

Status Report to the Court Number Ten

For the Period
April 1, 2002 to June 30, 2002



August 1, 2002

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I. INTRODUCTION

This 10th Report (Report) to the Court represents the period from April 1, 2002, through June 30, 2002. It contains a review of key Indian trust activities currently being managed within the Department of the Interior (DOI) compiled from each manager's report on his/her accomplishments during this quarter, as well as obstacles that have affected or may affect progress.

This Report is similar to earlier ones. However, there are fewer references to the EDS roadmap tasks as these have been thoroughly discussed in previous Reports. The EDS recommendations are expected to be acted upon and included, insofar as applicable, in the Trust Enterprise Business Plan tasks when the "as-is" business study is complete and the necessary reengineering of the business processes are complete.

Observations by the Secretary are in the Report; the Special Trustee Observations are being submitted separately. The Secretary has personally been involved in trust reform issues through meetings with the Tribal Task Force and reports from many DOI officials. The first-hand knowledge of the Secretary highlights her commitment to trust reform.

DOI has made significant progress in many areas during this reporting period. The Office of Historical Trust Accounting completed its work on a report to Congress outlining a plan to perform a historical accounting for current and past individual Indian account holders. The Report was released to Congress on July 2, 2002. The Tribal Task Force completed a report on alternatives to the proposed Bureau of Indian Trust Asset Management reorganization, which was published in the Federal Register on June 12, 2002. Consensus was reached on establishing a new office of Undersecretary within DOI as a single, accountable executive to be responsible for all matters involving the Department's trust duties to American Indians and Alaska Natives. In addition, substantial progress was made in defining trust responsibility throughout DOI, and establishing an organizational structure to ensure appropriate trust asset management. Office of Indian Trust Transition (OITT) began preliminary work on a training initiative during this reporting period, which, when implemented, will provide a vast array of training opportunities for new and existing employees in DOI relative to trust activities.

Although managers of trust activities write the various sections of the Report, the authors were interviewed by the Director of OITT, representatives from the Department of Justice, the Office of the Special Trustee, the Office of American Indian Trust and the Solicitor's office. In the final analysis, trust reform depends on these managers' skills and performance. Each has submitted his/her report as a fair and accurate representation of his/her work, with concurrence of the appropriate supervisors.

The Secretary's observations include references to the work of the Tribal Task Force and the progress being made at the consultation sessions that are expected to continue through the end of calendar year 2002. In addition to working on the details of reorganization, the

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Task Force is actively engaged in the business process study and the development of the Trust Enterprise Business Plan.

Challenges to trust reform include the recent lack of access to computer systems. Implementing computer security will take a large part of the trust reform budget, but is a necessary expense in order to protect and ensure confidentiality of data for trust beneficiaries. In addition, agency and regional offices continue to have difficulty filling trust related positions. In many instances, training of existing staff and recruitment of new people to perform trust activities will be required to fill new and existing trust positions. These challenges will be met by continued efforts to upgrade computer security, installation of trust systems and by providing adequate training for new and existing employees in the areas of trust asset management.

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II. SECRETARY GALE NORTON'S OBSERVATIONS

Task Force Consultations

During this reporting period, Department of the Interior (DOI) continued a process of building relationships and understanding with trust beneficiaries. DOI's trust reform management team has been working with a task force of 24 tribal leaders selected by their peers from tribal governments throughout the United States.

The Department's commitment to trust reform is reflected in the high-level participation in task force meetings. The Deputy Secretary and many other DOI officials have spent hundreds of hours working with tribal leaders on proposals to address DOI reorganization and future trust asset management. During this reporting period, three major task force meetings and a series of consultation meetings were held throughout Indian country. These sessions have been extremely beneficial for officials within DOI to gain a better understanding of the problems, needs and successes in Indian country. During a day-long consultation session I attended in conjunction with the National Congress of American Indians convention in Bismarck, North Dakota, I heard many speakers favorably address the Task Force process.

DOI officials and tribal government leaders are working through the issues on a true government-to-government basis to seek innovative solutions to some very intractable problems facing both tribes and DOI. At a recent hearing held June 26, 2002, Senate Indian Affairs Committee member Senator Daniel Akaka said:

After all of these years, we are coming to a point where we are putting the best minds together at all levels, beginning from the Executive Branch, here in Congress, as well as the Judicial Branch, to try to bring together a system or a structure that will help the indigenous peoples of the United States.

This level of in-depth dialogue is apparently unprecedented in the history of trust reform. As a result of the discussions and consultation with tribal leadership, we have made progress toward defining an organizational structure within DOI, and reaching agreement on a trust enterprise business plan that will enable the Department to improve its performance as a trustee.

As encouraged as we are about the progress to date, it is also true that the process of reaching agreement has occasionally been agonizingly slow, and it is clear that overnight, quick fixes are unlikely. Our interactions with the Task Force have helped us better understand Indian country's negative reaction to the Department's initial reorganization proposal, which would have created the Bureau of Indian Trust Asset Management. We recognize that change cannot occur if it is widely opposed by Indian country, so we must work hard to craft proposals that will receive support while achieving necessary reform

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goals. In recognition of this need for widespread consensus, I withdrew the Bureau of Trust Asset Management reorganization proposal.

Nevertheless, my office remains committed to changing the way business is done in Indian country and to using the resources Congress provides in the most efficient and effective way possible to carry out our trust duties. It is our hope that the proposals formulated from the collaborative Task Force process will be more widely embraced and more enduring than changes imposed unilaterally.

The results of the initial consultation effort should be reported at a Congressional hearing scheduled for July 30, 2002. The Task Force will recommend that Congress create an Undersecretary position within DOI that will be the focal point for all DOI Indian trust matters, regardless of which bureau or office has responsibility for the particular issue. This would satisfy our managerial need for a single, executive sponsor for trust asset management. In addition, the Task Force has agreed in principle to an office of Trust Accountability that will be responsible for ensuring that individual and tribal trust assets held by the federal government on behalf of individuals and tribes will be managed in a manner that meets the highest level of fiduciary trust responsibility.

The Task Force will continue to review the remaining trust structure, including the difficult issue of regional and agency-level organization. We look forward to our continuing work with tribal leaders to meet the federal government's fiduciary trust responsibilities in the future.

Office of Historical Accounting

I am pleased to report that the Office of Historical Trust Accounting completed a Report to Congress containing a plan for an accounting for all Individual Indian Money accounts. The Report indicates that such an accounting would be very expensive, as much as \$2.4 billion, and would take years to complete. The accounting may require a review of an estimated 500 million documents. At the end of this proposed process, the Department would have provided an accounting for hundreds of thousands of past and current individual account holders.

One important aspect of the Report to Congress is prioritizing the order of performing accountings. Accounts from the electronic era can generally be reconciled more quickly than decades-old paper-based accounts. By addressing electronic data first, the Department may be able to provide accountings for many account holders in the relatively near future. Similarly, by addressing electronic-era accounts with the largest balances and/or throughput in the first phase, the government could more quickly provide accountings most likely to have significant financial impacts for individual Indians.

The Report does not address issues that might limit the scope of an accounting, although it reserves the government's right to review all possible limitations during further

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litigation of this matter. Similarly, it does not propose any limitations that might be considered by Congress. The Report has set forth the overall task, and can form the basis for better-informed consideration of this task by all branches of government.

Trust Enterprise Business Plan

The Director of the Office of Indian Trust Transition continues to work with the tribes to develop a business plan that will be used to guide the efforts of trust reform and implement trust operations for the future. Ultimately, the Trust Enterprise Business Plan will contain the tasks, performance standards, budget, personnel requirements and training requirements necessary to accomplish the objectives.

As part of the plan, DOI is creating an “as-is” business model of trust asset management. As described in more detail elsewhere in this Report, DOI officials, Electronic Data Systems consultants and tribal representatives are engaged in a project to determine existing trust business processes. This involves traveling throughout Indian country to document trust business processes. We expect to complete this effort by the end of this calendar year. It is anticipated that a team of DOI and tribal representatives will then spend several months to create a new model for trust asset management that will be incorporated into the new management structure of DOI.

Conclusion

We continue to deal with difficult management issues such as computer security and records management. Our efforts this quarter to address these and other issues are described in this report.

I continue to be hopeful that the tribal/DOI consultations will lead us in the right direction for trust reform and future trust operations. It is a historic effort. I commend the tribal leaders, as well as the DOI officials, for their continuing progress. There have been a lot of false starts in the road to trust asset management reform, however, I believe that our efforts to work more closely with beneficiaries, as represented by tribal leaders, put us on the right road.

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III. DEPARTMENT OF THE INTERIOR

A. INFORMATION TECHNOLOGY

Introduction

The Bureau of Indian Affairs, the Office of the Special Trustee and, to a lesser extent, other agencies of the Department rely upon information technology systems to fulfill the trust duties to Native Americans pursuant to the American Indian Trust Fund Management Reform Act of 1994 (P.L. No. 103-412), along with other applicable statutes, regulations and Court orders. These information technology systems store important information (e.g., land ownership records, interests in monetary accounts, lease payment information, records of cash disbursements, etc.) or provide various computing capabilities, including functions critical to the proper administration of the trust.

Recent reviews have documented extensive weaknesses in the security measures associated with the information technology systems housing or providing access to individual Indian trust data (IITD). Extensive effort and a long-term commitment are required to achieve compliance with the security provisions of Office of Management and Budget (OMB) Circular A-130, Appendix III.

As has already been reported to the Court, a large number of security weaknesses have been identified. On November 14, 2001, the Special Master detailed many of those weaknesses in his report entitled, **REPORT AND RECOMMENDATION OF THE SPECIAL MASTER REGARDING THE SECURITY OF TRUST DATA AT THE DEPARTMENT OF INTERIOR.**¹ The Department has catalogued the findings and recommendations cited in the Special Master's report, along with those found in other, similar reports.

In addition, the Department received two reports specifically focusing on the evaluation of information technology security measures associated with Indian trust systems. The first report was from SRA International, Inc., (SRA) entitled **ADOI Initial Risk Assessment for Indian Trust Management (ITM) Systems, January 18, 2002.**² This report provided a systems level review of the information technology systems that support the Indian trust program. The second report, requested by the Department and OMB, engaged the National Institute of Standards and Technology's (NIST) Computer Security Expert Assist Team (CSEAT) to conduct an independent high-risk program review of the Indian Trust Management (ITM) information technology security program. The initial report from the NIST study, entitled **Indian Trust Management - CSEAT High Risk Program Review Draft Report, April 1, 2002,**³ provides another perspective regarding the significant management challenges in this program area. Both of these reports provide extensive commentary on the weaknesses to be found in the current IT environment involving Indian trust systems.

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The key observations found in each of these reports are being catalogued in a Findings and Recommendations Database. Work is being done to eliminate redundant observations made in separate reports, to separate items that are no longer relevant (e.g., systems changes, equipment replacements, process changes, etc.) and to note instances where findings or recommendations have been successfully addressed. The Department plans to subdivide the residual list into thematic groups and then to prioritize the list of remaining issues so that the affected information technology management and staff can focus clearly on remediation efforts. Additional information on the Findings and Recommendations Database is provided in the following sections of this report: Obtaining Expert Assistance - Security Contract, Security Analysis Support and the Compiling a "Findings and Recommendations" Database.

From the perspective of a cause/effect model, on December 5, 2001, the effect of these accumulated IT security weaknesses resulted in a Temporary Restraining Order (TRO) that required DOI to immediately disconnect from the Internet all information technology systems that house or provide access to IITD and to immediately disconnect from the Internet all computers within the custody and control of the Department of Interior, its employees and contractors that have access to IITD.

Subsequently, on December 17, 2001, the Court entered a Consent Order Regarding Information Technology Security (Consent Order). Among other things, the Consent Order provides the terms and conditions upon which the Department may seek the concurrence of the Special Master to restore connections to the Internet. A key component of the process involves providing documentation to the Special Master that identifies which information technology systems house or provide access to IITD.

For the purposes of this report and consistent with the definition included in the Consent Order, the term information technology system refers to any equipment or interconnected system or subsystem of equipment, that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information, including computers, ancillary equipment, software, firmware, and similar procedures, services (including support services) and related sources.

For the purposes of this section of the report and consistent with the definition included in the Consent Order, the term IITD refers to all data stored in an information technology system upon which the Government must rely to fulfill its trust duties to Native Americans pursuant to the Trust Fund Management Reform Act of 1994 (P.L. No. 103-412), other applicable statutes and orders of this Court reflecting, for example:

The existence of individual Indian trust assets (e.g., as derived from ownership data, trust patents, plot descriptions, surveys jacket files, statement of accounts);

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The collection of income from individual Indian trust assets (e.g., as derived from deposit tickets, journal vouchers, schedule of collections);

Use or management of individual Indian trust assets (e.g., as derived from leases, sales, rights-of-way, investment reports, production reports, sales contracts); or

The disbursement of individual Indian trust assets (e.g., as derived from transaction ledgers, check registers, transaction registers, or lists of canceled or undelivered checks).@

IITD resides on information technology systems located within several DOI Bureaus and Offices. These systems exist on a variety of communications networks and hardware and software platforms and are of varying states of functionality.

For the Department overall, relatively few information technology systems contained IITD. Results from a broad systems certification process conducted in January - February 2002 indicate that approximately ninety-four percent (94%) of the Department's information technology systems did not house IITD. In some Bureaus or Offices, a few systems were identified that contain IITD, and efforts were made to isolate or reconfigure those systems to ensure that security considerations were addressed. Generally, proposals to reconnect to the Internet or resume operations (where systems were turned off as a result of the TRO) have been presented to and received the concurrence (final or preliminary) of the Special Master.

The remaining six percent (6%) of the information technology systems serving agencies or offices identified as having IITD are, in large part, not connected to the Internet. The majority of the systems supporting the Bureau of Indian Affairs and the Office of Special Trustee (which is operating within BIA's network) are not connected to the Internet. The Office of Hearings and Appeals and the Office of the Solicitor remain disconnected as well.

Current Status

During the reporting period (April 1, 2002 through June 30, 2002), the Department has been working closely with the Special Master on a variety of information technology systems security related matters. The Department has cooperated in the investigations conducted by the Special Master's experts, and the Department has taken actions to improve computer system security when potential weaknesses are identified. The relative security and integrity of the Departmental computer systems is improving. Some of the more noteworthy information technology systems related activities include:

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PURSuing CONCURRENCE TO OPERATE SYSTEMS OR RECONNECT TO THE INTERNET

During the first quarter, eighty-nine percent (89%) of the Department's information technology systems were reconnected to the Internet. The majority of these systems did not house IITD. A structured approach was developed and executed by the Bureaus to identify systems with IITD, and isolate or secure those specific systems. Bureaus then prepared proposals to reconnect or resume operations of their systems (Trust, non-trust, or both), for the Associate Deputy Secretary's approval. These proposals were used to assist DOJ in the preparation of documents to submit to the Special Master for his review and concurrence.

The process continued throughout this quarter, increasing the number of systems reconnected to the Internet or operational to approximately ninety-four percent (94%).

The following Bureaus or Offices received concurrence from the Special Master:
NBC Denver **B** Preliminary Approval to Reconnect
NBC Washington **B** Preliminary Approval to Reconnect

The following individual systems received concurrence from the Special Master:
BIA Stand-alone Fire PCs **B** Preliminary Approval to Reconnect
BIA TAAMS **B** Preliminary Approval to Operate
BIA IRMS **B** Preliminary Approval to Operate
BIA NIIMS **B** Preliminary Approval to Operate

The following proposals are under review by the Special Master:
BIA ADark@Systems (systems that were powered down to ensure compliance with the TRO)
MMS State and Tribal Royalty Audit Committee (STRAC) sites

The following proposals are under review by the Associate Deputy Secretary:
BIA Administrative PCs
BIA request for temporary reconnection for testing
BOR Trust Systems
FWS Trust Systems
OST Ideas Server
SOL request for temporary reconnection for testing
OHA request for temporary reconnection for testing

MAKING LEASING PAYMENTS TO INDIVIDUAL INDIANS

The Department placed a high priority upon employing systems needed to effect general assistance and leasing payments to individual Indians. By the Special Master's concurrence (March 20, 2002) with the Department's proposal to

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reconnect the Minerals Management Service (MMS) to the Internet, the processing of onshore mineral leasing payments recommenced. MMS pursued the processing of individual Indian mineral payments as its highest priority. At the end of the reporting period, MMS had processed successfully the preponderance of the backlogged payments, resulting in the recoupment of most of the estimated oil and gas payments made to individual Indians earlier this year and forwarding checks or making deposits to individual Indians for amounts exceeding the recoupment. Information regarding payments to individual Indians has been provided to the Special Master separately. At the end of the reporting period, the backlog of leasing funds distribution had been substantially addressed.

OBTAINING EXPERT ASSISTANCE- SECURITY CONTRACT

On April 29, 2002, the Department awarded a comprehensive information technology security contract for the purpose of expanding DOI's existing contracted security support, to conduct site visits to validate security improvements prior to Internet reconnection, to provide enhanced Departmental and Bureau security consulting, security assessment and engineering, security validation, security analysis, and security program support. This contract vehicle will assist the Department in developing a consistent approach to secure systems in BIA, OST, OHTA, and other Bureaus for Internet reconnection, as well as establish a methodology for reaching OMB A-130 certification for information technology systems. The following services are available under this contract:

Security Consulting Support B Direct support to the Associate Deputy Secretary, Chief Information Office and Bureau Chief Information Officers to identify strategic and programmatic security priorities;

Security Assessment & Engineering Support B BIA and OST each have a team of dedicated security experts for assessing IT security strengths and weaknesses, developing a gap analysis and work-off plan, developing Standard Technology Implementation Guides (STIGs) and security policies, implementing security improvements, and evaluating whether security improvements have reached the designated standard. This assessment is performed throughout the Bureau's information technology infrastructure, evaluating, testing and updating security standards for wide area networks, local area networks, servers, applications and desktops;

Security Validation Support B Formerly known as the Independent Verification & Validation (IV&V) work during the first quarter 2002, Security Validation remains a critical component in the process to reconnect the Department's systems to the Internet. This dedicated team of Information Assurance Network and Systems Specialists travels to as many as four DOI sites each week, meeting with the Special Master's

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security specialists, DOJ representatives and DOI personnel to perform validation tests and to assist with vulnerabilities and findings identified from the validation testing. During this period, there have been over 30 site visits to bureaus and offices throughout the United States;

Security Analysis Support B This task supports the on-going work to catalogue and group the large number of security weaknesses that were identified by the Special Master and other government reports, as referenced in the Introduction and Compiling a "Findings and Recommendations" Database sections of this report. Two Information Assurance Network Specialists are dedicated to this effort. They analyze the security findings, categorize them into thematic groups using the NIST standards, and identify inherent risk levels of each finding. A functional database will be created so new findings from the Security Validation site visits and recent audit reports can be added, and the findings can be easily sorted into reports by bureau, thematic groups, risk level, or status (open/closed);

Security Program Support B This task supports the Department's efforts to create a sound security strategy for reaching OMB A-130, Appendix III compliance. A proven, tested approach will be identified and presented to the Department. Training will be provided to Senior Management, CIO's and Information Technology Security personnel responsible for achieving and maintaining a high level of security compliance over the next two quarters.

DEFINING AND IMPLEMENTING SECURITY IMPROVEMENTS

Planning Efforts

On April 15^{B18}, 2002, the Department held a TrustNet Workshop in Denver, Colorado, with representatives from BIA, OST, BLM, BOR, MMS, OHA, CIO and contractors from the CIO Architecture office and the Department's security contract. The group reached consensus that a BIA specific project plan to improve information technology security in the short term was its highest priority. A high-level security hardening plan for reconnection to the Internet was developed with the input from all participants, including lessons learned from BLM and BOR, who provided insights from their security validation site visits from the Special Master. The workshop concluded with identifying constraints, critical path items, assumptions and immediate issues/decisions to be made.

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Departmental IT Security Program

On April 15, 2002, the Department CIO Security Officer published the Information Technology Security Plan and distributed it throughout the Department.

On April 15, 2002, the Department CIO Security Officer published a revised Departmental Manual, DM-375, Chapter 19, IT Security. This manual chapter was rewritten based on the NIST SP 826 "Security Self Assessment Guide for IT Systems."

On June 24, 2002, the Department CIO Security Office's DOI IT Security Team, Hardening Sub-Committee, submitted the draft Guidelines for Hardening of Information Technology Systems to DOI CIO's for final review.

In June, 2002, the Department CIO Security Office developed and distributed an IT Security Awareness Brochure to all employees in the Main Interior Building and South Interior Building in Washington, DC. Over 20,000 additional brochures are being printed, customized for each Bureau, for distribution beginning in July 2002.

Beginning in May 2002, the Department CIO launched a General End User IT Security Training Program highlighting key security procedures and requirements outlined in the revised DM 375, Chapter 19. Approximately 43,949 DOI employees have completed this training as of July 23, 2002. This training was accessed from the employees web browser and completed on-line. BIA and OST employees, currently disconnected from the Internet, accessed the training via the BIA internal network.

BIA Security Improvements

BIA has dedicated a Project Manager to its Internet Reconnection Project.

The Internet Reconnection Project Management Plan was completed on June 10, 2002. This plan will initiate security assessments throughout BIA to review physical, network and applications security capabilities. Many of these issues were previously addressed in the BIA, OIRM section of the Status Report to the Court.

Two dedicated Information Assurance Systems and Network Specialists (contract personnel) provided support to BIA in the following areas:

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Reviewed documentation from BIA regarding the deployment of a Norton Antivirus definitions server, which will be fielded at regional offices and used to provide the agencies with daily updates to their antivirus software;

Reviewed BIA's Internet Reconnection Proposal summary;

Discussed with BIA what Security Technical Implementation Guides (STIGs) should be produced;

Developing a desktop STIG for Windows 2000 machines and a network STIG for CISCO routers;

In addition, BIA reports the following items:

BIA OIRM staff continues to develop the Continuity of Operations Plan for OIRM;

BIA OIRM Acting Director has established a policy to ensure access control lists to secured office space will have periodic reviews;

Sixty-five percent (65%) of the bureau employees have completed the Departmental on-line security training program.

OST Security Improvements

OST assigned a Project Manager to seek Internet Reconnection.

OST requested contract support to identify potential security risks and threats utilizing NIST SP 800-26 to evaluate security practices, run the NESSUS scanning tool to evaluate and baseline the network security, develop a work-off plan for Internet reconnection, develop a security plan and train security personnel to perform a work-off plan and configure security devices.

Two dedicated Information Assurance Systems and Network Specialists (contract personnel) provided support to OST in the following areas:

Conducted initial site visit to OTFM in Albuquerque, NM;

Collected data, policies, network diagrams, and documented initial security findings;

Performed initial security evaluation of OTFM's network;

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Produced a work-off plan and submitted to the acting OST CIO on June 24, 2002;

Drafted initial set of security policies.

OHA Security Improvements

On June 10, 2002, OHA submitted its proposal to the Special Master for reconnection to the Internet. The Department has asked the Special Master to set it aside after it was submitted because a security degradation was created while running security scanning tools on the firewall. The firewall software was reloaded immediately.

COMPILING A FINDINGS AND RECOMMENDATIONS® DATABASE

BIA assigned a Project Manager for the Audit Findings and Recommendations Database Project. Beginning this quarter, two contract Information Assurance Network Specialists have been working on this effort and assigned the following tasks:

Review and categorize the audit findings database using NIST Principles and Practices for Securing IT Systems as guidance;

Enter additional findings from the SRA Risk Assessment Report and the NIST CSEAT Indian Trust Management Draft Report;

Convert the Microsoft Excel file to Microsoft Access and develop a menu-driven interface for audit record additions, extractions, sorting, reporting and administratively controlled editing of audit findings;

Develop a work plan to close findings grouped into NIST SP 800-14 categories;

Formalize the reporting and communications loop through the Department to close the existing body of findings, and track future findings to resolution. This includes generating management reports and leading workgroups with bureaus to develop a work plan for closing the existing body of findings.

The following tasks have been completed during this period:

All CSEAT (Draft), SRA, and recent OIG financial audit findings have been added to the database, and source documents were compared to the database records to ensure all key findings are included;

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NIST standards relevant to the handling of findings were reviewed, and the analysis and categorization are underway for the recently added CSEAT (Draft), SRA and OIG findings;

Database structure and design were analyzed to create a management tracking and reporting tool, and to streamline the input of new findings from Security Validation site visits;

A preliminary set of the Special Master's findings was distributed to Bureau CIOs to confirm the open or closed status of each finding;

Specific reports for OST and BIA were created.

PURSUING COMPLIANCE WITH OMB CIRCULAR A-130, APPENDIX III

The Consent Order includes a commitment to improve the security of information technology systems housing or providing access to individual Indian trust systems as needed to achieve compliance with OMB Circular A-130, Appendix III. The Department is continuing its efforts to develop a long-range strategic plan to achieve A-130, Appendix III, compliance. As a result of the certification process, approximately 16 separate trust or IITD application systems (comprising about 80 affiliated modules) have been identified. The relative difficulties of achieving OMB Circular A-130, Appendix III, accreditation will vary significantly from system to system.

Multi-disciplinary teams, involving both Departmental and agency employees, along with technical contractors, have been evaluating the requirements of OMB Circular A-130, Appendix III, and the status of the Department's trust or IITD systems. The teams are developing a list of tasks that will require completion prior to system accreditation. The Department has been given the goal of achieving OMB Circular A-130, Appendix III, compliance, for systems housing IITD, by December 31, 2005. That target date reflects various influences associated with the length of time anticipated to delineate clearly the organizational structure to be served, the time needed to receive the "business process" evaluation being conducted by Electronic Data Systems (EDS), the deliberations of the technical teams, the observations made by the National Institute of Standards and Technology (NIST) CSEAT draft report, funding commitments and expectations, and the short-term priority to improve the security of BIA's systems.

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COMPUTER AND BUSINESS SYSTEMS ARCHITECTURE

Whereas the blueprint for Trust Architecture, as described in the HLIP, is a component of the Department's overall architecture plan, future progress on this initiative, previously designated as a breach, will be addressed in the Information Technology Security section.

On August 14, 2001, the first phase of the Computer and Business Systems Architecture project was completed. This phase required development of a high level blueprint for defining and mapping Trust business processes from existing procedures and information technology systems. This blueprint, built using the Enterprise Architecture Planning (EAP) as the methodology, included a set of recommended actions.

Also underway is the Department's detailed Trust business process modeling being completed by EDS. This study creates the detail level of business process mapping recommended by the August 14, 2001 blueprint. The modeling study has an expected completion date of December 2002. The architecture project team will work in coordination with the Departments business process modeling team to update the 2001 architecture and recommendations, as well as adding detail to the Trust Architecture blueprint.

Additional work in this reporting quarter focused on supporting the initiative to build a secure and scalable communications network for Trust operations. Work is almost completed in developing the technical design, business case and associated budgetary documents resulting from the capital planning process. The architectural review of the communications network backbone was completed and the Trust Architecture Group observed that it was in compliance with the Department's Technical Reference Model.

Recruitment actions for two Trust Architect positions are nearing selection. The list of eligible employees has been reviewed by the Department CIO Architect, and forwarded to the BIA CIO. In addition to government staff, work was initiated to acquire the services of two commercial architectural professionals, with the task of assisting BIA with the development and implementation of the BIA Trust architectural program.

Documentation and planning initiatives to begin a formal Trust architectural program within the Department were initiated this quarter. The Trust Architecture Work Plan was completed and this product provides a description of recommended architectural projects to improve services from existing Trust applications. In addition, work was initiated on the Trust architectural

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governance structure, communications outreach plan, and Trust Information Resource Catalog Update that is critical for compliance with OMB Circular A130.

OBTAINING KEY INFORMATION TECHNOLOGY SYSTEMS PERSONNEL

Key positions contributing to the success of the Internet Reconnection and trust systems security improvement efforts have been filled:

Departmental CIO - Hord Tipton (on detail pending a permanent selection, filling vacancy left by Daryl White)

Department IT Security Officer - Roger Mahach

BIA Chief Information Officer - Brian Burns

Department IT Trust Security Officer - Stewart Mitchell

Key positions in process of being filled:

Departmental Trust Architect - Two positions

TRUST INFORMATION TECHNOLOGY BUDGET

To enable meaningful work to continue, the Department sought and received approval by OMB and Congress to reprogram approximately \$12 million for the purposes of improving the security of information technology systems associated with DOI's trust program. During the balance of FY 2002, the funding will permit the Department to invest in additional security measures, principally for BIA, to conduct ongoing Security Validation work in cooperation with the Special Master and to continue efforts to plan for and take steps towards OMB Circular A-130 compliance.

The Department is currently working with Congressional Appropriation Committees regarding FY 2003 funding requirements.

Department is currently evaluating funding requirements for FY 2004.

DEVELOPING A MORE DETAILED DEFINITION OF TRUST RECORDS

The Department is taking the initiative to develop more detailed definitions of trust responsibility, trust records, and trust data. The Department has worked with BIA and OST to build a definition grounded in the Restatement (Second) of Trusts. Initial efforts have been evaluated by our Solicitor's office. The next step is to develop a process flow check list that Department employees can use to determine if the information they have qualifies as trust data.

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Delays/Obstacles

There are many challenges to be addressed in the area of information technology systems security and integrity. The shortcomings and failures of the overall system are well documented. A host of prior reports from government institutions, private contractors, and, most recently, the Special Master, SRA and NIST have pointed out in great detail the security weaknesses (e.g., lack of firewalls, intrusion detection, active log monitoring, etc.) of the systems housing IITD. These documents have been provided to the Court, before and during this reporting period.

There are obstacles or impediments to achieving acceptable information technology systems improvements. For example:

Acceptable standards for information technology systems security need to be articulated and the standards need to be realistic. The Department is committed to achieving compliance with OMB Circular A-130, Appendix III. In the short term, for systems containing IITD, expectations need to be clarified regarding acceptable security measures that will permit the Department to undertake its critical work. In the long term, the negotiated systems security standard must balance the relative risks of providing access to the system against the need to conduct trust business processes. The Department is currently delineating a standard and a process for achieving A-130 compliance.

Past views within the Department (and the Federal government, in general) have not led to the development of a robust information technology systems security infrastructure. Current security measures were designed to support traditional government programs, where openness with the public was accepted. Substantial efforts will be required to establish a solid, stable, dynamic and secure infrastructure designed to meet a new, robust set of requirements for trust reform and trust assets management. The Department, in conjunction with the Special Master, has been reviewing the relative security of trust-related information technology systems and making improvements where needed.

Employee litigation fears are undermining creativity and decision making. As noted in the ninth report to the Court, the NIST CSEAT team reported that, **A**The current litigation is having a negative impact on employee performance. The employees who were interviewed by CSEAT appear to be trying to do the best job they can, but many stated that they are afraid to do anything for fear of being named in the lawsuit. A lack of action appears to go unnoticed, whereas well intentioned actions appear to be penalized. This has resulted in behaviors that are unproductive and sometimes counter productive.”

Generally, the quantity and quality of information system technical leadership and support staff are insufficient. The Department and BIA are

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seeking to add technical leadership and support staff. The Department has placed Hord Tipton (CIO, Bureau of Land Management) on detail as the Acting CIO for the Department. The Bureau of Indian Affairs has hired Brian Burns (formerly Deputy CIO, Department of Health & Human Services) as its new CIO. The Department is seeking other qualified individuals to assist in improving its trust-related information technology systems operations. The lack of sufficient staffing will likely adversely impact the pace and quality of improvement efforts.

The government (e.g. DOI, OMB, Congress, etc.) needs to evaluate current funding requirements. Making material improvements in the current status of information technology system security will likely require additional funding. The Department sought and received approval from Congress to reprogram approximately \$12 million in funds to improve information technology security. The Department is working with Congress to address its funding requirements for FY 2003. In addition, the Department is preparing funding requests for FY 2004.

Trust-related systems are not integrated within the Department. The variety of systems identified within the Department are operated on various communications networks, on different hardware/software platforms and with different database configurations and varied security approaches. The Department has undertaken a general evaluation of these systems and is taking the initial steps to develop a Department-wide trust systems architecture.

Inadequate resources and training to implement a comprehensive security program for trust-related systems. In some cases, needed policies and procedures have not been developed or adopted by the Department, Bureaus and Offices. In others, the policies and procedures have been adopted, but insufficiently implemented. The Department is evaluating its commitment to improve information technology security measures and plans to prioritize needed improvements in providing staff direction, training, and funding requests.

Computer systems specifications need to be reconciled against the multiple requirements contained in applicable statutes, regulations, Court Orders, treaties, investigations, and Congressional budget directives.

OMB has directed the Department to adopt an Enterprise architecture plan. Funding for trust system security improvements may be subordinate to receiving OMB's approval of the architecture plan. Therefore, the schedule to implement trust-related initiatives is subject to OMB concurrence, which may impact schedules and resource availability.

The reliability, quality and structure of the relevant application systems and the data contained therein has been questioned. The ability to accomplish business process standardization is important and unknown. The degree to which

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trust-related information technology systems can be consolidated or integrated will influence the design of security measures and its overall effectiveness.

In the short term, the Department, and its associated security experts, are taking steps to address these issues, as a part of the efforts being undertaken to improve the security of individual Indian systems. In the longer term, the Department will be addressing these issues in more detail as a part of its efforts to achieve compliance with OMB Circular A-130.

Assurance Statement

The information provided in this section of the 10th Report to the Court is accurate to the best of my knowledge and belief.

Date: August 1, 2002
Name: *Signature on file*
James E. Cason
Associate Deputy Secretary

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B. CADASTRAL SURVEY

Introduction

A cadastral survey is a land survey of sufficient scale to show the extent and measurement of property boundaries. A cadastral survey as performed by the Bureau of Land Management (BLM) is used to identify accurately land boundaries and to maintain the related survey records for all public and tribal lands. These surveys require detailed investigations of the history of land use and occupancy, legal document research and correlating on-the-ground, physical surveys with legal documents. A cadastral map or plat shows and records property boundaries, subdivisional lines, buildings and related details. The requirement for the BLM to survey Indian lands is codified in 25 U.S.C. § 176.

The BLM and Bureau of Indian Affairs (BIA) conducted general inventories of cadastral survey needs on Indian lands in 2001. These inventories identified \$60 million in unmet, short-term needs for these surveys and another \$51 million in projected needs. These projected needs were an estimate based on the age of existing surveys and inadequate monumentation. These identified needs focused interest on the performance of these surveys and related topics, such as the survey measurement based Cadastral Geographic Information System (GIS) like the “Yakama Model.” This model fully integrates land and survey records in a functional GIS.

Accomplishments and Completions

Training Course, “Land Tenure in Indian Country:” This training course was originally developed for BLM and U.S. Forest Service (USFS) realty specialists, cadastral surveyors, appraisers and other land tenure specialists to help in broadening the cross cutting issues facing these specialists and agencies. It has been redesigned for use in Indian country to improve efficiencies in addressing survey and land tenure issues through better communication. The design committee met the week of May 13, 2002, and completed course design. The instructors have been selected, contacted, and scheduled for the course. A new instructor’s seminar was held June 3-7, 2002, at the BLM National Training Center (NTC) for the selected instructors. An instructor’s cadre meeting was held June 18-20, 2002, at NTC to coordinate and refine the course content and delivery. Also, an abbreviated instructor's training session was conducted for instructors who missed the formal session. The pilot class is scheduled for September 16-19, 2002, at the Tamastlikt Cultural Institute, Umatilla Indian Reservation, Pendleton, Oregon. A cross-section of BIA, Tribal, and BLM employees will attend. This training provides an awareness of alternatives to surveys and other problem solving techniques.

Inventory of Survey Needs/Automated Cadastral Survey Request and Database:
The general inventory of 2001 identified \$60 million in immediate cadastral surveys

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needs and \$51 million in projected needs. This general inventory of needs is for all of Indian country and does not distinguish between IIM allotments and Tribal lands. It also lacked specific parcel information. The general inventory did not prioritize the identified work nor allow for programmatic execution of the surveys. An automated request system and database for BIA and the Tribes are being developed to refine the inventory and gather the necessary prioritization information. Pilot development of that system is underway in the BLM Oregon State Office. On June 11, 2002, the BLM's Information Technology Investment Board approved development of the automated system for nationwide use. The first delivery for the system, the automated request module, will be ready for use in July 2002. This module will aid in the collection of the in-depth information on trust related cadastral survey requests called for in the BLM Information Bulletin 2002-080, dated April 10, 2002. A similar memo is planned for distribution in the BIA pending further definition on the criteria for survey need prioritization. Based on the information collected, a nationwide BIA inventory of needs and plans for future accomplishments is planned for a May 2003 completion date. During this quarter, planning began on a National Strategic Plan for priority survey completion. Currently, Oregon and Washington of the Northwest region have committed to begin data collection and to have the initial inventory by October 2002. Collection has also begun in the Rocky Mountain Regions.

Office of Historical Trust Accounting Pilot: Field work for the Office of Historical Trust Accounting Cadastral Survey Pilot on acreage errors, legal description errors, and location errors is underway to determine the need for surveys in the IIM historical accounting project. A report is expected to be delivered to OHTA by August 2002.

Current Status

Update on Issues: Report to the Court Number Nine, May 1, 2002

Expansion of Cadastral GIS Model, "Yakama Model": This model was developed by BLM and the Yakama Tribe in a unique partnership. The BLM supplied the expertise of a land surveyor and the tribe supplied a Geographic Information System specialist to develop the system. This model utilizes a GIS system to interrelate different local and regional Trust land-use functional requirements in a single system, which can be integrated with Trust-wide or other Department of the Interior (DOI) agency systems. The project combines the cadastral (land) information from the state, county, BIA and Tribe into a parcel (allotment) level database. Seed funding from BLM has been supplied for a needs evaluation on the Umatilla reservation and is expected to be accomplished by December 31, 2002. The Ute Mountain Ute, Fort Hall and Coeur d' Alene tribes have also expressed interest to BLM in establishing a system which fully integrates land and survey records similar to the Yakama Model.

Workforce Issues: The plans for replacing the BLM's depleting workforce of land surveyors have been presented to BLM management. BLM has made this a high priority

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and a model for other occupational series. This is necessary as approximately 50% of the current land surveyors are eligible for retirement by 2008. A viable workforce is an issue for meeting the short-term survey needs. A viable workforce will be a critical issue for meeting the long term needs. A recruitment and outreach position has been proposed by the Cadastral Survey Program to direct efforts associated with these workforce issues but has not been approved within BLM. This position would direct the recruitment efforts, promote partnerships with two-year and four-year colleges and universities, be the focus of an initiative to promote Cadastral career opportunities in Indian country, and promote Cadastral partnerships with state, county and tribal governments.

Competitive Sourcing Options: Outsourcing of the non-inherently governmental aspects of surveying will help alleviate some of the workforce issues. The proposed Cadastral Competitive Sourcing Director position has not been approved within BLM but does meet the President's Management Objectives. This position would direct the contracting efforts, promote the BLM cadastral survey training for private surveyors to ensure competency and quality, and maintain a cadre of commercial surveyors for Indian surveys. This position is key to developing competitive sourcing options as the BLM state offices deal with workforce issues.

Indian Trust Land Survey Policy: After an internal review, the draft DOI Indian Trust Land Survey Policy is under revision. This policy would increase efficiencies in land transactions and boundary issues by establishing requirements for cadastral surveys. This policy is scheduled for departmental review by December 2002. After compilation of internal comments and revisions, a public review period should be completed no later than September 2003.

New Issues

Cadastral Indian Project Manager Position: Approval has been received for a new position, Cadastral Indian Project Manager. This position would oversee the production of ongoing and immediate survey needs for Indian trust and Tribal lands. This position would also coordinate between key Tribal, BIA and BLM groups and develop a long-term strategic plan to meet critical survey needs.

Training for Survey Technicians: Fort Peck Community College, an Indian college in Montana, is offering a survey technology curriculum in the fall of 2002 and has hired a surveying instructor. Discussions are underway with this community college to encourage all students who complete this program to enter four-year colleges and universities with surveying programs. A four-year curriculum is required to qualify as a land surveyor. The BLM currently has an internship/assistance agreement with the Oregon Institute of Technology, a four-year institution with an accredited surveying engineering program. The BLM plans to expand these agreements to other accredited universities and assist community colleges in survey activities. These educational

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activities will promote surveying in Indian Country and help the BLM in meeting its workforce needs.

Pilot Study of Risk Assessment for Surveys: The Office of Trust Risk Management (OTRM) will conduct a pilot study of trust surveys performed in Idaho. OTRM has a draft workflow of a Cadastral Survey with identified risks. The pilot will focus risks associated with funding, process and priority setting. Also, OTRM will identify risks of not performing surveys for various trust activities. BLM has provided subject matter experts to help the OTRM contractor develop the work process flow charts, management control review questions, risk management plan database, and OTRM program review requirements.

Delays/Obstacles

None.

Assurance Statement

I concur with the content of the information contained in the 10th Report to the Court in reference to Cadastral Survey. The information provided in this section is accurate to the best of my knowledge.

Date: August 1, 2002

Name: Signature on File
James Hughes

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C. MINERALS MANAGEMENT SERVICE

Introduction

The Minerals Management Service (MMS), Minerals Revenue Management (MRM) is responsible for collecting, accounting for, and distributing mineral revenues from both Federal and Indian mineral leases and for evaluating industry compliance with laws, regulations, and lease terms. MRM conducts its business processes, maintains reported information, and distributes revenues at the lease level. BIA uses the ownership records it maintains to allocate the revenues to the individual Indian level. MMS does not maintain information at the individual Indian mineral beneficiary level.

Accomplishments and Completions

MRM completed implementation of the major elements of the reengineered system on November 1, 2001 and, since that time, has continued to phase in the less time critical modules. During this reporting period, MRM implemented the Major Portion and Dual Accounting Modules and the Production Module. MMS had previously planned to complete the Exception Processing Module during this reporting period, but was delayed due to the recovery efforts associated with the system shutdown of December 2001. MMS expects to complete acceptance testing and implementation of the Exception Processing Module during the next reporting period. At that point, the MRM Systems Reengineering Project will be complete.

During the system shutdown, MMS was unable to process mineral revenue reports related to Indian or Federal leases. After the systems were reactivated in March 2002 MMS placed its priority on processing individual Indian mineral revenue reports so that it could produce distribution files to BIA. During the system shutdown from December 2001 to March 19, 2002, MRM collected \$5.4 million. Through this reporting period, MRM has provided data to BIA to disburse \$5.2 million of these collections.

Implemented Major Portion and Dual Accounting Modules. These modules help MMS ensure that companies comply with valuation provisions of Indian lease terms.

Implemented Production Module. The Production Module covers lease production (volume) reporting, as contrasted with royalty reporting, which is based on sales.

Current Status

Following is a recap of the steps remaining in this activity:

- Implement Exception Processing Module. This post-processing module will compare various aspects of royalty reports to identify erroneous reporting and underpayments (Revised Estimate – September 30, 2002)

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- Three additional recommendations were added to this activity as a result of the EDS Report on Trust Reform:
 - Establish Ongoing Application Change Control Procedures to document how software enhancements and modifications are approved and implemented in the steady state environment – (March 31, 2003)
 - Resolve Information Exchange Issues between MMS and all (DOI) Systems. These procedures will document information exchange procedures and contain executed service level agreements among MMS, BLM, OTFM, and BIA – (Date to be determined)
 - Establish Procedures Regarding Royalties Disbursement. These procedures will document royalty disbursement procedures and contain executed service level agreements between MMS and BIA – (Date to be determined)

Delays/Obstacles

Because of the recovery efforts associated with the system shutdown, the implementation of the Exception Processing Module was delayed from June 30, 2002, as reported in the previous report, to September 30, 2002.

Assurance Statement

I concur with the content of the information contained in this project manager report, set forth above. The information in those sections is accurate to the best of my knowledge.

Date: August 1, 2002

Phil Sykora
Manager, Information Technology Center
Minerals Management Service,
Minerals Revenue Management

Signature on File

Signature

D. WORKFORCE PLANNING

Introduction

Workforce planning (WFP) is a comprehensive process that provides managers with a framework for making staffing decisions based on an organization's mission, strategic plan, budgetary resources, and the associated skills needed to accomplish mission tasks now and in the future. Indian trust management workforce planning is underway in the DOI and involves a comprehensive process of assessing: current workload, current program efficiencies and gaps, future work and skill gaps together with options for addressing future workforce needs. This planning process is a large undertaking that requires significant top-down leadership and focus on field activity level personnel who actually know about the work being performed. Trust organizations are being asked to combine budget, program performance, and workforce priorities into a cohesive strategy that is useful for human resources planning as well as for budget justifications.

Accomplishments and Completions

- **A new Indian Trust Human Resources (HR) Advisor (Project Manager) was appointed on June 2, 2002.** Cross training is underway to transfer historical knowledge associated with the WFP project to the new Advisor.
- **The Department secured Workforce Planning Training for trust management supervisors and technical advisors.** The Department of the Interior University (DOIU) and Office of Personnel Policy of the DOI staff jointly worked with a contractor to complete development of two WFP training courses to serve both the needs of those responsible for creating and implementing workforce plans and the HR community. The first is a one-day overview course for managers and supervisors, and the second is a more detailed, "how-to" three-day version that will guide practitioners (advisors to the managers) through the actual creation of workforce plans. Scheduling is underway to train all Superintendents and other managerial staff from the Bureau of Indian Affairs. These one-day sessions will be followed during the summer and fall of 2002 by sessions tailored to practitioners. Both courses coincide with the Department's Personnel Bulletin Number 02-03, "Workforce, Staffing, and Individual Development Planning for Trust Management Activities," dated October 31, 2001.

Current Status

- **DOI Bureaus are to develop Workforce Plans by September 30, 2003.** To assist trust managers in developing their workforce plans, during this quarter we focused on securing WFP training for managers and advisors. As discussed above, the WFP training is now available and appropriate trust management staffs

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are being scheduled to attend training sessions during the summer and fall of 2002. The business process reengineering under the DOI Indian Trust Enterprise Business Plan could affect the WFP skills analysis and planning decisions. As the business process reengineering is done, new job requirements will be established that will require different training and skill levels. It will also alter the timelines for completing reengineering and other WFP actions. As a transition instrument, trust management activity managers were requested to submit staffing plans for FY 2002. As a part of the staffing plans, a manual process for tracking vacancies was instituted. Offices/Bureaus provide information on current staff and vacancies to the HR Advisor. The staffing data includes retirement forecasts and attrition. The vacancy data includes costs and impediments associated with recruitment. Both of these data sets are designed to provide a picture of the current workforce for program planning purposes. We anticipate that this staffing planning endeavor will provide valuable information for trust management workforce planning after the trust management business model is complete. The Indian Trust HR Advisor will stay informed on the status of business process reengineering and thereby assist in the coordination of WFP activities.

- **Bureaus are continuing development of FY 2003 staffing plans.** Part of the process for developing the plans involves identifying the proportion of time each position devotes to trust management work, the Indian Trust HR Advisor is working with the Office of the Solicitor to clarify the definition of Indian trust work. This definition will help ensure appropriate emphasis is placed on recruitment and placement for the highest priority positions.
- **Bureaus are developing an Individual Development Plan (IDP) for each employee with trust process responsibility.** The individual development plans associate future and mandatory training and development with assigned duties and tasks; therefore, the business process reengineering effort underway may alter the final content of some IDP's and alter the December 31, 2002, timeline for their completion. The Indian Trust HR Advisor will stay informed on the status of business process reengineering and thereby assist in the coordination of IDP development.
- **Workload analysis and workforce planning software options are being considered.** The Indian Trust HR Advisor, Office of Personnel Policy staff, and trust managers began researching and reviewing software tools and contractors' capability to accomplish automated comprehensive workload analysis and assist in developing long-term workforce plans. The goal is to identify a provider and viable methodology for use during business process reengineering, as appropriate, and after processes are reengineered to input required competencies, staffing and training in the workforce planning process.

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Delays/Obstacles

- Bureau and office managers need a clear definition of Indian trust activities. This definition will help ensure trust management work is accurately identified in the workforce planning process. WFP will follow the direction given by the Solicitor's office and senior DOI management in this regard.
- The continuing restriction on the use of the Internet in many trust organizations affects electronic collection of staffing data across all DOI Bureau lines. Lack of Internet access also continues to complicate Internet recruiting.

Assurance Statement

I concur with the content of the information contained in the 10th Report to the Court in reference to Workforce Planning. The information provided in this section is accurate to the best of my knowledge.

Date: July 30, 2002

Name: Signature on File
Kathryn A. Bown
Indian Trust HR Advisor

Acknowledgement Statement:

I have reviewed the report submitted by manager, Kathryn A. Bown, and to the best of my knowledge believe the findings submitted in the report to reflect a fair representation of items covered in this manager's report.

Date: July 30, 2002

Name: Signature on File
P. Lynn Scarlett
Assistant Secretary-Policy Management & Budget

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IV. OFFICE OF INDIAN TRUST TRANSITION

Introduction

The Office of Indian Trust Transition (OITT) was organized in November of 2001 to implement the Secretary's proposal to create an Indian trust asset management organization within the Department of the Interior (DOI). Once a decision is made on the structure for the office, OITT will help develop an appropriate budget, staffing, policies, procedures and a Trust Enterprise Business plan for ongoing trust asset management.

OITT is presently involved in the management and operations of certain trust activities. These include probate, trust systems and data quality analysis. In addition, OITT currently oversees and participates with Electronic Data Systems (EDS) and the Tribal Task Force in mapping the business processes for all trust asset management work. Once the "as-is" business process model is complete, OITT will assemble a team to review the "as-is" processes and make recommendations for implementing new, standardized business processes. OITT also is supporting the work of the Office of Historical Trust Accounting.

OITT continues to participate in the meetings of the Tribal Task Force. The Director of OITT is co-chair of the subcommittee on the business processes study and trust enterprise business planning project. The Task Force was organized earlier this year to facilitate consultation with the Indian and tribal leader community regarding matters of trust asset management reform and related issues. OITT has made presentations at several of the meetings on the development of the Trust Enterprise Business Plan (Strategic Plan), progress on the business process study and the work of the Office of Historical Trust Accounting.

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This report is intended to be shorter, and include specific information for the Court on the progress of each trust reform and operational area, as well as any obstacles encountered by the managers of the various trust activities. The 8th and 9th Reports to the Court included discussion on the EDS findings and recommendations. This Report does not specifically include references to EDS, but their recommendations will be included, insofar as applicable, in the trust enterprise plan once the business process study is complete. With few exceptions, the trust activity managers have incorporated the recommendations of the EDS studies into their planned activities but some of the recommendations will be adjusted as the business processes are changed.

The format of the 10th Report is similar to the 9th in most other respects. Each trust activity manager is given the opportunity to describe his/her work regarding success or failure and any obstacles encountered in the performance of the work. The major obstacle that is reported throughout the reports is lack of access to computers to retrieve

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and add information. Just recently, the land record information systems were allowed to become active, but it will take several months to record all of the title information that accumulated since the computers were disconnected.

In this Report to the Court, the former Sections for the Office of Information Resource Management (OIRM) and Computer and Business Systems Architecture have been combined with the Information Technology Sections. Both of these former Sections involve information technology elements associated with OMB Circular A-130 standards, therefore, in the future these topics will be encompassed in the Information Technology Section.

Reorganization

In the 9th Report to the Court, progress on the reorganization of DOI was provided in significant detail. The work of the Tribal Task Force continued through this quarter with additional meetings being held in Bismarck, North Dakota, Minneapolis, Minnesota and San Diego, California. On June 26, 2002, a hearing was held before the Senate Indian Affairs Committee to report on the progress of the Task Force. At the hearing, it was reported that the Task Force and DOI had reached some agreement on the placement of the new organization within DOI. The Task Force recommended that a new Deputy Secretary or Undersecretary be created in order to give greater visibility to Indian Affairs within DOI and to coordinate all trust activities of DOI through this single executive. Further consultation sessions are to be held to determine the way in which the trust enterprise organization will fit within DOI and, in particular, within the Bureau of Indian Affairs (BIA).

Trust Enterprise Business Plan (Strategic Plan)

Membership on the strategic planning committee has now been expanded to include regional and national office managers of the BIA, Office of the Special Trustee for American Indians (OST), OITT, Minerals Management Service and Bureau of Land Management. Meetings continue on nearly a weekly basis. In addition, reports to the Tribal Task Force are made and discussed at the monthly Task Force meetings. The goals and objectives have been agreed upon. Before the end of calendar year 2002, it is expected that a survey will be made of individual Indian account holders to confirm that the goals and objectives are appropriate. Actual implementation of the plan, including specific tasks, timelines, responsible parties and performance standards will be incorporated into the plan as the business process study is completed which is anticipated to be during the fourth quarter of calendar 2002.

OITT Initiatives this reporting period

The Director of OITT met regularly with the workforce-planning manager assigned to the trust management program from the Office of Policy, Management and Budget. It is the

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intent of DOI to coordinate training requirements for trust activity employees with workforce planning to prepare for the new organization staffing once the organization structure has been agreed upon and the business process reengineering is complete. Arrangements have been made for the workforce-planning manager to visit the Anadarko BIA agency office in late July or early August 2002. This agency was selected because the superintendent has received training in workforce planning and has prepared a draft plan for her agency. This will give the workforce planner insight into personnel requirements at a local agency office. In addition, OITT is working with the workforce planner and the BIA to arrange training sessions for all BIA agency and regional managers who should be involved in workforce planning. This training is expected to begin during the third quarter of calendar 2002. Once managers have been trained and understand the benefits, these tools will be utilized to ensure appropriate staff is available to perform the tasks as determined by the reengineered business processes.

The training initiative and workforce planning will be closely coordinated. Many new job descriptions and personnel requirements will be developed as the trust organization is implemented. For instances, although cash is being handled at the agencies, there has been little training in cash management. Accounts receivable currently are not standard at all agencies. Training in this function will be necessary and will include some knowledge of accounting. In order to ensure training for these and the many other positions that will be needed, OITT has established a small working group to begin organizing a coordinated training program for all trust activities. It is intended that tribally controlled community colleges as well as specific trust schools will be used to present the training. A preliminary plan should be in place by the end of the fourth quarter of calendar 2002 that will give direction to this training effort.

Another key element of trust reform is to have a viable office for trust legislative/regulatory-policy/procedures. OITT presented a proposal to the Special Trustee to create such an office and will begin advertising for staff as soon as possible. It is anticipated that this initiative will begin during the third or fourth quarter of calendar 2002. The office will replace the one previously housed in the BIA Trust Management Improvement Project. Funding is proposed in the FY 2003 budget to support this office. OITT intends to move the office to the new trust division once that has been organized and located within DOI.

During this reporting period, the director of OITT, Deputy Special Trustee and other staff visited Frost Bank, San Antonio, Texas and Bank of America, Dallas, Texas. The intent of the trip was to begin the benchmarking of private sector trust activities to the way trust business is performed within DOI. The group reviewed the way management was performed by these private trustees in the areas of real estate, customer service, accounting for oil and gas properties and revenue, and management of records. The information derived from these sessions will assist in moving from the "as-is" organization to a modern trust management operation.

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In June, a meeting was hosted by OITT to brainstorm on the problem of fractionation. The group included two regional directors, the superintendent from the Rosebud Agency, a representative from the Office of Trust Funds Management as well as the Director, OITT and the Deputy Special Trustee. Fractionation of land ownership is one of the greatest obstacles to trust reform. DOI currently has approximately 20,000 accounts that have balances of one dollar or less and have had no activity for more than 18 months. There are thousands of other accounts with minimal monthly activity and several million very small, fractionated interests in real estate that have to be managed, many of which produce no income. The pilot effort at Great Lakes Agency appears to be successful, in that nearly everyone who owned a fraction of land that was acquired was anxious and willing to sell that interest. However, even with the purchase of approximately 40,000 interests, the total number of fractionated interests grew larger than when the program began. Fractionation of land ownership through inheritance is growing exponentially and outpaces the effort to acquire these interests. As a result of the brainstorming session, it was agreed that a larger group should meet with congressional staff to review the status of the Indian Land Consolidation Act, and seek changes that will allow for a more rapid reduction in fractionated ownership. It is anticipated that this group will develop prospective legislative solutions to be offered to tribes and individual Indians for consideration by Congress.

OITT worked closely with the Office of Historical Trust Accounting to prepare its report to Congress, which was targeted to go to Congress on June 30, 2002. The report was completed, and was officially submitted to Congress July 2, 2002. The report provides a method of doing a historical accounting in accordance with the 1994 Trust Reform Act. The accounting has already begun with an accounting for nearly 8,000 individuals who have judgment accounts. Although the historical accounting is proposed to go through December 31, 2000, it is anticipated that this may be extended to a time when DOI can certify that the results being generated by its Indian trust systems. Accuracy depends in large part on being able to assure land ownership and leasing information is consistent and correct on a real-time basis. Presently, the legacy systems may not be sufficiently reliable to ensure that this information is always correct. The implementation of replacement systems for the legacy systems is expected to begin during calendar year 2003.

In the past, the Special Trustee has suggested that it may be impossible to do a historical accounting for every current and former individual Indian money account, because of missing records or other gaps in information. However, it has been demonstrated in the work done for the named plaintiffs in the Cobell litigation, and more recently in the reconciliation of the 7,903 (originally 8,006) judgment accounts that, on an account by account basis, many of the accounts can be fully reconciled using information and records available. In instances where records are incomplete, OHTA, in its Report to Congress, sets forth procedures to provide the best accounting possible with the data available for the account. In these instances, alternative methods may be employed and

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negotiations with the account holder may be required to complete mutually acceptable account reconciliation.

Assurance Statement

I concur with the content of the information contained in the 10th Report to the Court. The information provided in this section is accurate to the best of my knowledge.

Date: August 1, 2002

Name: Signature on File
Ross O. Swimmer
Director, Office of Indian Trust Transition

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A. TRUST BUSINESS PROCESS MODELING

Introduction

A three-stage approach is being developed to standardize trust business processes. This planning framework will: (i) identify existing business processes; (ii) determine which of those processes should remain or be reengineered; and (iii) integrate the chosen model processes with universal support and operational functions crosscutting those core processes. The Department of the Interior (DOI) expects that this framework, in conjunction with reorganization and the strategic plan, will achieve meaningful trust reform and better meet the needs of the trust beneficiaries.

The first step in developing standard trust business processes is to identify and document existing trust business processes, and how users, beneficiaries, and systems interact with existing processes.

The core “As-Is” trust business processes are:

- Beneficiary Services
- Probate
- Title
- Appraisal
- Cadastral Survey
- Surface Asset Management
- Subsurface Asset Management
- Accounting Management (IIM, Tribal and Investments)

Accomplishments and Completions

A trust business process modeling workshop was held April 16 – 19, 2002, in Albuquerque, NM. The workshop, facilitated by EDS, had over 60 participants from throughout DOI as well as Tribal designated representatives. This included two participants that deliver trust services from each of the 12 BIA regions, as well as participants from other DOI bureaus, agencies and offices that provide trust services such as MMS, BLM, OHA, SOL, OS and OST.

The participants were instructed on the definition of, and how to document, a process in Integration Definition for Function Modeling (IDEF). The IDEF methodology was adopted as a Federal Information Processing Standard (FIPS). FIPS are issued by the National Institute of Standards and Technology (NIST) after approval by the Secretary of Commerce. IDEF modeling is used for developing structured graphical representations of a system or enterprise and permits the construction of models comprising system functions (activities, actions, processes, operations), functional relationships, and data (information or objects) that supports systems integration.

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The participants worked in groups devoted to each of the core trust business processes to develop initial models for each. In preparation for the workshop, OITT utilized results of previous efforts throughout DOI to document business processes to develop initial models for each of the eight processes. The workshop also helped identify temporary sponsors for the eight trust business processes. The end product of the workshop was the completion of the initial model for each of the trust business processes.

On May 5, 2002, eight process sponsors were detailed to the Office of Indian Trust Transition (OITT) to begin documenting the trust business processes at site visits with trust staff and Tribal entities performing trust functions from each of the 12 BIA regions. These site visits began on May 6, 2002, when the Business Process Modeling team, consisting of the Process Sponsors, Tribal Task Force Experts, EDS facilitators and the project COTR, visited the Rocky Mountain and Great Plains regions to refine the eight initial trust business process models that were created at the workshop. These workshop discussion sessions lasted until May 17, 2002. The success of the sessions resulted in part from the participation of many knowledgeable DOI staff who provided valuable information for the refinement of the "As-Is" trust business process models.

After the information gathered in the meetings in the Great Plains and Rocky Mountain regions was compiled, OITT established baseline "As-Is" trust business process models for all eight processes. These models are being used as a baseline against which to compare the way the trust business processes are carried out in each of the 12 regions.

The business process modeling team once again visited the Great Plains region on June 10-14, 2002, to determine any variances from the business model in the way that the trust business processes are carried out in that region. On June 24-28, 2002, the team held meetings in Minneapolis, MN with personnel from the Midwest and Eastern regions, as well as contracted/compacted Tribal staff representatives to capture any variances in those regions from the trust business process baseline models.

During this reporting period, there have also been a number of meetings held to report on and discuss the status of this project. In April 2002, at the Tribal Task Force Meeting in San Diego, California, an agreement was reached that the Business Process Modeling team would include members nominated by the Tribal Task Force. At the Tribal Task Force meeting held in Minneapolis, Minnesota, on May 19-21, 2002, the subcommittee met to discuss the status of the project and a presentation was made at the general meeting of all Tribal Task Force members. The project was well received and all Tribal Task Force members were invited to contribute suggestions of Tribes that should be involved in the workshop discussion sessions. Presentations were also made to the subcommittee at the Tribal Task Force meeting held in Bismarck, North Dakota on June 13-15, 2002. The reports were also well received there and the Task Force made recommendations that have been implemented for future site visits.

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Oversight Committee meetings are held every two weeks, and Steering Committee meetings are held every two months. At these meetings, status updates are given and, questions and comments are received regarding the status of the project.

Current Status

OITT is currently notifying all Regional Directors, Tribes, and other DOI agencies about upcoming meetings to determine any variances from the trust business baseline models in the way that the trust business processes are carried out in that region. These meetings have already been scheduled. All variances are being compiled from the Great Plains, Midwest and Eastern regions to distribute for validation. OITT is also reviewing the second draft of the early probate recommendations before distribution.

During the next reporting period, OITT will be meeting to discuss the reengineering of the probate process. Participants will include the probate process sponsor, individuals working throughout all parts of the probate process, and representatives of all the universal support functions (Risk Assessment, Automated System Requirements, Records, Internal Controls/Fiduciary Security, Policies and Procedures, Workforce Planning, Training and Future System User Technical Assistance Center Requirements). This work leads towards improving the probate process and will assist with determining the timelines, budget and resources required for the reengineering of the remaining seven trust business processes.

Delays/Obstacles

The major obstacle that affects this project is the lack of Internet access. This impedes the ability to communicate quickly and efficiently with trust staff throughout the country. This has increased both the time and cost of this project.

Assurance Statement

I concur with the content of the information contained in this section of the 10th Report to the Court. The information is accurate to the best of my knowledge.

Date: August 1, 2002

Name: Signature on File
Donna Erwin

Tenth Report to the Court August 1, 2002

B. PROBATE

Introduction

On November 21, 2001, Donna Erwin, Deputy Special Trustee for American Indians, Trust Systems and Projects, was directed to assist the Office of Indian Trust Transition (OITT) to oversee three projects and associated personnel. These three projects are Probate, Bureau of Indian Affairs (BIA) Trust Data Quality Analysis (previously BIA Data Cleanup) and Indian Trust Systems (previously TAAMS). The Deputy Special Trustee and OITT continue to reassess, revise, and reprioritize project objectives.

Accomplishments and Completions

Beta Testing of Case Location & Status (CLS) Database. In preparation for deployment of the CLS Database at all field locations that perform probate related work, a “Train the Trainer” session for DataCom Sciences, Inc. (DataCom) managers was conducted during the final week of May in Phoenix and Sells, AZ. At that time, the project leader and database programmer from OITT met with BIA regional/agency staff and Office of Hearings and Appeals (OHA) staff and conducted hands on training and User Manual preparation. Based upon this training and final database instructions, DataCom managers will train the DataCom workforce that will be sent out to deploy the CLS Database and conduct the initial collection of data.

Social Security Administration e-Vitals Project. The Department of the Interior (DOI) has a need for prompt and accurate verification of death for Indian trust property holders that cannot always be provided using existing methods. In order to learn more about the Social Security Administration (SSA) e-Vitals project, the Office of the Special Trustee (OST) sent a representative to the Annual Meeting of the National Association for Public Health Statistics and Information Systems (NAPHSIS) during the week of May 13. The e-Vitals project, which is just beginning its initial testing phase, will enable SSA to verify the death of an individual by matching SSA identification data with State vital statistics data through a central web-based hub.

In many states, NAPHSIS is also sponsoring an effort to provide reports of death electronically to state vital records offices. Contacts were made with the President and Executive Director of NAPHSIS, and discussions were begun to detail the Department’s needs. Further discussions will be carried out during the next reporting period.

On May 22, 2002, Assistant Secretary Neal McCaleb provided testimony to the Senate Indian Affairs Committee on S.1340. This proposed legislation is supported by the Department. It would allow for a uniform probate code for Indians who own restricted or trust land.

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Current Status

CLS Database. In the past, the entire range of probate related work, from the report of a death through the distribution of assets and the closing of an estate, was not consistently tracked. The CLS Database will collect basic information about each probate case that is pending at any stage in the process so that the estate can be positively identified and the remaining work to be done can be determined. The services of a contractor will be utilized to deploy the database, collect the initial data input from the field, and maintain the database.

At the close of this reporting period, work was nearing completion on incorporating robust security measures and correcting the operating flaws that were disclosed by the Beta test conducted at the end of May. The next objective of this effort will be to install the CLS database at each Departmental field office and tribal field office that processes Indian probate cases. It is projected that this effort will take approximately forty-five (45) days in which to deploy, gather, and retrieve the probate data from all affected locations. DataCom will deploy approximately fifty small teams to identified field offices to install the database and perform the initial data collection and entry.

A master CLS database will house the data, which will be updated weekly thereafter. A user manual outlining individual agency/field office reporting procedures for future probate case status changes will be provided at the time of the visit, along with correspondent training. At the conclusion of deployment, the contractor will then begin reconciliation and reporting of data contained within the database. The overall results of this effort will allow the Department to be able to identify definitively the probate workload and where it resides in the probate process.

Probate Handbook. DOI plans to extend and revise the draft probate handbook to include chapters detailing the requirements for post-decision processing and providing additional information for all probate-related functions. When completed, the handbook will detail the responsibilities of each probate process function from death to distribution. The revised Probate Handbook is expected to be completed by December 2002 for distribution and comment.

Number of Cases Processed and Decided – April through June 2002

During this reporting period, BIA and OHA deciding officials received 855 cases and issued decisions in 871 cases. The Office of Trust Funds Management (OTFM) distributed and closed 953 accounts representing 921 estates. The Trust Funds Accounting System (TFAS), as of the end of June 2002, contains 24,892 open estate accounts. Of these, 14,995 are classified as official deaths meaning that OTFM has received documented evidence of a death. Of these 6,781 accounts represent the receipt of some unofficial notice of death which, when received, results in classifying the account as an estate account. No probate action is taken on the unofficial death notice

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until receipt of a death certificate or other official notice. The remaining accounts are in the probate process or are estates that have not been closed or distributed. These numbers are subject to verification as discussed above. An accurate statement of the probate workload still pending cannot be made until the CLS Database reconciliation noted above is completed.

Contractor Efforts – April through June 2002

Probate Backlog Reduction tasks continued during the quarter; however, some probate resources were redirected to support development of the CLS Database and to plan for its deployment, which is slated to begin in the next quarter.

Case Preparation – Probate File Processing

DataCom efforts to complete case preparation tasks related to probate case preparation involving land ownership, continued for the BIA Western Regions' Pima, Papago, Eastern Nevada, and Western Nevada agencies. A total of thirty-four (34) land cases were approved by the BIA during the quarter.

Case Preparation – Probate Summary File Processing

DataCom efforts to complete case preparation – summary distribution tasks, i.e., no land ownership, continued in the BIA Western, Great Plains, Midwest, and Rocky Mountain Regions. A total of sixty-nine (69) summary distribution cases were approved by the BIA during the quarter.

Posting and Recording

Posting and Recording Tasks continued during the quarter at the BIA regional and agency locations including the Land Titles and Records Office (LTRO) at the Great Plains Region in Aberdeen, the Rosebud agency, the Northwest Region LTRO in Portland, the Pacific Region LTRO in Sacramento, and the Southern Plains Region LTRO in Anadarko. Activities included ID verification, microfiche research, Standard Operating Procedures (SOP) development, modification order drafting, the posting of land tracts to Allotment & Estate (A&E) and Index & Heirship (I&H) cards, and the conducting of agency-level site assessments.

Babbitt v. Youpee

Youpee tasks at the LTRO level were limited to ID verification activities which were completed for the Rosebud and Pine Ridge agencies during the quarter and onsite tasks began at the Rosebud agency with A&E/I&H card posting. Additional tasks included the completion of physical inventory counts of *Youpee* cases, and the continuance of a reservation inventory for the region.

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Delays/Obstacles

Timely processing of probate actions and title recordation has been slowed by the unavailability of both the Land Records Information System (LRIS) and the current title module of the Indian Trust System (formerly TAAMS). For example, the Rocky Mountain Region LTRO reported that there were no probate cases pending recording as of December 1, 2001. By June 30, 2002 a backlog of 585 probate cases were awaiting recordation.

DataCom experienced production limitations in April due to the April 18, 2002, Temporary Restraining Order (TRO) regarding the movement of records. Various agencies interpreted the TRO differently, therefore requiring DataCom to follow the strictest interpretations of the order. A temporary delay impeded progress in transferring information between staff at different agencies, reporting case completion information to the Project Office, requesting necessary documents in case completions and transferring cases to BIA personnel for case approvals.

The lack of Internet access to the TFAS Temporary Restraining Order of the Court, LRIS, and electronic mail systems necessitated by the December 5, 2001 court and subsequent "Disconnect Order" as issued by the Assistant Secretary of Indian Affairs, continues to affect significantly DataCom's ability to complete probate backlog across all projects within their contractual scope. DataCom will continue to employ the manual workarounds provided for all aspects of case research, completion and submission to the BIA for approval in the most timely manner possible under the given circumstances.

DataCom staff, since the Internet shutdown, has been seeking out and employing alternative case research methods and approaches. Locations such as public libraries have been visited to conduct online research. Critical documents, such as the OHA-7 forms are being completed manually. Teams are also taking the opportunity to evaluate and implement improvements to DataCom's administrative processes at BIA agency and regional offices.

Assurance Statement

I concur with the content of the information contained in this section of the 10th Report to the Court. The information provided in this section is accurate to the best of my knowledge.

Date: August 1, 2002

Name: Signature on File
Donna Erwin

Tenth Report to the Court

August 1, 2002

C. TRUST SYSTEMS

Introduction

System design is no longer centered on one all-encompassing asset management system. Reform is focused on defining trust business processes to meet beneficiary needs and fiduciary requirements. This new focus on first developing fundamental trust business processes and then developing system requirements and architecture for these business processes will determine whether existing systems and technology should be used, integrated, or replaced.

Accomplishments and Completions

A team of Bureau of Indian Affairs title subject matter experts (SME) met with Trust Systems and Projects staff and Cognicase Inc. personnel at the Cognicase facility in Addison, TX from April 1, 2002, through April 6, 2002, to refine and finalize requirements and specifications to correct identified minor deficiencies in the Current Title product, ensure requirement definitions were understood by all parties, and stratify requirements for enhancements to the system.

SME met with Cognicase Inc. personnel at the Cognicase facility in Addison, TX from April 28, 2002, through May 9, 2002, to review applied fixes to the Current Title product. System tests were conducted with several minor application and documentation discrepancies noted. Overall, the test was rated successful by the SME. The enhanced Current Title product will be held in abeyance pending completion of current business process efforts that will include a gap analysis evaluation between the automated system requirements and the enhanced Current Title product.

Indian Trust systems are firmly focused on a systems concept with each of the component functional process modules integrated into a trust systems application framework. A Request for Information (RFI) to be published in "Federal Business Opportunities" (FEDBIZOPS) is being coordinated for publication in July 2002 with responses due by July 30, 2002. Copies of the RFI will be provided to Trust related companies that usually do not solicit business with the government and may not be users of the FEDBIZOPS. The application framework will fully comply with all requirements and standards enumerated in the Department of the Interior (DOI) Enterprise Architecture (EA). The EA was released in draft on May 15, 2002, for review and comment. Further development of Indian Trust Systems will be coordinated with other BIA and DOI systems and systems security efforts.

Current Status

As reported in previous reports to the Court, documentation of the current business process modeling continues and is being incorporated into a business model. Crucial to

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this effort are the identification, cleanup and collection of Critical Data Elements (CDE). DOI intends to provide a temporary storage repository for the CDE and their descriptive information for use pending implementation of the reengineered functional processes.

Development is proceeding on the creation of a data warehouse to hold information extracted from the LRIS, IRMS, TFAS and Current Title systems and provide query access to all Land Title Records Offices (LTRO).

Delays/Obstacles

Research of solutions for available software including establishment of a data warehouse was hampered by lack of internet connectivity, but preliminary estimates of required resources are completed and an information technology requirements assessment is being prepared.

The four LTRO's currently utilizing the Cognicase Current Title product, as well as those that will be provided query access, are currently offline. As a result, BIA is unable to record title documents in a timely manner which impacts on BIA's ability to issue title status reports, lease land and perform other type of land transactions. It is anticipated that access will become available in the next reporting period.

Assurance Statement

I concur with the content of the information contained in this section of the 10th Report to the Court. The information provided in this section is accurate to the best of my knowledge.

Date: August 1, 2002

Name: Signature on File
Donna Erwin

Tenth Report to the Court

August 1, 2002

D. TRUST DATA QUALITY ANALYSIS

Introduction

The success of trust reform depends foremost on the data upon which ownership is determined, income distributed, and accounts managed. The paramount trust reform task is to standardize trust data elements and verify that trust data are accurate, current, and secure.

Current Status

On June 26, 2002, Trust Systems and Projects (TS&P) staff met with the Director, Office of Trust Responsibilities (OTR) and representatives from four Land Title and Records Offices (LTRO) - Rocky Mountain Region, Alaska Region, Southwest Region, and Southern Plains Region - to discuss the direction of data cleanup and the development of critical data elements (CDE). The TS&P office has selected two agencies in the Southern Plains Region - Anadarko and Concho - to renew data quality and evaluation work. Anadarko and Concho are two of the top three trust fund individual Indian money generating agencies in the country and account for seventeen percent (17 %) of trust fund revenue produced.

On June 27 and 28, 2002, a meeting was held in Oklahoma City, OK with representatives of two of the top recurring income agencies, two LTROs, the Director, OITT, OTR, OST, OTFM, EDS and DataCom Sciences, Inc. to discuss the direction of data cleanup and start work on defining critical data elements. CDE are defined as those data elements that: (1) ensure accurate and timely payment; (2) ensure accurate asset reporting; and (3) provide asset management tools.

EDS and DataCom Sciences, Inc. created an initial draft list of data elements and data owners that they believed met the above-mentioned criteria. The lists contained many common elements. EDS and DataCom have been tasked with developing a draft list of CDE by July 15, 2002. The list will be circulated for comment to the participants of the June 27-28 meeting. The list of CDE will then be circulated on a broader scale, through the Deputy Commissioner - Indian Affairs, to all regions for comment.

Once the list of CDE have been agreed upon and formalized, documents and data cleanup actions will be reviewed and measured against these elements and subjected to a data quality and validation process. Any errors found will be reported to the appropriate data owners for validation, i.e. Realty for IRMS, LTRO for LRIS and the Cognicase current title product, and OTFM for TFAS. Once the document or data cleanup action has been validated, the information will be stored in an independent interim data system to ensure that data integrity is maintained. Subsequent changes to the interim data system will be tightly controlled and require third-party validation.

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The meeting participants also reviewed alternatives on data cleanup direction. It was agreed to focus on those agencies with the highest recurring revenues and continuing on to other regions and their agencies. Two alternatives were considered: (1) Focus cleanup on those accounts currently leased and return at a later date to cleanup those accounts that were not leased; (2) Cleanup a region and its agencies in total. After discussion, a decision was made not to break up the cleanup process between leased and non-leased assets, but to review and cleanup a region in total, and then move onto the next region.

Contractor Efforts

The pre-deployment data cleanup tasks have generally consisted of researching and correcting critical key fields as previously defined by the BIA, reducing BIA backlog, acquiring documents and direct encoding into Cognicase current title product or LRIS as appropriate.

Data cleanup activity was impeded by the Temporary Restraining Order (TRO) of the Court that went into effect on December 5, 2001. This TRO prohibited access to the Cognicase current title product, the Legacy Systems (LRIS, IRMS, etc...) and all Local Area Network (LAN) servers. Access to LAN Servers was restored at all Regional Offices with the exception of the Southern Plains Region during the 9th Quarter. The Southern Plains Regional Office continued to function without LAN access through the end of the 10th Quarter. In addition, DataCom personnel are unable to encode any changes into the Cognicase current title product or the Legacy Systems as long as the Court Order remains in effect. Data cleanup activity has and will continue to focus on the research processes and other pertinent data cleanup tasks that are essential before encoding into the systems. Within the confinements of the court ordered shutdown, contractors have continued to research and prepare documents for encoding or other actions as in under the following areas:

- Title Examination
- Chain Sheet
- Reviewing and acquiring legal land description
- Preparing documents for encoding into appropriate systems
- Multiple Owner ID Task
- Document Processing Task
- Non-Enrolled Identification Number Task
- 100N Number Task
- Current Document Type Modifier
- IIM ID Match
- Realty/Title Tract Match Task
- Tract M990 Task
- REM/LRIS/Cognicase current title product/TFAS ID Comparison Match Task
- Eastern Document Recording and Microfilm Task
- BIA Assigned Administrative Probate Modifications

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- ❑ Administrative Modification Encoding
- ❑ Encoding Encumbrances (Group II)
- ❑ Drafting and Encoding Administrative Probate Modifications Task
- ❑ Non-Enrolled Identification Number (Western) Task

Upon the availability of the systems, data cleanup will focus on encoding those documents that have been researched, verified, and prepared for encoding into the appropriate systems. Contractor staff will also assist the BIA in eliminating the backlog caused by the shutdown.

Data Warehousing

Data warehousing is the term for a collection of data elements extracted from dissimilar data sources and placed in a common repository. The data warehouse is secure in itself because it maintains read-only data; changes originate with the contributing information systems that continually refresh the warehouse data. Common relationships between the various data elements permit query capabilities and *ad hoc* reporting.

Data warehousing means that core standard data elements will be identified as critical and collected for each business process. The primary source for that data element will be identified. All other uses for that particular data, whether in that business process or another, will extract the data from the data warehouse, where it will be refreshed automatically whenever changed at the primary source. This reliance on one source eliminates unnecessary re-keying of data, reducing not only workload but also instances of data entry error and incongruities in the data.

Delays/Obstacles

- Data cleanup activity was impacted by directives resulting from a Court Order that went into effect on December 5, 2001, resulting in systems or network unavailability;
- Availability of BIA personnel to approve DataCom researched and encoded cases;
- Availability of agency personnel to perform ID verification;
- Navajo Enrollment Office access limited to one day per week – affects Southwest Office only;
- Due to software limitations, DataCom requires Cognicase's assistance to make corrections to previously entered data in the Cognicase current title product (102 tracts/cases affected in the Alaska Region); and
- The transportation of Trust Records was severely impacted during the quarter due to the Temporary Restraining Order and DOI directives restricting transport of Trust Records.

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Assurance Statement

I concur with the content of the information contained in this section of the 10th Report to the Court. The information provided in this section is accurate to the best of my knowledge.

Date: August 1, 2002

Name: Signature on File
Donna Erwin

Tenth Report to the Court August 1, 2002

E. OFFICE OF HISTORICAL TRUST ACCOUNTING

Introduction

On July 10, 2001 (expiring July 1, 2002), the Office of Historical Trust Accounting (OHTA) was established by Secretarial Order No. 3231 (Order). The purpose of OHTA is to plan, organize, direct, and execute the historical accounting of Individual Indian Money (IIM) accounts. This *Status Report to the Court Number Ten* covers the period April 1 through June 30, 2002.

On June 27, 2002, Secretary Norton amended Secretarial Order No. 3231 by issuing Amendment No. 1. The Amendment extended the expiration date of the Order from July 1, 2002, to July 1, 2004. The Secretary further modified the Order by directing OHTA to plan, organize, direct, and execute the historical accounting of IIM accounts *and Tribal Trust accounts* (emphasis added).

Accomplishments and Completions

Report to Congress on the Historical Accounting of Individual Indian Money Accounts

The *Report to Congress on the Historical Accounting of Individual Indian Money Accounts* (Report) was cited in the *Status Report to the Court Number Nine* as the “The Comprehensive Plan,” and is referenced throughout this *Status Report to the Court Number Ten* as the “Report.” OHTA made this change to conform to requirements contained in the Conference Reports on Interior’s FY 2001 and FY 2002 budgets. OHTA issued the Report on July 2, 2002.

The Report was prepared by Interior pursuant to Congressional direction contained in Interior’s appropriation for FY 2002:

Before the Department agrees to any method for undertaking an historical IIM accounting, the Committee directs the Department to submit a comprehensive report to the Committee detailing the costs and benefits and likely results associated with any proposal. H.R. Rep. No. 107-103, at 89 (2001).

The Conference Report on Interior’s FY 2002 budget reiterated this planning requirement, and stated that funds appropriated for a historical accounting “may not be allocated prior to the report requested by the Committees detailing the methods and costs associated with an historical accounting.” H.R. Conf. Rep. No. 107-234, at 99 (2001).

In responding to the concerns of Congress, OHTA prepared the Report to fulfill the Congressional requirement noted above. OHTA’s Report details what OHTA expects to

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accomplish in accordance with the broadest reading of the Courts' opinions on interpreting the American Indian Trust Fund Management Reform Act of 1994. However, implementation of the activities described in the Report may be changed by Court orders, other action by Congress, annual appropriations or administrative action.

OHTA's proposed historical accounting would analyze and report to the IIM account holders on the identification of the beginning balance of the IIM account; reconciliation of IIM transactions, including receipts, interest, and disbursements; and the ending balance of the reconciled IIM account as of December 31, 2000. Interior proposes December 31, 2000, as the end of the historical accounting period. Accordingly, OHTA will need to gather transaction records and IIM-related documents to reconstruct the account history for IIM beneficiaries.

To accomplish this accounting plan, OHTA proposes to divide the historical accounting into three phases:

- **Phase 1** - Accounting for the current IIM accounts (existing on December 31, 2000) during the period 1985 – 2000 using electronic transaction data
- **Phase 2** - Accounting for the current IIM accounts from account inception through 1985
- **Phase 3** - Accounting for former IIM accounts closed prior to December 31, 2000.

In Phase 1, OHTA proposes to undertake the accounting for judgment and per capita IIM accounts first. OHTA next proposes to examine about 26 million transactions (excluding interest) related to 193,766 land-based accounts that derive revenue from land-based allotment income and other miscellaneous deposits to the accounts. An additional 18 million transactions during 1985 – 2000 relate to interest transactions and judgment and per capita account transactions.

The estimated Phase 1 cost for doing this work is \$907 million - about \$4,680 per account or \$35 per transaction. The estimated cost for work in Phases 2 and 3 totals about \$1.5 billion. The Report provides a proposed estimate for the total cost of the historical accounting at about \$2.4 billion.

The historical accounting work will be conducted within the limits of funds appropriated by Congress. Following completion of the Phase 1 work, OHTA proposes to continue to work back in time through the IIM accounts in Phase 2 prior to 1985.

OHTA notes some obstacles to the proposed historical accounting plan. These obstacles are described on pages 12 and 13 of the Report.

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Further details about OHTA's approach, methods and additional information for the proposed historical accounting can be found in various sections of the Report. The complete Report is available on the Internet at www.doi.gov/ohra.

OHTA provided copies of the Report to Congress and others, including the Secretary and Department staff, selected individuals and other Government agencies. The Department of Justice has provided a copy of the Report to the Court.

Consultants

OHTA added several additional consultants to advise on the historical accounting project. These additional consultants include Morgan, Angel & Associates, L.L.C. and Historical Research Associates, Inc. (HRA). Because of their expertise with Indian trust issues, OHTA has decided to engage these firms for work on the historical accounting project.

Further, OHTA had engaged Arthur Andersen LLP (Andersen) for work associated with several ongoing OHTA projects. However, as reported in the *Status Report to the Court Number Nine*, on March 15, 2002, GSA suspended Andersen from conducting new business with the Federal Government. Several Andersen consultants with OHTA project work experience left Andersen and joined KPMG LLP, an accounting firm. Accordingly, OHTA decided to engage KPMG to retain the expertise provided by these former Andersen employees for OHTA's ongoing work projects.

Current Activities

As reported in the *Status Report to the Court Number Nine*, OHTA is conducting various projects to assist it in completing the historical accounting. The following summarizes current projects.

Palm Springs BIA Field Office

The BIA Palm Springs, CA, Field Office was chosen for a historical accounting of IIM accounts held by the Agua Caliente Indians served by that Office. Through this project, OHTA will continue with its mission to provide a historical accounting, while at the same time learning how to meet challenges related to accounting for land-based IIM accounts. In Palm Springs, the historical ownership involves a small number of holdings of a relatively homogeneous ownership group, with a relatively short history of trust income, and, in recent years, large dollar flows.

As reported in the *Status Report to the Court Number Nine*, OHTA has learned through research conducted by National Organization for Research at the University of Chicago (NORC) and KPMG that accounts in the BIA Sacramento Region (except the Northern California Agency) were managed on a Bank of America system from about 1974 to 1986. OHTA and its contractors are in the process of locating the original contracts with

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Bank of America and any associated records to determine which services the Bank provided.

During this quarter, Bank of America continued its search among its officials who might have actual or second-hand knowledge about the account management services performed for BIA during a period from 1974 to 1986. The Bank has informed OHTA that its normal retention period for such records is only five to seven years because these activities were not performed by the trust operations of the Bank. A search has begun for any files in storage. No viable leads, however, have been found so far.

Large Dollar Transactions

No new activity for this project was conducted during the April through June 2002 reporting period. This work is being transferred from the original contractor to a successor contractor and is expected to be active during the next reporting period.

Judgment and Per Capita Accounts

As reported in the *Status Report to the Court Number Nine*, OHTA requested Chavarria, Dunne & Lamey LLC (CD&L) to reconcile a number of IIM accounts from this pilot project of ten groups of Judgment accounts.

CD&L updated its reconciliation of 7,903 accounts (originally 8,006) containing \$22.7 million in balances through December 31, 2000. The earlier reconciliation had been done through September 30, 2000.

As a result of the date change, a total of 103 accounts that were fully reconciled as of September 30, 2000, are now partially reconciled as of December 31, 2000, since some or all of the balance was disbursed within the three-month period.

A stratified random sample of 150 disbursements from a total of approximately 8,500 disbursements was designed by NORC to develop reconciliation procedures from partially reconciled accounts, and selected by CD&L from the first set of 10 groups of partially reconciled judgment accounts delivered to OHTA. Copies of the checks selected in the sample were then requested from the Department of the Treasury. While the results are incomplete as of June 30, 2002, so far Treasury has located all checks dated 1990 or later.

On June 7, 2002, CD&L delivered a second set of four groups of reconciled judgment accounts that included an additional 3,706 fully reconciled accounts (\$6.9 million) and 4,900 partially reconciled accounts. Grant Thornton LLP also initiated a quality control check on the reconciliation of the four new groups of judgment accounts, which involves reconciliation of an additional 3,706 accounts.

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No results related to per capita accounts were reported this period. Work related to the reconciliation of the remaining open judgment and per capita groups of accounts is anticipated to continue through the first quarter of Calendar 2003.

As reported in the *Status Report to the Court Number Nine*, Grant Thornton LLP completed a quality control review of CD&L work on the initial group of IIM judgment accounts and found that transactions posted for 8,006 IIM judgment accounts totaling \$22.7 million in balances as of September 30, 2000, were fully reconciled. Grant Thornton LLP conducted a quality control update on the reconciliation of these judgment accounts through December 31, 2000.

As of December 31, 2000, 7,903 of these accounts were considered fully reconciled. The only accounts that have been fully reconciled thus far are open accounts that received one or more judgment payments and periodic interest posted to the account through December 31, 2000.

BIA Eastern Region

The Eastern Region has about 2,700 IIM accounts of various types, an ideal size to learn about the difficulties that will be encountered when accounting for larger numbers of accounts. OHTA, working with NORC, initiated a preliminary examination of the types of IIM accounts in the Eastern Region. Once this project is completed, it will substantially complete the accounting of one of the 12 BIA Regions.

Deloitte & Touche LLP (D&T), a public accounting firm engaged by OHTA, is now conducting an accounting for IIM account holders in the Eastern Region. D&T narrowed its analysis to Eastern Region non-judgment accounts based on direction from OHTA because most Eastern Region accounts are related to judgment awards, and this historical accounting work will be performed by CD&L. Using the IRMS and TFAS files, D&T was able to identify approximately 1,700 transactions for 26 IIM accounts. D&T received a balances file from OTFM containing balances for all of the Eastern Region IIM accounts. D&T is testing these data for the 26 accounts for accuracy and completeness with the IRMS and TFAS data files.

New Accounts in Trust Fund Accounting System (TFAS)

Since the time TFAS was installed, new accounts have been established in TFAS. These new accounts have been opened as a result of probate inheritance, new leases of allotted lands, judgment or per capita distributions, or for other reasons. The limited history associated with these new accounts affords a cost-effective means for OHTA to test and learn how to use electronic IIM account information in TFAS in relation to supporting paper records and documents in performing an accounting. Further, OHTA's reconciliation of these selected IIM accounts will serve as a test to identify and resolve procedural and policy questions related to reconciling the automated IIM records. OHTA

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selected the public accounting firm of Ernst & Young LLP (E&Y) to perform the accounting work for this project.

E&Y prepared a work plan to perform the accounting for the new TFAS accounts first in the Southwest Region. This plan was reviewed and approved by Grant Thornton LLP. To complete this project, E&Y requires transaction histories for the new TFAS accounts, land ownership information for the account holders, and supporting documents (including leases) to substantiate the transactions. OTFM has provided E&Y with the transactional data required to perform this work. E&Y has also gathered land ownership information for a subset of these account holders. Because of the Department-wide shutdown of computer systems (including the Land Records Information System - LRIS), this information was collected from hard-copy records at the Albuquerque Land Title Records Office of the BIA. An additional effort will be required to collect the rest of the land ownership information for these account holders.

E&Y has begun the analysis of the transaction histories for these accounts, and will be requesting supporting documents from OTFM in the immediate future. E&Y may also need to request copies of lease documents from BIA agency and/or regional offices, as appropriate.

The accounting for the new TFAS accounts in the Southwest Region is expected to be completed during the next quarter.

General Services Administration, Indian Trust Accounting Division (ITAD) Records Inventory

Many containers of Indian trust documents stored at widely separated locations around the country hold tribal and individual records. To conduct the historical accounting, these records must be separated and indexed. ITAD has completed a project to inventory its records at its Lanham, MD, facilities for records in its custody. The goal of the inventory was to update ITAD's database and to record the location of IIM material included among the documents.

ITAD has successfully re-inventoried its current collection in Lanham, MD, and prepared a June 2002 report to OHTA documenting its results. The work was reviewed for compliance with full work progress and results by NORC and certified using a jointly conducted acceptance sampling technique.

For the recently-issued Report, NORC also compiled preliminary estimates of the total volume of IIM ledgers and other financial and land records in Federal agency control, including IIM records at ITAD.

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Land Title Project

The goal of the Land Title Project is to evaluate the completeness of the BIA's LRIS data underlying the IIM accounts. There are two facets to this issue: (1) completeness of the physical land records (i.e., whether all tracts/allotments are in LRIS) and (2) completeness of the ownership data (i.e., whether all individual owners are recorded in LRIS). Once OHTA is able to assess the completeness of these records, OHTA may use them as an input in assessing the IIM accounts themselves.

All Land Title and Record Offices (LTROs) and Land Title Service Centers have now been visited as part of the NORC ongoing study of the completeness of physical land records (i.e., are all tracts/allotments in the land records system). Interim reports of findings have been provided to each field office and an overall report finalized. The second facet of the Project, to study the completeness of the updating of ownership records, has been placed on hold because of the computer shutdown. The Land Title Project was severely affected by the limitations on computerized data access resulting from the December 5, 2001, Temporary Restraining Order.

Outreach

In order to ensure an accurate and consistent plan for the historical accounting to IIM account holders, OHTA's management and staff personnel held an Outreach Conference with representatives of BIA's regional and agency offices, BLM and MMS representatives, Office of the Special Trustee staff, and OHTA contractors.

The Conference was held on May 7, 2002, at the Dulles Airport Marriott Hotel to focus on ensuring that these representatives were informed of OHTA's intentions for conducting the historical accounting, to identify and mitigate any potential concerns that could arise during the course of the historical accounting work and to contribute to the preparation of the Report.

A key issue addressed is that gathering and indexing supporting documentation will be difficult and will interrupt ongoing operations. Plans prepared in connection with the just-released Report should, however, minimize disruptions to daily operations.

During this reporting period, OHTA representatives held an outreach meeting with BIA office personnel at its Muskogee, OK, LTRO office as part of its efforts regarding the Land Title Records Project.

Collection of Missing Information from Outside Sources

OHTA has continued its efforts to contact third parties as possible sources for collecting missing IIM information.

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Notification to Third Parties

In February 2002 the Department published a notice in the *Federal Register* requesting that parties who have or had business on Indian allotted lands notify the Department and preserve the records of such business indefinitely. In March 2002 letters were sent to approximately 4,200 oil and gas related entities specifically asking whether each was in possession of relevant records, and requesting that such records be preserved indefinitely or transferred to OHTA.

Since then, one energy company has contacted OHTA, indicating that it may have records pertaining to allotted lands. OHTA has requested an inventory of these records and plans to take custody of any relevant records. Once the inventory is received, OHTA will inspect the records to get an indication of their relevance.

Another possible records source is the American Heritage Center at the University of Wyoming. The Center houses the Anaconda Geological Documents Collection, and, according to information included in the Center's brochure, its collection is described as "the largest and most significant body of economic geologic data in the world." OHTA has requested a membership at the Center, and, once that is secured, will be able to inspect the records maintained by the Center.

OHTA has also contracted with HRA to research the historical involvement of the U.S. Forest Service on allotted lands. Although anecdotal evidence suggests the Forest Service had little, if any, involvement on allotted lands, OHTA intends to present its findings to the Forest Service for further discussions regarding potentially relevant records. A final report from HRA is anticipated in late Summer 2002.

Field Search Project

In June 2002, Gustavson Associates completed a study to search and identify third-party oil and gas records for allotted lands and submitted a report with its findings to OHTA on June 10, 2002. Gustavson successfully demonstrated a methodology for collecting records from third parties, particularly oil and gas companies, but noted that specific solutions for records collection will depend on unique problems and conditions. Gustavson will make a presentation of its findings to Department personnel on July 23, 2002.

Industry "Best Practices"

In discussions with representatives of the oil and gas industry, Gustavson concluded there is no standard policy for records retention in the petroleum industry. The cost of maintaining large volumes of records, frequent buying and selling of oil and gas resources, and ongoing industry consolidation were cited as primary reasons for the lack

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of an industry-wide standard. Gustavson recommended that OHTA work with the Council of Petroleum Accounting Societies (COPAS) to survey its membership about records retention practices. COPAS is an industry trade group and many of its members are chief accounting officers of petroleum companies. OHTA is preparing a proposal to submit to COPAS. The results of this survey could help identify potential records sources within the oil and gas industry.

New Projects

DOI Indian Trust Enterprise Business Plan

Owing to NORC's expertise in data analysis, the Office of Indian Trust Transition requested this OHTA contractor to help develop a customer satisfaction survey for its Indian Trust Enterprise Business Plan.

Customer satisfaction surveys, when done correctly, can give companies or government agencies valuable information on how well they are meeting their clients' or their beneficiaries' needs. Such surveys can also provide information on the relative importance of different issues by determining how often individuals use different services. To assess the DOI Indian Trust Enterprise Business Plan, an effort to develop and pretest a survey questionnaire is now underway by NORC. It is expected that this process will also provide knowledge and skills that will aid OHTA in assessing the expectations that IIM account holders have for the historical accounting. OHTA plans to seek OMB clearance.

NORC proposes to develop, pretest, test, and perform a survey to aid Interior to assess and to learn how better to satisfy its trust responsibilities. The work would be done in two phases: develop the survey instrument and administer the survey instrument to a sample number of account holders.

IIM Accounting in Alaska

HRA has prepared a reservation history overview of allotments in Alaska. This project will offer insights into the process of document collection, processing (imaging and coding), accounting, and reporting procedures for about 10,000 native allotments in Alaska, of which approximately 700 are receiving land-based revenues. The lessons learned would help future OHTA projects in other geographical areas.

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Forensic Examination of Overwritten Tapes

In preparing for the IIM historical accounting, an effort to examine old tapes from the 1980s has begun. The tapes contain electronic data from the early 1980s, but were overwritten in subsequent uses. Since OHTA understands the number of tapes in storage is large, OHTA will engage a contractor to attempt to recover overwritten material.

Delays/Obstacles

OHTA has identified the following problems and concerns:

(1) *Computer Shutdown* – In the description of the Land Title Project and the New Accounts in Trust Fund Accounting System Project above, OHTA, as discussed in previous status reports, continues to indicate that the computer shutdown has delayed the completion of these projects.

(2) *OHTA Has Little Authority to Obtain Relevant Documents in Custody of Third Parties* – As stated in the *Status Report to the Court Number Nine*, OHTA may be unable to obtain access to IIM records held by third parties due to the lack of a requirement for parties outside of Interior to retain trust-related records. Interior's Office of the Solicitor is preparing guidance for retention of trust-related records which will address what authority the Federal Oil and Gas Royalty Management Act of 1982 may provide as it relates to the collection of missing information from outside sources. This guidance is expected during the forthcoming quarter.

(3) *Change in Status of ITAD* – ITAD officials informed OHTA that ITAD has been notified by GSA's Finance Office that it is a candidate for outsourcing under a GSA-wide management decision to have at least 5% of each operating area subject to outsourcing. This effort to outsource ITAD operations will disrupt its ongoing work.

Assurance Statement

I concur with the contents of the above information on OHTA's activities contained in the *Status Report to the Court Number Ten*. The information provided in this section is accurate to the best of my knowledge.

Date: July 29, 2002

Name: Signature on File

Bert T. Edwards, Executive Director

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V. OFFICE OF THE SPECIAL TRUSTEE

A. CURRENT ACCOUNTING ACTIVITIES (formerly OST DATA CLEANUP)

1. Locate missing mandatory documents for unrestricted accounts

Introduction

Administrative data and supporting documentation in the Individual Indian monies (IIM) module of the Bureau of Indian Affairs' (BIA) Integrated Records Management System (IRMS) and the IIM file jacket folders were not maintained consistently throughout BIA and Office of Trust Funds Management (OTFM) field offices. Numerous deficiencies existed in the data because of inconsistent application of any "standard" method of data input, account/data review, or standardized use of system codes.

Upon completion of the TFAS conversion, OTFM implemented centralized encoding, which provided standards and controls for data input with a 100% pre-quality assurance verification of work tickets and backup documentation for all transactions manually entered.

In preparation for the conversion from the IIM Legacy System to the Trust Funds Accounting System (TFAS), a data cleanup project was required. This project identified account jacket folders without mandatory documentation according to OTFM policy POL 98-003 (Mandatory Documentation Requirements for IIM Account Jacket Folders). That policy states that mandatory documentation for individual, unsupervised, flow-through accounts includes disbursement authorizations and W-9 form copies or copies of Social Security cards.

Phase I of the data collection task included updating unrestricted accounts having cumulative disbursements exceeding \$5,000 over a 12-month period. 472 accounts were identified and letters and forms were sent to the account holders asking them to complete and return the forms. There were 13 accounts in this category that have not been updated at the end of last quarter.

Phase II included data collection for all remaining unrestricted accounts regardless of their disbursement totals, excluding accounts that have already submitted mandatory documents. A total of 39,258 initial letters were mailed to account holders requesting mandatory documents. A minimum of three requests will be sent to these unrestricted account holders.

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Accomplishments and Completions

Phase I – Documentation has been received for seven accounts this reporting period. Of the 472 total accounts, documentation has been received for 466 accounts as of June 30, 2002. We have contacted the remaining six account holders and are awaiting their response.

Phase II – Documentation has been received for 3,781 accounts this reporting period. Of the 39,258 total accounts, documentation has been received for 5,966 accounts as of June 30, 2002, for a total of 33,292 accounts still awaiting documentation.

Current Status

Phase I – The Solicitor has recommended restricting the accounts in the event DOI does not receive the mandatory documentation. A letter affording due process in accordance with 25 CFR 115, is being drafted for review and approval and will be signed by the BIA Superintendent stating that the account will be restricted. *Note: OTFM has forwarded this to the Solicitor for his review and concurrence.*

Phase II – 33,292 accounts are awaiting documentation.

Delays/Obstacles

Obstacles include notarization/witnessing requirements, lack of imaging, lack of account holder response, mobility of account holders and the Temporary Restraining Order blocking internet and modem activity.

OTFM plans to investigate alternative options for the notarization/witnessing requirements for a change of address or other account changes that may allow for different options depending on account balance.

2. Whereabouts Unknown

It is the goal of OTFM to locate Whereabouts Unknown account holders.

Introduction

The Whereabouts Unknown (WAU) project is an on-going effort that includes processing returned mail and re-classifying accounts to whereabouts unknown status, attempting to locate whereabouts unknown account holders using various methods and updating account holder addresses.

WAU will never be totally resolved. It is unrealistic to assume that, at any given time, there would be zero account holders whose whereabouts are unknown given the volume

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of accounts under management. OTFM expects additional whereabouts unknown accounts will be created with the completion of other cleanup projects including probate, ownership, and the *Babbitt v. Youpee* redistribution opinion. It should also be noted that private sector operations (i.e., insurance companies and banks) have the problem of not having current addresses for all of their account holders.

Accomplishments and Completions

OTFM received confirmation from Internal Revenue Service (IRS), Social Services Administration (SSA) and Veterans Administration (VA) that they are willing to participate in this project.

The Internal Revenue Service provided instructions and an “Agreement Covering Reimbursable Services” for its letter forwarding service. IRS cannot provide address information directly to OTFM, but can forward our letters to WAU account holders that have valid social security numbers. This mass mailing to approximately 24,000 WAU account holders will be done in September 2002.

Veteran Affairs (VA) agreed to provide addresses for Veteran WAU account holders. OTFM is working on the details with the VA, and our target completion date is December 2002.

SSA performed a sampling of ten account holders to check its database for current addresses. Unfortunately, SSA did not have current addresses for any of these individuals. SSA will forward an agreement to OTFM. Our target completion date is September 2002.

The Processing WAU Mail Items Procedure has been approved and issued. As reported in prior reports, upon the issuance of this procedure, the WAU project will be removed from the project list and will become part of ongoing operations.

Current Status

As of June 30, 2002, there are 63,994 WAU account holders. During this reporting period 4,012 account holders were located, and 5,317 account holders became WAU. Some of the new WAU account holders result from their accounts being set up without an address or account holders who have changed address but have not officially notified OTFM.

OTFM plans to investigate alternative options for the notarization/witnessing requirements for a change of address or other account changes that may allow for different options depending on the account balance.

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Delays/Obstacles

OTFM has been unable to access Trans Union's address database due to the TRO, which prevents progress on locating addresses for returned mail. Trans Union is a contractor that notifies OTFM of address changes.

3. TFAS

Introduction

The conversion of the IIM accounts to the TFAS was completed in April 2000. TFAS is a generic term for the SEI Investments, Inc., off-the shelf standard trust accounting system. TFAS provides the basic receipt, accounting, investment, disbursing and reporting functions common to commercial trust funds management operations. The system is owned and operated by SEI Investments, Inc. in a service bureau environment.

This quarter's task was to provide TFAS and related training to Office of the Special Trustee (OST), BIA, Tribes, Office of Historical Trust Accounting (OHTA), and OHTA contractor staff. The scheduled training was due for completion by July 31, 2002, but was completed ahead of schedule on June 21, 2002. OTFM conducts training on-site at the regional offices.

TFAS is exploring ways in which it can add additional information to the account statements to help account holders identify the source of income.

Accomplishments and Completions

The training that was completed ahead of schedule included:

- 241 OTFM staff that attended a TFAS Refresher, Customer StrataStation (CSS), Stratavision, Historical Query Refresher, and Desk Operating Procedures (DOP) Volume 4 training;
- 109 BIA staff attended TFAS Overview, Stratavision and Historical Query;
- 11 OHTA and OHTA Contractor staff members attended TFAS Overview, Stratavision and Historical Query; and
- 5 Tribal staff attended TFAS Overview.

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Current Status

Scheduled training has been completed. This training program is an on-going project. Additional training is scheduled for July and August. As stated above, OTFM conducts training on-site at the regional offices.

Delays/Obstacles

None

4. Small Balance / Inactive Accounts

Introduction

In this reporting period, as of June 30, 2002, there are 18,605 accounts that have a \$.01 - \$1.00 balance with no activity for the previous 18 months. The total sum included in those accounts is \$5,496.16. The TFAS currently holds these small dollar/inactive accounts, for which OTFM is exploring options, to find a more cost effective remedy to maintain these accounts relative to the account balance.

Project Goal(s)

OTFM is working with the Office of the Solicitor to reconcile the statutory obligation to earn interest, with the technical inability at present to allocate interest earnings of less than \$0.01 to the respective accounts.

The project goal is to reduce and consolidate the number of small dollar/inactive accounts managed individually on the TFAS, as the cost to manage each account is cost prohibitive relative to the account balance. Each TFAS account established and maintained costs the government approximately \$40 annually, plus the quarterly statement mailing expense.

Project(s) Accomplishments/Completions

None

Current Status of Work in Progress

Alternatives are being researched. During the next quarter, OTFM anticipates receiving a Solicitor's opinion regarding the payment of interest on very low dollar accounts.

Delays/Obstacles

Awaiting opinion from the Solicitor.

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5. Special Deposit Accounts

Introduction

At the end of this reporting period, there are 20,645 special deposit accounts, representing \$67 million, in the TFAS that need to be distributed to individual Indian account holders or tribes in order to comply with the government's fiduciary responsibility as trustee.

The goal of the special deposit accounts cleanup project (project) is to distribute the residual account balances to the respective beneficiaries and prevent the recurrence of problems historically associated with the misuse of special deposit accounts. The project objective is to identify specific transactions that represent the origin of residual balances and to determine the proper distribution, not to verify/reconcile all transactions within a special deposit account. Numerous findings have cited the significant misuse of special deposit accounts for purposes other than those established in 25 CFR Part 115 as temporary "suspense" accounts. Over the years, the number of special deposit accounts that have been opened and remained inactive has proliferated.

The pilot project is being conducted in two phases in order to develop work plan procedures that delineate the cleanup process in its entirety, from financial transaction analysis to distributing residual special deposit account balances to beneficiaries or appropriate recipient(s). Once the pilot project is completed and the work plan procedure finalized and agreed upon by the senior management of BIA, OTFM and Office of Trust Risk Management (OTRM), the national roll out of the project will begin.

Pilot Project (Phase 1)

In Phase 1, four sites participated in the pilot project that was completed January 31, 2002. As reported in the Ninth Report to the Court, 423 accounts representing approximately \$13.7 million were subjected to clean up procedures. In March 2002, the draft work plan procedures were developed based on pilot results, and then circulated for comment between OST, OTRM, and BIA. The BIA raised concerns on the work plan procedures, which resulted in a meeting on May 2, 2002, between BIA and OST managers to discuss and explore options to address those concerns. Based on the results of the meeting, Phase 2 was initiated to specifically address issues raised and not resolved in Phase 1.

Pilot Project (Phase 2)

Phase 2's goal in the pilot project is to further refine the work plan procedures for the project and address issues/problems encountered in Phase 1. It is anticipated that Phase 2 will be completed by September 30, 2002. However, due to unforeseen circumstances, it

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may not be completed before the end of the calendar year. Comments from BIA on the draft work plan procedures raised concerns on the roles and responsibilities of each office, resources, budgets, Department-level coordination and integration, and oversight. Based on meetings with BIA, OTRM, and the Office of the Solicitor, work continues on Phase 2 that addresses concerns raised by BIA.

Once Phase 2 of the pilot is complete, the work plan procedures will be presented to the OST and BIA senior management for approval. Based on pilot results and approval by the senior management of both organizations, the phased national roll out of the project will commence across the twelve BIA regions. A timeline will be developed as part of Phase 2.

Project(s) Accomplishments/Completions

On May 2, 2002, OTFM hosted a meeting in Albuquerque, New Mexico that included representatives from the OTRM, Office of the Solicitor, BIA Trust Management Improvement Project, BIA Office of Trust Responsibilities, and Chavarria, Dunne and Lamey, LLC (Contractor). Discussions centered on resolving problems, issues and differences encountered in the special deposit accounts pilot project and finding options to remedy the various situations. The most important outcomes from the meeting are improved communication and understanding of the roles and responsibilities of each office. Although OTFM believed it had budgeted sufficient funds for BIA to complete the research activities on title and ownership records, a primary concern expressed by BIA was its lack of budgetary and human resources available to complete the necessary research on title and ownership records. The OTFM and Contractor will, for the remainder of this pilot project, assist BIA with the necessary research on title and ownership records to meet the intended project goal of distributing residual balances to beneficiaries.

In the month of May and June, contact was made with the OHTA and the Office of Trust Systems and Projects (TS&P) to determine if there were any overlap in tasks among their respective projects that would avoid duplication of efforts and increase efficiencies. Based on the discussions, it was concluded that there is no overlap in tasks, although the work performed by each office may be reliant upon the work of another project. For example, the OHTA, in part, is reliant upon the OTFM project that will eventually distribute some funds now in the special deposit accounts into the Individual Indian Money accounts.

Current Status of Work in Progress

Phase 2 includes improved communication and coordination efforts with BIA, OTRM, TS&P, OHTA and the Office of the Solicitor. In addition, Phase 2 includes follow-up on the Contractor's recommended actions with BIA program officials, developing a centrally-managed comprehensive tracking system/database, researching on

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title/ownership records at BIA Land & Title Records Office (LTRO) and field offices, and securing appropriate authorized disbursing documents to effect distribution of funds to the beneficial owners.

In this reporting period, field visits have been completed to the Great Plains Regional LTRO to meet with BIA staff and research title and ownership records for allotment and land tracts identified as ownership issues in Phase 1. At Standing Rock Agency, work was performed to ascertain concurrence on Contractor recommendations to secure the applicable disbursing documents to effect distribution of funds and to continue researching title and ownership records. Another field visit involved Pima Agency, Sacatone, Arizona, to gather information, interview realty staff, perform financial transaction analysis and search for financial and administrative documents.

The comprehensive project tracking system (sequel database) is in development and will be used for both the retrospective and prospective work on special deposit accounts. The development of a database that ties financial transaction activities to a specific lease and allotment(s) will complement a BIA policy on the creation and disposition of special deposit accounts. The database is intended to prevent a recurrence of the misuse of special deposit accounts as temporary suspense accounts, as it will have the capability to identify the principal residual balances of reviewed accounts and simultaneously track any new receipts and disbursements posted to each special deposit account. In addition, the database will have the capability to run ad hoc management reports (i.e., aged, exception, or other) for monitoring purposes.

Delays/Obstacles

On December 5, 2001, a Temporary Restraining Order was issued that shut down all Internet access to programs containing individual Indian trust data. This shut down has affected the pilot work timelines because it prevented retrieval of Title Status Reports (TSR) and related historical chain-of-title information from an automated database. The pilot project team performed manual research of allotment and estate cards and hard copy reports of title and ownership records that was extremely time consuming. *Note: LRIS and TAAMS (in selected locations) are the official systems for updating ownership of allotted land. Many trust land transactions, such as gift deeds, probates, sales and leases may not reflect current ownership because of the affect of the Internet shut down. BIA has not been able to access and use the title systems for its intended purpose because of the shut down. This will result in increased delays and a backlog in completing the project because OTFM will have to wait while ownership data is brought current.*

The BIA has a policy that all contractors must have at least the preliminary security clearance completed prior to accessing trust data and records. This requirement delayed for two weeks the pilot project team from making field visits to the Great Plains Regional offices. Although the contractor staff was given favorable screenings for security clearance, the delay may impact the completion of this pilot project by moving the completion date to December 2002.

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Other item

The OTRM presently administers the annual audits that are monitored for conformance to standards by the Office of the Inspector General (OIG). The American Indian Trust Fund Management Reform Act of 1994 requires that trust funds be audited independently and annually. Currently the 2002 audits are underway. During this quarter, the OIG has issued the results of the 2001 independent audits. In addition, the OTRM has procured a contract to obtain the 2002 audits. Audits are also discussed in more detail under the OTRM report.

6. Accounting Discrepancies

Accounting discrepancies noted in the audit remain as reflected in the 9th Report to the Court. These discrepancies will be addressed in future Reports and corrected to the extent possible in consultation with the OHTA and the Department of the Treasury.

Assurance Statements

I believe that the information provided by me in the Current Accounting Activities Section, except for the "Accounting Discrepancies" task, which will be surnamed by Michael Fansler, is an objective and informative analysis of that project as of June 30, 2002. My belief is based on my knowledge and review of credible evidence.

Date: July 31, 2002

Signature on File

Helen Riggs, Project Manager

Date: August 1, 2002

Signature on file

Dianne M. Moran, Trust Operations Officer

I believe that the information provided by me in the Accounting Discrepancies section of the Current Accounting Activities Report is an objective and informative analysis of that project as of June 30, 2002. My belief is based on my knowledge and review of credible evidence.

Date: July 31, 2002

Signature on File

Michael M. Fansler

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B. RECORDS MANAGEMENT

Introduction

The proper retention of Federal records, including IIM-related documents, has three elements: record keeping requirements; records retention schedules and safeguarding. An active, continuing records management program must be developed and implemented to see that necessary records are created and maintained, records retention needs are met through authorized schedules and that the records are safeguarded throughout their life-cycle. The Office of Trust Records (OTR) was established in 1999 to develop and implement an active, continuing joint Bureau of Indian Affairs (BIA) and Office of the Special Trustee for American Indians (OST) program for the economical and efficient management of trust records, consistent with the American Indian Trust Fund Management Reform Act of 1994, the Federal Records Act, other statutes and their implementing regulations. OTR is taking the steps necessary to implement such a program.

Breach of Trust - Retention of IIM-Related Documents

Goals and tasks. The goal of this project is to put in place a program where extant trust records necessary to do an accurate accounting are identified, safeguarded and under intellectual (inventory) control. The insufficiencies of the existing written policies and procedures will be resolved as record types are identified and updated and records retention schedules, manuals and instructions are developed and implemented in conformance with National Archives and Records Administration (NARA) regulations and applicable trust recordkeeping standards.

Records Cleanup

Goals and tasks. The goal of this project is to identify and move to appropriate storage thousands of cubic feet of inactive records stored in office space and offsite storage in BIA and OST locations throughout the country. The tasks associated with accomplishing this goal include properly identifying and inventorying all inactive records and storing them in appropriate facilities in conformance with the requirements of 36 CFR 1228 Subparts I (Transfer to Records Storage Facilities) and K (Standards for Records Storage Facilities).

Records Management Program

Goals and tasks. The goal of this project is to establish the foundation and direction for a joint BIA and OST records management program that includes trust records. The tasks associated with accomplishing this goal include developing and implementing program elements in conformance with 36 CFR Parts 1220 (Federal Records), 1222 (Creation and Maintenance of Records), 1228 (Disposition of Federal Records), 1230 (Micrographics), 1232 (Audiovisual Records Management), 1234 (Electronic Records Management), and 1236 (Management of Vital Records).

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Current Status

Records Cleanup Activities - OTR is undertaking the following activities to ensure that BIA and OST records not needed for current business are located, properly inventoried and stored in appropriate facilities.

- Analyze Storage Requirements - OTR conducts records assessments as a means of determining current storage requirements for active records. A records assessment is a review of the volume, physical condition, and location of all records at a particular office or location. OTR reported that it intended to conduct assessments at remaining BIA locations that maintained trust-related program records by the end of this reporting period. Based on information provided by BIA, two locations remained: the Makah and Shawnee Field Offices. OTR conducted the assessment at Shawnee but, at the request of Makah, agreed to delay conducting the assessment until a later date. During this reporting period, OTR also conducted records assessments at the following Office of Trust Funds Management (OTFM) IIM Field locations: Great Plains, Southwest, Sisseton, Truxton Canyon and Warm Springs.

Also, in the Ninth Report to the Court, OTR reported that it intended to send reports containing a summary of the status of their records programs to BIA Regional Directors and Agency Superintendents in April. Due to competing priorities, the reports were not sent until late June. A worksheet that BIA can use to identify the numbers and types of new filing equipment and systems needed to file active trust program related records was included with the summary reports.

Also, in June, OTR, through the Special Trustee, recommended to the Deputy Secretary of the Interior that, given the historical concerns about records retention and protection, records assessments should be conducted at all Department offices that maintain trust records. Options provided by OTR on how the assessments could be conducted included: 1) each Bureau could be tasked to complete the assessments; 2) the Department's Records Office could conduct or coordinate the completion of the assessments; and 3) OTR could be asked to work with the Bureaus to complete the assessments.

- Records Disposition - An effective records disposition program provides for the proper maintenance of permanent records and the efficient, prompt and orderly reduction in the overall quantity of records maintained by an organization at any given time. On April 16, 2002, the Deputy Secretary directed OST and BIA to maintain records in their current geographic locations pending further direction on the disposition of inactive records. On April 19, 2002, as a result of a Temporary Restraining Order issued by the District Court on April 18, 2002, the Deputy Secretary directed all DOI officials to maintain trust records in their current geographic locations pending future direction on the disposition of records.

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- Replace Historical Records with Working Copies - As reported in the Ninth Report to the Court, contractors obtained by OTR to perform the document preparation work that needs to be completed before filming or scanning can actually start have been barred access to records at BIA pilot locations. Contractors are not being provided access because of differing interpretations regarding the level of security clearances required by contract employees to work on inactive paper records. OTR understands that this matter has been referred to Department-level management for resolution.

Records Management Program Activities - OTR is undertaking the following activities to establish a viable and continuing BIA and OST records management program.

- Records Schedules - During this reporting period OTR's record schedule teams continued developing BIA and OST textual and electronic records schedules. The existing textual BIA disposition directive (16 BIAM) has over 400 records disposition items in six chapters. The Textual Records Team has been working on approximately 250 trust land and natural resources related disposition items (records series) from the following programs—realty, forestry, fish and wildlife, agriculture, range, irrigation, minerals, oil, and gas. The BIA/OST Records Schedule Working Group will meet again in July to develop recommended dispositions for each record series; and, at a later date, to identify special records conditions—trust versus non-trust; vital versus non-vital; and Privacy Act versus non-Privacy Act.

There are approximately 42 automated systems that need to be scheduled—with approximately half of them representing trust systems. The Electronic Records Team has been working on (and submitted to BIA for comment) disposition schedules for BIA's Integrated Records Management System (IRMS) modules.

The team plans to submit these proposed trust-program related schedules to NARA for review and approval by the end of the next reporting period.

- Develop and Issue Records Manuals - It was reported in the Ninth Report to the Court that OTR submitted a draft Chapter 1 of a new BIA records manual to OST management for review and comment. During this reporting period, OTR staff drafted three additional chapters. Because these drafts have undergone only a preliminary internal review, they are not yet ready to be distributed for comment by offices outside of OTR. OTR expects to have these four draft chapters ready for comment and review by BIA and DOI by the end of the next reporting period.
- Program Evaluations - As a result of the Department's April 16, 2002, statement indicating that the Office of the Secretary, in consultation with the Special Master, will independently re-examine the records program to clarify the Department's

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programmatic needs, no action or further planning occurred on this activity this reporting period.

- Training and Technical Assistance - OTR provided basic records management training to BIA, tribal, and OTFM employees at centralized training sessions held at the following locations: Nashville-BIA (35 attendees); Shoshone Bannock Reservation (75 Tribal attendees); Oneida Reservation (27 Tribal attendees); Albuquerque-BIA Law Enforcement (21 attendees); Shawnee-OTFM (32 attendees); Portland-OTFM (19 attendees); Albuquerque-OTFM (34 attendees); and Aberdeen-OTFM (30 attendees).

Centralized training for records management is also scheduled for the following BIA locations for the remainder of the calendar year: Great Plains – July 16-17 and August 27-28; Southern Plains – July 23-24; Eastern Oklahoma – September 24-25; Rocky Mountain – August 13-14 and September 10-11; Central Office West, Southwest Region and Navajo – August 6-7; and Central Office East – October 8-9.

Beginning in April 2002, OTR included a discussion on “trust” records as special types of records in its basic records operations training materials. OTR’s intent was to provide employees with criteria they could use to identify types of documents that may be trust records—a subset of Federal records. OTR’s first version was based on a definition of “individual Indian trust data” issued by the Department in conjunction with efforts to improve information technology security. However, because trust records encompass more than individual Indian data, OTR revised the training materials using guidance issued by the Secretary in the Department Manual for managing Indian trust assets—Part 303, Indian Trust Responsibilities; Chapter 2, Principles for Managing Indian Trust Assets.

While OTR can provide guidance, direction, training, and technical assistance on the proper care, maintenance, and preservation of records, OTR cannot provide guidance or direction on how or why a record is created or how the information in a specific record is used or administered. Program managers must determine what records are needed to adequately document their programs and must train their employees on the proper administration of their trust duties and documents.

- Life Cycle Database (Inventory) - The contractor hired to conduct the pilot at BIA’s Southwest Region has not been allowed access to the records. As reported above, contractors are not being provided access because of differing interpretations regarding the level of security clearances required by contract employees to work on inactive paper records. Therefore, no action occurred on this activity this reporting period.

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- Pilot Project for Electronic Record Keeping - In April, OTR forwarded a draft statement of work (SOW) to OTFM and the Department's Chief Information Officer (CIO) for review and concurrence. The purpose of the SOW was to acquire contractor assistance to identify, acquire, develop and implement appropriate software to demonstrate the concept of electronic records management as proposed in the Department's Roadmap to Electronic Records Management. OTR received OTFM's concurrence and is waiting for the Department CIO's response.
- BIA Records Transshipment - Prior to the time the Office of Secretary suspended the movement of records to the Lee's Summit Federal Records Center (FRC) in April, NARA had completed shipment of approximately 32,400 cubic feet of Indian Affairs Records from the various FRCs to Lee's Summit. Approximately 75 cubic feet of BIA records remain at the Dayton FRC.
- OST Records Move - In March, OST contracted with a records management consulting firm to prepare a records transfer plan. During this reporting period, the contractor submitted two draft plans for OST's review and consideration.
- Jacket Folder Issue with Three Tribes - In calendar year 2000, three Tribes objected to the removal of active IIM jacket folders to Albuquerque for cleanup and storage. During this reporting period, OTR had an ongoing dialogue with one of the Tribes; the communications have been positive. OTR will continue to work with the Tribe in an attempt to reach a mutually agreeable solution. No further action has been taken with regard to the other two Tribes.
- Compact and Contract Tribes - OTR continued to provide technical assistance and training to compact and contract tribes at their request.

Delays/Obstacles

As reported in the Eighth Report to the Court, numerous obstacles have, from the onset, impeded the timely completion of the project. Many of the same obstacles continue to slow project progress today, including decades of inadequate records management programs; insufficient staff/resources in BIA and OST to manage records; organizational resistance and conflicting organizational priorities; misconceptions about roles and definitions; and uninformed criticism.

OTR's priorities have always been to: 1) locate, identify, and ensure the protection of all Indian Affairs records, including IIM-related documents needed for an accounting; 2) provide training to all employees in their individual records management responsibilities and on how to properly identify, categorize, dispose of, preserve, and maintain all Indian Affairs records, including IIM-related documents; and 3) put together the necessary

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policies, procedures, and standards for an active, continuing program for the economical and efficient management of all Indian Affairs records, including IIM-related documents.

Assurance Statement

I believe that the information provided by me in the Records Management Subproject Section is an objective and informative analysis of that subproject as of June 30, 2002. My belief is based on my personal knowledge, my review of certain documents, and my review of credible evidence and documents provided to me by my staff.

Date: August 1, 2002

Name: Signature on File
Debra J. Meisner

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C. TRAINING AND TRUST MANAGEMENT STAFFING

Introduction

The lack of adequate training of those persons who manage Indian trust assets has been cited in numerous Office of Inspector General and General Accounting Office reports and has been identified as a significant obstacle to the more effective management of, and accountability for, the proper discharge of the Secretary's trust responsibilities to Indian tribes and individual Indians for whom the Department holds or controls trust assets. The Secretary has a continuing responsibility to provide adequate staffing, supervision, and training for trust fund management and accounting (25 U.S.C. § 162 a(d)(7)). Coupled with intelligent supervision and productive experience, training is essential to the successful management of any operation.

Project Goals

The objective of the trust asset management training project is to support the systems and specialized skills needed to increase the job performance and interorganizational effectiveness of Departmental and Tribal personnel who manage these assets.

Current Status

Preliminary efforts are underway within the Office of Indian Trust Transition to plan for the development of a centralized training program to supply all of the trust organization training and education needs in the future. That effort will be a long-term project, and OST will monitor its progress pursuant to its oversight role. While that project is underway, OST will continue to offer its basic and introductory trust foundations training course to the entire trust asset management workforce.

Trust Foundations: An Introduction to Trust Reform and Change:

During the period of April 1, 2002 to June 30, 2002, Upper Mohawk Inc., the contractor that has been retained to provide general trust training to Departmental and Tribal trust asset managers, provided its Trust Foundations: An Introduction to Trust Reform and Change course to 293 employees. As has been mentioned previously, this is a non-technical course designed to introduce trust employees at every level with an increased understanding of the Government's and the Department's fiduciary responsibilities with respect to the Indian assets held in trust. This course is three days in length. A one-day course is offered to students who have taken the first two days previously, and a three-day course is offered to those who have not taken any portion of the Trust Foundations course to date. As illustrated by the table below, the vast majority of attendees rated the class as either completely or generally successful in meeting its stated objectives that include: to understand the purpose of the 1994 Reform Act; to be familiar with the Secretary's Trust Principles; and to be familiar with the concepts of Fiduciary Conduct.

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Course	Number of Students Attending this Quarter	Completely Successful	Generally Successful
Trust Foundations - One Day Training	169	72%	26%
Trust Foundations - Three Day Training	124	77%	21%

To determine the longer-term impact of the course on the knowledge of attendees, the training contractor is responsible for the implementation of an outcome study. After discussion, OST and Upper Mohawk have determined that Upper Mohawk will contract this outcome study to an appropriate organization or consultant to ensure the objectivity and integrity of the results. The outcome study is expected to begin during the next quarter, when participants will be randomly selected and surveyed.

Customer Service

Upper Mohawk continues to develop a Customer Service course to be offered to an appropriate subset of the training audience. During this quarter, course developers worked to construct the draft curriculum, which is expected to be submitted to OST for approval in July 2002. This training is now planned for introduction in October 2002.

Delays/Obstacles

Attendance at the Trust Foundations courses has fallen and a significant number of Departmental and Tribal trust asset managers still need to complete the Trust Foundations training. To date, approximately 1,000 employees (out of a population of over 3,000) have completed the entire Trust Foundations course. Therefore, OST is concerned that bureau and office management may not be providing the appropriate leadership, direction and support to their employees to ensure their attendance at this training course. The Special Trustee has recommended that specific performance evaluation standards be put in place for SES personnel who have a responsibility for persons who manage Indian trust assets to ensure that these employees attend and successfully complete this course. OST understands that the Bureau of Land Management already is considering adding such an element to the performance evaluations for its managers. Additionally, OST is aware of a few instances this past quarter in which training manuals have been taken from students after they return from training. These actions suggest that the corporate culture within the Department remains resistant to trust reform in some areas. The success of both the training program and the overall trust reform effort depends on the strong support and leadership demonstrated in both the field and the Washington, D.C. headquarters offices.

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Assurance Statement

I concur with the content of the information contained in the 10th Report to the Court.
The information provided in this section is accurate to the best of my knowledge.

Date:

Name:

Carrie Moore

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D. RISK MANAGEMENT AND INTERNAL CONTROLS

SUMMARY DESCRIPTION

The Office of Trust Risk Management (OTRM) objectives are to (1) systematically address and make recommendations to resolve management control deficiencies and (2) design and implement a comprehensive Risk Management Program that includes extensive management controls to monitor and evaluate the Department's Indian trust asset management program. Eventually, this program will be applied to all trust asset activities and is being coordinated with many of the ongoing reform efforts. Currently these include trust systems, data quality, probate and special deposit cleanup activities.

ACCOMPLISHMENTS AND COMPLETIONS

Pilot Risk Management Programs

Pilot program development efforts were initiated early this quarter at the Bureau of Indian Affairs (BIA) Concho and Anadarko agencies, Southern Plains Region. Pilot programs are designed for the purpose of building risk assessment and management control systems for assessing risk related to revenue. The Southern Plains Region was selected as one of the two pilot regions because of the cross section of revenue activities it operates and the significance of its oil and gas activities. Risk Management training was provided to 86 people - 72 were employees of the BIA regional and agency offices and 14 were tribal employees. The pilot program development effort will be expanded to the Southern Plains agencies of Horton and Pawnee during the next quarter.

Further development efforts and site visits in the Northwest Region have been deferred until the next quarter, because the pilot work at Southern Plains consumed more resources than planned. Additional refinements to the management control programs were found to be desirable and will be incorporated into the Northwest program packages before return site visits are scheduled. Return visits are now planned for August 2002.

Similar to the selection criteria for Southern Plains, the Northwest Region was selected for its cross section of revenue activities and the significance of its forestry activities. Agency locations selected include Warm Springs, Yakama, Puget Sound, Spokane, Fort Hall, and the Nez Perce and Flathead Tribes. The goal for all pilot programs is to develop prototype or baseline programs for each revenue activity that can then be deployed across similar revenue activities in other BIA regions and agencies.

Pilot program development activity was initiated this quarter for the Bureau of Land Management (BLM) Indian trust asset program for cadastral surveys and its mineral (subsurface) programs for solids and fluids. To date, overview training has been provided to several senior BLM representatives and the "As Is" business process sponsors for cadastral survey and subsurface programs. The cadastral survey program is

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being approached first and, in coordination with the business process sponsors, a general set of workflows, including internal controls and associated risks, will be developed. Drafts of these information sets were completed and agreed to with BLM late this quarter. The draft prototype packages will be further refined in joint workshops and are planned for implementation at the BLM Idaho State Office during the next quarter.

The pilot program development has been more time consuming and resource intensive than expected. OTRM plans to begin implementation for the BIA Northwest and Southern Plains regions in the first quarter of FY 2003, with other BIA locations in the second quarter.

OTRM has continued to refine its relational database that records and reports on the programmatic objectives, associated risks, management controls, corrective action plans, and the progress toward producing annual statements of assurance. This Management Control Plan Database (MCPD) will store information applicable on a nationwide basis for each revenue activity. The benefits include: the standardization of program objectives, management controls, management control evaluations, and all other documentation; a "Best Practices" approach to each program; the systematic ranking of the current risks that affect Indian trust assets; the automation of the formalized tracking of control deficiencies and corrective actions; and a process to streamline fieldwork. The MCPD will be delivered to the pilot program participants discussed earlier when implementation occurs early next fiscal year.

PROJECT COORDINATION

OTRM continued coordinating with the project development efforts under the control of the Trust Systems and Projects (TS&P) group this quarter. Several meetings and exchanges of information to support the "As Is" process work occurred this quarter. OTRM also initiated coordination for risk assessment purposes in the Data Quality project. The last report indicated we needed to get involved in the Special Deposit cleanup project. To clarify, OTRM had been coordinating with that project group and providing risk input for several months and that continued during this quarter. If additional resources are acquired in FY 2003, coordination and risk assessment work will be initiated in other areas such as appraisals, ILCA and other projects as recommended by the Office of Indian Trust Transition Director in the last report.

CASH MANAGEMENT

The TS&P office also selected two agencies in the Southern Plains region, and the Anadarko and Concho agencies, to initiate their renewed data quality and evaluation work. These two agencies are two of the top three trust fund recurring revenue producers in the country. OTRM has decided to incorporate some form of a lock box collection processing option as the leases and associated critical data elements are covered in the new effort. This option will not change day-to-day processing, except for the immediate

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deposit of cash received. All other work processes will remain unchanged, except that the documents used will be copies of the checks rather than handling and transferring the actual checks.

OTHER ITEM

During this quarter, KPMG completed, and the Office of Inspector General (OIG) issued, the annual audit of the OST/OTFM trust fund financial statements for 2001. These audits are required by the Trust Fund Reform Act, and have been conducted independently each year since 1995. The annual audit was contracted for by OTRM and was monitored for conformance to standards by the OIG.

The audit includes two material weaknesses. The first relates to fund imbalances between the Department and Treasury and within the IIM accounts. These are believed to be accounting errors and have been stable since the mid to late 1990's. Office of Trust Funds Management (OTFM) concurred with the findings and restated its actions to attempt to reach resolution. Work will continue toward resolution of these issues during calendar 2003. The actions necessary for resolution include combinations of legislation, appropriations and cooperation among many Departmental entities and the Treasury Department. Appropriations have been requested in the past and again in FY 2003.

The second material weakness relates to the inability to verify trust land ownership records that determine fund distribution. Again, this is a repeat of a previously reported weakness. The recently created TS&P group will, with BIA and contractor assistance at the Concho and Anadarko agencies, begin correcting these ownership records under its redesigned data quality project (formerly BIA data cleanup).

The report also included other findings of lesser severity. These dealt mainly with internal controls in IT and operational areas. OTRM is monitoring corrective measures being developed and implemented by OTFM, and has concluded that significant and effective progress is being made on resolving these findings.

KPMG initiated the FY 2002 audit this quarter. It will include follow-up on previously reported items and audits of the FY 2002 financial statements.

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Assurance Statement

The information contained in this project report for Risk Management and Internal Controls is, to the best of my knowledge and belief, a comprehensive portrayal of the project's status. It was objectively developed and key subordinates and I have reviewed it in a manner and to an extent sufficient for me to concur with its contents.

Date: August 1, 2002

Name: Signature on File
Kenneth M. Moyers

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E. APPRAISAL

Introduction

Various regulations governing Indian trust land transactions require the Secretary of the Interior to obtain valuations. To meet this requirement, an appraisal or other valuation is used as a management tool to ensure that fair and just compensation is received on Indian land transactions including, but not limited to, commercial, industrial, agricultural and all other types of leases, rights-of-way, land sales, land exchanges, grazing, and range permits. The process is managed in a manner that promotes professionalism, objectivity, independence, leadership, and accountability.

Appraisal Project

The immediate appraisal trust reform goals are:

- To organize the Office of Appraisal Services (OAS);
- To identify and prioritize the current appraisal workload; and
- To establish standard policies and procedures to stabilize and improve appraisal operations in accordance with existing appraisal trust fiduciary responsibilities and the Uniform Standards of Professional Appraisal Practice (USPAP), and in coordination with the business process modeling effort.

Accomplishments/Completions:

- On June 16, 2002, the Department transferred appraisal staff to the Office of the Special Trustee for American Indians.
- The Appraisal Transfer Team (ATT) submitted a draft OAS organization plan to OST. The plan recommended a centralized organizational structure. On June 27, 2002, the Special Trustee deferred action on the plan for structuring the Office of Appraisal Services pending the outcome of the business process review and the Department's trust organization structuring.
- On-site program reviews were completed in the previous reporting period. A summary report of the results of the program reviews was submitted by the Senior Review Appraiser to the Chief Appraiser. This report summarizes the program activities reviewed including staffing analysis, qualification of appraisers, appraisal process and reporting, workflow analysis, record keeping, organizational structure, appraisal review, training/continuing education, budget/finance analysis, A-123, equipment analysis, and conflict of interest.
- Previous reporting periods discussed a backlog of appraisals at the Blackfeet Agency. In this reporting period, a team of OAS appraisers from various regions traveled to Blackfeet for a two to three week period. Out of approximately 750

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pending backlog appraisals, approximately 513 were completed. The balance are expected to be completed by the end of calendar year 2002.

Current Status of Work in Progress:

- **The Appraisal Handbook.** An appraisal handbook is being developed as a guide for appraisers to achieve consistency and quality in the methods and results of performing appraisals. The Handbook Workgroup prepared a schedule to develop the contents, structure, write segments and assemble a draft for review by Appraisal Technical Board on or before March 31, 2003. The editing and publication process is scheduled for the third quarter, 2003. The handbook workgroup will coordinate with the business process modeling to establish a baseline business process.
- **Appraisal Program Reviews.** On-site program reviews were completed in the previous reporting period that examined appraisal operations for 12 regions (including agencies) under the Bureau of Indian Affairs. The Senior Review Appraiser submitted a summary report of the results of the program reviews to the Chief Appraiser. This report summarizes the program activities reviewed including: staffing analysis, qualification of appraisers, appraisal process and reporting, workflow analysis, record keeping, organizational structure, appraisal review, training/continuing education, budget/finance analysis, A-123, equipment analysis, and conflict of interest. Several tasks were recommended that are region-specific and designed to improve appraisal operations. These tasks will be analyzed and converted to action items during the next reporting period.
- **Appraisal Workload and Indian Land Consolidation Act and Land Consolidation Pilot Projects.** The appraisal workload has increased since 1999 and may increase in the future due to the Indian Land Consolidation Act (ILCA) and the Land Consolidation Pilot Project (LCPP). This is due to the nature of fractionation and the number of reservations and allotments in which heirs may wish to consolidate or exchange interests, or request other realty transactions.

Delays/Obstacles:

The Special Trustee advised the OAS Chief Appraiser by memorandum, dated June 27, 2002, that he has decided to delay action on a final plan for structuring the Office of Appraisal Services until the current business modeling activities have been completed and the results analyzed. In the interim period, the Special Trustee has appointed the acting Chief of Staff to oversee the OAS.

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Assurance Statement

I concur with the content of the information contained in the 10th Report to the Court.
The information provided in this section is accurate to the best of my knowledge.

Date: July 30, 2002

Name: Signature on File
Gabriel Sneezy, Chief Appraiser

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VI. BUREAU OF INDIAN AFFAIRS

A. FRACTIONATION

Introduction

Fractionation of Indian trust and restricted lands has a long history stemming from the federal Indian policy of the 19th Century. Fractionation is a complex and potentially emotionally charged issue due primarily to the cultural, historical and family association of the present Indian owners with the original owners of those lands held in trust by the United States or subject to a restriction against alienation by the Secretary of the Interior. Both Congress and the Department of the Interior (Department) are attempting to address this complex issue.

Accomplishments and Completions

I. Indian Land Consolidation Program (ILCP)

The goal of this action is to acquire and consolidate small fractional interests in trust and restricted lands in Indian tribes and to lessen the number of small individual interests. The ILCP is presently operated in two of the Bureau's Regions. There are five reservations in the Midwest Region and one reservation in the Great Plains Region participating in ILCP. Each of the Regions has an implementing official.

Implementing Official: Larry Morrin, Regional Director, Midwest Region

Midwest Region, Great Lakes Agency, is winding up phase one B the first three years (1999-2002) of the pilot project in Indian land consolidation first authorized by Congress in 1999. The objective is to purchase as many of the less than 2% undivided interests on three reservations in Wisconsin as quickly as possible and restore majority ownership to the tribes. Accomplishments include:

Through June 2002 more than 44,000 interests were acquired (2,788 for this reporting period). These purchases were made from willing sellers whose only notice of the project had been word-of-mouth and tribal government agreement to participate. Consistent levels of purchasing exist and applications are always on hand. On average between 750 and 1,000 interests were purchased per month throughout the past three years. The project maintains a consistent stream of applications in process for approximately \$1 million in purchases at any one time.

Through the pilot project, the Bureau of Indian Affairs purchased majority interests on the allotments on three reservations. More than 40,000 of the 44,000 interests purchased have been those that are 2% or less of the undivided total of the allotment.

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Experience shows that expansion to other reservations was needed so that persons owning small multiple interests on multiple reservations could be totally removed from the Department of Interior workloads in accounting and probate. The first three reservations were Chippewa Reservations. The Indian owners on these three reservations were found to have inherited small interests from relatives on nearby Chippewa Reservations including Red Cliff Reservation in Wisconsin, Keeweenaw Bay in Michigan and Fond du Lac, in Minnesota. To eliminate the Department's responsibility for administration and probate for these remaining interests of earlier sellers, their interests on the expansion reservations were purchased as well.

Implementing Official: Cora Jones, Regional Director, Great Plains Region

This is the first year of the program operation in the Great Plains Region and due to delays in the distribution of the program funding, the Region did not receive the FY 2002 funding until May 2002. Thus, the Region is in the initial process of implementing the ILCP.

During this reporting period, the Region designated staff, developed a draft action plan, developed databases for applicants and owners, established protocols, and collaborated with the Rosebud Sioux's Tribal Land Enterprise to identify target parcels for acquisition.

Current Status

- \$ The Assistant Secretary - Indian Affairs requested an increase in funding for the ILCP in FY 2004. The funds will be used for a phased nationwide expansion of the ILCP. The remaining reservations under the administrative supervision of the Midwest Region are targeted for the initial phase of the national rollout.
- \$ The Deputy Special Trustee for American Indians assigned responsibility to OTFM for exploring alternatives to resolve the accounting issues associated with the non-deposit of sale proceeds from the ILCP to individuals who do not have active Individual Indian Monies (IIM) accounts identified in TFAS. Initial discussions between the Deputy Special Trustee and the Midwest Regional Director have taken place. It is expected that this issue will be resolved during the next reporting period.

Delays/Obstacles

- \$ The consolidation of the individual Indian beneficiaries trust assets under ILCP results in the reduction or elimination of the federal government's cost to administer Indian trust and restricted lands. The Secretary must balance the fiduciary and trust responsibility to individual Indian beneficiaries and ensure their best interests while promoting a federal program that encourages the consolidation of individual trust assets to another beneficiary (Indian tribes), thus,

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preserving the trust and restricted land base and ensuring and promoting the government-to-government relationship between the federal government and Indian tribes.

\$ There is a need for additional statutory authority to acquire fractional interests greater than 2 percent in order to better effectuate the consolidation of fractional interests.

\$ There is a need for re-activation of the Land Records Information System (LRIS) and the title portion of the Trust Asset and Accounting Management Systems (TAAMS) to expedite the processing of title and recording actions. Some actions are presently being manually performed and may require validation when the systems are operational. It is anticipated that both systems will be operational during the next reporting period.

Assurance Statement

I concur with the content of the information contained in this section of the 10th Report to the Court. The information provided in this section is accurate to the best of my knowledge.

Date:

Name:

Larry Scrivner

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B. TRUST POLICIES AND PROCEDURES (TPP)

Introduction

The goals of this project are to –

- Interpret the principles that guide the Department's trust operations;
- Work with appropriate program offices to systematically identify and update regulations to ensure that the official policies comport with the trust principles;
- Work with appropriate program offices to develop or revise program manuals and handbooks so that internal guidance and operational procedures reflect current policies and technologies;
- Propose changes in legislation to modernize Indian trust statutes; and
- Assist trust management offices on an ongoing basis to identify and rectify problems in their policies and procedures.

Accomplishments and Completions

- **Interagency Handbook.** The Interagency Handbook that identifies the respective responsibilities of BIA and OTFM for management of financial trust assets was approved on May 30, 2002. The document was distributed to field staff in mid-June.
- **IIM Account Numbers/BIA Identification Numbers.** In April, BIA and OTFM issued directives establishing a common method for issuing Individual Indian Money (IIM) account numbers and BIA identification numbers. The purpose of the directives is to ensure that the unique BIA Identification numbers and the associated IIM account numbers retain their uniqueness and that BIA and OTFM staff use the same method to assign account/ID numbers until such time as a common system is available.
- **Manual Revision.** Two 30-year old, outdated chapters of the Bureau of Indian Affairs Manual, *Individual Indian Money* (42 BIAM, Supplement 3, Chapter 10) and *Investments* (42 BIAM, Supplement 3, Chapter 11) were rescinded on June 6, 2002. Virtually all of the functions and responsibilities identified in these chapters were transferred from BIA to OST in 1996. Further, the IIM chapter described the accounting procedures that were followed prior to 1985 when BIA converted IIM accounting from a manual to an automated system.

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- **IIM Involuntary Encumbrances.** A revised form that will be used to document involuntary encumbrances placed on IIM accounts was developed by staff from TPP and the Office of the Solicitor. The updated form was issued on June 28, 2002.

Current Status

Statutory Revisions:

Bureau of Indian Affairs/Office of the Special Trustee

Review of Title 25, United States Code – On June 11, 2002, the Director, Office of Indian Trust Transition, signed a letter to all Tribal Leaders providing a copy of TPP staff recommendations for repealing or amending numerous provisions of Title 25. This represents the initial step in the consultation process. The tribal responses, which are due August 15, 2002, will be used to identify areas of widespread agreement so that future consultation meetings can focus on issues that require additional discussion and review. The Director also requested that the Special Trustee, the Assistant Secretary – Indian Affairs, and the Solicitor review the staff work product and submit their comments by mid-August.

Regulatory Revisions:

Bureau of Indian Affairs

Repeal of Outdated Regulations – TPP is proceeding with an initiative to repeal a number of trust-related regulations because all activities associated with the particular authorizing statute and its implementing regulations have been completed (i.e., the regulation is obsolete) or because the regulations do not comport with current Federal Indian policy:

- Part 112 – Pro Rata Shares of Tribal Funds
- Part 116 – Trusts for the Five Civilized Tribes
- Part 121 – Osage Judgment Funds
- Part 123 – Alaska Native Fund
- Part 125 – Payment of Sioux Benefits
- Part 154 – Osage Roll, Certificate of Competency
- Part 156 – Reallotment of Lands to Unallotted Indian Children
- Part 178 – Resale of Lands within the Badlands Air Force Range
- Part 243 – Reindeer in Alaska

The proposed rule to repeal the regulations was published in the *Federal Register* on February 21, 2002 (67 FR 7986). Three tribes responded to the request for

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comments; none expressed opposition. TPP prepared the final rule, which was put in the Departmental clearance process on May 28, 2002.

25 CFR 2 – Appeals from Administrative Actions – TPP initiated the Departmental clearance for these proposed regulations on March 25, 2002. At the end of the reporting period, the regulations were under review in the Office of the Solicitor.

25 CFR 161 – Navajo Partitioned Lands Grazing Permits – The Navajo Nation completed its internal review of the draft regulations and requested the Navajo Region to coordinate a follow-up meeting with TPP staff. As both of the TPP staff who worked on these regulations have left the project, the Office of Trust Responsibilities (OTR) was asked to assume responsibility for this effort. OTR staff plan to meet with tribal and regional office representatives during the next quarter.

25 CFR 124 – Deposits of Proceeds of Lands Withdrawn for Native Selection under the Alaska Native Claims Settlement Act – As previously reported, TPP staff completed a draft revision of Part 124 and forwarded the draft to OTFM for its review and comment. During the current quarter, OTFM requested review by the Office of the Solicitor.

25 CFR 162 Subparts C and D – Residential Leases and Business Leases -- On June 5, 2002, the Director, OTR sent the draft regulations to all BIA Regional Directors and to the National Congress of American Indians. The Regional Directors distributed the document to the agencies within their jurisdiction and to the tribes they serve. The deadline for comments on the draft regulations is July 8, 2002. Following receipt of comments, OTR will revise the draft regulations and initiate the internal clearance process.

Energy Initiatives -- In response to the Administration's goal of increasing domestic supplies of energy, the BIA established an Energy Planning Group, which held an Indian Energy Summit in December 2001 in Denver, Colorado (reported in the 8th Report to the Court). In connection with the Summit, the BIA is evaluating energy-related program areas for regulatory revision. During this reporting period, TPP staff sent recommended revisions to Part 216 – Surface Exploration, Mining, and Reclamation to the Division of Energy and Minerals for its consideration.

Minerals Management Service

As previously reported, the MMS proposed rule on the valuation of oil produced from leases on Indian trust lands is under review by the Office of the Solicitor. There is no firm estimate as to when the review will be completed.

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Internal Program Guidance

Note: The BIA April 2001 Report identified almost 70 trust-related manuals and/or handbooks within BIA that need to be written or revised. In all but a few cases, under the current management structure, BIA program staff is responsible for this work and TPP project staff monitor progress and provide a trust management review.

Agriculture and Range Program (Grazing Permits) Handbook – The Office of Trust Responsibilities organized a large work group composed of BIA employees and tribal representatives to update the agriculture and range program handbook. The work group expects to complete the initial draft in August 2002, which will then be distributed to the field for review and comment.

Environmental Compliance Handbook – As previously reported, BIA’s OTR completed a draft handbook for environmental compliance for trust resources and circulated the draft for comments. During this quarter, further revisions were made to the draft based on comments received. A “final draft” will be distributed for review in July 2002.

Financial Conflicts of Interest - The 1994 amendments to the Ethics in Government Act amended Title 18 U.S.C. (Crimes and Criminal Procedures) in Chapter 11 (Bribery, Graft, and Conflicts of Interest) by including within “acts affecting a personal financial interest” those activities that affect the financial interests of the Indian tribe in which the employee or the employee’s spouse is a member. During this reporting period the Department’s Ethics Office advised the TPP staff that the Office of Government Ethics (OGE) was accepting proposed statutory amendments from agencies through August 2002. TPP staff prepared a justification and proposed amendments to the provisions dealing with Indian employees’ financial conflicts of interest and forwarded the proposal to the DOI Ethics Office. Staff from the Ethics Office held a preliminary meeting with OGE during the week of June 17, 2002. There will be further meetings with OGE before the legislative package is finalized.

Forestry Program Manual – During the reporting period, tribes and BIA field staff sent comments on the draft forestry manual to the Division of Forestry, OTR. Forestry staff are making the necessary revisions and plan to issue the final manual during the next quarter.

Special Deposit Accounts: BIA and OTFM were unable to resolve differences over proposed guidance to manage future postings to special deposit accounts. At the end of the reporting period, no further meetings had been scheduled.

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Real Estate Services Program Handbook – The drafting team met during the week of June 17, 2002, in Washington, DC to complete work on a draft of the leasing handbook. The draft will be distributed to the field for comments during the next quarter.

Delays/Obstacles

Staffing: The project is down to one staff member, who is also the Acting Director of the BIA Trust Management Improvement Project. This employee will retire during the next quarter. On June 18, 2002, the Director, Office of Indian Trust Transition and the Special Trustee met to discuss the future of the project. At the meeting, the Special Trustee agreed that the project would be transferred from BIA to the Office of Indian Trust Transition. This is a positive step, as the organizational placement recognizes that the project scope encompasses multiple bureaus and offices, not just BIA. It will, however, be necessary to recruit all new staff for the project.

Other Matters: Trust Reform Records

Hard Copy Records. As previously reported, TPP project has lost staff steadily for the past nine months. Similarly, many BIA Central Office employees previously assigned to the TAAMS and probate projects have taken other jobs and most of those who remain will move to other positions before the end of the current fiscal year. On June 26, 2002, the Acting Director, TMIP, prepared a memorandum to the Special Trustee for signature by the Assistant Secretary – Indian Affairs requesting that the Office of Trust Records send staff to Washington, DC to file, inventory, and secure these records as well as the trust reform records of other key officials, such as the former Assistant Secretary, the former Deputy Commissioners, and the former TMIP directors.

Electronic Records. While much attention has been given to the necessity of retaining hard copies of all e-mail messages and back-up of network applications, little attention has been focused on trust reform information that may reside on computer “hard drives.” On June 27, 2002, the Acting Director, TMIP, sent a memorandum to the Chief Information Officer in the Office of the Assistant Secretary – Indian Affairs, requesting that he provide assistance in backing up the information on the hard drives of the computers used in the various TMIP offices.

Assurance Statement

To the best of my knowledge, the information on Policies and Procedures included in the 10th Report to the Court is accurate.

Date: July 31, 2002

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August 1, 2002

Name: Signature on File

Linda L. Richardson

Acting Director, Trust Management Improvement Project