

Five-Year Financial Management Business Plan FY2008-2012



October 2008



MMS U.S. Department of the Interior
Minerals Management Service

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Five Year Financial Management Business Plan

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Associate Director's Message

The Minerals Revenue Management (MRM) Program is entrusted with the collection and disbursement of billions of dollars in Federal and Indian mineral lease revenues. These revenues benefit all Americans. The MRM's fiduciary responsibilities for the Nation's royalty assets have increased as a result of initiatives contained in the Energy Policy Act of 2005 and the Gulf of Mexico Energy Security Act of 2006. This expanded role in national energy initiatives will impact MRM on all operational fronts. The MRM is constantly challenged to improve our processes and procedures and to perform at the highest standard of quality and integrity.

In December 2005, MRM issued the *Strategic Business Plan 2007-2012* to position the Program to meet current and future program challenges and performance expectations. Designed on a foundation of partnership, stewardship, and customer service, the Plan outlines corporate values, guiding principles, and a strategic approach for continuous program improvement. The Plan includes strategic goals, business objectives, and operational strategies for six mission areas - Asset Management, Financial Management, Compliance, Indian Trust, Resource and Information Management, and Production Reporting. The mission areas form the strategic framework for assessment of operations, identification of requirements, and design of business blueprints designed to achieve our strategic vision of excellence in mineral revenue services.

I am pleased and excited to issue this *Five Year Financial Management Business Plan*. It arrays a formidable suite of program objectives and management actions. I am confident that working together, the MRM staff and our stakeholders in royalty management - Congress, State and Tribal governments, the minerals industry, contractors, and partnering Federal agencies, we can meet these challenging expectations and continue to be a top tier royalty management program of which all Americans can be proud.

Gregory J. Gould
Associate Director
Minerals Revenue Management

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A. Executive Summary

1. Purpose of Plan

In December 2005, MRM senior management issued the *MRM Strategic Business Plan, 2007-2012* to chart the course and direction of the MRM through the end of FY 2012. The MRM Strategic Business Plan calls for the development and issuance of comprehensive business plans for five separate MRM strategic mission areas utilizing consensus-built MRM strategic guidance, business planning elements, and a phased approach.

This document is the culmination of that effort and lays out the Five-Year Financial Management Business Plan (FMBP). The primary strategic business goal given in the Strategic Business Plan for the Financial Management Mission area is

Collect, account for, and disburse Federal and Indian mineral lease revenues to the proper recipients in a timely and accurate manner per applicable laws, regulations, and lease terms.

This plan outlines business principles, objectives, and specific action items that will guide the Financial Management (FM) strategic mission area from fiscal years 2008 through 2012 in achieving this goal. The FM strategic mission area includes oil, gas, geothermal and solid minerals financial management processes. All FM processes for oil, gas and geothermal leases are located within the Financial Management Division. Some FM processes for solid mineral leases are located within the Solid Minerals and Geothermal (S&G) CAM.

2. Alignment with MRM Strategic Framework

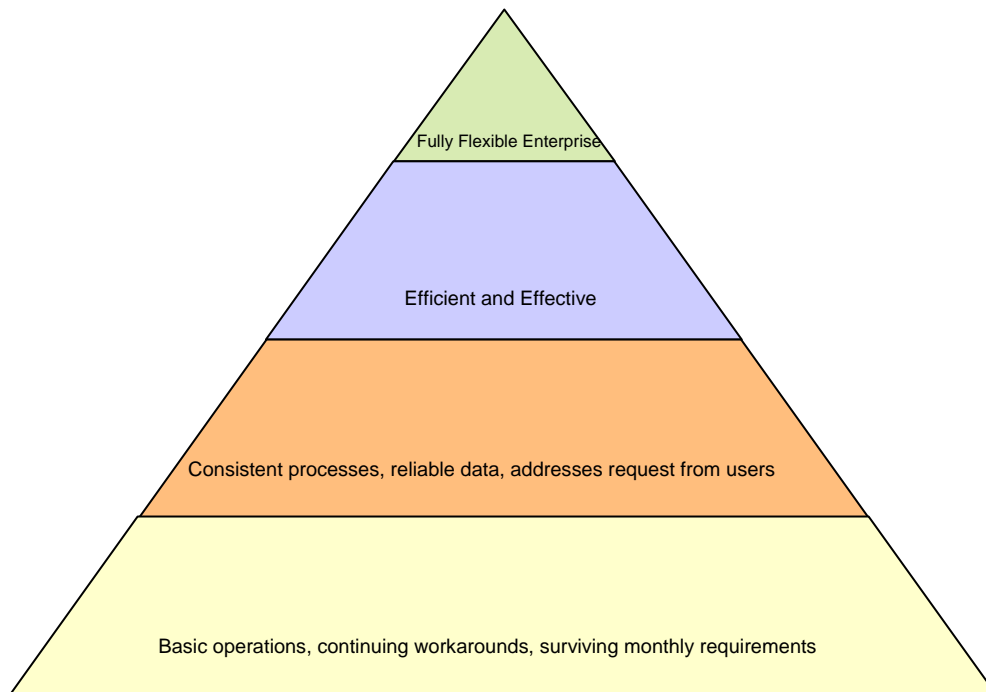
The Strategic Business Plan identified the following operational strategies for the Financial Management Mission Area:

- Develop and implement the most efficient and effective mineral revenue accounting and disbursement model that aligns with, and is reflective of, commercial best practices.
- Ensure continuous compliance with Office of Management and Budget Circular A-123.
- Support CFO audits and fully implement improvement recommendations.
- Inventory and address legislative, policy, and procedural constraints that prevent efficient processing of revenue payments.
- Work in partnership with the Bureau of Land Management (BLM) to improve information exchange and more closely align MRM and BLM minerals-related processes (e.g., unitization approvals).
- Optimize alignment of MRM processes and systems interfaces with Offshore Energy and Minerals Management (OEMM).
- Enhance automated interfaces with company databases to reduce royalty reporting errors.

Overall, the current business model is working effectively in carrying out the above operational strategies. This statement is based on several observations described in this report, including the following measurements:

- The error rate on incoming royalty reports is at an all-time low, less than 2%.
- The timely disbursement of revenues to the ultimate recipients is at approximately 96% based on timeframes established by statute.
- 100% of Indian mineral revenues are disbursed to the Office of Special Trustee within 24 hours of receipt.

Achieving new business improvements will require extremely flexible, streamlined and highly efficient future business processes and systems. The illustration below depicts the vision of the future FM enterprise. Since implementation of a new MRM Financial System (MRMSS) in October 2001, the FM mission area has focused primarily on modifying processes and utilizing resources to stabilize systems and reduce backlogs caused by system conversions and temporary shutdowns (depicted by the base tier of the pyramid). Recent improvements within the FM mission area put us into the next tier of the pyramid; consistent processes, more reliable data, and improvements to all processes are already benefiting users. MRM will continue to focus on efficiency and effectiveness to achieve full flexibility enterprise-wide.



3. Plan Development Approach

The planning process contained three distinct phases. During the assessment phase, the assessment team identified the business processes performed in the financial management mission area. The team then gathered information on each process, including:

- The purpose of the process.
- The procedures within the process.
- The roles and responsibilities of employees in the process.
- Key control points in the process.
- Outputs of the process.
- Process observations and recommendations.

The assessment team prioritized the process observations and recommendations and determined which areas to pursue in the blueprint “to be” phase of the planning process. The assessment phase resulted in the following “focus” areas:

- 100% on-time disbursement/distribution.
- Rent
- Systems
- Communication and training

The blueprint phase of the project involved studying each of the focus areas by gathering data, interviewing stakeholders, benchmarking, and obtaining information on feasibility and costs associated with potential solutions.

The final phase focused on the planning required for successful implementation and/or accomplishment of the process improvements identified in the blueprint phase. The team identified tasks required to implement each improvement and developed a detailed timeline. The team also identified tasks that are responsive to recommendations in the December 17, 2007 report generated by the Royalty Policy Committee’s Subcommittee on Royalty Management and cross-referenced them to the report recommendations in Appendix B.

4. Strategic Business Goals and Objectives

The following goals and objectives provide a framework for conducting future operations, and provide the foundation for a successful financial management program.

Strategic Business Goal:

Collect, account for, and disburse Federal and Indian mineral lease revenues to the proper recipients in a timely and accurate manner per applicable laws, regulations, and lease terms.

Business Objectives:

- Achieve top-tier mineral revenue financial management operation of the highest quality and integrity.
- Ensure timely and accurate disbursement of all (100 percent) mineral revenue receipts.
- Ensure timely and accurate mineral revenue reporting and payment by industry lessees/payors.
- Achieve Federal financial accounting and internal control requirements.
- Obtain an unqualified audit opinion for mineral revenue custodial accounts.
- Provide timely and accurate reports to mineral revenue recipients and customers.
- Produce and publish reliable, timely, and complete mineral revenue financial reports.

6. Impacts to Organizational Structure, Regulations, and IT Systems

MRM achieved a number of successes under the previous business model, including low royalty reporting error rates, a high percentage of reports received electronically, and a high amount of revenues disbursed timely and accurately. MRM's next challenge is to build on those successes in the next five years.

MRM is extending the previous business model to ensure all (100 percent) mineral revenue receipts are timely and accurately disbursed. Based on a thorough assessment of FM business processes, streamlining and improving existing processes will accomplish this goal. This extension to the business model will also result in the elimination of late disbursement interest and improved customer service. Implementing this business extension will require:

- Automating rent payments
- Enhancing systems
- Moving from error correction to error prevention
- Improving communications with other agencies
- Enforcing proper payment requirements

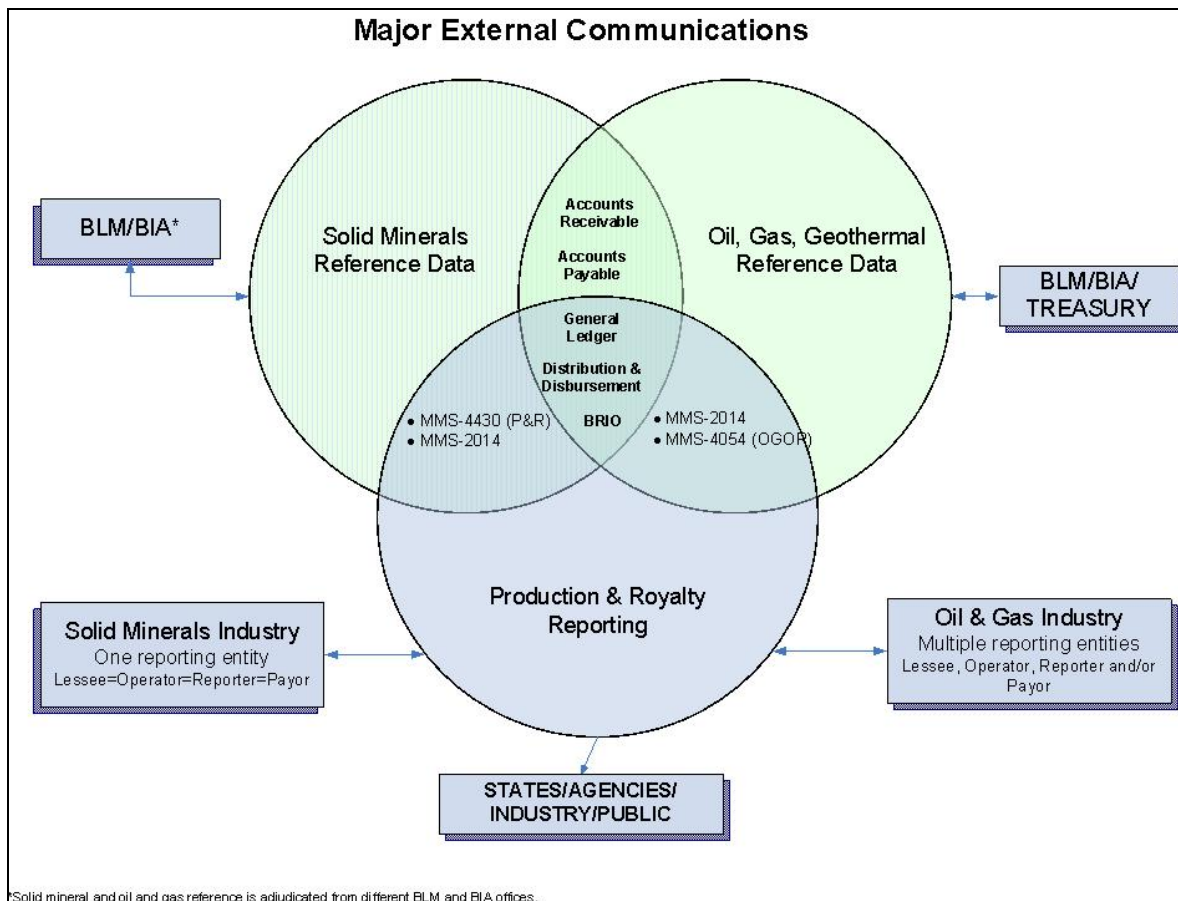
The extended FM business model will require the current workforce to become both more proactive and reactive to daily demands and requests from industry and other Federal agencies. Increased and improved training that is focused on the knowledge and skills needed to perform FM processes at an optimal level will ensure the workforce is prepared to meet this challenge.

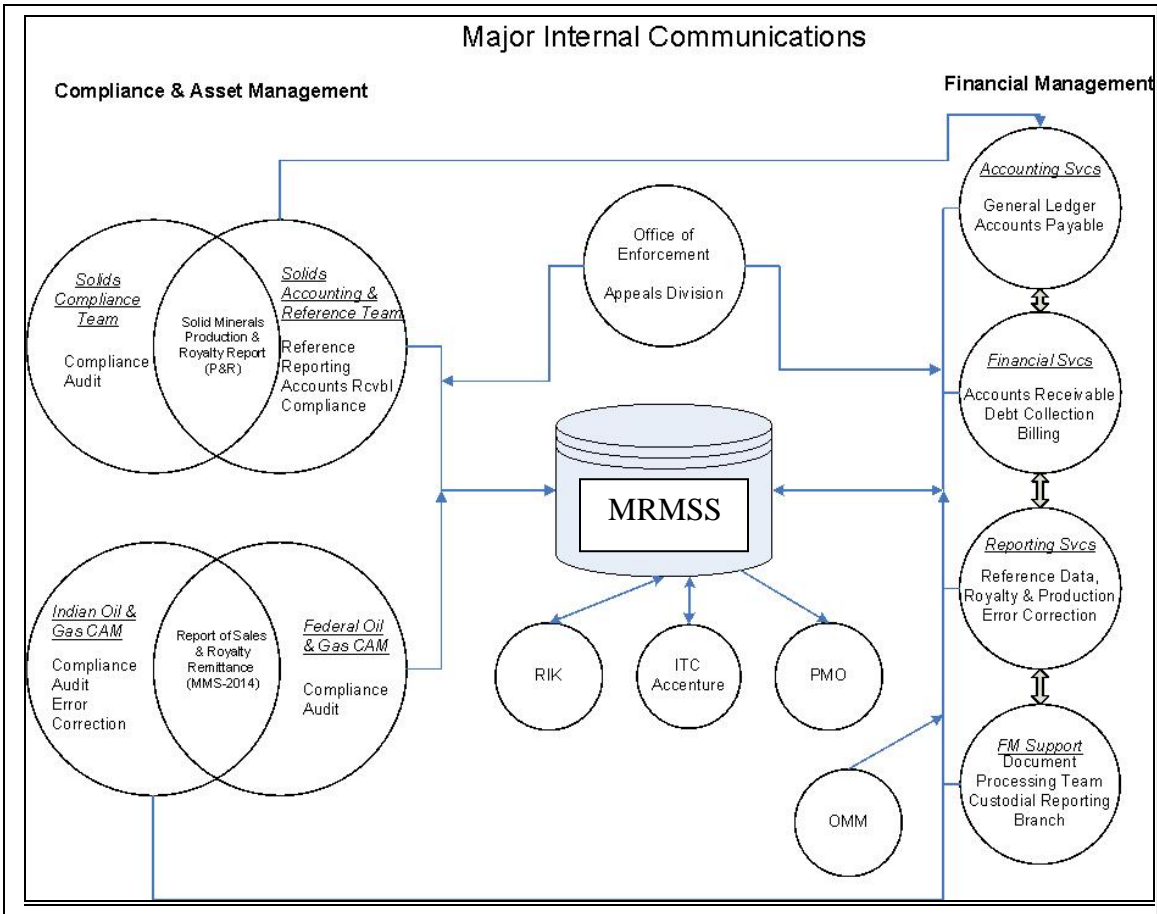
MRM may need to modify regulations covering the payment of revenues to allow complete automation of the receipt of revenues, resulting in the elimination of paper checks and manual intervention.

MRM will modify IT Systems to create new new interfaces to automate payments, new tools to streamline processes, and new reports for use by industry, States, and Tribes.

7. Communications

FM mission area communications are widespread and varied. They occur on a daily basis between MRM and industry (payors), other Federal and State agencies, Indian mineral owners (tribes and individual Indian mineral owners), and within MRM itself. Communications with industry are informational – payors calling for information or to correct reporting or errors, and MRM personnel answering questions or requesting information in order to resolve problems. Communications with other Federal agencies—including BLM, Bureau of Indian Affairs (BIA), OEMM, Department of Treasury, and Office of the Special Trustee (OST) for American Indians, Federal Indian Minerals Office (FIMO), National Business Center (NBC), and others—are conducted to exchange data and resolve a variety of issues. Intra-MRM communications are more frequent, and more varied, than external communications. Each process overview in Section C has a list of the Business Process Outputs that describe relevant communications.





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Many of the tasks outlined in this business plan require coordination and communication with other MRM Divisions, other Federal agencies, OEMM, States, Tribes and industry. The following chart summarizes the points of contact for each of the tasks requiring communication and coordination with groups external to the FM mission area.

Coordination and Communication												
FMBP Item	AD	DAD	CAM	ITC	OE	RIK	BLM	BIA	OMM	States	Tribes	Industry
Improve communication with BLM/OMM	X	X					X		X			
Require EDI reporters to comply with edits					X							X
Improve the exchange of data with BIA, BLM, OMM FY09 ITGB Funds RPC 3-9	X	X		X			X	X	X			
Increase the number of Inovis edits RPC 3-14			X				X	X	X	X	X	X
Enforce Accurate Payments					X							X
Implement Electronic Statement of Account				X								X
Eliminate non-rental paper checks												X
Elimate rental paper checks (100% Pay Gov)				X								X
Increase Enforcement for required data elements					X							X
Implement Pay.gov collection of revenues					X							X
Develop and implement upload/download for wires				X								X
Automate payment of rents				X								X
Develop a rent website				X			X					X
Develop a Pay.Gov pilot				X			X					X
PeopleSoft/Data Warehouse change to handle Pay.Gov rent				X								X
Develop an online rents paid report (BRIO)							X					
Analyze elimination of Courtesy Notice							X					X
Increase automation				X				X				
Upload/Download - Automate wires				X								
Increase availability of high level LAB data for other Federal agencies and industry				X			X	X	X	X	X	X
Upload/download - Interest				X								
Electronic billing				X								X
Implement IDVS with TAAMS				X				X				
Implement IDVS with OMM				X					X			
Increase one on one company training									X			X
Develop Communication Forums with BIA/OST:								X				
Develop Communication Forums with BLM							X					
Develop Communication Forums with OMM									X			
Increase face to face meetings with individual BLM offices							X					
Increase Industry Outreach									X			X
Increase BLM/BIA/OMM Outreach							X	X	X			
Implement Data Mining				X	X				X	X	X	X

8. Summary of Major Implementation Components or Actions

This business plan outlines a path for the FM mission area to become a fully flexible enterprise (the pinnacle of the performance pyramid above). Achieving flexibility means that FM resources will be proactive and reactive to changes in industry, and will promote increased accuracy in reporting by focusing on systems assurance and data mining (tools that ensure reporting/paying is accurate prior to compliance review).

This business plan outlines four focus areas, summarized below. Each focus area is discussed in detail in Section C.

The top FM mission area goal is timely disbursement of 100% of revenues. Achieving this goal will eliminate late disbursement interest (LDI) and free up resources to work on system assurance and data mining projects. Achieving 100% timely disbursement will involve streamlining and improving the receipt and processing of lease and agreement data, reducing or eliminating error correction, enforcing accurate payments, and developing system tools to improve processes.

MRM will improve the rental payment process to eliminate unapplied checks and incorrectly terminated leases. Achieving this goal will allow MRM to provide accurate and timely rent paid information to BLM and industry. MRM will develop new online interfaces to allow all rental payments to be paid electronically, which will improve payment matching processes. MRM will create new Brio reports that identify terminated leases and leases with rents paid for use by BLM and industry.

MRM will institute many changes and improvements to system tools. Increasing the automation of General Ledger, Accounts Payable and Billing processes will streamline those workloads. Increasing MRM access to PeopleSoft tables and streamlining system changes will improve flexibility. Improving the Indian Over-Recoupment (IOR) Exception Processing (EP) module, enhancing the Lease Account Balance (LAB), and developing new upload and download capabilities will make the system more dependable, accurate and user friendly.

MRM will increase communication and coordination activities—both internal and external. This will involve participating in various communication forums and increasing one-on-one contact with industry. Internal and external training will focus on current issues and areas of concern. In addition, MRM will develop training plans for each of the job series within the FM division. Training plans already exist for FM mission area staff within the Solids and Geothermal (S&G) CAM.

B. Financial Management Mission Area

1. MMS and Financial Management of Mineral Resources

The Federal Government has been collecting revenues from mineral production on Federal onshore lands since 1920, from American Indian lands since 1925, and from Federal offshore properties since 1953. In 1982, MMS was created, establishing a comprehensive, consolidated system for the collection, accounting, and disbursement of these revenues. Since that time, the MRM program has provided over \$176.6 billion to Federal, State, and Indian recipients.

The MMS currently collects annual rental revenues and reporting information on 37,000 leases, and monthly royalty revenue and sales reports on 28,000 producing onshore and offshore Federal leases. Additionally, MMS collects royalty revenue and reporting information for 3,800 producing Indian leases. Although most of the payments MMS receives are transmitted electronically, MMS still receives nearly 50,000 checks per year.

Royalty payments are generally due from energy companies on the last day of the month following the month of production. Each month, MMS receives and processes over 2800 royalty reports containing more than one-quarter million lines of data from over 2,100 energy companies. These lines of data are processed through a series of edits into the MMS financial system. The error rate for these lines is currently less than 2 percent.

The distribution and disbursement function within MRM ensures that over \$10 billion collected annually from Federal and Indian mineral leases is properly disbursed to the appropriate recipients including the U.S. Treasury, five Federal agencies, 38 states, and 41 Indian tribes. These amounts are disbursed in accordance with legislated formulas.

The following mineral leasing revenue amounts have been disbursed since 1982:

- \$107.8 billion to the U.S. Treasury
- \$22.6 billion to the Land and Water Conservation Fund
- \$22.3 billion to 38 states
- \$14.7 billion to the Reclamation Fund
- \$5.7 billion to 41 American Indian tribes and 30,000 IIMOs
- \$4.7 billion equivalent value to the Strategic Petroleum Reserve
- \$3.5 billion to the National Historic Preservation Fund

MMS disbursed 96.3 percent of its revenues on a timely basis in FY 2007. Additionally, MMS transferred 100 percent of American Indian revenues it received to the Office of the Special Trustee for American Indians within 24 hours of identification. Increased timeliness of disbursements is the result of a three-pronged effort including:

- working directly with companies to increase reporting accuracy,
- increasing the accuracy of the financial system's payment matching process by enforcing compliance with payment requirements, and

- increasing the front-end use of edits in the electronic reporting process to reduce the number of rejected report lines.

The MMS ensures that funds are disbursed to recipients by the end of the month following the month received, per regulation. During FY 2008, the goal is to ensure timely disbursement of 98 percent of all revenues received and to disburse 100 percent of all Indian revenues to OTFM within 24 hours.

2. Business Corporate Values and Principles

- Commitment to meeting the highest professional standards.
- Commitment to the highest standards of ethical conduct.
- Commitment to meeting stewardship responsibilities in managing and safeguarding the Nation's mineral revenue receipts.
- Commitment to partnerships with States, Indian Tribes, and other DOI bureaus to assure open communications and coordination of financial management work.
- Commitment to excellence in customer service.
- Provide the Government and minerals industry with certainty, as early as possible after the royalty due date, that royalty obligations have been fulfilled.
- Aggressively pursue best practices to evaluate and improve the efficiency and effectiveness of financial management operations.

3. Implementation Strategies and Approaches

- Collect and maintain lease and agreement reference data to support MRM financial reporting and accounting operations.
- Receive and process royalty revenues and reports submitted by royalty lessees and payors.
- Edit and correct reported data and establish accounts receivable.
- Match receivables and payments and establish accounts payable.
- Distribute and disburse revenues to royalty recipients and accounts at the earliest possible date.
- Calculate, bill, and collect interest on royalty amounts received after the due date.
- Calculate, bill and collect for outstanding financial obligations.
- Perform debt collection procedures on all outstanding debts.
- Calculate and pay late disbursement interest on revenues that cannot be timely disbursed.
- Provide royalty recipients with timely and accurate information explaining the amount paid.
- Maintain general ledger accounts to ensure financial integrity and internal control over royalty collections, disbursements, and financial reporting.
- Prepare timely and accurate financial reports for the Federal royalty management operation.
- Ensure continuous compliance with Office of Management and Budget Circular A-123.
- Support CFO audits and fully implement improvement recommendations.

4. Financial Management Goals

The strategic business goal for the FM mission area is to collect, account for, and disburse Federal and Indian mineral lease revenues to the proper recipients in a timely and accurate manner per applicable laws, regulations, and lease terms.

Other specific goals for FY08 include:

- 98% of Federal and Indian revenues disbursed timely per statute.
- Provide lease distribution data to BIA for 96% of royalties by first semi-monthly distribution.
- Transfer 100% of revenue to OST within 24 hours of receipt.
- Reduce late disbursement interest (LDI) costs by 90% over five years.
- 98% of royalty information reported accurately the first time.

All of these goals are either being met or exceeded. LDI costs are projected to be reduced by 70% by the end of FY08.

5. Financial Management Business Objectives

The seven business objectives outlined in the Strategic Plan for the FM mission area have been addressed as follows:

- 1) Achieve top-tier mineral revenue financial management operations of the highest quality and integrity.
 - Commercial Best Practices – Look at financial systems utilized by industry to identify ways to streamline and improve FM systems.
 - A-123 – MRM views identifying risks and controls as an ongoing and continuous process and has therefore embraced A-123. The FM Division holds meetings with individual process areas to discuss how to identify risks and controls. MRM also conducts quarterly risk and control reviews.
 - CFO Audits – These audits have helped MRM to identify areas requiring improvement and to ensure that financial management business processes are efficient and dependable. MRM will continuously look for areas requiring improvement and will strive to be proactive in identifying issues and implementing improvements and controls.
 - Constraints – Eliminating or mitigating constraints will improve the efficiency of FM processes. One of the identified constraints is:
 - Lessee/designee requirements of the Royalty Simplification and Fairness Act (RSFA) hamper debt collection processes.
- 2) Ensure timely and accurate disbursement of all (100 percent) mineral revenue receipts.
 - MRM views this goal as the primary business objective of the FM mission area. When this objective is met, most other objectives will also be met

and workloads will decrease. MRM can then utilize its resources to achieve other goals. To that end, it is imperative that MRM:

- Move the emphasis from error correction to error prevention by moving edit up front to the electronic reporting interface, which will force reporting companies to correct errors prior to acceptance of their reports by the MRMSS.
- Require EDI reporters to either implement the same edits in their systems or report through the electronic reporting interface.
- Work with Industry to improve reporting and paying. This will involve changes in how MRM interacts with Industry, including meeting with more companies one on one and increasing the use of Orders and Notices of Noncompliance (NONCs). MRM also needs to foster partnerships with BLM, BIA, and OEMM to ensure reference data is accurate and current.
- Optimize processes and systems, mainly by implementing new uploads and downloads to/from the system that will enhance efficiencies and streamline processes.

- 3) Ensure timely and accurate mineral revenue reporting and payment by Industry lessees/payors.
 - Front-end edits. Requiring companies to submit lines correctly will reduce error correction and result in more timely cash application. Planned increases in electronic reporting interface edits and the utilization of these edits by EDI reporters will increase the accuracy of lines.
 - Interfaces. Implementing new methods will improve the ability of the user to update the system quickly.
 - Industry meetings. MRM has held meetings with several companies that have a large number of rejected royalty lines to improve reporting and to ensure compliance, and plans meetings with additional companies.
 - NONCs. MRM will increase the utilization of NONCs to encourage compliance with reporting requirements.
- 4) Achieve Federal financial accounting and internal control requirements.
 - A-123 process – This process is engrained in FM in the form of monthly meetings held to discuss A-123, and employees’ actively identifying risks. Quarterly reviews ensure that controls are adequate.
 - CFO audit – Prompt implementation of corrective actions and controls in response to audit findings is a top priority. MRM’s proactive strategy of identifying risks will result in reduced audit findings.
- 5) Obtain an unqualified audit opinion for mineral revenue custodial accounts.
 - CFO audit. Each year, auditors look deeper and review more areas. MRM is proactively identifying areas of risk and eliminating or mitigating those risks before auditors find them.
- 6) Provide timely and accurate reports to mineral revenue recipients and customers.
 - Partnerships. MRM will pursue the opening of dialogs with State Treasurers.

- Optimize processes and systems. Some potential processes that MRM may optimize include:
 - Offline EOPs – either reduce or eliminate them.
 - Manual processes –evaluation for automation.
 - Brio – improve access and quality of information.
- 7) Produce and publish reliable, timely, and complete mineral revenue financial reports.
- MRM will explore commercial best practices.
 - MRM will investigate system automation as a way to reduce or eliminate annual entries.

Achieving each of the business objectives described above will require extremely flexible, streamlined, and highly efficient future business processes and systems. Achieving this will be the primary focus of the FM mission area over the next several years.

6. Financial Management Focus Areas

The assessment phase (“as-is”) of the FMBP identified key focus areas to be reviewed during the “to be” phase of the business planning project which supports the accomplishment of the business objectives identified in the Strategic Plan. These focus areas:

- 100% on-time disbursement/distribution. This will involve:
 - Increasing the timeliness and accuracy of lease and agreement reference data.
 - Reducing royalty error correction.
 - Streamlining and improving accounts receivable applications (including company reporting and payment responsibilities).
 - Reducing late disbursement interest (LDI).
- Rent. This will involve:
 - Streamlining and improving how rent is reported and collected.
 - Improving timeliness and accuracy of communications to and from BLM.
- Systems. This will involve:
 - Increasing automation of the following processes:
 - General Ledger
 - SF 1166
 - Treasury Report of Receivables
 - Accounts Payable
 - Billing
 - Increasing flexibility, involving:
 - MRM access to tables.
 - System changes that are more table-driven and adaptable to changes.

- Developing uploads and downloads to work on areas such as error correction and interest calculation.
 - Implementing improvements to the Interest and one improvement to the Indian Over-Recoupment (IOR) Exception Processing (EP) module.
 - Making the system easier and more efficient to use.
 - Making the Lease Account Balance (LAB) more dependable, accurate, and user friendly.
- Communication and Training
 - Improving internal and external communications.
 - Establishing a formal training program for FM mission area employees.

These focus areas were explored during the blueprint phase of the FM business planning project and specific courses of action that will fulfill the goals and business objectives of the FM mission area were identified. The following sections discuss these focus areas in more detail and outline specific action plans.

C. Financial Management Focus Areas

1. 100% Timely Disbursement Focus Area

a. Overall Explanation of Area

MRM is a pass-through entity, meaning that all payments that come to MRM need to be passed on to another entity such as States, Tribes, BIA, and other Federal Agencies. MRM measures the timeliness of this pass-through by comparing the payment receipt date (with accompanying information to identify information need to make a disbursement) with the actual disbursement date. Funds disbursed by the month following the month of receipt are considered timely.

MRM currently tracks the timeliness of onshore Federal payments disbursed to States to determine the percentage of timeliness. Indian receipts are measured separately because MRM can disburse funds based on payment data rather than awaiting 2014 distribution data. Indian funds are disbursed timely 100% of the time. Offshore Federal payments are not currently tracked because the MRM emphasis has been on disbursing State funds and limiting Late Disbursement Interest.

This focus area will ensure that 100% of payments are disbursed timely, which fulfills all of the FM business objectives outlined in the Strategic Plan.

b. Processes Employed and Specifics

MRM will streamline and improve its error correction and payment processes to ensure the timely disbursement of revenues.

MRM's electronic reporting service provider will implement new front-end system edits that will operate during the processing of MMS-2014 lines into the MRMSS. These edits will require companies to correct their royalty reporting prior to acceptance into the MRMSS, and will allow resources to concentrate on error prevention rather than error correction.

New front-end edits will be implemented over a period of time. This will involve analyzing edits in detail, identifying issues that will affect other divisions and/or agencies, communicating and coordinating with impacted groups, and developing processes to enable successful edit moves.

In addition, EDI reporters must employ these edits on their individual systems or report through the electronic reporting interface. This requirement will necessitate additional external communication and coordination.

Payment Matching will be improved to increase the timeliness of distributions and disbursements. This will involve requiring all companies to submit payments electronically, penalizing companies for failing to include the correct data elements on

their payments, and increasing the use of Pay.Gov capabilities. In addition, MRM will implement improvements to the software module, Payment Predictor, which is used to match payments.

The following timeline illustrates the projected timing for these improvements.

Business Plan Segment	Implementation Steps	FY2008				FY2009				FY2010				FY2011				FY2012			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
100% Timely Disbursement	Go from error correction to error prevention: RPC 3-14	[Timeline bar]																			
	Improve the exchange of data with BIA, BLM, OMM RPC 3-9	[Timeline bar]																			
	Analyze and move BTU, Pricing, RR and edits with most errors (except reference related) to Inovis RPC 3-6	[Timeline bar]																			
	Analyze budget options	[Timeline bar]																			
	Analyze need for tables by Inovis	[Timeline bar]																			
	Analyze edits, Monitor impact of edits	[Timeline bar]																			
	Move BTU, Pricing, RR and edits with most errors, except reference	[Timeline bar]																			
	Analyze and move remaining edits (except reference related) to Inovis	[Timeline bar]																			
	Analyze budget options	[Timeline bar]																			
	Analyze need for tables by Inovis	[Timeline bar]																			
	Analyze edits, Monitor impact of edits	[Timeline bar]																			
	Move remaining edits except reference	[Timeline bar]																			
	Analyze and move Reference related edits to Inovis	[Timeline bar]																			
	Identify and analyze issues requiring policy decisions	[Timeline bar]																			
	Analyze budget options	[Timeline bar]																			
	Analyze need for tables by Inovis	[Timeline bar]																			
	Analyze edits, Monitor impact of edits	[Timeline bar]																			
	Move reference related edits	[Timeline bar]																			
	Require EDI reporters to comply with edits	[Timeline bar]																			
	Improve Payment Matching RPC 3-13	[Timeline bar]																			
	Enforce Accurate Payments	[Timeline bar]																			
	Implement Electronic Statement of Account	[Timeline bar]																			
	Eliminate non-rental paper checks	[Timeline bar]																			
Eliminate rental paper checks (100% Pay.Gov)	[Timeline bar]																				
Increase Enforcement for required data elements	[Timeline bar]																				
Utilize Pay.gov type collection of revenues	[Timeline bar]																				
Improve Payment Predictor RPC 3-13	[Timeline bar]																				
Develop and implement upload/download for wires	[Timeline bar]																				

c. Performance Measures and Internal Controls

The following performance measurements to track the success of the above improvements.

- % of Federal revenues disbursed on a timely basis per statute
- % of Indian revenues disbursed on a timely basis per statute
- % of revenue to OST within 24 hours of receipt
- % of royalties having lease distribution data provided to BIA by first semi-monthly distribution
- Reduction in late disbursement interest

MRM managers will be responsible for ensuring implementation of the improvements and tracking progress.

Internal controls are covered in Appendix A.

d. Impact/Benefits and Cost

MRM will realize the following benefits and cost savings by implementing these improvements:

- Reduced administrative costs as a result of reduced late disbursement interest paid to States.
- Improved and/or ongoing positive CFO audit results.
- Improved financial performance.
- More timely disbursements of money to States.
- More timely distributions of data to Tribes.
- Reduced need for industry to research older items.
- Operational efficiencies as a result of reductions in error correction and payment matching activities.
- Expanded Electronic Government.

e. IT and System Support Impacts and Requirements

Planned improvements to MRM systems include moving or adding front-end edits to the electronic reporting interface, modifying and improving LDI calculations, and implementing the ability to have companies make payments online through Pay.Gov. These accomplishments will result in the timely and efficient processing of royalty reports and result in timely disbursements and distributions.

MRM will implement additional front-end edits in a phased approach over the course of the next several years. MRM has also committed to modify and improve LDI calculations in the MRMSS. Once the Pay.Gov interface has been established and tested for rent payments, MRM will explore expanded application to other payment types.

f. Communication and Outreach

Moving edits up front and implementing new and/or improved payment requirements will require improved communications with industry, OEMM, and BLM. MRM must be able to respond quickly if a reporter is having difficulty making a payment or is unable to submit a royalty reporting line because of data exchange issues between MRM and BLM/OEMM. To improve communication with OEMM and BLM, MRM is actively participating in:

- the Production Coordination Committee (PCC) established as an MRM and BLM communication and coordination team.
- the Eight in '08 Communication and Coordination Committee established to improve communication and coordination between MRM and OEMM.
- the Offshore Steering Committee established as a communication and coordination team.
- various teams involved in improving processes between OEMM and MRM.

In addition to those activities, MRM plans to visit individual BLM offices to discuss improving the timeliness and accuracy of data exchanges.

MRM will improve communications with industry through Dear Reporter letters, Reporter Training, e-mail exchanges, and on-site visits with companies that frequently submit reports with a high number of errors.

MRM will continue to provide updates about the implementation of the FMBP to our State and Tribal partners at the State and Tribal Royalty Audit Committee (STRAC) and Royalty Policy Committee (RPC) meetings.

g. Focus Area Summary

The process improvements outlined above will result in 100% timely disbursement of revenues and the elimination of LDI. In addition, improving and streamlining these processes will provide the FM mission area with the flexibility to reassign resources to other projects. New MRM projects that are currently on the horizon include system upgrades and data mining activities. Data mining will allow the FM Division to work in cooperation with Compliance to timely identify and eliminate recurring errors and to improve industry reporting.

2. Rent Focus Area

a. Overall Explanation of Area

MRM is responsible for collecting and disbursing rent payments on Federal onshore and offshore leases and producing Indian leases. Because late or insufficient Federal onshore lease rental payments can result in automatic lease termination, prompt identification and subsequent application of rent payments to appropriate leases is critical. The ability to accept rental payments through an online interface will result in improved payment matching, and elimination of incorrectly terminated leases. This focus area will ensure that rent payments are processed timely and accurately and that BLM is promptly notified of rents paid and of leases that should terminate for late or insufficient payments. This focus area supports all of the FM business objectives outlined in the Strategic Plan.

b. Processes Employed and Specifics

MRM will implement a process for collecting rents electronically. This will involve implementing an electronic interface that will allow industry to query on leases, to identify rent amounts due, and to make electronic payments on those leases. In addition, this interface will provide an electronic payment confirmation to industry and maintain a record of payments from which BLM and MMS can generate payment reports. This will ensure that MRM is able to promptly identify and process rent payments and notify BLM of late or insufficient rents.

Following is the timeline for implementing these improvements.

Business Plan Segment	Implementation Steps	FY2008				FY2009				FY2010				FY2011				FY2012			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Rent	Automate payment of rents 3-13	[Timeline bars]																			
	Develop a rent website	[Timeline bars]																			
	Develop a Pay.Gov pilot	[Timeline bars]																			
	Implement PeopleSoft/Data Warehouse changes to handle Pay.Gov rent	[Timeline bars]																			
	Develop an online report (BRIO)	[Timeline bars]																			
	Provide Pay.Gov instructions to industry	[Timeline bars]																			
	Enforce 100% Pay.Gov	[Timeline bars]																			
	Eliminate Courtesy Notice	[Timeline bars]																			

c. Performance Measures and Internal Controls

The success of the above improvements will positively impact the following measurements:

- % of Federal revenues disbursed on a timely basis per statute
- % of Indian revenues disbursed on a timely basis per statute
- % of revenue to OST within 24 hours of receipt
- % of royalties having lease distribution data provided to BIA by first semi-monthly distribution
- Reduction in late disbursement interest

MRM managers will be responsible for ensuring implementation of the improvements and tracking progress.

Internal controls covering this focus area can be found in Appendix A.

d. Impact/Benefits and Cost

The following benefits and cost savings will be realized by implementing these improvements:

- Elimination of manual research time on the Terminator Program, which generates reports to BLM on leases with late, unpaid or insufficient rental payments.
- Improved accuracy and timeliness of payment matching.
- Potential elimination of Courtesy Notice costs.
- Increased accuracy in identification of unpaid and deficient rents.
- Improved accuracy and timeliness of disbursements.
- Improved accuracy of BLM lease terminations.
- Increased assurance that rent payments are accurately recorded and leases are not incorrectly terminated.
- Ability to generate accurate Terminator and Rents Paid reports, resulting in reduced time spent by MRM, BLM and industry in analyzing data and conducting research.

e. IT and System Support Impacts

MRM will develop an electronic interface to allow industry to query on leases, to identify rent amounts due, and to make electronic payments on those leases. In addition, this interface will provide an electronic payment confirmation to industry and maintain a record of the payments to support BLM and MMS report generation. MRM will have the MRMSS modified to utilize data from the new interface so it can identify and match rent payments and update LAB.

MRM will achieve automated rent receipt capabilities by the end of FY09.

f. Communication and Outreach

MRM will improve communication with industry by means of Dear Reporter letters and industry forums to ensure they are aware of new rental payment and reporting processes. MRM will communicate and coordinate with BLM to ensure all their data needs are met. In addition, MRM will arrange for internal training to ensure that FM Division personnel are able to respond to inquiries and assist industry in the proper reporting and payment of rent.

g. Focus Area Summary

Implementation of the elements in this focus area will result in timely and efficient rental payment processing and in the availability of accurate rent payment data for use by industry, BLM and MMS.

3. Systems Focus Area

a. Overall Explanation of Area

MRM has a primary financial system called PeopleSoft Financials for Government and Education. The acronym for this system is the Minerals Revenue Management Financial System (MRMSS). During the “as-is” phase of the Strategic Business Plan, MRM identified several opportunities to improve the performance of the MRMSS Interest module. The Interest module is extremely labor intensive, which has created backlogs in the past along with CFO findings. A new Interest module should address these concerns.

MRM identified additional opportunities to improve the performance of the MRMSS, which involve reducing manual employee workarounds and minimizing offline databases. Specific additional opportunities for improvement include:

- The Accounts Payable (AP) module of the MRMSS including:
 - LDI,
 - manual journal vouchers,
 - Indian collection to distribution reconciliation, and the
 - SF-1166.
- General Ledger, including:
 - entering deposits with multiple payments,
 - journal entry,
 - entering/correcting/extracting information for the SF 224, and the
 - Treasury Report of Receivables to the Public (TROR).
- Upload/download capabilities to MRMSS through a new user interface will improve several time-consuming, manual processes. Currently, changing information in the MRMSS involves downloading a piece of information from the MRMSS, changing it, and then uploading it back to the MRMSS. The interface will allow data to be entered en masse and uploaded to the MRMSS, which will accelerate updating MRMSS information and allow analysts and accountants to complete additional work requirements.

This focus area will ensure that MRM achieves its goal of timely disbursement and distribution of revenues and meets all of the FM business objectives outlined in the Strategic Plan.

b. Processes Employed and Specifics

MRM will make a number of system improvements and changes to improve the efficiency and effectiveness of the MRMSS. These changes will support the timely disbursement of revenues.

MRM will increase automation by:

- automating the creation of deposits in coordination with Treasury,

- automating the upload of Journal Vouchers,
- increasing automation of the 224,
- increasing automation of the TROR,
- improving LDI processing, and
- transitioning to Pay.Gov. This will involve reviewing potential regulatory changes to payment requirements and communicating those changes to industry.

MRM will develop upload/download capabilities to streamline:

- royalty and production error correction,
- the entry of data in the Interest module,
- the entry of agreements, and
- the entry of address changes.

Additional system improvements will involve:

- improving payment identification for the BIA/OST file,
- increasing data availability in LAB,
- enhancing the Interest module, and
- developing interagency database verification systems (IDVS) in cooperation with TAAMS and OEMM.

Following is the timeline for implementing these improvements.

Business Plan Segment	Implementation Steps	FY2008				FY2009				FY2010				FY2011				FY2012				
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	
Systems	Increase automation 3-13																					
	Upload/Download - Automate wires																					
	Coordinate with Treasury																					
	Transition to Pay.Gov																					
	Review potential regulatory changes																					
	Develop communication strategy to Industry																					
	Increase PeopleSoft automation of GL																					
	Journal Vouchers uploading to PeopleSoft																					
	Increase automation of 224																					
	Increase automation of TROR																					
	Develop upload and download capabilities for:																					
	Royalty Error Correction																					
	Production Error Correction																					
	Entering Agreement Subdivisions																					
	Updating Customer Addresses																					
	LDI and BIA/OST Payment Files																					
	Automate LDI																					
	Correct payment identification for BIA/OST file																					
	LAB - rent, minimum royalty and estimates																					
	Increase availability of high level LAB data for other Federal agencies and industry																					
	Interest IOR																					
	Correct IOR rental exceptions																					
	Streamline and improve interest module																					
	Upload/download - Workbench																					
	Electronic billing																					
	Database Assurance																					
	Implement IDVS with TAAMS																					
	Identify and resolve challenges																					
	Implement IDVS with OEMM																					
	PeopleSoft Upgrade																					

c. Performance Measures and Internal Controls

The success of the above improvements will positively impact the following measurements:

- % of Federal revenues disbursed on a timely basis per statute
- % of Indian revenues disbursed on a timely basis per statute
- % of revenue to OST within 24 hours of receipt
- % of royalties having lease distribution data provided to BIA by first semi-monthly distribution
- Reduction in late disbursement interest

MRM managers will be responsible for ensuring implementation of the improvements and tracking progress.

Internal controls covering this focus area can be found in Appendix A.

d. Impact/Benefits and Cost

MRM will realize the following benefits and cost savings by implementing these improvements:

- Reducing manual efforts such as LDI and manual journal vouchers, which will eliminate approximately 130 man-hours per month.
- Increasing automation of payment matching.
- Achieving compliance with CFO audit and Treasury requirements.
- Improving Financial Performance.
- Expanding Electronic Government.
- Increasing timeliness of payment entry for distribution to OTFM.
- Improving timeliness and efficiency of the error correction process.
- Improving the timeliness and efficiency of payment matching.
- Improving the timeliness of distributions.
- Reassigning resources to other priorities as a result of efficiency/time savings.

e. Communication and Outreach

MRM will communicate system changes and improvements and implement training to ensure staff is fully prepared to utilize new tools and processes.

f. Focus Area Summary

The action plan for the Systems Focus Area moves the FM mission area toward the fully effective and efficient performance atop the pyramid illustrated at the beginning of this report. Completion of this action plan will result in a more efficient interest module, a reduction in the number of offline systems and manual workarounds, and new tools that provide increased efficiency in the processing of rejected lines and interest bills. All of these improvements will result in resource savings that can be utilized to perform new tasks and achieve new goals, including data mining and systems assurance.

4. Communication and Training Focus Area

a. Overall Explanation of Area

Communication

MRM interacts with several other agencies. MRM will pursue increased and structured coordination, cooperation, and communication with those entities. The actions of BLM and OEMM, in particular, affect the business processes of MRM, and vice versa. Too often, decisions are made by one agency without considering the impacts to other agencies. MRM will work to establish forums and avenues that foster open, positive, coordination and communication in order to minimize these impacts.

Training

MRM will develop Training Plans for the FM mission area for each major job category within the organization. FM mission area employees will be required to take a minimum number of Continuing Professional Education (CPE) classes each year. This is in line with the requirements for MRM auditors who are required, in accordance with Yellow Book standards, to take 80 hours of CPE every two years. The FM mission area needs a CPE requirement to ensure its employees maintain or enhance their knowledge, skills, and abilities in areas applicable to Financial Management.

This focus area supports all of the FM mission area business objectives outlined in the Strategic Plan.

b. Processes Employed and Specifics

Communication

Improving communication with industry and between MRM and other agencies is critical to the success of FM processes. MRM will actively pursue the development of and participation in communication forums with BIA, BLM and OEMM. Initial priorities of these forums will include documenting shared processes and updating existing Memorandums of Understanding. MRM's outreach to industry will include more face-to-face meetings with companies and increased participation in industry trade organizations.

Training

MRM will improve the already successful training it provides to industry. External training will be more focused and emphasize current issues. MRM will increase its one-on-one training sessions with industry and focus on specific reporting issues. In addition, Financial Management will establish a Training Advisory Committee (TAC) to develop internal, occupational training plans for its Accountants, Analysts, Technicians, Systems Staff, and Secretaries. We will model these plans on existing audit training plans. Implementation of occupational training plans will result in a more knowledgeable and well-rounded work force.

Following is the timeline for implementing these improvements.

Business Plan Segment	Implementation Steps	FY2008				FY2009				FY2010				FY2011				FY2012			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Communications/Training	Communication RPC 5.9	[Timeline bars for Communication RPC 5.9]																			
	Develop Communication Forums with BIA/OST:	[Timeline bars for Develop Communication Forums with BIA/OST]																			
	Review and Document business rules/procedures with BIA/OST	[Timeline bars for Review and Document business rules/procedures with BIA/OST]																			
	Develop Communication Forums with BLM	[Timeline bars for Develop Communication Forums with BLM]																			
	Update BLM/MMS MOU	[Timeline bars for Update BLM/MMS MOU]																			
	Develop Communication Forums with OMM	[Timeline bars for Develop Communication Forums with OMM]																			
	Increase face to face meetings with individual BLM offices	[Timeline bars for Increase face to face meetings with individual BLM offices]																			
	Increase Industry Outreach	[Timeline bars for Increase Industry Outreach]																			
	Increase BLM/BIA/OMM Outreach	[Timeline bars for Increase BLM/BIA/OMM Outreach]																			
	Training	[Timeline bars for Training]																			
	Establish Training Advisory Committee	[Timeline bars for Establish Training Advisory Committee]																			
	Develop Internal Training Plans	[Timeline bars for Develop Internal Training Plans]																			
	Accountants	[Timeline bars for Accountants]																			
	Analysts	[Timeline bars for Analysts]																			
	Technicians	[Timeline bars for Technicians]																			
	Systems	[Timeline bars for Systems]																			
	Secretaries	[Timeline bars for Secretaries]																			
	Reporter Training	[Timeline bars for Reporter Training]																			
	Focus on areas of concern	[Timeline bars for Focus on areas of concern]																			
	Increase one on one company training	[Timeline bars for Increase one on one company training]																			

c. Performance Measures and Internal Controls

MRM’s success in implementing the communication and training improvements will positively impact the following measurements:

- % of Federal revenues disbursed on a timely basis per statute
- % of Indian revenues disbursed on a timely basis per statute
- % of revenue to OST within 24 hours of receipt
- % of royalties having lease distribution data provided to BIA by first semi-monthly distribution
- Reduction in late disbursement interest

MRM managers in the FM mission area will be responsible for ensuring implementation of the improvements and tracking progress.

Internal controls covering this focus area can be found in Appendix A.

d. Impact/Benefits and Cost

The following benefits and cost savings will be realized by implementing communication and training improvements:

- Forums will increase the successful resolution of mission and limit issues and problems between agencies.
- A reduction in reporting errors.
- Improved communication.
- Training economies of scale.
- Reduced errors/issues.
- Identification of best practices through interagency and intragency collaboration.

- Improved financial performance.
- Improved job satisfaction and morale.
- Quality performance and motivation

e. IT and System Support Impacts and Requirements

The Communication and Training Focus Area will not impact IT systems.

f. Focus Area Summary

The success of FM processes is highly dependent on optimal communication with industry, other Federal agencies, and between MRM's FM Division and the S & G CAM. Active and open communication forums will allow FM to streamline processes and share information with other Federal agencies. Increased one-on-one communication with industry, and outreach tailored to communicate current issues and concerns, will increase reporting and payment accuracy and will ensure that industry is kept up to date on critical information. Developing and implementing training plans for FM Division staff will ensure they maintain the knowledge and skills necessary to process mineral revenues and to train industry on proper reporting and payment requirements. The Solid Minerals and Geothermal Compliance organization already has training plans for its staff.

Appendix A: Risks and Controls

Financial Management Risks and Controls		
Control Number	Risk to be Mitigated	Control Description
CC-RS-1	Lease/ Agreement data is incomplete	Accounting Advices are sampled quarterly to ensure they have been, logged, reviewed and keypunched according to written policies and procedures.
CC-RS-2	Lease/ Agreement data is inaccurate and/or incomplete	A quarterly report of all acquired leases entered into the MRM Financial System during the previous quarter is generated and compared to Case Abstracts downloaded from BLM's LR2000 system to verify that no incorrectly coded military acquired leases have been coded incorrectly.
CC-RS-3	Lease/ Agreement data is inaccurate and/or incomplete	Monthly reports are run comparing Federal lease data maintained in the MRM FS to data maintained in BLM's LR2000 (IDVS). Discrepancies are researched and resolved according to priority.
CC-RS-4	Lease/ Agreement data is inaccurate and/or incomplete	A quarterly sampling of Federal onshore, offshore and Indian lease/agreement data added or updated in the previous quarter is reviewed to ensure it contains proper authorizations and, depending on the action, changes and/or additions were made to the MRMSS according to written policies and procedures.
CC-RS-5	Lease/ Agreement data is inaccurate and/or incomplete	All new Indian leases are reviewed by a 2nd analyst immediately following their entry into PeopleSoft.
CC-RS-6	Lease/ Agreement data is inaccurate and/or incomplete	Changes to distribution information (Fund Codes, State, County, etc.) require the completion of a Distribution Change Form, supervisory approval, entry into a tracking log, and the forwarding of the form to Accounting Services for appropriate action.
CC-RS-7	Lease or agreement maintenance action is processed untimely	Lease or agreement maintenance action are tracked in DEWS (Data Entry Workload System) tracking system according to written policies and procedures.
CC-RS-8	Lease or agreement maintenance action is processed untimely	Aging reports of outstanding lease/agreement maintenance actions are reviewed monthly by an analyst and management team for workload progress within policy timelines.
CC-RS-9	8G leases reflect incorrect distribution codes and/or percentages.	After clearing lease batch, all new 8G leases are independently reviewed by a 2nd analyst to ensure they were established with the correct distribution.
CC-RS-10	Federal and Indian Mineral Royalty data is incomplete.	All reports received electronically are processed by MRM in MRMSS.. Systems assurance reports are reviewed to verify this occurs.
CC-RS-11	Federal and Indian Mineral Royalty data is inaccurate.	Edit overrides, documenta and line deletions and royalty value changes on Federal and Indian Mineral data lines in the MRMSS are approved by a person other than the researcher. In addition, a monthly report of these actions is run and reviewed by a supervisor.
CC-RS-12	Federal and Indian Mineral Royalty data is inaccurate.	A quarterly sampling of accepted 2014 lines that were error corrected is done to ensure corrections are accurate and proper documentation occurred.
CC-RS-13	Federal and Indian Mineral Royalty data is not processed timely.	Management Reports of rejected royalty lines are reviewed monthly to monitor employee performance, to identify payors with long standing issues, and to ensure timely clearing of rejected lines.
CC-RS-14	Federal and Indian Mineral Royalty data is not processed timely.	A weekly report of 100% rejected royalty documents is reviewed by management and analysts. Analysts attempt to clear at least one line from the document.
FM- AS-1	Erroneous cash balances	Cash is reconciled monthly.
CC-AS-3	Erroneous asset balances	Accruals and other estimates are prepared monthly to estimate custodial revenue and to fairly state assets and liabilities.
CC-AS-4	Erroneous asset balances.	Journal entries and journal vouchers are posted only by the General Ledger Supervisor, or the General Ledger Senior Accountant.
CC-AS-5	Erroneous asset balances.	Accounts receivable and accruals are reconciled monthly to the TROR worksheet.
CC-AS-7	Erroneous asset balances.	The Indian telefax process ensures that monies are identified and timely deposited with OST.
CC-AS-9	Erroneous deposits	Rents and bonuses are verified and reconciled prior to entry into the MRM Financial Management System.
CC-CRB-1	Erroneous asset balances.	Total revenue recorded in the general ledger is reconciled to all activity in the MRMSS each month, and the reconciliation is reviewed and approved by a Senior Accountant or Supervisor.

Appendix A: Risks and Controls cont.

Financial Management Risks and Controls		
Control Number	Risk to be Mitigated	Control Description
CC-DPT-1	Erroneous deposits	Payments are controlled. Payments are date stamped and restrictively endorsed.
CC-DPT-2	Erroneous deposits	Payments are reconciled. Deposit Tickets, Federal Reserve Deposit Delivery Logs, DPT examiner daily tapes, PPW, CN, Royalty Payment Batch Logs, DPT Rental logs all reconcile to End of Day Logs.
CC-DPT-3	Erroneous deposits	Payments are secure. Payments are opened in a secure location. Payments are kept in a secure location. Deposits are made to the Federal Reserve within one day of receipt by DPT.
CC-SY-1	Create AR correctly	To verify the receivable total equals the royalty totals, we use the Royalty/AR systems assurance report.
CC-SY-2	Create AR correctly	To verify that all invoices issued created receivables, the AR/Billing systems assurance report is reviewed.
CC-SY-3	Create AR correctly	The CN/AR systems assurance report is reviewed to verify that all CN mailed created pending items.
CC-FS-1	AR invoices inaccurate	Quarterly reports of all invoices created and issued are reviewed by management, and samples of invoices issued are reviewed.
CC-FS-2	AR invoices inaccurate	Quarterly, management reviews samples of bills credited or cancelled, and invoice lines inactivated.
CC-FS-3	AR invoices inaccurate	Quarterly, management randomly selects matching transactions to verify accuracy of process.
CC-FS-4	Inaccurate data	On line creations of receivables are limited to the type of receivable i.e. RNT/LSE and system access security.
CC-FS-5	Debt Collection Act violation	Monthly aging reports are reviewed by management to ensure the process initiated timely and completed by the 180 day point for all debt.
CC-FS-6	Debt Collection Act violation	The complete write off process is thoroughly documented in policy and procedure manuals maintained by MRM. Additionally, there is a chain of management command within MRM that reviews, evaluates, and determines the process for write offs of uncollectible receivables. Quarterly, a review of all write-offs is done.
CC-FS-7	Improper refunds	Quarterly, management reviews samples of completed refunds.

Appendix B: RPC recommendations Crosswalk

Rec #	RPC Recommendation	Implementation Steps
		Go from error correction to error prevention: FM Funding
		Improve communication with BLM/OMM
		Require EDI reporters to comply with edits
3-9	BLM should work with MMS's Minerals Revenue Management (MRM) division to develop and implement a system that electronically transmits information on lease establishment and any follow-up leasing actions affecting lease status.	Improve the exchange of data with BIA, BLM, OMM FY09 ITGB Funds RPC 3-9
3-14	As outlined in the Minerals Revenue Management (MRM) Strategic Business Plan 2007-2012, MMS's MRM division should complete the process of adding up-front error correction to the electronic interface for Form MMS-2014. This will reduce errors received by MRM, by up-front checks to a payor's entry to the electronic royalty payment system.	Increase the number of Inovis edits RPC 3-14
3-6	MMS should amend Form MMS-2014 to record natural gas BTU values, which form the basis for required royalty payments. This will require adding a second column to the form: the new column will report BTU value, and the original column will still report volume times BTU value (total mmBTU).	Analyze, BTU, Pricing, RR and edits with most errors, except reference RPC 3-6 Analyze remaining edits except reference Analyze Reference related edits
3-13	MMS's Minerals Revenue Management division (MRM) should phase in a requirement that all payors submit their payments electronically, with a goal of full implementation in five years.	Improve Payment Matching
		Enforce Accurate Payments
		Implement Electronic Statement of Account FY08 Budget
		Eliminate non-rental paper checks
		Eliminate rental paper checks (100% Pay.Gov)
		Increase Enforcement for required data elements
		Develop strategy for Indian Payments
		Develop strategy for Federal Payments
		Utilize Pay.gov type collection of revenues
		Improve Payment Predictor RPC 3-13 ITGB Funds
		Develop and implement upload/download for wires ITGB Funds
3-13	MMS's Minerals Revenue Management division (MRM) should phase in a requirement that all payors submit their payments electronically, with a goal of full implementation in five years.	Automate payment of rents ITGB Funds
		Develop a rent website
		Develop a Pay.Gov pilot
		PeopleSoft/Data Warehouse change to handle Pay.Gov rent
		Develop an online report (BRIO)
		Industry Outreach

Appendix B. Cont. RPC Recommendations Crosswalk

		Enforce 100% Pay.Gov
		Analyze elimination of Courtesy Notice
3-13	MMS's Minerals Revenue Management division (MRM) should phase in a requirement that all payors submit their payments electronically, with a goal of full implementation in five years.	Increase automation ITGB Funds
		Upload/Download - Automate wires
		Transition to Pay.Gov
		Increase PeopleSoft automation of GL
		Develop upload and download capabilities for: ITGB Funds
		Royalty Error Correction
		Production Error Correction
		Agreements
		Address changes
		LDI and BIA/OST Payment Files O&S Funds
		Automate LDI
		Correct payment identification for BIA/OST file
		LAB - rent, minimum royalty and estimates FY09 ITGB Funds
		Increase availability of high level LAB data for other Federal agencies and industry
4-16	MMS should place a high priority on improving the processes and procedures associated with calculating interest on royalty payments. These issues should be addressed as soon as possible.	Interest/IOR
		Correct IOR rental exceptions O&S Funds
		Redo interest FY09 Budget
		Upload/download - Workbench ITGB Funds
		Electronic billing FY08 Budget
		Database Assurance FY10 ITGB funds RPC ???
		Explore IDVS with TAAMS
		Explore IDVS with OMM
		PeopleSoft Upgrade
	Communications/Training	Training
		Establish Training Advisory Committee
		Develop Internal Training Plans
		Reporter Training
		Increase one on one company training
5-9	By June 2008, the Department should establish a Production Coordinating Committee (PCC) with representatives from the senior management level in MMS, BLM, and BIA. Bureau representatives should have the authority to ensure decisions and recommendations are implemented in their respective bureaus.	Communication RPC 5-9
		Develop Communication Forums with BIA/OST:
		Develop Communication Forums with BLM
		Develop Communication Forums with OMM
		Increase face to face meetings with individual BLM offices
		Increase Industry Outreach
		Increase BLM/BIA/OMM Outreach
	Data Mining	Data Mining