts and to BIA Law Enforcement and Office of Indian Education records contacts.

Budget, Finance and Administration (25 FTE / \$12,500,000):

The Office of Budget, Finance and Administration (BFA) 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 Interior, 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 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 three of the President's management agenda (PMA) items — budget and performance integration, competitive sourcing, and financial management. Prior year accomplishments implementing the PMA includes: alignment of the FY 2004 budget request with the new Interior 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 funding for OST's cost of government wide, Departmental and other agency services 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 included within the BFA activity are reflected in the table that follows:

OST Administration, Overhead and Related Costs

Services	FY 2005 Enacted	FY 2006 Estimate	Total Change	Service Provider
Personnel	1,329	1,329	0	Minerals Management Service
EEO	78	78	0	Office of the Secretary
Space/Rent	3,668	5,047	+1,379	GSA
Long Distance	131	131	0	MCI
C & A security	76	165	+89	Department of the Interior
Working Capital Fund	2,719	2,917	+198	Department of the Interior
Total	8,001	9,667	+1,666	

Note: Working Capital figure includes central billing, fee for billing, and direct billing. Acquisition is included within the working capital fund. FY 2006 estimate includes \$577,000 in uncontrollable increases (\$379K for space and \$198 for working capital fund)

FY 2004 Program Performance Accomplishments

- Integrated the annual performance plan with the budget request;
- Implemented Activity Based Cost Management (ABC/M) including identification of managerial report requirements and development of a mechanism to collect and compile output data. In the future, management cost information will be used to make resource allocations, streamline processes, develop budget projections, and realize greater efficiencies in fulfilling the fiduciary trust responsibilities.
- Leveraged strategic use of contract resources and private industry knowledge and expertise on trust management; and financial performance improvements. BFA contracted out the acquisition support function to the National Business Center (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.
- Negotiated a reimbursable support agreement with the National Business Center (NBC) for finance and acquisition services and with the Minerals Management Service (MMS) for personnel services.
- Initiated plans to conduct an economy and efficiently review of the check, EOP, and mailing activity to identify potential process improvements.

FY 2005 Planned Program Performance

- Continue implementation of Activity Based Cost Management (ABC/M) including identification of managerial report requirements and 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.
- Produce quarterly obligation reports for OMB, monthly status of funds reports and report any reprogrammings to the Congress through the Department.
- Increase budget performance integration by conducting quarterly management meetings to discuss performance accomplishments budget resources necessary for improvements and realignment of funds required.

External Affairs (5 FTE / \$544,000):

The Office of External Affairs is responsible for the successful implementation of a coordinated public outreach plan and for supporting OST Self-Governance and Self-Determination activities. The Office is responsible for providing information about Interior trust initiatives for the 21st Century in a variety of mediums for use by a diverse group of stakeholders.

OEA communicates with Indian trust reform stakeholders including tribal and individual trust beneficiaries, DOI personnel, the media, the U.S. Congress, other Federal and state agencies, the public and other interested organizations. Staff supports OST trust reform initiatives by educating and providing information to stakeholders about those projects through a variety of avenues. Staff attends and facilitates presentations at tribal meetings, including the self-governance conferences, to promote and provide information to tribes on contracting and compacting opportunities. In follow-up to these meetings, staff responds to inquiries and provides technical assistance to interested tribes to encourage new contracting and compacting activities for trust services. Additionally, External Affairs coordinates 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 Interior's mission goal of Serving Communities – Fulfill Indian Fiduciary Trust Responsibilities. The Office helps Interior accomplish its trust mission through the development and maintenance of an effective public outreach 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 Interior's fiduciary responsibilities.
- **Technical Assistance:** Coordinate and provide tribes with technical assistance to develop, implement, and manage Indian trust fund investment plans 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 Interior's fiduciary duties.

OEA activities support 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. Also, OEA promotes the President's e-government initiative to use technology to streamline the delivery of products and services to the American people.

FY 2004 Program Performance Accomplishments

- Organized and staffed OEA following its creation in April, 2003.
- Held and participated in meetings throughout Indian Country to provide information to beneficiaries on the progress of trust reform.
- Supported OST reorganization efforts by attending nationwide briefings for Interior and tribal staff.
- Supported implementation of “To-Be” Trust Business Model with a comprehensive, informational campaign for stakeholders.
- Announced and coordinated tribal consultation meetings.
- Negotiated with tribes requesting to compact or contract OST programs.
- Held and participated in meetings throughout Indian Country to promote self-governance and self-determination activities.
- Provided information and technical assistance for tribal requests to compact or contract OST programs.
- Drafted articles, press releases, Congressional testimony, newsletters, and other informational materials.
- Coordinated printing, mailing and performed analysis on 75,000 surveys to IIM accountholders to measure beneficiary satisfaction.
- Served as Grants Office Technical Representative (GOTR) on an existing grant with an Indian organization.
- Worked closely with tribes in support of their efforts to gain approval to withdraw their trust funds pursuant to the Reform Act.

FY 2005 Planned Program Performance

OEA has identified a number of opportunities to provide additional internal and external support to other OST offices and programs to standardize, coordinate and better manage information provided to stakeholders. This effort will include enhancements to the quality and information contained within printed material, informational outreach, and administration of the self-governance and self-determination compacts and contracts.

- Provide full range of printed material, including brochures, flyers, postcards, and newsletters, for educational purposes and stakeholder use.
- Continue to provide information to stakeholders in support of implementation of the FTM Trust Business Model.
- Continue to attend meetings in Indian country to provide information to beneficiaries on the progress of trust reform and respond to beneficiary concerns.
- Continue to attend meetings to promote self-governance and self-determination activities, and provide information and technical assistance to tribes interested in compacting and contracting OST programs.
- Continue to negotiate annual funding agreements with new and existing tribes interested in compacting OST programs.
- Continue to negotiate and administer P.L. 93-638 contracts with tribes who contract OST programs.
- Continue to work closely with tribes in support of their efforts to gain approval to withdraw their trust funds pursuant to the Reform Act.

Office of Trust Review and Audit (20 FTE / \$5,547,000):

The Office 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.

The Office of Trust Review and Audit (OTRA) serves as an independent oversight and audit function of trust programs and operations both internally and externally, and as a quality control for the proper management of trust funds. Through implementation of an oversight and audit program of trust activities, OTRA supports the Department's end outcome goal – Fulfill Indian Trust Responsibilities.



Work activities support the underlying trust reform goals in the Comprehensive Trust Management Plan 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/or recommendations to top management on efficiency, economy, legality and effectiveness of operations at the program and field level.

Trust Asset Management Rating System

The Trust Asset Management Rating System (rating system) is being developed in-house, at a pace OTRA can accomplish with available resources, to provide a method for assessing the operational effectiveness of trust asset management activities Department wide. The current methods being used are fragmented and not as efficient as they could be. Also, existing methods do not always provide the necessary information timely enough to take effective corrective action. OST does not currently have sufficient information to develop concrete measures; however, OST anticipates that a successful implementation will make great strides towards a management tool that will allow a more timely identification and correction of weaknesses in the trust system. This rating system will be comprehensive in its coverage and will be applied to all asset management activities in a unified manner. It will provide a methodology for rating the (1) capability of management to identify, measure, monitor and control the activity's risk, (2) adequacy of the activity's operating systems and internal controls, (3) activity's overall compliance with applicable laws, regulations and accepted standards of fiduciary conduct and (4) risks associated with managing and overseeing the assets of others.

Tribal Compacts and Self Determination Contracts

As part of the Departments 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. These responsibilities included: ensuring that the Secretary's obligations under the Indian trust responsibility are performed in accordance with the standards required by the laws and policies of the United States; conducting annual reviews of tribal performance of trust functions assumed under the provisions of the Self Governance Act of 1994 (25 U.S.C. §458) and the Indian Self-Determination and Education Assistance Act, as amended (25 USC); preparing and monitoring

Departmental trust protection standards and guidelines; reviewing significant Departmental decisions affecting American Indian trust resources, including treaty rights; conducting Department-wide reviews of actions and policies to determine whether such actions or policies negatively impact Indian trust assets, and, where adverse findings are made, initiate corrective actions; and, assisting Departmental bureaus and offices to ensure that programs, projects, activities or proposed actions are consistent with the Department's responsibilities with



respect to the management of Indian trust assets. There has been an additional requirement added in this area. Section 131 of the FY 2005 Interior & Related Agencies Appropriations Act continued the demonstration project, initiated under Section 139 of H.R. 108-330, to assess the ability of certain tribes to carry out their responsibilities under the same fiduciary standards as those to which the Secretary of the Interior is held.

In addition, the Office will ensure that weaknesses and identified problems are corrected timely and incorporate best practices to improve their performance rating for overall improvement of Trust operations. The Office does this as it follows up on compliance action plans with identified points of contact and tracks and reports to management the status and due dates.

FY 2004 Program Performance Accomplishments

- Completed 16 special investigation requests and 72 trust evaluations.
- Outlined preliminary framework of the proposed examination process for the Indian Trust Rating System.
- Transitioned the risk assessment program to Trust Accountability.
- Developed tracking system, procedures and best practices inventory.
- Performed and reported on the performance of fiduciary trust activities of Section 139 tribes.
- Performed pilot fiduciary trust examinations for the Concho Agency, the Cherokee Nation and developed an "Indian Trust Examination Handbook."
- Performed pilot fiduciary trust examinations utilizing the Indian Trust Examination Handbook at Southern Plains Region and Eastern Oklahoma Region and the respective agencies and tribes.
- Completed transition and incorporation/implementation of the Office of American Indian Trust's (OAIT) duties and responsibilities for the evaluation of tribally managed trust programs (compact and contracted).
- Coordination of findings with trust reengineering initiatives carried out by other OST organizations, and implementation/monitoring of corrective actions for internal and external trust activities.
- Initiated additional pilot fiduciary trust examinations at the Southern Plains and Eastern Oklahoma Regional Offices, Agencies, and Tribes.

- Completed development and pilot implementation of 1st phase of the comprehensive Indian trust asset management rating system.

FY 2005 Planned Program Performance

- Initiate a continuing program of fiduciary trust examinations at organizations to be determined.
- Complete implementation of a comprehensive Indian trust asset management rating system.
- Develop a framework for 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 OST organizations, and monitoring the implementation of corrective actions for internal and external trust activities.
- Release the Examiners Guide, Version 1, for use in performing trust examinations of bureaus, offices and tribes.

In addition, for FY 2005, OTRA plans to continue to review the special requests for reviews/audits submitted by employees, beneficiaries, or external parties. OTRA will expand the scope of the review of tribal compact agreements and start developing a strategy to review self determination contracts in FY 2005. OTRA will start developing reporting requirements for correction of identified problems and anticipate those to be completed in FY 2005. OTRA will expand evaluation of tribally managed trust programs. This effort will help prepare for a more complete effort in FY 2005.

Program Operations - Justification of Program Changes

		2006 Budget Request	Program Changes (+/-)
Information Technology	\$(000) <i>FTE</i>	41,312 96	-2,566 0
Budget, Finance, and Administration	\$(000) <i>FTE</i>	12,500 25	+1,492 0
Total	\$(000) <i>FTE</i>	53,812 <i>121</i>	-1,074 <i>0</i>

Information Technology

The FY 2006 budget request for Information Technology is \$41,312,000 and 96 FTE, a net program decrease of \$2,566,000 and 0 FTE from the FY 2005 enacted level. The following is a list describing program changes:

Information Technology-\$950,000: Savings in the information technology program funding in amount of \$950,000 are possible due to the completion of certain trust systems and the implementation of a virtual trust data warehouse and appraisal system. OST proportionate costs

associated with the operational of the appraisal system managed by the NBC Office of Appraisal Services will be funded from within the Appraisal Program function of Field Operations.

Indexing Project (-\$1,500,000): Savings can also be achieved through realigning of the work on indexing of inactive records in field offices over a multi-year period. By completing this work over several years, a reduction of \$1.5 million can be achieved.

Fleet Reduction (-\$8,000): In 2004, the Department began a collaborative initiative to improve fleet management, developed a strategic plan, and began to implement recommendations from a review of the program conducted by the Office of Inspector General. The initiative focuses on economic-based strategies, including implementation of life-cycle replacement schedules, disposal of underutilized vehicles and vehicles that have surpassed their lifecycle, use of fleet performance measures, energy-saving practices and expanded use of alternate-fueled vehicles, and expanded leasing. The Department-wide strategy for improved fleet management includes migrating fleet management programs to a more standardized operational model that promotes energy-saving technologies, the development of fleet composition baselines and multi-year plans, improved performance metrics that address efficiency and effectiveness, vehicle and motor pool sharing, and purchase and lease arrangements that consider seasonal workforces.

On an annual basis, Interior spends over \$160 million to operate and maintain its fleet of approximately 31,000 vehicles. Interior's improvement plan provides a goal for reduction to fleet expenditures of \$11 million in 2005 and an additional \$2 million in 2006.

Space Reduction (-\$108,000): Annually Interior spends \$300 million to lease space from the General Services Administration and others. Because of the long-term commitment contained in most leases, savings from this initiative will accrue to a large degree in future years. The 2006 budget assumes initial savings of \$6.0 million.

Recognizing the potential for improved effectiveness and efficiency in the management of space in the long-term, Interior and its bureaus are undertaking reforms in space management. These reforms, which are part of its Asset Management Plan under E.O. 13327, include a more centrally controlled process to manage space, multi-year planning to consolidate dispersed space and co-locate to promote interagency collaboration, and adoption of more equitable allocations of space that adhere to security and safety and health standards. Long-term benefits are expected to result from Interior's space management reform, which will utilize best practices now in place. Multi-year plans will be used to focus on improved effectiveness and efficiency in supporting bureau missions and guide future lease arrangements and the use of owned space in order to maximize consolidation and co-location. By strategically analyzing and planning space management needs and opportunities, the Department will also be able to consider workforce changes such as telecommuting, information technology solutions, and other factors in making future arrangements for facilities.

Budget, Finance and Administration

The FY 2006 budget request for Budget, Finance and Administration is \$12,500,000 and 25 FTE, a net program increase of \$1,492,000 and 0 FTE from the FY 2005 enacted level. The following is a list describing program changes:

Space (+1,000,000): This amount reflects revised estimates.

Departmental Enterprise System Network (ESN) (+496,000):

	2006 Budget Request	Program Changes (+/-)
Enterprise IT Investments		
C&A	\$165	+\$89
ESN	\$803	+\$410
E-Gov	\$27	-\$3

The 2006 budget includes a net program increase of \$496,000 for enterprise information technology investments for IT certification and accreditation of legacy systems; investments in e-government; and implementation of the enterprise services network.

IT Certification and Accreditation of Legacy Systems

In 2006, the Department will continue to focus on improving IT security. The 2006 budget includes \$12.8 million DOI-wide for coordinated certification and accreditation (C&A) activities, including \$2.9 million collected through the Department's working capital fund. The OST share of this funding in 2006 includes a total of \$165,000 which will be collected through the DOI working capital fund to support centralized activities to enhance efficiencies; reduce overall costs; enhance the quality, consistency, and documentation supporting accreditations; and prioritize remediation activities.

In 2004, Interior strengthened its IT security program by accelerating the timeframes for completing C&A using government-wide standard processes. As of November 15, 2005, Interior had significantly improved its security posture, having certified and accredited 161 of its 165 production systems, or 98 percent. Now that a preponderance of systems is formally managed with regard to security, challenges remain to schedule and remediate weaknesses discovered through C&A, Inspector General, or annual reviews. Furthermore, once established, accreditation status must be maintained through system functional releases and infrastructure modernization. During 2005 and 2006, the Department and its bureaus are completing third party reviews of completed certification and accreditations; remediating identified risks; and establishing the necessary security program infrastructure to allow ongoing maintenance of accreditation status in an efficient and effective manner. These activities include:

- Establish or update C&A package contents including risk assessments, planned controls, and testing of controls.

- Where controls are deficient, institute new or upgraded management, operational, or technical controls
- With adequate rigor, test controls for effectiveness
- Establish prioritized inventory of items to resolve (plan of action & milestones – POA&M) and resolve in a prioritized manner such that residual risk is acceptable for Authority To Operate.
- Establish standards, procedures, tools, and training to enable the cost effective maintenance of accreditation packages
- Improve security activities involving contracted/outsourced IT operations.

E-Government and Lines of Business

Interior is an active participant in many e-government initiatives, providing leadership, funding, and in-kind technical and staffing support. These initiatives strive to eliminate redundant systems and significantly improve the government's quality of customer service for citizens and businesses. The Department is the managing partner for two e-government projects – Recreation One-Stop and Geospatial One-Stop. Interior is serving as one of the government-wide service providers for the e-Payroll initiative and is a leader in the E-Authentication project.

Department-wide spending for E-Government activities that will benefit OST (excluding fee for service payments) reflected in the 2006 President's budget follow. In addition, the Department is also implementing e-Travel in an integrated fashion with the Financial and Business Management System. Funds to support e-Travel are included in the FBMS budget under Departmental Management. The 2006 OST budget includes \$27,000 to support these e-Government initiatives.

	Billing Method	2006 Estimate
E-Authentication	C-WCF	\$3,000
E-Training	C-WCF	\$8,000
Business Gateway	C-WCF	\$16,000

Billing Method Notes. The billing and payment methods of the e-gov projects vary as follows:

C-WCF. The Department has established a centralized WCF account for purposes of billing bureaus and paying managing partners for certain e-gov payments. The Departmental management budget justification includes a description of this account.

D-WCF. Indicates a dedicated WCF account has been established for a single E-Gov project. The only current project that falls in this category is Recreation One-Stop.

TBD. The billing methodology for two e-government projects, SAFECOM and Disaster has yet to be determined. Funding to support SAFECOM and Disaster are included in bureau budgets as noted below.

Direct. Direct means that a bureau makes direct payments to managing partners. In 2006, both recreation one stop and geospatial one stop have a direct component.

The Departmental Management budget justification includes justifications of the programs funded through the working capital fund.

Enterprise System Network

Interior is deploying the Enterprise Services Network to provide secure, state-of-the-art internet and intranet connections and a fully functional operational center for data communications that will be used by the entire Department. In addition to providing better services for many Interior offices, the system will provide a uniformly secure environment, standardized and efficient 24 hour/7 day operations, and improved technical support. The OST budget includes \$810,000 for ESN. The Department is working with its bureaus to finalize the amounts that will be redirected, and will provide the subcommittees updates to the amounts in the spring.

In 2004, Interior began to implement Phase I of ESN, which will be completed in December 2005, with deployment of a modern, integrated network backbone that supports telecommunications within the Department. This includes access to the internet, a Department-wide intranet, and a fully operational technical support center. Phase I also transitions management of the National Park Service's wide area network to managed services and thereby simplify and modernize a geographically dispersed and outdated architecture.

The return on investment for this system is high. Up-front investments, including the redirection of bureau telecommunication savings, will, in the long-term, result in reduced costs with elimination of duplicative networks, improved performance of data services with less "down time" for many offices, skilled and knowledgeable staff trained to operate standardized and centralized operations, and better support for e-government initiatives.

Phase I of ESN reduces the Department's current 13 Wide Area Networks to one and 33 internet access points to five. For NPS, Lotus Notes maintenance sites were reduced from 253 to seven.

During 2005, the Department will also plan Phase II to expand secure connections to approximately 150 sites located primarily in large cities and approximately 1,500 hubs at other Interior locations.

ESN will also facilitate efforts to consolidate directory services, web hosting, messaging, data warehousing and other applications and systems.

The budget request supports implantation of ESN and the Administration's high pay-off E-Government. The budget proposes a net increase of \$496,000 for these information technology improvements.

Fleet Reduction (-4,000): In 2004, the Department began a collaborative initiative to improve fleet management, developed a strategic plan, and began to implement recommendations from a review of the program conducted by the Office of Inspector General. The initiative focuses on economic-based strategies, including implementation of life-cycle replacement schedules, disposal of underutilized vehicles and vehicles that have surpassed their lifecycle, use of fleet performance measures, energy-saving practices and expanded use of alternate-fueled vehicles, and expanded leasing. The Department-wide strategy for improved fleet management includes migrating fleet management programs to a more standardized operational model that promotes energy-saving technologies, the development of fleet composition baselines and multi-year plans, improved performance metrics that address efficiency and effectiveness, vehicle and

motor pool sharing, and purchase and lease arrangements that consider seasonal workforces.

On an annual basis, Interior spends over \$160 million to operate and maintain its fleet of approximately 31,000 vehicles. Interior's improvement plan provides a goal for reduction to fleet expenditures of \$11 million in 2005 and an additional \$2 million in 2006.

Program Operations Program Performance Summary

	FY 2004 Actual	FY 2005 President's Budget	FY 2005 Revised Plan	FY 2006 Plan	Change in Perfor- mance 2005 Plan to 2006	Long-term Target (2008)
Timeliness: Percent timeliness of financial account information provided to trust beneficiaries.	97%	100%	99%	99.5%	0%	99.9%
Self-governance/Self-determination: Percent of formal applications for the withdrawal of tribal trust funds processed within the regulatory timeframe (SP)		Modified Performance Measure	Modified Perfor- mance Measure 100%	100%	0	100%
Technical Assistance: Percent of technical assistance requests for tribal management of trust assets met in timeframe requested.		100%	100%	100%	0%	100%
Records Management: Percent of BIA/OST regional/agency offices reviewed to identify improvements needed in their Records Management Program. (NK)1	Est. Base line	33%	15%	28%	13%	100%
Special Projects: Percent of requests responded to identifying account holder problems		80%	70%	80%	+10%	100%
Number of tribally managed trust programs evaluated		77%	75%	77	+2	All
Track findings and provide best practices to improve performance and rating		85% of corrective action plans in place	65% of corrective action plans in place	85% of corrective action plans are in place	+20%	100% of corrective action plans are in place
Coordinate findings, monitor corrective actions for internal and external trust activities	Est. Base line	65% of corrective plans implemented within 180 days	65% of corrective plans implemented within 180 days	65% of corrective plans implemented within 180 days	0%	100% of corrective actions implemented or in process

1) BIA/OST Programs reflect the number of BIA and OST Offices (Central, Regional, Agency and Field). The number of reviews completed is impacted by required coordination of reviews between OTR and OTRA in order to minimize the impact on daily operations at BIA and OST offices. OTR will complete 100% by FY 2008 by conducting 15% in FY 2005, 28% in FY 2006, 28% in FY 2007, 25% in FY2008 in addition to the 4% completed in FY 2004.

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

Programs		2004 Actual	2005 Enacted	Uncontrollable & Related Changes (+/-)	Program Changes (+/-)	2006 Budget Request	Changes from 2005 (+/-)
Office of the Deputy Special Trustee	\$(000) FTE	247 3	245 3	+4 0	0 0	249 3	+4 0
Trust Training	\$(000) FTE	4,660 6	4,565 6	+8 0	0 0	4,573 6	+8 0
Trust Regulations Policies and Procedures	\$(000) FTE	5,847 9	3,305 10	+13 0	-2,002 0	1,316 10	-1,989 0
Trust Program Management Center	\$(000) FTE	25,472 30	25,132 30	+1,938 0	-1,100 0	25,970 30	+838 0
Trust Accountability Total	\$(000) FTE	36,226 49	33,246 49	+1,963 0	-3,102 0	32,108 49	-1,139 0

(Dollars in Thousands)

Note: May not add due to rounding.

TRUST ACCOUNTABILITY

Program Overview:

The Office of the Deputy Special Trustee – Trust Accountability (3 FTE / \$249,000): The

Office of the Deputy Special Trustee – Trust Accountability was created to provide enhanced accountability for trust management reform and fiduciary trust management. The Deputy Special Trustee – Trust Accountability provides central leadership and guidance for several key functions which support Interior’s trust management reform. The Deputy manages and supervises a workforce trained to carry out Interior’s trust responsibilities; coordinate and develop policies and procedures to ensure fiduciary and legal responsibilities are fulfilled; and develop reengineered trust business processes with a beneficiary focus. This office is responsible for integrating trust reform planning and reform project execution as outlined in the CTM. Trust Accountability supports Interior’s Serving Communities – Fulfill Indian Fiduciary Trust Responsibilities goal through implementation of the CTM improvements in trust ownership information and management of trust fund assets.

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 will help to meet unique training and education needs of Indian programs at multiple levels and functions and will prepare Indian program staff to use resources and technology more effectively.

FTM initiatives have been divided in three phases. Phase I includes eight projects: developing operating procedures, identifying organizational dependencies, coordinating systems requirements, developing training, and creating interim solutions.

The office oversees the operations of three major

programs -- Trust Training, Trust Regulations Policies and Procedures, and Trust Program Management Center.

Trust Training (6 FTE / \$4,573,000): Lack of adequate training for employees who manage Indian trust assets has been recognized as a significant obstacle to effective management of and accountability for the proper discharge of the Secretary's trust responsibilities to Indian tribes and individual Indians. Training in critical skill areas is essential to the successful management of trust operations. The objective of the training program is to provide specialized skills training for Interior and tribal personnel on trust responsibilities in order to increase the job performance and inter-organizational effectiveness of Interior and tribal personnel who manage Indian trust assets. The Trust Training program provides oversight, development and coordination of training efforts for Interior and tribal staff. Training supports trust management reform by ensuring current and future personnel with trust responsibility have the necessary skills and knowledge to effectively carry out their duties.

Training is to include, but is not limited to TFAS and related desk operating procedures; Customer Strata Station, (CSS); Stratavision; Interagency Handbook Training; Cannon Trust Courses; orientation programs; and Fiduciary Trust Model training.

Trust Training will be the office responsible for maintaining and tracking training records for all Interior trust staff that require accreditation.

Trust Training has initiated a Trust Fundamentals orientation program for new Interior employees that manage Indian trust assets. The curriculum was designed by training professionals but the implementation and training will be provided by BIA and OST subject matter expert employees. This method of training is envisioned to eliminate the cost of hiring training vendors and reduce Interior's travel cost.

OST is participating in the E-learning Initiative which is a government-wide initiative to provide federal employees with one-stop access to a variety of high quality e-training courses and services. E-learning advances the President's Management Agenda and supports agencies with the development of their human capital and the accomplishment of their missions by providing bureaus technology tools to access, delivery, and measure training and developmental activities.

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 will help to meet unique training and education needs of Indian programs at multiple levels and functions and will prepare Indian program staff to use resources and technology more effectively.

FY 2004 Program Performance Accomplishments

- Provided TFAS, Stratavision, and Historical Query training to 268 OST, BIA, and contractor staff.
- Coordinated with Cannon Financial Institute to present the *Indian Fiduciary Trust Principles Course* to 300 OST, BIA, MMS, IG, contractor staff and tribal staff.

- Developed the *Indian Fiduciary Trust Training Program Plan* in partnership with BIA. The *Plan* is a vehicle for the orderly development and implementation of all Interior fiduciary trust-related training for employees involved in managing Indian trust assets.
- Continued recruitment efforts related to Trust Officer's. Twenty-five Trust Officers were on board by the end of FY 2004.
- Completed development of a *Trust Fundamentals* comprehensive orientation program tailored to meet the needs of employees in trust-related positions. The course was designed to be presented by a team of OST and BIA employees at regional locations.
- Provided the first *Trust Officers and Deputy Superintendents for Trust Orientation Program* to 66 Trust Officers and BIA Deputies. The three-week program provides an overview of federal Indian law and policy; organizational overview; team building; technical training; panel discussions and group exercises.
- Completed development of the Cannon *Certified Indian Fiduciary Trust Analyst* and *Certified Indian Fiduciary Trust Specialist* certification program. Upon completion of the designated courses, participants take a comprehensive exam resulting in a certification.
- Completed the development of a New Hire Handbook for the Supervisor entitled *How Will You Welcome Your New Hire?* The Handbook is a handy reference guide that will greatly assist Supervisors in introducing the complex world of the Indian Trust business. The Handbook also includes an Indian Trust Training module on CD-ROM, entitled "Responsibilities for Indian Trust Assets." With colorful graphics and audio, the CD contains instruction, evaluation and real-world examples to help all employees better perform.
- Began using a registrar system to track attendance and course completion for employees who enroll in Trust training classes.
- Work with BIA and NBC to establish the National Indian Programs Training Center in Albuquerque, New Mexico. The training center, part of the DOI University, will develop and deliver courses to address Indian program needs at all levels and functions and prepare Indian program staff to use technology and resources.

FY 2005 Planned Program Performance

The training plan outlines the types of courses offered based upon the strategic framework in the CTM. The trust officer certification curriculum will be enhanced to ensure the new trust officers clearly understand their role in carrying out the fiduciary responsibilities of Interior. It is anticipated the first group of trust officers will have become certified in FY 2005.

Trust training will continue to include coordination and training for TFAS, CSS, Stratavision, Interagency Handbook training and review, Cannon courses and certification, orientation programs, and FTM implementation.

Further accomplishments planned in FY 2005 include:

- Continue Cannon "Indian Trust Officer Certification" program in FY 2005.
- Provide to 90% of all BIA Regional Directors, Deputy Regional Directors, Superintendents, and Deputy Superintendents the basic Cannon *Indian Fiduciary Trust Principles Course*.

- Provide TFAS, CSS, Stratavision, and Historical Query hands-on training to OST, BIA, tribal, and contractor staff as requested.
- Provide Interagency Handbook Training refresher courses to OST, BIA, and tribal staff.
- Provide customer service skills and basic communication skills training.
- Complete development and prepare for implementation of job specific related training including probate, tribal self-governance and self-determination, land and natural resource management, and trust accounting.
- Coordinate and/or provide system software related training as needed including but not limited to Microsoft Access, Microsoft Excel, Microsoft Word, Microsoft PowerPoint, and Microsoft Project.
- Continue work with BIA and NBC to establish the National Indian Programs Training Center in Albuquerque, New Mexico.

Trust Regulations, Policies and Procedures (10 FTE / \$1,316,000): OST ensures that reforms of the policies, practices, procedures and systems of Interior which support such fiduciary trust responsibilities, are effective, consistent and integrated (25 U.S.C. 4041(2)). This program supports Interior's effort to comply with the requirements of the Reform Act. The Office of Trust Regulations, Policies and Procedures (OTP) oversees, coordinates, and facilitates the adoption and implementation by Interior of consistent written policies and procedures governing the performance of the Secretary's fiduciary trust responsibilities. OTP is responsible for ensuring organizational knowledge, 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 Interior's discharge of those responsibilities. OTP work activities support the Serving Communities - Fulfill Indian Trust Fiduciary Responsibilities goal by ensuring consistency in the interpretation, development, and implementation of policies and procedures for all entities in Interior with trust responsibility.

OTP's budget, financial needs and administrative program are constantly reviewed to ensure that OTP functions effectively and efficiently. Continued acceptable performance is achieved by the introduction and intelligent use of automated information systems and responsive personnel policies.

OTP has put in place the SiteScape program that will track the development, review, approval and issuance of all trust regulations, policies, procedures, and other necessary directives. OTP is implementing the DOI Fiduciary Library which will house and make available all DOI Indian trust asset materials including management directives. OTP has also put in place and leads a Trust Reform Liaison Group, the purpose of which is to foster productive communications among the several DOI offices having Indian trust responsibilities.

FY 2004 Program Performance Accomplishments

- Developed and facilitated the review and issuance of Desk Operating Procedures for Income/Interest Factor Processes.
- Concurrently began development of Desk Operating Procedures for various business processes such as account maintenance, Receipting, Reporting and Reconciliation and disbursements.
- Worked on a Directives handbook to standardize the format of various types of directives. The purpose of the Directives Handbook's is to provide guidance to program offices in the creation and maintenance of the OST Directives Manual.

FY 2005 Planned Program Performance

- Continue to reform the policies, practices, procedures and manuals of Interior which support fiduciary trust responsibilities to ensure they are effective, consistent and integrated (25 U.S.C. 4041(2)).
- Work closely with the Trust Program Management Center on reengineering to facilitate initial policy, and procedure changes identified in the reengineering as well as facilitate the adoption of policies and procedures for the reorganized OST.
- Finalize the Desk Operating Procedures for Account Maintenance, Reporting and Reconciliation Receipting and disbursements and issue via Infonet, OST's internal intranet.
- Complete the Directives Handbook and provide to management for comment with an anticipated issue date of March 1, 2005.
- Develop the Directives Manual for the accumulation of all Directives.

Trust Program Management Center (30 FTE / \$25,970,000):*(Dollars in Thousands)*

Programs		2004 Actual	2005 Estimate	Uncontrollable & Related Changes (+/-)	Program Changes (+/-)	2006 Budget Request	Changes from 2005 (+/-)
Office of the Director	\$(000) FTE	173 1	171 1	+1 0	0 0	172 1	+1 0
Risk Management	\$(000) FTE	2,665 7	2,631 7	+9 0	-1,100 0	1,540 7	-1,091 0
Reengineering	\$(000) FTE	4,839 13	4,777 13	+17 0	0 0	4,794 13	+17 0
Probate Clean Up	\$(000) FTE	8,914 1	8,790 1	+1,901 0	0 0	10,692 1	+1,901 0
Data Cleanup	\$(000) FTE	3,361 4	3,316 4	+5 0	0 0	3,321 4	+5 0
ITS/Data Quality	\$(000) FTE	5,521 4	5,446 4	+5 0	0 0	5,451 4	+5 0
Trust Program Management Center Total	\$(000) FTE	25,472 30	25,132 30	+1,938 0	-1,100 0	25,970 30	+838 0

Note: May not add due to rounding.

The Trust Program Management Center (TPMC) provides enhanced project management and coordination in trust reform 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 creation of an Interior trust organization with the structure, policies, and procedures that fulfill Interior's trust responsibilities, all with a beneficiary focus.

The TPMC defines and enforces standardized methodologies for project management and system development. Consistency can be realized in project management disciplines such as resource, schedule, scope and cost management. TPMC will enforce effective project management, as well as, monitor and report on the status of various trust reform management activities. TPMC will enforce project management via program administration/project management guidance and the use of COTS and in-house developed project management tools for all areas of responsibility. The strategy provides program and project managers with policies, processes and procedures to design, develop and manage projects using a consistent approach. Project management tools, i.e. Microsoft Project, and in-house developed project monitoring tools are used to provide consistency and provide managers with information to ensure project plans are relative, effective and adhere to the TPMC standard.

Office of the Director – TPMC (1 FTE / \$172,000): The Office of the Director for TPMC manages and supervises the following trust reform projects: Risk Management, Reengineering, Probate Clean-Up, Data Cleanup, and ITS/Data Quality. These projects pertain to a specific

aspect of trust management identified for improvement and are also managed within TPMC. It is expected that the necessary regulations and handbooks to implement the redesigned business processes will be drafted in FY 2005 and put in place during FY 2006. Functional requirements to acquire new information technologies and systems required for full implementation of the FTM will be developed in FY 2005. A prototype beneficiary call center will be deployed in FY 2005 and the necessary metrics gathered to acquire a more robust beneficiary service center in FY 2006. The center is essential for the FTM integrated service office concept and single point of contact thus relieving other program staff from the responsibility of dealing directly with beneficiaries. An interim funds receivable system and commercial lockbox operation is planned to be deployed by the end of FY 2005, significantly reducing risks associated with handling payments at numerous field locations. Hiring of Cadastral Surveyors to be located in BIA Regional Offices and development of a Federal Surveyor Certification Program will begin in FY 2005 and be completed in FY 2006, streamlining the delivery of cadastral survey services and reducing the backlog of requested surveys.

Risk Management (7 FTE / \$1,540,000): The Trust Risk Management program was established for developing and implementing an internal control and risk management program that Interior will provide to its bureaus and offices that perform Indian fiduciary trust functions. 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.

Reengineering (13 FTE / \$4,794,000): Interior's reengineering effort is building a highly effective fiduciary trust services organization by implementing the business objectives contained in the CTM. Those business objectives are being used to guide implementation of the Fiduciary Trust Model (FTM).

Implementing the major changes in the FTM the Department will transform the organization into a beneficiary-centric operation by:

- Migrating from 50+ fragmented data systems to an integrated nationwide system with automated workflow tools.
- Automatic tracking and accountability for trust funds from collection of receipts through disbursements and reporting to beneficiaries.
- Operating with standardized procedures when enforced allow the consistent execution of fiduciary responsibilities nationwide.
- Developing partnerships with beneficiaries by engaging them in the management and use of their trust assets.
- Providing accountability and protection of trust land and natural resources.

FTM initiatives have been divided into three (3) phases that will be implemented over the next few years. Phase I includes eight projects that will impact BIA, OST, MMS and other bureaus. The eight projects include:

1. Beneficiary Services are being coordinated through the introduction of integrated tracking systems, local Trust Officers and a new nationwide call center that provides beneficiaries with access to information about their trust assets.

The initial phase of the beneficiary call center prototype began in early December, 2004. Standard operating procedures and a customized tracking and reporting system have been developed. The initial phase has re-directed calls normally received by the Shawnee Field Office and Concho and Anadarko Agencies via the toll free number to the beneficiary call center prototype. Additional agencies will be included into the initial phase throughout FY2005, by FY2006 all agency calls via the toll free number will be directed to the call center and the full contract awarded.

2. Survey Services are being improved by locating BLM surveyors in or near BIA Regional Offices and by implementing a Certified Federal Surveyor program that will decrease the time and expense required to obtain reliable surveys.

Placement and location of BLM Cadastral Surveyors are as follows. 2005: Southern Plains, Eastern OK, Midwest, Great Plains, Navajo, Northwest. 2006/2007 as funding is available: Alaska, Rocky Mountain, Pacific, Southwest, Eastern, and Western.

3. Receipt of Funds is being simplified and standardized through the introduction of a central lockbox that will be used to receive all Trust payments and a funds receivable system that identifies inaccurate and overdue payments.

A commercial lockbox vendor has been selected. It is expected to begin operations by the end of the 2nd quarter FY2005 and to be fully functional by the end of the 3rd quarter FY2005.

A funds receivable pilot process has been developed. The Anadarko and Concho Agencies are expected to utilize funds receivable process in the 3rd quarter of FY 2005. A schedule for complete rollout will be developed after the user acceptance test is complete in February 2005.

4. Conveyance Standardization will reduce the time and effort required to acquire and convey ownership and beneficial interests in Trust assets by streamlining and standardizing conveyance procedures. Standardized operating procedures have been developed and are being incorporated into handbooks to be issued by BIA in FY2005. Training curriculum is being developed for the standardized handbooks. Regulation changes are expected to be developed in FY2005 and targeted for implementation in FY 2006.
5. Probate Standardization promotes estate planning, streamlines case preparation (leveraging public research services) and adjudication, eases administration by introducing a Case Management and Tracking System and positions the Department to adopt revised probate standards once they become effective.
6. Title Integration and Standardization will work closely with LTRO managers and current standardization initiatives to define a standard set of documents that will be recorded for

approved conveyances and encumbrances. Land Titles and Records Office (LTRO) standardized operating procedures have been developed and will be issued by BIA in FY2005.

7. Valuation activities including moving minerals valuation into the Office of Appraisal services, standardizing valuation processes and forms and reintroducing the Appraisals Technical Board to provide peer reviews and appraisal oversight. The FTM implementation team in coordination with the Chief Appraiser is developing a strategy to implement and alternative valuation methodology. In addition, standard operating procedures for the trust appraisal process will be completed in FY2005.
8. Land Use Contracting Standardization efforts are currently focusing on developing new handbooks for all major realty programs. The FTM implementation team in coordination with BIA is prioritizing their handbook submission to a contract technical writer/editor. The comprehensive schedule will be completed by end of 2nd quarter 2005.

Probate Clean Up (1 FTE / \$10,692,000): Probate Clean Up is a trust improvement project that requires the cooperative efforts of BIA, the Office of Hearings and Appeals (OHA) 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 interests and Interior's overall management of trust assets is based on current and correct ownership information.

Data Cleanup (4 FTE / \$3,321,000): The Special Projects group within TPMC was established to work on projects that are not part of daily operational activities. Currently, the Special Projects group is working on the Special Deposit Accounts (SDA's) and Whereabouts-Unknown (WAU). OST staff assists BIA with distributing funds which were deposited into SDA after December 31, 2002. OHTA is responsible for distributing funds which were deposited into SDA on or before December 31, 2002.

ITS/Data Quality (4 FTE / \$5,451,000): Data Quality and Integrity (DQ&I) defined the critical data elements (CDE) that provide: (1) timely and accurate payments to the beneficiaries; (2) timely and accurate transaction listing and asset inventories to beneficiaries; and (3) effective management of assets. Implementation at the agencies involves identifying, verifying for accuracy, correcting if necessary and safeguarding CDE, in order to ensure the accurate status and reporting of trust assets to the beneficiaries. BIA Title and Realty implementation focuses primarily on the transfer of land title data from the legacy land title system into TAAMS-Title. DQ&I focuses primarily on the validation/correction of certain land title critical data elements which reside in TAAMS-Title.

The "To-Be" Model is the result of the Department's reengineering effort to build a highly effective fiduciary trust services organization. During development of the "To-Be" Model, the business objectives outlined in the Department's *Comprehensive Trust Management Plan (CTM)* were used to guide the business process redesign activity. Implementation of the "To-Be" Model will be accomplished by an inter-Departmental team representing all Interior agencies having a responsibility to the Indian trust. The team also includes Tribal representation.

To achieve the anticipated improvements, essential cross-process functions have been defined and will be integrated into the implementation plan. These cross-processes, or “universal support functions,” include: automated system requirements; training; policies, procedures and regulations; workforce planning; risk management; records management; and internal controls/fiduciary security.

Special Projects constantly reassess the efficiency and effectiveness of their projects/initiatives processes. Opportunities to improve are usually achieved through automation improvements and strategizing and implementing more efficient processes, which reduce costs and increase project/initiative outputs. Without these means and strategies, the projects/initiatives under Special Project's would not be as efficient, resulting in diminished level of project/initiative outputs.

FY 2004 Program Performance Accomplishments

- Developed a project strategy for implementation of the FTM in multiple phases. Significant accomplishments include:
 - Created a unified CTM/FTM implementation team with representatives from multiple bureaus and tribal representatives.
 - Developed a priority list of eight projects for Phase 1. Initial Phase 1 coordination activities include developing operating procedures, identifying organizational dependencies, coordinating systems requirements, developing training, and creating interim solutions until full implementation can be achieved.
 - Identified accountable project leaders for each Phase 1 project.
 - Developed project leader guidance.
 - Developed project schedule tasks for each Phase 1 project. Detailed project implementation schedules have been developed for all phases of the FTM implementation and are currently being integrated into the American Indian Probate Reform Act, (AIPRA) implementation schedule.

FY 2005 Planned Program Performance:

- Complete 12 field office visits in order to locate whereabouts unknown individuals.
- Increase emphasis on locating whereabouts unknown individuals in conjunction with Trust Training performed by OST. Plan to locate 13,235 out of 52,943.
- Establish “Outreach” presence at tribal events to locate whereabouts unknown individuals
- Continue to develop agreements with other federal agencies to create and compare data to obtain current addresses.
- Implement and operate DQ&I Project at top ten BIA agency locations, with high volume of recurring trust income deposited into IIM accounts.
- Establish ongoing quality assurance process at each of these agencies.
- Complete CDE validation and correction for the same top ten agencies identified through the DQ&I project.
- Prepare trust asset statements for beneficiaries at all BIA agencies.
- Provide training to all applicable Interior personnel on Risk Management PLUS. Implementation of RM-Plus will follow the training.
- Begin modification of RM-PLUS to conform to the new FTM processes.

- Work with the “FTM” reengineering project to mitigate the risk of future backlogs.
- Monitor and report on aged SDA receipts on a national level.
- Provide SDA distribution technical assistance to local BIA agency offices.
- Provide BIA agency offices program operations assessments on their SDA distribution processes.
- Provide recommendations to BIA management on how to rectify identified SDA distribution processing problems.
- Coordinate with the OHTA, responsible office for the distribution of historical SDA receipts (collected prior to December 31, 2002).
- By these efforts, the goal is to reduce \$2.2 million prospective aged SDA receipts (collected after December 31, 2002) by \$750,000.

Trust Accountability - Justification of Program Changes

(Dollars in Thousands)

	2006 Budget Request	Program Changes (+/-)
Trust Regulations, Policies & Procedures	1,316	-2,002
FTE	10	
Risk Management	1,540	-1,100

The FY 2006 budget request for Trust Accountability is \$32,108,000 and 49 FTE; a net program decrease of \$ 3,102,000 from the FY 2005 enacted level.

Trust Regulations, Policies & Procedures (-\$2,002,000): The \$2.0 million decrease is a result of one time costs associated with establishing the Office of Trust Regulations, Policy and Procedures, completion of an inventory of regulations, policies, and procedures throughout Interior that pertain to trust management; and realignment of responsibilities from the Office as a result of the reorganization.

TPMC- Risk Management (-\$1,100,000): A -\$1.1 million decrease in Risk Management is proposed which represents the one time cost associated with the development of RM+. RM+ is a self assessment tool utilized 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.

Trust Accountability Program Performance Summary

	FY 2004 Actual	FY 2005 President's Budget	FY 2005 Revised Plan	FY 2006 Plan	Change in Performance 2005 to Planned 2006	Long-term Target (2008)
Trust Fund Accountability: Percent of Federal Managers Financial Integrity Act management control plans with corrective action plans in place. (SP) ¹	91%	90%	90%	95%	+5%	98%
Cooperative Programs: Percent of risk management/ internal control programs cooperatively implemented by OST and Self Governance and Self Determination tribes. (NK)	N/A	80%	80%	90%	+10%	98%
Ownership Information: Percent of missing owner information recovered. ²	51%	25%	25%	25%	0%	TBD

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

2\ When OST starts reporting assets for accounts with no income to the individual beneficiaries OST will be using addresses provided by BIA. It is anticipated the 'Whereabouts Unknown' base will increase significantly. At this time OST does not know what the pool of 'Whereabouts Unknown' will be for FY 2005 and 2008.

Activity: Program Operations & Support
Sub-activity: Field Operations

(Dollars in Thousands)

Programs		2004 Actual	2005 Enacted	Uncontrollable & Related Changes (+/-)	Program Changes (+/-)	2006 Budget Request	Changes from 2005 (+/-)
Office of the Deputy Special Trustee	\$(000) FTE	173 1	170 1	+1 0	0 0	171 1	+1 0
Trust Beneficiary Call Center	\$(000) FTE	115 2	114 2	+3 0	0 0	117 2	+3
Field Operations / Regional Trust Admin.	\$(000) FTE	24,756 167	20,631 210	+282 0	-12 0	20,901 210	+270 0
Office of Appraisal Services	\$(000) FTE	0 54	10,795 55	+73 0	-1,026 0	9,842 55	-953 0
Field Operations Total	\$(000) FTE	25,044 170	31,710 268	+359 0	-1,038 0	31,031 268	-679 0

Note: In FY 2004 OST operated the Office of Appraisal Services as a reimbursable activity for BIA. In FY 2005, the office’s funding was transferred from BIA to OST. May not add due to rounding.

FIELD OPERATIONS

Program Overview:

Field Operations serves as the primary point of contact for beneficiary services. Field personnel interact with beneficiaries on a daily basis at the agency and regional level. They are often the first point of contact for beneficiaries seeking trust products and services. With the establishment of the Regional Trust Administrators and Trust Officers, Field Operations provides proactive beneficiary services, and coordinates information requests from beneficiaries. Field Operations also maintains a beneficiary call center to respond to inquiries received via telephone. In FY 2006, Appraisal Services will be provided by OST through the Office of Appraisal Services managed under contract by the National Business Center.

Field Operations through Activity Based Costing (ABC) will continue implementing tracking of cost data and work load data in FY 2005 to better assess the efficiency and effectiveness of our trust operations.

This data will be used to determine resources for agencies - FTE and funding to assist with collection activities and to institute fiduciary trust officers who will serve as the primary point of contact for all beneficiary inquiries. This will improve program efficiencies by allowing program specialists to accomplish priority mission work in the areas of leasing, lease compliance, probate processing and ownership maintenance.

In FY 2004, Field Operations made offers to 35 trust office staff exceeding the FY 2004 4th quarter goal.

Field Operations supports Interior’s Serving Communities – Fulfill Indian Fiduciary Trust Responsibilities goal through implementation of the CTM improvements in trust beneficiary services and management of trust fund asset.

Office of the Deputy Special Trustee – Field Operations (1 FTE / \$171,000): The Deputy Special Trustee – Field Operations oversees the contract with NBC to manage the Office of Appraisal Services, and provides management and supervision to the Trust Beneficiary Call Center and Regional Fiduciary Trust Administrators.

Trust Beneficiary Call Center (2 FTE / \$117,000): The Call Center is responsible for responding to inquiries from trust beneficiaries. The Call Center has access to various trust systems and operations staff in order to provide comprehensive account information to beneficiaries and complement local services. A major responsibility of the Trust Beneficiary Call Center is to provide “one-stop” servicing for all beneficiary inquiries including information regarding leases, payments and other trust activities. The center is especially important to beneficiaries that do not live near Field Operations offices. **1-888-OST-OTFM, Ext. 888.**

Field Operations / Regional Fiduciary Trust Administrators (210 FTE / \$20,901,000): Field Operations staff is the primary contact in many instances between Interior and beneficiaries. Trust Officers and support staff will provide beneficiaries with convenient access to trust account services and information. The goal is to provide services to beneficiaries that are trusted, accurate, and responsive to their needs. There are two key aspects to achieving the goal of beneficiary satisfaction: (1) communication on trust issues; and, (2) responsiveness of Interior to tribal and individual concerns and needs.

Administrators provide technical assistance on trust matters. Their responsibilities include coordinating trust asset management activities with the BIA in their respective geographic area, providing guidance to field staff in the examination, verification, and maintenance of accounts and accounting data for accounts, ensuring that trust funds are received, recorded, disbursed and/or maintained timely and accurately, and provide leadership and oversight to ensure timely, courteous, and accurate response to account holders. Regional Trust Administrators provide direct line authority to the Agency Trust Officers (TO).

The TO will be co-located with or in close proximity to BIA field locations. They work directly with the BIA Deputy Agency Superintendents-Trust Operations (DAST), to ensure a smooth flowing front line operation designed to enhance services to tribes, individual Indian account holders and other stakeholders. Therefore, beneficiaries will continue to have access to the BIA in addition to an assigned trust officer within OST. TO's will work with the DAST to assist in the development of fiduciary trust management plans, and will review and concur with the plans, when appropriate, to ensure fiduciary trust obligations are met within the plan. TO's will establish, implement, and maintain controls over trust cash assets. These procedures and controls will be consistent from agency to agency and are established in consultation with the DAST. The TO serves as a primary point of contact in local collections offices for beneficiary services, trust funds, and ensuring proper documentation is received to support financial transactions. They also provide technical assistance on trust matters. The placement of TO's at the agency level will ensure that beneficiary-centered (citizen-centered) delivery of services is achieved at the beneficiaries' level.

FTOs are co-located with or in close proximity to BIA field locations. FTOs work directly with the BIA Deputy Agency Superintendents-Trust Services (DAST), and ensure a smooth flowing

front line operation - designed to enhance services to tribes, individual Indian account holders and other stakeholders. Therefore, beneficiaries continue to have access to the BIA in addition to an assigned trust officer within OST. FTOs continue to work with the DAST to assist in the development of fiduciary trust management plans, and review and concur with the plans, when appropriate, ensuring fiduciary trust obligations are met within the plan. FTOs establish, implement, and maintain controls over trust cash assets. These procedures and controls are to be consistent from agency to agency and are established in consultation with the DAST. The FTO serves as a primary point of contact in local collections offices for beneficiary services, trust funds, and transaction processing. FTOs also provide technical assistance on trust matters and ensure proper documentation for trust transactions. The placement of FTOs at agency locations allow staff at the local level in the organization to focus exclusively on beneficiary needs.

Office of Appraisal Services (55 FTE / \$9,842,000): The office 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 DOI Appraisal Directorate, regional appraisal staff, and contract appraisers. Various regulations governing Indian trust land transactions require the Secretary of Interior to obtain valuations. To meet this requirement, an appraisal or other valuation is used to ensure that fair and just compensation is received on Indian land transactions. The types of transactions are varied. Major types include commercial, industrial, recreational, agricultural and other types of leases; rights-of-way; land sales and land exchanges; grazing and range permits; and trespass.

Appraisal staff report to 12 regional appraisers who report to the DOI Appraisal Directorate's office, through the Chief Appraiser to the Deputy Special Trustee for Field Operations. In FY 2005, the appraisal program funding was transferred from BIA to the OST.

FY 2004 Program Performance Accomplishments

- Hired six Fiduciary Trust Administrators (SES positions)
- Expanded Trust Officers presence to 25 additional locations
- Identified lock box functions for improved cash management at agencies with untimely deposits
- Identified automated system for tracking beneficiary inquires
- Assisted in special deposit accounts cleanup
- Assisted in clearing transactions that are not posted/processed (rejected) in TFAS
- Assisted in the cleanup of deposits posted to suspense accounts
- Provided beneficiaries with timely fiduciary trust information and reports, and conducted meetings with tribal and individual trust beneficiaries regarding management of fiduciary trust assets.

FY 2005 Planned Program Performance

- Expand Trust Officer presence to a total of 52 locations.
- Assist in streamlining processing of probates.
- Address Field Operations audit recommendations.
- Assist in special deposit cleanup and management.
- Reduction of the use of special deposit accounts and continue to assist in cleanup.
- Continue location of whereabouts unknown beneficiaries.

- Reduction of 10 percent in the number of transactions that are not posted/processed (rejected) in TFAS.
- Reduction in the number of deposits posted to a suspense account.
- Increase the number of direct deposits.
- Continue increasing the use of automated disbursements.
- Continue providing assistance at the local level to beneficiaries.
- Continue increasing timeliness of addressing beneficiary concerns.
- Continue informing beneficiaries of available services related to their trust funds.
- Continue providing beneficiaries with timely fiduciary trust information and reports, and continue meetings with tribal and individual trust beneficiaries regarding management of fiduciary trust assets.
- Continue facilitating beneficiary involvement in developing trust management plans, acquisition and disposal, and conveyances of trust assets.
- Continue providing Indian tribes with technical assistance to develop, implement, and manage their tribal trust fund(s).
- Continue to allow OST staff that currently provides oversight on transaction processing to focus solely on transaction processing.
- Expand use of lockbox to all BIA agencies for collection of trust revenue

Field Operations - Justification of Program Changes

(Dollars in Thousands)

	2006 Budget Request	Program Changes (+/-)
Appraisal Services	9,868	-1,026
FTE	55	0
Field Operations	20,913	-12

Appraisal Services (-\$1,000,000): The budget includes a reduction to the appraisal budget of \$1 million.

In line with the Secretaries consolidation of Department of the Interior’s appraisal functions within the National Business Center (NBC), and previous consultation with the Tribes, OST will continue its contract with NBC for the management of OST appraisals workload. The benefits to be derived from this contract are improved appraisal processes such as; utilization of reservation wide market analysis, reduction in number of real property transactions requiring a traditional appraisal versus the previously mentioned reservation wide appraisal process and better control of costs through the increased outsourcing of appraisal work.

Fleet Reduction Field Operations -\$12,000/Appraisal Services -\$26,000: In 2004, the Department began a collaborative initiative to improve fleet management, developed a strategic plan, and began to implement recommendations from a review of the program conducted by the Office of Inspector General. The initiative focuses on economic-based strategies, including implementation of life-cycle replacement schedules, disposal of underutilized vehicles and

vehicles that have surpassed their lifecycle, use of fleet performance measures, energy-saving practices and expanded use of alternate-fueled vehicles, and expanded leasing. The Department-wide strategy for improved fleet management includes migrating fleet management programs to a more standardized operational model that promotes energy-saving technologies, the development of fleet composition baselines and multi-year plans, improved performance metrics that address efficiency and effectiveness, vehicle and motor pool sharing, and purchase and lease arrangements that consider seasonal workforces. The Office of the Special Trustee for American Indians proposes a reduction to the OST Field Operations/Regional Fiduciary Trust Administrators budget of \$12,000 and the Office of Appraisal Services of \$26,000 for fleet reductions.

Field Operations Program Performance Summary

End Outcome Goal 3: Serving Communities. Fulfill Indian Fiduciary Trust Responsibilities						
End Outcome Measures	FY 2004 Actual	FY 2005 President's Budget	FY 2005 Revised Plan	FY 2006 Plan	Change in Performance 2005 Plan to 2006	Long-term Target (2008)
Intermediate Outcome: Improve Indian Trust Beneficiary Services						
Responsiveness: Responsiveness of OST to tribal and individual trust concerns and needs. (NK)	79%	75%	80%	85%	+5%	90%
Intermediate Outcome: Improve Management of Land and Natural Resource Assets						
Appraisals: Percent of appraisal reports completed within requestor business requirements. (SP) ¹	94%	80%	94%	95%	+1%	97%

¹ This measure is only attainable if the requestor's business requirements are realistic (i.e., an appraisal can not be completed in one week). Currently, the Office of Appraisal Services considers appraisal reports over 90 calendar days old to be part of the backlog.

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Activity: Program Support & Operations
Sub-Activity: Trust Services

(Dollars in Thousands)

Programs		2004 Actual	2005 Enacted	Uncontrollable & Related Changes (+/-)	Program Changes (+/-)	2006 Budget Request	Changes from 2005 (+/-)
Office of the Deputy Special Trustee	\$(000) FTE	840 5	830 6	+8 0	0 0	838 6	+8 0
Trust Funds Management	\$(000) FTE	7,076 82	6,977 87	+116 0	0 0	7,093 87	+116 0
Reports & Reconciliation	\$(000) FTE	1,185 11	1,175 13	+17 0	0 0	1,192 13	+17 0
Trust Services Total	\$(000) FTE	9,100 98	8,982 106	+141 0	0 0	9,123 106	+141 0

Note: May not add due to rounding.

TRUST SERVICES

Program Overview:

Trust Services manages financial assets held in Trust on behalf of tribes and individual Indian beneficiaries in compliance with Interior’s fiduciary responsibility. The products and services provided support the Trust Financial Management business line for comprehensive trust management. Trust Services manages approximately \$3.4 billion of funds held in trust for Indian tribes and individuals. Approximately \$3.0 billion is held in approximately 1,400 tribal accounts and other trust funds, including the Alaska Native Escrow Fund. Approximately \$400 million is held on behalf of individual Indians in over 245,000 accounts.

The program’s strategic objectives are: manage and invest fund assets to provide prudent rates of return; and collect, disburse, and account for funds associated with trust assets quickly and accurately. Accomplishment of these objectives enables Interior to provide accurate and timely information to trust beneficiaries. The accuracy and timeliness of information is made up of several factors: same day processing of cash transactions, timely processing of account maintenance

Trust Services implemented tracking of cost and performance data in FY 2004 and is currently using this data to better assess the efficiency and effectiveness of our trust operations as exhibited by:

Comparing the costs and benefits of current business processes to the costs and benefits of outsourcing those processes. For instance, Trust Services recently contracted out the IIM pool investment management function and over the course of FY 2005 will compare the expected costs and benefits of this outsourcing to performing this function internally as is currently done with the tribal portfolios.

Trust Services will be incorporating lock box usage for collection of payer funds for more accountability.

Developing additional performance metrics of key processing activities, and refining those metrics developed in FY 2004. We expect to use these metrics to identify opportunities for improvements in our processing activities as well as evaluating the individual performance and training needs of our employees.

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transactions, timely posting of investment income transactions, and accuracy of reconciliation and report activities on trust accounts.

Further efficiencies are anticipated with the implementation of the Fiduciary Trust Model business process model. The core processes for trust management have undergone an in-depth analysis and redesign over the last 18 months in an effort to standardize and implement best practices from the commercial trust sector. Management of financial assets is one of the core processes that will be redesigned. Implementation of the new trust financial processes began in the summer of 2004. As new processes are implemented, financial management of trust assets will be more efficient and effective.



Trust Services operations support accomplishment of the Administration's competitive sourcing initiative by contracting for services when shown to be competitively advantageous in the management of trust funds. Also, in support of the Secretary's 4 Cs Trust Services consults and communicates with tribes on the proper structuring of investment portfolios to achieve identified goals.

Office of the Deputy Special Trustee – Trust Services (6 FTE / \$838,000): The Office of the Deputy Special Trustee was created in FY 2003 to provide focus on the individual Indian, Alaska Native and tribal trust funds accounting, investment and reporting fiduciary responsibilities of Interior, and enhanced internal review. The Deputy Special Trustee provides leadership, guidance and oversight of the development of policies, procedures, and processes to ensure proper management of trust funds on behalf of beneficiaries. Funding supports staff, travel and other related costs.

The Deputy Special Trustee for Trust Services manages and supervises the Office of Trust Funds Management and Office of Trust Reporting and Reconciliation which carry out the day-to-day trust fund management work activities.

Office of Trust Funds Management (87 FTE / \$7,093,000): The Office of Trust Funds Management (OTFM) was originally established in response to the General Accounting Office, the Inspector General, and independent accounting reports which cited significant internal control weaknesses in the management of trust funds including: inadequate training, inadequate separation of duties, and lack of standardized policies, practices and procedures.

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.

When Congress enacted the Reform Act, it affirmed the Federal Government's trust responsibilities. 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 OTFM:

- Providing adequate controls over receipts and disbursements.
- Providing periodic, timely reconciliation to assure the accuracy of accounts.
- 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.

OTFM is responsible for managing trust funds, including receipting, accounting, investing, and disbursing individual and tribal trust funds. OTFM provides centralized accounting services for all trust funds management activities. Routinely, OTFM works directly with field offices to ensure cash management supporting documentation is in compliance with policies and procedures. OTFM plans, directs, operates and controls the buying, selling and trading of investment instruments.

The Division of Trust Funds Accounting (DTFA) within OTFM operates and controls accounting activities which records and reports all funds received, disbursed, invested, and held in trust for individual Indians and Indian tribes. DTFA plans, develops, and recommends policies and procedures governing trust operations. It also coordinates with other Federal agencies as necessary in the maintenance of trust accounts.

Certain OTFM processes are labor intensive, since a significant amount of the BIA lease distribution data is provided to OTFM for manual processing, that is, outside of an automated system. Until all components of an automated trust asset management system are fully operational, increased BIA activity in leasing, forestry and other programs as well as initiatives such as Probate Clean-Up, Special Deposit Account Clean-Up and implementation of Fiduciary Trust Model processes will continue to increase the workload and the number of accounts in TFAS.

The Division of Trust Funds Investments (DTFI) within OTFM plans, develops, operates and/or controls the buying, selling and trading of investments in accordance with applicable laws, regulations, and policies. DTFI provides technical advice and assistance to Regional offices, agencies, and Indian tribes in developing financial plans and investment strategies for tribal trust funds.

Office of Trust Reporting and Reconciliation (13 FTE / \$1,192,000): The Office of Trust Reporting and Reconciliation (OTRR) is responsible for reconciling subsidiary and control

accounts and monitoring trust funds activities at the OTFM and field levels. OTRR 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. OTRR ensures that beneficiary statements of performance are prepared and issued.

FY 2004 Program Performance Accomplishments

- Implemented for use, on a regular basis, total return measurements on 159 of the largest and most active tribal accounts and the IIM portfolio to compare OTFM performance with industry benchmark measurements.
- Visited 90 tribes and conducted investment portfolio reviews covering 205 tribes and the IIM pooled investments.
- Contracted out the investment management functions of the IIM investment pool, which includes the selection of investment securities and the execution of investment security trades.
- Established and implemented as part of ILCA significantly automated procedures to process the sale of fractionated land interest from individual Indians to tribes. OTFM processed 9,544 such transactions for a total of approximately \$14.7 million in FY 2004.
- Established and implemented new processes whereby the responsibility for the preparation of financial documents for probate distributions was transferred from the BIA to OTFM. The newly established processes continued to be rolled out to the various regions through the end of FY 2004 and have contributed to an increase in the efficiency of processing probate distributions.
- Recorded 96% of the Minerals Management Service royalty revenue within 24 hours of receipt in FY 2004.
- Implemented amortization and accretion for selected tribal accounts.
- Completed FY 2004 Fiduciary Trust Financial Audit on time.
- Reconciled more than 7,000,000 trust related financial transactions from sales, leases, rights of-of-way etc.
- Prepared trust financial statements that, except for historical differences, were free from material misstatements.
- Prepared more than 40,000 tax related forms required for applicable account holder income information.

FY 2005 Planned Program Performance

- Continue to competitively source the investment security selection and execution function for the IIM investment pool.
- Implement journal voucher preparation process for probate processing.
- Complete FY 2005 Fiduciary Trust Financial Audit on time.
- Prepare and mail approximately 500,000 beneficiary quarterly statements of performance in addition to the daily mailing of checks.
- Attain 97% accuracy for financial information accurately processed in Trust beneficiary accounts.

- Record 98% of the Minerals Management Service royalty revenue within 24 hours of receipt.
- Maintain 99.5% timeliness of financial account information provided to beneficiaries.
- Implement Three-Way Reconciliation between OST, BIA and MMS for oil and gas revenues.
- Develop and implement procedures to report account holder liabilities and related activity in quarterly statements of performance. Load all account holder liabilities by the end of FY 2005.
- Expand the use of the electronic work ticket system with the goal of eliminating the use of manual work tickets by the end of FY 2005.
- Analyze current business processes for opportunities to contract out certain functions and perform a cost/benefit analysis of such outsourcing.
- Develop and/or modify performance metrics for current business processes, and utilize those performance metrics to assess performance of staff and contractors.
- Provide call center support to respond to questions regarding implementation of S1721, Uniform Probate Act.
- Oversee backlog elimination of Probate Clean-up efforts; ensure coordination of policies, practices and systems; and provide guidance in identifying problems and potential solutions in the process of eliminating probate backlogs.

Trust Services Program Performance Summary

<u>End or Intermediate Outcome Measures</u>	FY 2004 Actual	FY 2005 President's Budget	FY 2005 Revised Plan	FY 2006 Plan	Change in Performance 2005 Plan to 2006	Long-term Target (2008)
End Outcome: Fulfill Indian Fiduciary Trust Responsibilities						
Beneficiary Services: Percent of financial information accurately processed in Trust beneficiary accounts.	18%	27%	97%	98%	+1%	99%
Timeliness: Percent timeliness of financial account information provided to trust beneficiaries.	97%	100%	99%	99.5%	0.5%	99.9%
Intermediate Outcome: Improve Management of Land and Natural Resource Assets						
Manage Trust Fund Assets: Percent of revenue recorded in the Trust Financial Accounting System within 24 hours of receipt.	99%	96%	98%	98.5%	+0.5%	99.5%

Activity: Program Support & Operations
Sub-Activity: Historical Trust Accounting

(Dollars in Thousands)

Historical Accounting	2004 Actual	2005 Enacted	Uncontrollable & Related Changes (+/-)	Program Changes (+/-)	2006 Budget Request	Change From 2005(+/-)
(\$000)	44,446	57,194	0	+77,806	135,000	+77,806

Note: FTE for OHTA are included in the Office of the Secretary account. May not add due to rounding.

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. 4011(a)). The Department is the defendant in the class action lawsuit *Cobell v. Norton*, and 24 other 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 an historical accounting of Tribal Trust accounts and Individual Indian Money (IIM) accounts. OHTA’s management model is based on a small group of Federal employees directing the efforts of a large 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.

OHTA is implementing an Earned Value Management (EVM) system to track and manage the performance, cost and schedule of all contractors' efforts in supporting OHTA's mission. Data collection forms will serve as the basis for the cost-performance reports that will be submitted to OHTA management on a monthly basis. The cost-performance reports will provide EVM metrics (both budget and actual) for each of the project's work breakdown structure elements.

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 historical accounting plan). The Department’s accounting plan provided for an historical accounting for 260,000 plus land-based IIM accounts over a five-year period at a cost of approximately \$335 million using both transaction-by-transaction and statistical sampling techniques to provide assurances of the accuracy of the statements of accounts.

An historical accounting will address three distinct types of IIM accounts. These types are judgment and per capita IIM accounts, land-based IIM accounts, and special deposit accounts.

Historical Accounting Plan Summary

	Approximate	
Type of Account	No. of Accounts	Reconciliation Approach
Judgment and Per Capita	99,500 (1)	<ul style="list-style-type: none"> • 100% of transactions reconciled
Land-Based	200,000	<ul style="list-style-type: none"> • Transactions \$5,000 and greater reconciled on a transaction-by-transaction basis. • Transactions less than \$5,000 reconciled through statistical means.
Special Deposit	21,500	<ul style="list-style-type: none"> • Accounts researched to document proper owners • Funds distributed to owners and accounts closed where appropriate

(1) Note: 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.

As of January 2005, OHTA had reconciled more than 36,700 judgment accounts with balances totaling more than \$53 million and reconciled 7,360 per capita accounts with balances of over \$21.7 million. OHTA also resolved residual balances in over 8,200 special deposit accounts, identifying the proper ownership of more than \$38 million belonging to individual Indians, tribes, and private entities. In support of both IIM and tribal accounting efforts, OHTA has imaged more than 6.4 million pages of trust records and coded over 223,000 documents. Also, OHTA completed its accounting reconciliation tool system and began using the system to reconcile over 4,000 land-based IIM transactions.

By the end of FY 2005, OHTA expects to resolve the proper ownership of an additional approximately \$13 million in residual special deposit account balances, and to continue the reconciliation of judgment accounts and per capita accounts. As part of litigation support, OHTA will reconcile approximately seven thousand land-based IIM account transactions.

The FY 2006 funding for tribal accounting will support work by OHTA to conduct historical accountings for tribes, administer settlements, and present tribal briefings, as requested. In FY 2006, OHTA expects to complete reconciliation of trust fund accounts for up to 10 tribes and image an additional three million pages of tribal documents and code 1.3 million tribal documents.

OHTA has already conducted a number of briefings for tribes and tribal organizations. These briefings will be a first step in OHTA's administrative process to address unresolved or additional accounting issues, and are a prelude to anticipated discussions with tribes on

developing tribe-specific work plans. Working with Interior's Office of the Solicitor and the Department of Justice, OHTA provided briefings to five tribes on the results of the 1972-1992 Tribal Reconciliation, and developed three historical accounting plans for the tribes.

On January 6, 2003, as ordered by the court in the *Cobell* litigation, the Department filed the historical accounting plan. The Department's accounting plan provides for an historical accounting for 260,000 plus IIM accounts over a five-year period at an estimated cost of \$335 million using both the transaction-by-transaction and statistical sampling techniques to provide assurances of the accuracy of the statements of accounts.

The 2006 budget for IIM accounting is based on an estimate of the Department's costs to continue implementation of the historical accounting plan. This amount may be revised depending on any court rulings in the *Cobell v. Norton* case and congressional action, which could potentially delineate the specific historical accounting obligations of the Department.

In 2006, subject to any congressional or court-mandated directions, OHTA will continue to reconcile IIM trust account transactions in accordance with the historical accounting plan submitted to the *Cobell v. Norton* on January 6, 2003, as modified to recognize "lessons learned" during the last two years of accounting activities.

The following table provides additional summary data on FY 2004 accomplishments and estimates for FY 2005 and FY 2006:

Description	FY 2004		FY 2005		FY 2006	
	Number	Dollars	Number	Dollars	Number	Dollars
IIM Accounts						
Judgment accounts completed	13,321	--	34,000	--	15,842	--
Per capita accounts reconciled	4,636	--	9,200	--	4,578	--
Special deposit accounts reconciled	--	\$12.6m	--	\$13m	--	\$17.7m
Pages imaged	526,524	--	3,000,000	--	5,000,000	--
Documents coded	19,286	--	600,000	--	1,000,000	--
Tribal Accounts						
Pages imaged	--	--	1,800,000	--	3,000,000	--
Documents coded	--	--	360,000	--	1,300,000	--
Tribal accounts reconciled	--	--	5	--	10	--

FY 2004 Program Performance Accomplishments:

- Reconciled over 4,000 land-based IIM transactions drawn from a national sample of accounts and from transactions over \$100,000.
- Continued the BIA Region-by-Region examination, validation, and mapping of electronic trust accounting data received from the Office of Trust Funds Management. 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 an historical accounting. This work, performed in cooperation with the Office of the Special Trustee, 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.
- Completed the development and deployment of the Accounting Reconciliation Tool (ART), a specialized data management system that will standardize and expedite the historical accounting work performed by OHTA's CPA contractor firms. ART allows users to undertake queries to link specific IIM account transactions to images of supporting documents.
- Conducted outreach activities focused on identifying potential sources of trust-related records held by the oil and gas industry and other third parties.
- Reconciled through FY 2004, 30,697 judgment accounts and 7,360 per capita accounts.
- Mailed over 9,500 historical statements to IIM account holders of judgment and per capita accounts.

FY 2005 Planned Program Performance

Funding provided for FY 2005 provides for the following activities: records collection and indexing, imaging and coding, accounting for per capita and judgment accounts, accounting for tribal accounts, reviewing and distributing funds from special deposit accounts, and program management of the Office of Historical Trust Accounting, including litigation support. OHTA's objectives are to:

- Reconcile an additional 34,000 judgment accounts.
- Reconcile an additional 9,200 per capita accounts.
- Resolve proper ownership of an additional \$13 million in special deposit accounts.
- Reconcile, as part of Cobell litigation support efforts, 7,000 land-based IIM account transactions.
- Continue discussions with tribes, administer settlements, conduct five historical accountings for tribes, and present tribal briefings, as requested.
- Establish, through notice and comment procedures and consultations, administrative procedures for tribes to follow in seeking an historical accounting.

Historical Accounting Justification of Program Changes:

(Dollars in Thousands)

	2006 Budget Request	Program Changes (+/-)
Historical Accounting	135,000	+77,806

The FY 2006 budget request for Historical Accounting is \$135 million, an increase of \$77.8 million above the FY 2005 enacted level. The \$135 million will provide \$95 million for IIM accounting and \$40 million for tribal accounting.

On January 6, 2003, as ordered by the court in the *Cobell* litigation, the Department filed the historical accounting plan. The Department's accounting plan provides for an historical accounting for 260,000 plus IIM accounts over a five-year period at an estimated cost of \$335 million using both the transaction-by-transaction and statistical sampling techniques to provide assurances of the accuracy of the statements of accounts.

The 2006 budget for IIM accounting is based on an estimate of the Department's costs to continue implementation of the historical accounting plan. This amount may be revised depending on any court rulings in the *Cobell v. Norton* case and congressional action, which could potentially delineate the specific historical accounting obligations of the Department.

In 2006, subject to any congressional or court-mandated directions, OHTA will continue to reconcile IIM trust account transactions in accordance with the historical accounting plan submitted to the *Cobell v. Norton* Court on January 6, 2003, as modified to recognize "lessons learned" during the last two years of accounting activities.

The additional funds will be used to continue efforts related to litigation support accounting and to reconcile 30,000 transactions in land-based IIM accounts. These more complex accounts have revenues derived from the use of allotted lands, such as grazing, leases, and timber harvests. In addition, OHTA will continue the reconciliation of remaining judgment and per capita accounts. OHTA will also resolve the proper ownership of approximately \$17.7 million of residual funds in special deposit accounts, distributing funds to the appropriate owners and closing these administrative accounts, as appropriate. To conduct these reconciliations, OHTA expects to image approximately five million pages of trust records, code more than one million documents and digitize 10 million transactions from paper era account records.

The \$40 million for historical accounting of tribal trust funds supports activities related to 24 current lawsuits filed by tribes. OHTA expects to be involved in a majority of these cases and has already conducted a number of briefings for tribes and tribal organizations. These briefings will be a first step in OHTA's administrative process to address unresolved or additional accounting issues with tribes on developing tribe-specific work plans. In FY 2006, OHTA expects to complete reconciliation of ten tribes' trust fund accounts.

Office of Historical Accounting Program Performance Summary

End Outcome Measures	Through 2003 Actual	FY 2004 Actual	FY 2005 President's Budget	FY 2005 Revised Plan	FY 2006 Plan	Change in Performance 2005 Plan to 2006	Long Term Target (2008)
End Outcome: Fulfill Indian Fiduciary Trust Responsibilities							
Percent of land-based Individual Indian Money transactions, as identified in the January 6, 2003, Plan for Historical Accounting, that will be reconciled. (see information below)							
Judgment Accounts	17,376	13,321	28,150	34,000	15,842	-18,158	NA
Per Capita Accounts	619	4,636	2/	9,200	4,578	-4,622	NA
SDA Dollars	\$24.6 million	\$12.6 million	\$8 million	\$13 million	\$17.7 million	+\$4.7 million	NA
IIM Transactions ¹	0	4,000	3/	7,000	30,000	+23,000	0
Tribal Accountings	NA	0	5	5	10	+5	25

1\ Reconciliation work temporarily suspended pending Congressional decision accounting method.

Note: 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\ Measure changed from transactions to accounts.

3\ Measure changed from percent to number of transactions

Negative changes in performance from FY 2005 to FY 2006 reflect completion of the work in those categories. Judgment accounts and per capita accounts residual balances are to be completed by the end of FY 2006. Accordingly, there are no long-term targets associated with these measures.

Office of the Special Trustee for American Indians

Summary of Obligations by Object Class
(Dollars in Thousands)

Object Class	2005 Estimate	Uncontrollable & Related Changes	Program Changes	2006 Request
Full Time Permanent	38,000	587		38,587
Other Personnel Compensation	1,000	14		1,014
Total Personnel Compensation	39,000	601		39,601
Civilian Personnel Benefits	9,000	187		9,187
Total Personnel Benefits	48,000	788		48,788
Travel & Transportation of Persons	4,000			4,000
Rent, Communications, & Utilities	7,000	379	1,000	8,379
Other Services	131,540	2,098	71,592	205,230
Supplies and Materials	1,000			1,000
Total Contractual Services and Supplies	132,304	2,098	72,592	206,230
Equipment	2,000			2,000
Total Budget Authority	193,540	3,265	72,592	269,397

Office of the Special Trustee for American Indians

(in millions of dollars)

Treasury Account ID: 14 - 0120 - 0		2004	2005	2006
		Actual	Estimate	Estimate
Obligations by program activity				
0001	Executive direction	2	2	2
0002	Program operations, support, and improvements	192	207	272
0900	Reimbursable Program	7	12	1
1000	Total new obligations	201	221	275
Budgetary resources available for obligation				
2140	Unobligated balance available, start of year	18	27	12
2200	New budget authority (gross)	195	206	271
2210	Resources available from recoveries of prior year obligations	15	0	0
2390	Total budgetary resources available for obligation	228	233	283
2395	New obligations	-201	-221	-275
2440	Unobligated balance available, end of year	27	12	8
New budget authority (gross), detail				
Discretionary				
4000	Appropriation	190	196	270
4035	Appropriation permanently reduced	-2	-2	0
4300	Appropriation (total discretionary)	188	194	270
6800	Spending Authority from Offsetting Collections	6	12	1
6810	Change in uncollected customer payments from Federal sources (unexpired)	1	0	0
6890	Spending authority from offsetting collections (total discretionary)	7	12	1
7000	Total New Budget Authority	195	206	271
Change in obligated balances				
7240	Obligated balance, start of year	78	71	76
7310	Total new obligations	201	221	275
7320	Total outlays (gross)	-192	-216	-237
7345	Recoveries of prior year obligations	-15	0	0
7400	Change in uncollected customer payments from Federal sources (unexpired)	-1	0	0
7440	Obligated balance, end of year	71	76	114
Outlays (gross), detail				
8690	Outlays from new discretionary authority	172	140	179
8693	Outlays from discretionary balances	20	76	58
8700	Total outlays (gross)	192	216	237
Offsets				
Against gross budget authority and outlays				
8800	Offsetting collections (cash) from Federal sources	7	12	1
Against gross budget authority only				
8895	Change in uncollected customer payments from Federal sources (unexpired)	1	0	0
Net budget authority and outlays				
8900	Budget authority	188	194	270
9000	Outlays	184	204	236

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		2004 Actual	2005 Estimate	2006 Estimate
Object Classification				
Direct obligations				
Personnel compensation				
1111	Full time permanent	27	38	39
1115	Other personnel compensation	1	1	1
1119	Total personnel compensation	28	39	40
1121	Civilian personnel benefits	7	9	10
1210	Travel and transportation of persons	3	4	4
1231	Rental Payments to GSA	4	5	6
1233	Communications, utilities	3	2	2
1252	Other services	57	79	60
1253	Purchases of goods and services from government accts	0	5	5
1260	Supplies and Materials	1	1	1
1310	Equipment	3	2	2
1990	Subtotal, Direct obligations	106	146	130
Reimbursable obligations				
2111	Full-time permanent	3	0	0
2121	Civilian personnel benefits	1	0	0
2210	Travel and transportation of persons	1	0	0
2231	Rental Payments to GSA	0	0	0
2252	Other services	2	12	1
2990	Subtotal, Reimbursable obligations	7	12	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	2	2
3210	Travel and transportation of persons	1	2	2
3231	Rental payments to GSA	1	1	1
3233	Communications, utilities, and miscellaneous charges	2	2	2
3252	Other services	76	49	130
3990	Subtotal, Allocation account	88	63	144
9999	Total obligations	201	221	275

Note: Table may not add due to rounding.

Office of the Special Trustee for American Indians

Personnel Summary	2004 Actual	2005 Estimate	2006 Estimate
Direct			
Full time equivalent employment	453	581	581
Reimbursable			
Full time equivalent employment	54	0	0
Total	453	581	581

Office of the Special Trustee for American Indians
Employee Count by Grade
(Total Employment)

Grade	2004 Actual	2005 Estimate	FY 2006 Estimate
EX -02	1	1	1
ES-6	1	1	1
ES-5	1	1	1
ES-4	0	0	0
ES-3	0	0	0
ES-2	0	0	0
ES-1	13	13	13
GS/GM-15	23	33	33
GS/GM-14	52	52	52
GS/GM-13	88	94	94
GS/GM-12	59	59	59
GS/GM-11	29	29	29
GS/GM-10	0	0	0
GS/GM-9	24	24	24
GS/GM-8	14	14	14
GS/GM-7	118	125	125
GS/GM-6	60	68	68
GS/GM-5	36	45	45
GS/GM-4	17	17	17
GS/GM-2	4	4	4
WG - 05	1	1	1
Total Employment (actual/projected) at end of fiscal year	541	581	581

FY 2004 includes total actual personnel on-board. FY 2005 and 2006 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, [~~\$35,000,000~~] **\$34,514,000**, 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 and Related Agencies Appropriations Act, FY 2005.)

Justification of Proposed Language Change

Office of the Special Trustee

No changes proposed.

INDIAN LAND CONSOLIDATION

(Dollars in Thousands)

Programs	2004 Actual	2005 Enacted	Uncontrollable & Related Changes (+/-)	Program Changes (+/-)	2006 Budget Request	Changes from 2005 (+/-)
Indian Land Consolidation Program	21,709	34,514	0	0	34,514	0

Note: FTE for ILCP are included in BIA account.

Program Overview:

One of the greatest challenges facing successful fiduciary trust management is the fractionation, or continuing subdivision, of individual Indian interests in the land that the Federal government holds in trust. With each successive generation, individual interests in the land have become further divided and subdivided into smaller interests in the land. The ownership of many disparate, uneconomic, small interests benefits few in Indian Country and creates an administrative burden that drains resources away from other Indian programs.

The Indian land Consolidation Program (ILCP) assists the Department in fulfilling its trust responsibilities by providing the tools needed to begin addressing the growth of fractionated interests in Indian land. ILCP acquires highly fractionated land ownership interests from willing sellers at fair market value. This program, managed by BIA is funded within OST, as part of Trust Reform.

FY 2006 funding will be used to continue the land acquisition programs in the Midwest, Great Plains, Western, Northwest, Rocky Mountain, Navajo and Eastern Oklahoma Regions, resolve the re-vesting requirements under *Youpee*, and address fractionation on a nation-wide basis. A case management system will be fully developed in FY 2005 to increase efficiency and implement the training and information dissemination.

Managing fractionated individual interests is expensive. Individual owners often see little benefit because their interests are so small. Most often it is difficult, if not impossible to put the land to its best economic use because there are so many ownership interests involved. As the number of ownership interests grow, the cost to the Federal government for accounting and managing these interests also grows. In many cases, the cost to manage highly fractionated tracts far exceeds either the owners' receipts or the value of the underlying property.

ILCP acquires fractionated ownership shares in allotted lands and is a key component in trust reform and management. BIA is currently purchasing fractionated interests on a willing seller basis. Purchase of fractional interests increases the likelihood of more productive economic use of the land, reduces record keeping and large numbers of small dollar financial transactions, and decreases the number of interests subject to probate.

Approximately 156 allotted reservations are impacted by fractionation of ownership interests. The BIA established a pilot program in FY 1999 on three reservations in Wisconsin. Currently there are eighteen reservations in the program located in Wisconsin, Minnesota, Michigan, Montana, Washington, Oklahoma, New Mexico, Arizona, Utah, Nebraska and South Dakota.

Bad River Reservation	Wisconsin	Midwest Region
Lac du Flambeau	Wisconsin	Midwest Region
Lac Courte Oreilles	Wisconsin	Midwest Region
Red Cliff	Wisconsin	Midwest Region
Fond du Lac	Minnesota	Midwest Region
Bois Forte	Minnesota	Midwest Region
Grand Portage	Minnesota	Midwest Region
Keweenaw Bay	Michigan	Midwest Region
Rosebud	South Dakota	Great Plains Region
Pine Ridge	South Dakota	Great Plains Region
Standing Rock	South Dakota	Great Plains Region
Winnebago	Nebraska	Great Plains Region
Quapaw	Oklahoma	Eastern Oklahoma Region
Quinalt	Washington	Northwest Region
Flathead	Montana	Northwest Region
Gila River	Arizona	Western Region
Navajo	Arizona, New Mexico, Utah	Navajo Region
Crow	Montana	Rocky Mountain Region

As of December 31, 2004, Interior has acquired a cumulative total of 117,661 individual interests the equivalent of 86,565 aggregate acres. The goal is to reduce fractionation by acquiring fractionated land ownership interest. The number of acres is a by-product of the number of interests purchased. The acreage acquired varied due to 1) the size of the fractionated interest; and 2) the size of the allotment. For example, a 1/50 interest in a 160 acre tract in South Dakota equates to 3.20 acres' whereas a 1/50 interest in a 10 acre tract in Arizona equates to .20 acres. It is difficult to find a correlation between number of interests acquired and acres acquired as the fractionation size differs as do the tract sizes.

The program plans to continue to target selected interests, including *Youpee* interests, from willing sellers on a nation-wide basis. ILCO will coordinate research efforts with the Probate Project to identify owners. In addition, BIA plans to make selected land interest owners an offer to buy at probate hearings. Private contractors will be utilized to assist the program with outreach, marketing and acquisition. Utilization of contractors will provide the additional real estate related industry experience to efficiently and effectively operate a nation-wide land acquisition program.

In response to the Administration's PART review in 2002, BIA has developed a draft strategic plan and standardized business processes to guide program expansion to other tribal reservations. BIA plans to finalize the document by the end of FY 2005. The draft plan addresses completing

the consolidation of allotted lands within tribal jurisdiction by FY 2015. The intent is to reduce the rate of fractionation. Additional benefits include reduction of DOI's administrative burden and enhancing tribal economic, social and cultural opportunities.

On October 27, 2004 the President signed S. 1721, the "American Indian Probate Reform Act of 2004," which amends the Indian Land Consolidation Act to provide a means to reduce fractionation of individual Indian land interests; and establishes a uniform probate code for Indians. The provisions in the Act will impact on the land consolidation program, and the draft strategic plan will need to be revised as appropriate to reflect the new provisions contained in the Act. The Act changes the way trust estates are probated.

Additionally the Act:

- Increases the importance and benefits of writing a will or doing an estate plan;
- Provides greater access to trust asset records;
- Ensures that Tribal probate laws are consistent with Federal probate laws;
- Improves individuals' ability to consolidate interests in trust or restricted land; and
- Improves individuals' ability to manage parcels of land in which an interest is owned.
- Limits inheritance without a will when ownership is less than five percent of the total.

These and other provisions of the law will enhance the land consolidation effort by providing useful tools to individuals, Tribes and the Department. The law requires the Secretary to send a notification to Tribes and individuals who might be affected by the law, and to certify that such notice was sent. Most of the provisions on the law will take effect one year from the date of the certification, which should be completed by mid 2005.

Automation of various functions can be standardized with a comprehensive case management system. An interim system, already in place in two regions, will be adapted for use in other regions until a comprehensive system is implemented. The Department is currently working on a case management system, to be in place in FY 2005. Once implemented, this system will greatly increase efficiency in producing interest holder inventories, processing applications, creating deeds, and recording and tracking liens and income generated from the interests acquired.

2004 Program Performance Accomplishments

- Acquired 117,661 interests through December 2004. These interests represent the equivalent of approximately 87,000 acres. The major acquisition activities have taken place primarily at the Great Lakes Agency in Wisconsin, and the Rosebud Agency in South Dakota.
- Acquired majority ownership in a majority of the allotted tracts in three original pilot reservation programs. Reaching tribal majority ownership is important because it allows a tribe to control decisions relative to the use of the land, prevents further fractionation of that portion of the tract and gives a tribe the authority to obtain the remainder ownership interests at fair market value.

2005 Planned Performance

- Continue to reconcile ownership data on Standing Rock, Winnebago and Pine Ridge Reservations in the Great Plains Region, Flathead and Quinault Reservations in Northwest Region, Quapaw Reservation in Eastern Oklahoma Region, Leech Lake, Mille Lacs, and Isabella Reservations in the Midwest Region, Gila River Reservation in Western Region, Navajo Reservation and Crow Reservation in Rocky Mountain Region.
- Continue to coordinate with the Rosebud Sioux Tribe’s and other tribes land acquisition program to leverage federal funds with tribal acquisition funds. Leveraging tribal funds allows the tribe to reach majority ownership sooner. Rosebud Sioux Tribe has a land acquisition program in place prior to ILCP participation. Other tribes have tribal acquisition programs as well; however availability of tribal funds limits the amount of land interests a tribe can buy.
- Continue to purchase selected interests from willing sellers, including targeting re-vested *Youpee* interests. The FY 2005 target is 20% of all acquisitions will include *Youpee* interests.
- Continue to utilize a contractor for services to perform a broad range of clerical and technical duties such as the coordination, preparation, processing, and recordation of legal documents, title examination, logging applications, create new case files, maintain a computerized system, assist and receive visitors, respond to miscellaneous telephone inquiries, prepare reports and routine correspondence.

Indian Land Consolidation Program - Justification of Program Changes

	2006 Budget Request	Program Changes (+/-)
Indian Land Consolidation Program	\$34,514	\$0

The FY2006 budget for the Indian Land Consolidation Program is \$34.5 million, the same as the FY 2005 enacted level. This funding will allow the continuation of efforts to acquire small-fractionated interests on a nationwide basis. This supports the Secretary’s goal to improve the management of land and natural resource assets by increasing land use capabilities and reducing fractionation of land interests. Achievement of this goal supports the Secretary’s priority to fulfill Indian fiduciary trust responsibilities.

FY 2006 funding will be used to continue reconciliation of ownership records to ensure agreement of ownership information and provide contractor support for outreach/marketing/sales at these locations. The funding will also be used to acquire approximately 11,000 or more *Youpee* interests within the targeted number on an annual basis. The funds will allow purchasing of interests through targeted identification and verification of ownership.

The estimated number of interests to be acquired may change based on program experience, and variances in the appraised values of interests at different locations. The funding will be utilized to support the specific expansion strategies contained within the draft Strategic Plan.

While overall administrative costs are modest, as the program expands, the costs associated with the acquisition of interests can increase. As more highly fractionated parcels are purchased, the associated costs will increase as well. For example, the costs of title, deed and related documentation preparation to purchase one acre with 25 owners will be less than the associated costs to purchase one acre with 250 owners. The more interest owners of an acre, the more it will cost to process the necessary documentation required to acquire the land.

The current expansion plan includes three key strategies:

- Target the most fractionated reservations to realize significant impact. Over one-third of the fractionation problem is limited to the Great Plains and Rocky Mountain Regions. Over 1 million of the current 1.6 million on-reservation interests can be eliminated by FY 2015 by purchasing interests on the ten most highly fractionated reservations in addition to existing project sites.
- Develop changes to existing legislation. In order to have the greatest benefit to tribes, individual Indians and the Federal Government, legislative changes would be helpful. These include broadening the Secretary's authority to acquire land and establishing an Unclaimed Property Act.
- Engage affected tribal representatives. Develop and implement a consultation and communication plan to engage tribes and individuals.

A decrease in the number of these highly fractionated interests will result in the decrease of accounts that receive little, if any, annual income yearly. The reduction of fractionated trust and restricted Indian lands is a high priority within the Department.

End Outcome Goal 4.3: Fulfill Indian Fiduciary Trust Responsibilities – Beneficiary Services							
	FY 2003 Actual budget*	FY 2004 Actual budget**	FY 2005 President’s Budget	FY 2005 Revised Plan***	2006 Plan at estimated budget	Change in performance 2005 Plan to 2006	Long term target (2008)
Intermediate Outcome: Improve Indian Trust Ownership and Other Information							
Number and acreage of land acquisitions to increase land use capabilities and reduce fractionation of land interests	14,997 interests; 9,902 acres	40,170 interests; 41,775 acres	60,000 interests; 42,000 acres	46,000 interests; 41,000 acres	46,000 interests; 41,000 acres	0	240,000 interests; 200,000 acres
* FY 2003 \$7.251 appropriation + \$8.471 carryover. **FY 2004 \$24.886 appropriation + \$6.561 carryover. *** FY 2005 \$34.500 appropriation + \$1.5 carryover.							
Reduce the number of open IIM accounts through acquisition	-413	-827	2/	-830	-830	0	-10,000

1/ The FY 2006 Plan is based on a budget of \$34.5 million. The long term target of 240,000 interests for FY 2008 is based on the funding level authorized in the American Indian Probate Reform Act of 2004 of \$145 million for each year from FY 2007 through FY 2010.

2/ Measure changed from number of cooperative agreements to number of IIM accounts.

Office of the Special Trustee for American Indians

(Dollars in millions)

	Indian Land Consolidation (14-2103)	2004 Actual	2005 Estimate	2006 Estimate
	Obligations by program activity			
0001	Direct Program Activity	31	37	35
1000	Total new obligations	31	37	35
	Budgetary resources available for obligation			
2140	Unobligated balance available, start of year	11	2	0
2200	New budget authority (gross)	22	35	35
2390	Total budgetary resources available for obligation	33	37	35
2395	New obligations	-31	-37	-35
2440	Unobligated balance available, end of year	2	0	0
	New budget authority (gross), detail			
	Discretionary			
4000	Appropriation	22	35	35
7240	Unpaid Obligations, start of year	1	4	6
7310	Total new obligations	31	37	35
7320	Total outlays (gross)	-28	-35	-36
7440	Unpaid Obligations, end of year	4	6	5
	Outlays (gross), detail			
8690	Outlays from new discretionary authority	17	32	32
8693	Outlays from discretionary balances	11	3	4
8700	Total outlays (gross)	28	35	36
	Net budget authority and outlays			
8900	Budget authority	22	35	35
9000	Outlays	28	35	36

Note: Table may not add due to rounding.

	Indian Land Consolidation (14-2103)	2004 Actual	2005 Estimate	2006 Estimate
	Object Classification			
	Direct obligations			
1252	Other services	1	1	1
1320	Land and structures	30	36	34
9999	Total obligations	31	37	35

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Office of the Special Trustee for American Indians

Tribal Special and Tribal Trust Funds

(Dollars in thousands)

Note: May not add due to rounding.

Appropriations		2004 Actual	2005 Enacted	Uncontrollable & Related Changes (+/-)	Program Changes (+/-)	20086 Budget Request	Changes from 2005 (+/-)
Tribal Special Fund	\$(000)	214,692	220,514	0	+13,231	233,745	+13,231
	<i>FTE</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Tribal Trust Fund	\$(000)	63,272	72,554	0	+4,353	76,907	+4,353
	<i>FTE</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total	\$(000)	277,964	293,068	0	+17,584	310,652	+17,584
	<i>FTE</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>

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.* The fund is not designated by law as a trust fund. This 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 (sec3504(a)(4)).
- *Standing Rock.* This 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 (sec3504(a)(4)).
- *Papago Cooperative Fund.* The fund was established for the tribe to obtain services that are financed by earnings on investment of the fund.
- *Ute Tribe.* 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.* (Specifically, the Lahonta Valley Pyramid Lake Fish and wildlife Fund). The Lahonta Valley and Pyramid Lake Fish 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 is subject to appropriations for fish and protection.
- *San Luis Rey Water Authority.* 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 Interior's responsibilities under the settlement agreement between Cochiti Tribe, the Corps, and Interior. 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, 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 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 either an 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 reached \$750,000.
- *Arizona Intertribal Fund.* This fund represents an exchange agreement for privately held lands in Florida for publicly held lands in Arizona. Use of the money is subject to appropriations and is available to pay for supplemental education and child welfare programs.
- *Lower Brule.* This fund was established to provide benefits to the Lower Brule Sioux as a result of the Pick-Sloan Missouri River Basin program. The interest from the fund is to be used for educational facilities, comprehensive inpatient and outpatient health facilities, water systems, recreational facilities and other projects and programs.
- *Navajo Trust Fund.* The fund ratifies an exchange of Federal land in Arizona
- *Crow Creek.* 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.* 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.* 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.
- *Chippewa Cree Tribal Compact ADM/Chippewa Cree Future Water supply.* This 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.* This fund was established in FY 2002. Ownership of the trust fund does not convey to the Tribe until 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 transferred provide for the establishment of 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.* The Crow Creek Sioux Tribe Infrastructure Development Trust Fund of 1996 (P.L. 104-223, 110 Stat 3026) 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		2004	2005	2006
		Actual	Estimate	Estimate
Obligations by program activity				
0001	Direct Program Activity	187	230	244
1000	Total new obligations (object class 41.0)	187	230	244
Budgetary resources available for obligation				
2140	Unobligated balance carried forward, start of year	64	92	82
2200	New budget authority (gross)	215	220	234
2390	Total budgetary resources available for obligation	279	312	316
	Total new obligations	-187	-230	-244
2440	Unobligated balance carried forward, end of year	92	82	72
6020	Appropriation (special fund, indefinite)	215	220	234
6250	Appropriation (total mandatory)	215	220	234
	Appropriation – Control Totals	215		
	Appropriation – Computed Totals	215	220	234
6250	Appropriation	215	220	234
	Non Pay		220	234
	New Authority	123	220	234
	Balances (excl of EOY PY Bal)	64		
	End of PY Balances		9	9
	Subtotal, Outlays	187	229	243
7310	Total new obligations	187	230	244
7320	Total outlays (gross)	-187	-229	-243
	Outlays (gross), detail			
8697	Outlays from new mandatory authority	123	220	234
8698	Outlays from mandatory balances	64	9	9
8700	Total outlays (gross)	187	229	243
	Net budget authority and outlays			
8900	Budget authority	215	220	234
9000	Outlays	187	229	243
	Memorandum (non-add) entries			
9201	Total Investments, start of year: Federal securities: Par Value	64	92	154
9202	Total Investments, end of year: Federal securities: Par Value	92	154	154

Note: Table may not add due to rounding.

Tribal Trust Fund
(in millions of dollars)

Treasury Account ID: 14 – 8030 – 0		2004	2005	2006
		Actual	Estimate	Estimate
	Unavailable Collections (N)			
	Receipts			
	Obligations by program activity			
0001	Direct Program Activity	71	75	80
1000	Total new obligations (object class 41.0)	71	75	80
	Budgetary resources available for obligation			
2140	Unobligated balance carried forward, start of year	30	22	18
2200	New budget authority (gross)	63	71	77
2390	Total budgetary resources available for obligation	93	93	95
2395	Total new obligations	-71	-75	-80
2440	Unobligated balances carried forward, end of year	22	18	15
	New budget authority (gross), detail			
	Mandatory			
6026	Appropriation (trust fund, indefinite)	63	71	77
	Change in obligated balances			
7310	Total new obligations	71	75	80
7320	Total outlays (gross)	-71	-75	-80
	Outlays (gross), detail			
8697	Outlays from new mandatory authority	41	71	77
8698	Outlays from mandatory balances	30	4	3
8700	Total outlays (gross)	71	75	80
	Net budget authority and outlays			
8900	Budget authority	63	71	77
9000	Outlays	71	75	80
	Memorandum (non-add) entries			
9201	Total Investments, start of year: Federal securities: Par Value	30	22	22
9202	Total Investments, end of year: Federal securities: Par Value	22	22	22

Note: Table may not add due to rounding.