IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

ELOUISE PEPION COBELL, et al.,	)	
	)	
Plaintiffs,	)	
	)	
v.	)	Case No. 1:96CV01285
	)	(Judge Robertson)
DIRK KEMPTHORNE, Secretary of the	)	
Interior, et al.,	)	
	)	
Defendants.	)	

NOTICE OF FILING OF INTERIOR DEFENDANTS' TWENTY-NINTH STATUS REPORT

Interior Defendants hereby give notice of the filing of their twenty-ninth report due in accordance with the Order of December 21, 1999.

A copy of the report is attached hereto.

Dated: May 1, 2007

Respectfully submitted,
PETER D. KEISLER
Assistant Attorney General
MICHAEL F. HERTZ
Deputy Assistant Attorney General
J. CHRISTOPHER KOHN
Director

/s/ Robert E. Kirschman, Jr.
ROBERT E. KIRSCHMAN, Jr.
(D.C. Bar No. 406635)
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CERTIFICATE OF SERVICE

I hereby certify that, on May 1, 2007 the foregoing *Notice of Filing of Interior Defendants' Twenty-Ninth Status Report* was served by Electronic Case Filing, and on the following who is not registered for Electronic Case Filing, by facsimile:

Earl Old Person (*Pro se*)
Blackfeet Tribe
P.O. Box 850
Browning, MT 59417
Fax (406) 338-7530

/s/ Kevin P. Kingston
Kevin P. Kingston

II. OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS

Introduction

The Office of the Special Trustee for American Indians was created by the American Indian Trust Fund Management Reform Act of 1994. The 1994 Act provides direction to the Department of the Interior on accounting for Indian trust funds and reforming the operation of the Indian fiduciary trust. The Special Trustee's responsibilities under the Act include creating a comprehensive strategic plan for the operation of the trust and providing oversight of the accounting for Indian trust funds and the reform of the trust.

Special Trustee's Observations

Congressional Action

Congress enacted an FY2007 appropriation for OST at the FY2006 level. The FY2008 budget has been submitted and is substantially the same for OST as the FY2007 appropriation, with the exception of reducing the budget request for the Indian Land Consolidation Program from approximately $34 million to $10 million for FY2008. This reduction allows Congress and the Administration to evaluate the program and determine whether other methods should be adopted to increase the consolidation of highly fractionated land.

Although no bill has been introduced to replace the settlement legislation proposed in the last Congress (S.1439), the Administration sent to Congress a proposal to spend up to $7 billion to resolve a variety of Indian claims. Included in the proposal are funds to settle the *Cobell* lawsuit in lieu of continuing to spend money on historical accounting, settlement of all individual and tribal mismanagement claims, and a substantial amount directed to elimination of fractionation over ten years. The proposal also recommends that the trust be converted to an owner-managed trust so that Tribes and individuals have greater decision-making authority in the management of their assets.

Interior Management Changes

The Senate confirmed Mr. Carl Artman to be the Assistant Secretary-Indian Affairs. Mr. Artman is responsible for the management and oversight of the Bureau of Indian Affairs, which is responsible for the management of non-financial trust assets. These assets include surface interests, minerals, timber and water located on individual and tribal lands. In addition, BIA is responsible for probating Indian estates and maintaining the record title to all lands held in trust by the United States on behalf of Indians.

The Acting Deputy Assistant Secretary-Indian Affairs for Policy and Economic Development has transferred to a new position within Interior and has been replaced by Mr. George Skibine.

Government Accountability Office Report

During this reporting period, GAO sent a report to Congress, GAO-07-295R, "Office of the Special Trustee for American Indians: Financial Statement Audit Recommendations and the Audit Follow-up Process." The report addresses deficiencies identified and reported in the Indian trust funds' financial statement audits for fiscal years 1996 through 2005.

The report indicates that most of the audit weaknesses cited by independent accountants have been resolved and that two material weaknesses remain. The first weakness concerns unresolved financial reporting matters from prior audit periods, and requires congressional action to resolve. The second weakness relates to OST's reliance on processing of Indian trust transactions at BIA, which has been addressed by implementation of the lockbox and related procedures.

In its conclusions, GAO stated, "OST's and Interior's procedures and controls are designed to meet the requirements of applicable guidance, and controls are in place to reasonably ensure that audit follow-up objectives are achieved for financial statement audits."

Palm Springs Agency

A recent congressional inquiry to OIG raised questions about trust asset management at the BIA Palm Springs agency. In 1992, OIG reported on management weaknesses at the Palm Springs agency. In responding to the recent inquiry, OIG indicated that many of its 1992 recommendations have not been adopted and that problems remain at the agency. As a result of this information, I have directed the Office of Trust Review and Audit to conduct a review of the agency to determine its compliance with laws, regulations and policies regarding trust asset management and appropriate remediation. OTRA's report is expected to be available during the next reporting period.

Assurance Statement

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

Date: April 23, 2007

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

A. TRUST SERVICES – CURRENT ACCOUNTING

Introduction

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

One of the mandates implicit in the 1994 Act is to provide adequate systems for tracking and managing trust assets. Interior converted to a new trust funds accounting system, TFAS, in April 2000. The system is used by seven of the ten largest commercial trust departments in the United States. TFAS allows Interior to reconcile with Treasury and value financial assets on a daily basis, invest with Treasury and meet the statement of performance requirements outlined in the 1994 Act.

Interior next converted its title records to an updated, automated title system, TAAMS Title, which was completed in CY2005. Currently, Interior is in the process of converting the legacy leasing systems to the TAAMS lease management module. Once locations are converted to the TAAMS lease management module, encumbrance and ownership information is reflected in TFAS. Then, using the information reflected in TFAS, funds received at the lockbox[2] can be distributed and statements of performance can be generated.

SDA are temporary accounts for the deposit of monies that could not immediately be credited to the proper owners. The SDA project has two phases: the retrospective (pre-January 1, 2003, receipts) and the prospective (post-December 31, 2002, receipts). OHTA has responsibility for "resolution" (*e.g.*, research and distribution of funds) of the retrospective phase, while BIA has comparable responsibility for the prospective phase.

Currently, for non-converted agencies (and RDRS), SDA are used as temporary accounts for deposits of trust monies that cannot immediately be credited to the proper IIM or tribal trust accounts. For converted agencies, however, SDA use is restricted to deposits of trust monies when distribution is delayed pending a reconciliatory action involving: 1) litigation or appeals, 2) legal opinions or policy changes, or 3) when a survey is required. Converted agencies also utilize "T" SDA (tribal accounts), which receive TAAMS distributions designated for Tribes or ILCP lien repayments. The "T" SDA are designed to be flow-through accounts, with automated distributions to the Tribe's proceeds of labor accounts or ILCP lien repayment accounts.

Accounts are classified as WAU for many reasons. New accounts (for financial and non-financial assets) are sometimes established without an address, often as a result of probate. Sometimes account holder statements are returned due to an invalid address or an account holder refuses or does not claim mail. A variety of methods and means are used to locate WAU account holders.

[2] "Lockbox" represents the process of using a post office box that the contractor or bank maintains to receive proceeds for the sale or use of trust lands, which are then deposited for distribution to the beneficiaries.

Small balance accounts are defined as those with balances of $.01 - $1.00 and no activity in the preceding eighteen months. Management expenses for these accounts are considerable, in part because (as directed by Congress) annual statements must be sent to these account holders.

a. Trust Funds Accounting System

Current Status

At converted agencies, the interface between TAAMS and TFAS allows quarterly account statements of performance to include ownership and encumbrance information of trust assets. During this reporting period, Alaska, Southwest and Eastern regions were converted to TAAMS leasing. The Midwest Region is expected to be converted in June 2007. All regions and agencies are scheduled for conversion by September 30, 2007.

b. Special Deposit Account Activity

Current Status

BIA has the responsibility for distribution of SDA funds received since January 1, 2003 (prospective receipts). It is the policy of BIA to distribute funds within 30 days of receipt into SDA. During this reporting period, there were 7,546 receipt transactions posted to SDA.

During this reporting period, aged funds (those held in SDA longer than 30 days) were held in 166 fewer SDA than in the previous reporting period. Undistributed aged receipts decreased by 948 and the combined dollar amount decreased by $388,416.30. As of March 31, 2007, aged SDA totaled $687,951.66, which represented 2,426 undistributed receipts. As of March 31, 2007, there were 1,945 receipts in 218 SDA aged more than one year totaling $512,412.23.

During this reporting period, OST staff and contractors assisted BIA staff in performing work necessary to distribute aged and current receipts at the Colville, Fort Belknap, Eastern Navajo and Wind River Agencies, as well as the Navajo Region and the Federal Indian Minerals Office.

Delays and Obstacles

Resolution of SDA totaling over $257,936.48 is delayed by ongoing activities, including adjudication of range rates, need for cadastral surveys, need for SOL opinions, and other litigation-related matters.

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

c. Whereabouts Unknown Accounts

Current Status

Priority continues to be placed on securing current addresses for account holders of the rolling top 100 highest dollar balance WAU accounts. During this reporting period, 12 of the top 100 WAU accounts, with combined account balances in excess of $682,000 were updated with current addresses.

During this reporting period, 12,164 accounts with a combined balance of $7.0 million were added to the WAU list, and 4,382 account holders with a combined balance of $5.9 million were located.

As of March 31, 2007, there were 62,640 WAU accounts with a combined balance of $67.9 million. The following table illustrates the number of accounts stratified by account balance and WAU category.

Account Balance	Correspondence/ Check Returned	Account Setup No Address	Awaiting Address Confirmation	Refused/ Unclaimed Mail	Total
Equal to or over $100,000	11	8	0	0	19
Under $100,000 and equal to or over $50,000	34	13	0	0	47
Under $50,000 and equal to or over $5,000	2,415	723	0	2	3,140
Under $5,000 and equal to or over $1,000	5,953	1,445	0	4	7,402
Under $1,000 and equal to or over $100	8,934	3,029	9	3	11,975
Under $100 and equal to or over $1	14,519	5,503	13	5	20,040
Under $1	7,886	12,107	24	0	20,017
Total	39,752	22,828	46	14	62,640

Delays and Obstacles

Due to implementation of the FTM, accounts continue to be created in TFAS for non-financial asset owners in order to generate asset statements. Many of these owners do not have current addresses. As a result, the total number of WAU has increased. After the FTM implementation

is completed, however, the rate of WAU is expected to stabilize. The accounts categorized as WAU will then mainly consist of account holders that cannot be located, account holders that have moved without a forwarding address, and accounts that are established without an address for heirs of a probate or recipients of per capita distributions.

The lack of Internet access limits communication effectiveness. OST and its contractor must rely primarily on mail and telephone communication with IIM account holders.

d. Small Balance Accounts

Current Status

As of March 31, 2007, there were 19,241 accounts that have a $.01 - $1.00 balance with no activity for the previous 18 months. The total sum included in those accounts is $5,517.55. Statements are sent to account holders for these accounts on an annual basis pursuant to direction from Congress.

Assurance Statements

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

Date: April 24, 2007

Name: *Signature on File*
Bryan Marozas
Program Manager, Beneficiary Call Center
Office of the Special Trustee for American Indians

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

Date: April 27, 2007

Name: *Signature on File*
Margaret Williams
Deputy Special Trustee, Trust Accountability
Office of the Special Trustee for American Indians

B. OFFICE OF TRUST RECORDS

Introduction

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

Accomplishments

American Indian Records Repository

The American Indian Records Repository was built by Interior in collaboration with NARA for the purpose of consolidating and preserving Indian records at one NARA regional records center. The facility, located in Lenexa, Kansas, opened in May 2004. Prior to the opening of AIRR, Indian records were stored in various NARA regional records centers, BIA, and other government facilities across the United States. All Indian records from the NARA regional centers have been shipped to AIRR, while records continue to be collected from the other locations for shipment to AIRR. Indian records are indexed at the AIRR Annex before being transferred to AIRR for storage. A file level index of the contents of each box is stored in an electronic data base called the Box Index Search System.

Approximately 5,223 boxes of inactive records were moved from BIA/OST field locations to the Lenexa Annex for indexing during this reporting period. Indexing of approximately 154,420 boxes has been completed as of the end of this reporting period. Approximately 151,600 indexed boxes have been sent to AIRR for permanent storage.

Training

OTR provided records management training for 198 BIA and OST records contacts and 52 tribal employees during this reporting period. OTR provided records management training to Tribes as they requested training.

Current Status

Safeguarding Records

As previously reported, in November 2006, OTR's conservation contractor conducted an in depth review of box contents and drafted a remediation plan. OTR had determined that two boxes contained trust records and would undergo repair/conservation. The other boxes did not contain trust records and were to be stored at the AIRR without remediation. However, it was subsequently decided by OTR that the contents of all six boxes would undergo

repair/conservation, which was completed in this reporting period. The conservator separated pages, flattened, cleaned and repaired documents as necessary. Parallel files were set up as necessary (parallel files are composed of copies of the original documents that will be used for research, if necessary, in order to safeguard the original documents).

Also, as previously reported, NARA recommended copying of maps from eight oversized boxes for preservation purposes. Several of the large maps were too big for NARA's copiers. Remediation of these maps by the contractor was also completed during this reporting period. The large maps were cleaned, repaired and, when possible, flattened. OTR reviewed the maps after they were treated and determined that the maps will be copied, on a case by case basis, when requested by researchers.

Records Retention Schedules

The Archivist of the United States approved the BIA Geographic Information System (GIS) electronic record schedule on March 30, 2007.

As previously reported, records retention schedules for thirteen BIA electronic records systems were forwarded to NARA in November and December 2006. NARA is reviewing the records schedules and has requested additional information on six systems.

Records retention schedules for three OST electronic records systems were developed and forwarded to NARA during the last week of December 2006. NARA is reviewing the OST electronic systems records schedules and has requested additional information on two systems.

Paper records retention schedules for all OST offices were sent to NARA for review and approval during this reporting period. NARA has informed OTR that it is anticipated that schedules will be forwarded to the Archivist of the United States in the next reporting period.

Delays and Obstacles

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

Assurance Statement

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

Date: April 18, 2007

Name: *Signature on File*
Ethel J. Abeita
Director, Office of Trust Records
Office of the Special Trustee for American Indians

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C. TRUST ACCOUNTABILITY

1. TRUST BUSINESS PROCESS MODELING

Introduction

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

Accomplishments

During this reporting period, a draft of the Land Conveyances (25 CFR 152) handbook was completed and delivered to BIA for review. This draft includes the following chapters: Sales and Exchanges of Tribal Trust or Restricted Land; Negotiated Sales, Gifts and Exchanges of Individually Owned Land; Tribal Tract Purchases; and Consolidation by Sale of Highly Fractionated Tracts.

Current Status

During this reporting period, drafting continued on regulations related to minerals, 25 CFR Parts 200-207.

During this reporting period, OST reengineering staff provided support for converting RDRS to the oil and gas royalty management module within TAAMS, which included identification of system requirements.

OST reengineering staff continued to support the Interior Regulatory Initiative. The comment period for the Phase I regulations ended on March 12, 2007, and work groups began reviewing comments and revising the proposed regulations.

Delays and Obstacles

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

Assurance Statement

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

Date: April 27, 2007

Name: *Signature on File*
Margaret Williams
Deputy Special Trustee, Trust Accountability
Office of the Special Trustee for American Indians

2. TRUST DATA QUALITY AND INTEGRITY

Introduction

The success of trust reform depends, in part, on the accuracy of data generated from the maintenance of trust assets, ownership of trust assets, distribution of trust income, and management of trust accounts. The DQ&I project focuses on three primary initiatives. The first initiative is assisting BIA with document encoding into TAAMS Title and TAAMS Leasing. Currently, BIA is converting to TAAMS Leasing, which tracks the use of Indian trust land. BIA completed its conversion to TAAMS Title, used to record Indian trust land title activity.

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

The third initiative is implementation of a Post-QA process. The Post-QA process compares the encoded CDE in TAAMS to the CDE in the respective source document(s). The purpose of performing Post-QA is to help ensure the ongoing accuracy of CDE encoded into TAAMS.

Accomplishments

During this reporting period, TPMC's contractors completed:

Encoding

Encoding of surface leases for Jicarilla (17), Laguna (104), Mescalero (55), Northern Pueblos (137), Ramah (423), Southern Pueblos (21), Southern Ute (479), Ute Mountain Ute (189), Zuni (65), Papago (494) and Ft. Yuma (100) Agencies and SWRO (12).

Encoding of ROW documents for Jicarilla (46), Laguna (99), Mescalero (52), Northern Pueblos (120), Ramah (57), Southern Pueblos (33), Southern Ute (619), Ute Mountain Ute (126), Zuni (48) and Papago (166) Agencies and SWRO (4).

Encoding of mineral leases for Jicarilla (50), Southern Ute (228) and Ute Mountain Ute (122) Agencies.

Encoding of 255 ERO land tracts in TAAMS Title.

Applying payment schedules in TAAMS Leasing for 126 surface leases at Fort Hall Agency.

Encoding of probate orders into RDRS for Concho Agency. This ongoing program work has been assumed by agency personnel.

Current Status

The DQ&I Project staff continues to assist BIA with TAAMS Leasing conversion efforts by:

- Encoding ROW documents for GPRO LTRO (2,539) and surface leases for MWRO (242).
- Researching land ownership interest variances for Great Lakes (778) and Minnesota (2,164) Agencies.
- Conducting Post-QA review of 18,236 transactions encoded into the trust systems at numerous locations during the quarter for a cumulative total of 118,648.

Delays and Obstacles

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

Assurance Statement

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

Date: April 24, 2007

Name: *Signature on File*
John E. White
Trust Reform Officer, Trust Accountability
Office of the Special Trustee for American Indians

3. INDIAN FIDUCIARY TRUST TRAINING PROGRAM

Introduction

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

Current Status

During this reporting period, Cannon Financial Institute personnel presented:

- One *Indian Fiduciary Trust Principles* course to 22 OST, BIA and tribal personnel. Completion of this course, passing an exam and reviewing a DVD entitled *Fiduciary Concepts* are requirements of the *Certified Indian Fiduciary Trust Analyst* certification.

- Five specialty courses to 70 OST and BIA personnel. The specialty courses, *Risk Management, Probate, Trust Accounting, Asset Management,* and *Fiduciary Behavior and Guardianships* are part of the *Certified Indian Fiduciary Trust Specialist* certification program.

During this reporting period, OST training staff conducted 10 training sessions for 114 OST, BIA, and contractor staff on the use of TFAS and related systems and reporting programs that include:

- CSS – used to enter, approve and post cash transactions;

- Stratavision – contains daily, weekly and monthly reports from OST systems for viewing by OST and BIA staff;

- Historical Query Database – contains account transaction history going back to 1985; and

- TFR – Trust Funds Receivable – used for tracking lockbox receipts.

OST and BIA staff presented one *Trust Fundamentals* course to 16 OST and DOI University staff. This course includes such topics as the history and policy of Indian trust, current trust reform activities, job roles and responsibilities, and organization and working relationships.

Delays and Obstacles

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

Assurance Statement

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

Date: April 23, 2007

Name: *Signature on File*
Dianne M. Moran
Director, Office of Trust Training
Office of the Special Trustee for American Indians

4. RISK MANAGEMENT

Introduction

The Deputy Special Trustee, Trust Accountability is responsible for overseeing OST's risk management program, which is implemented by the Trust Program Management Center. As of this reporting period, this section will address only OST's risk management program.

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

Accomplishments

OST completed its FY2007 risk assessment and submitted a comprehensive risk management plan that identifies the schedule of internal control reviews for all OST programs over the course of the next three fiscal years. Both documents were submitted to PMB, which oversees risk management for Interior.

Current Status

OST is expanding RM-PLUS to include a section that addresses risks and associated internal controls at the senior management level.

OST is also finalizing its FY2007 methodology and plan for the testing of program operations efficiency and effectiveness, financial reporting reliability, and compliance with the laws and regulations. These tests and reviews provide the basis for OST's interim and annual statements of assurance. Testing is expected to be completed during the third quarter of FY2007.

As previously reported, OST submitted, draft guidance to PMB for Indian trust bureaus and offices to meet the A-123 requirements. Until such time as PMB issues formal guidance, TPMC will continue to monitor OST's compliance with A-123.

As of January 1, 2007, OST had 35 open corrective action plans. During this reporting period, there was no corrective action plan activity.

Delays and Obstacles

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

Assurance Statement

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

Date: April 27, 2007

Name: *Signature on File*
Margaret Williams
Deputy Special Trustee, Trust Accountability
Office of the Special Trustee for American Indians

5. TRUST REGULATIONS, POLICIES AND PROCEDURES

Introduction

The Office of Trust Regulations, Policies and Procedures was established on April 21, 2003, to assist Interior in establishing "consistent, written policies and procedures for trust fund management and accounting," as stated in the 1994 Act. OTP oversees and facilitates the development, promulgation and coordination of trust-related regulations, policies, procedures and other materials to guide the proper discharge of Interior's fiduciary responsibilities. OTP is separate from BIA's Office of Planning and Policy Analysis, which is responsible for policies, procedures and regulations affecting all BIA activities. PPA activities are reported in the BIA section of the report to the Court.

Accomplishments

During this reporting period, OTP initiated a process whereby an impact analysis is completed whenever a policy, procedure, desk operating procedure or delegation of authority is developed or modified.

OTP issued seven new or revised policies and procedures on March 1, 2007. These policies and procedures include guidance on:

- Development of Corrective Action Plans in Response to Internal and External Agency Audit/Review Recommendations;
- Laptop Inventory Requirements;
- Procedures used in business processes administered by the Budget, Finance and Administration division; and
- Address and Direct Deposit Updates for Individual Indian Monies (IIM).

Current Status

OST and BIA worked to finalize the Osage Nation Account Maintenance DOP and the Osage Nation Disbursing DOP. These DOPs are now scheduled to be completed during the next reporting period.

Delays and Obstacles

Lack of access to the Internet and its repository of online statutes, the Federal Register and other resources continues to present challenges to this office.

Assurance Statement

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

Date: April 26, 2007

Name: *Signature on File*
Nina C. Alexander
Director, Office of Trust Regulations, Policies and Procedures
Office of the Special Trustee for American Indians

D. TRUST REVIEW AND AUDIT

Introduction

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

Current Status

Indian Trust Examinations

The Indian trust examination process includes conducting on-site visits to evaluate operations and compliance, performing sufficient testing to verify the integrity of trust operations, and analyzing the effectiveness of management and management controls. Based upon the results of an examination, OTRA assigns an overall rating reflecting the quality of the administration of fiduciary trust functions. OTRA follows up on findings in its reports with regions, agencies, and Tribes.

During this reporting period, OTRA performed trust reviews at nine sites, issued nine trust review draft reports for comment and issued 17 final reports. OTRA performed three follow-up exams for corrective action implementation from examinations performed in prior reporting periods.

Records Assessments

The record assessment is a focused evaluation of records maintenance and security. OTRA completed 17 trust record assessments and issued 11 final reports.

Compliance Reviews

Two compliance reviews are pending with fieldwork and/or report drafting continuing on these cases.

Delays and Obstacles

Lack of Internet access impedes OTRA's work processes and its ability to communicate effectively, both internally and externally.

Assurance Statement

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

Date: April 19, 2007

Name: *Signature on File*
D. Jeff Lords
Director, Office of Trust Review and Audit
Office of the Special Trustee for American Indians

E. OFFICE OF APPRAISAL SERVICES

Introduction

The Office of Appraisal Services, under a management contract with NBC-ASD, is responsible for Indian Land valuations. The contract was established to provide impartial estimates of market value for a variety of real property interests on land owned in trust or restricted status by individual Indians, Alaska Natives, and Indian Tribes. Various regulations governing Indian trust lands require valuations. To meet this requirement, an appraisal or other valuation method is used to determine fair market value of Indian lands.

Accomplishments

The Office of Minerals Evaluation within ASD is now fully staffed. The office delivered approximately 12,000 evaluations of mineral interests for ILCP during the reporting period.

As previously reported, OAS contracted the development of ITARS. The project was completed and a nationwide roll-out of the application was conducted during the reporting period.

A specialized training curriculum for staff Review Appraisers, developed in conjunction with the American Society of Farm Managers and Rural Appraisers, was offered to all OAS and ASD staff during the reporting period. Courses offered were "Introduction to Appraisal Review," "Appraisal Review Under USPAP," "Appraisal Review Under UASFLA" and "Advanced Appraisal Review Case Studies."

Current Status

The Deputy Chief Appraiser for Policy and Compliance and the Deputy Chief Appraiser for OST continued to implement and enforce consistent standards and practices for OAS operations during the reporting period. Audits of workload as well as internal procedural changes have improved quality of OAS's work product and its ability to meet deadlines and manage backlogs.

OAS has continued to work closely with BIA realty staff to improve lines of communication between the two offices and clarify policies for staff to gain understanding of their respective roles and responsibilities with regard to appraisal requests.

OAS is working with the OST Office of External Affairs to obtain appraisal backlog information from compacted and contracted Tribes, and is working to ensure that reporting requirements are incorporated into annual MOUs.

Appraisal Backlog

As of this reporting period, the appraisal backlogs are as follows:

Region	Appraisal Backlog As of 12/31/06	Appraisal Backlog * As of 03/31/07
Northwest	0	27
Rocky Mountain	55	261
Midwest	85	71
Western	0	0
Southwest	0	8
Eastern Oklahoma	91	64
Navajo	16	20
Pacific	0	7
Alaska	277	442
Eastern	8	0
Southern Plains	9	8
Great Plains	10	8
TOTAL	**551**	**916**

* The backlog often includes all requests from BIA, even when the property to be appraised has yet to be defined and whether or not an appraisal is required for a proposed transaction. The requests are addressed in priority order based on factors such as court-ordered transactions, economic transactions, and rights-of-way transactions.

This table does not include appraisal backlog information from the compacted and contracted Tribes. This information is expected to be incorporated into future reports to the Court.

Delays and Obstacles

The inability to utilize the Internet as a tool to communicate with outside contacts to research comparable sales and other information is a continuing hardship.

During this reporting period, the Rocky Mountain Region experienced significant increase in appraisal requests from ILCP. In the Alaska Region, unresolved policy issues regarding advertised sales and gift deeds have contributed to an increased backlog.

Difficulties continue in recruiting qualified appraisers for contract positions, particularly in remote locations.

Assurance Statement

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

Date: April 27, 2007

Name: *Signature on File*
Kathryn J. Gearheard, MAI
Appraisal Services Directorate
National Business Center

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III. INDIAN AFFAIRS

A. TRUST REGULATIONS, POLICIES AND PROCEDURES

Introduction

The Office of Planning and Policy Analysis in the Office of the Assistant Secretary – Indian Affairs was established on April 21, 2003. PPA is responsible for developing and promulgating Indian Affairs directives. PPA is separate from OST's Office of Trust Regulations, Policies and Procedures, whose activities are reported in the OST section of the status reports to the Court.

Current Status

Regulatory Initiative – On August 8, 2006, BIA and the Office of the Secretary proposed to amend several regulations related to Indian trust management (71 FR 45173). Phase I of the Regulatory Initiative involves the promulgation of regulations related to probate, probate hearings and appeals, tribal probate codes, life estates and future interests in Indian land, Indian land titles of record, and conveyances of trust or restricted land. The public comment period again was extended and ended on March 12, 2007. The work groups began considering and incorporating comments in anticipation of the final rule.

Phase II, in addition to the Tribal Trust Fund Accounting and Appeals regulation, now includes Land Acquisitions (25 CFR 151). This phase includes tribal consultation and publication of the draft rules.

As previously reported, during CY2007 Interior expects to begin Phase III of the Regulatory Initiative. This phase includes tribal consultation and proposal of the regulations affecting leasing, grazing and rights-of-way.

25 CFR 216 – Surface Exploration, Mining, and Reclamation of Lands – This regulation is undergoing additional program review and revisions by the Indian Affairs Division of Energy and Minerals. A work group is expected to meet in May and resume work on the proposed rule, which is expected to be published during the fourth quarter of CY2007.

25 CFR 224 – Tribal Energy Resource Agreements – The Office of Indian Energy and Economic Development received SOL comments on the draft final rule during this reporting period. The final rule now is expected to be published during the second quarter of CY2007.

Delays and Obstacles

Lack of access to the Internet has hindered PPA's ability to research statutes and departmental manuals, and makes distribution of documents for review by Tribes more difficult and costly.

Assurance Statement

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

Date: April 26, 2007

Name: *Signature on File*
Debbie L. Clark
Deputy Assistant Secretary – Indian Affairs (Management)
Bureau of Indian Affairs

IV. BUREAU OF INDIAN AFFAIRS

A. FRACTIONATION

Introduction

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

Accomplishments

- Indian Land Consolidation Program acquired 26,900 fractional interests during this reporting period.
- Of the total interests acquired during this reporting period, 84% were interests of less than 2% ownership in the respective tracts of land.
- ILCP acquired the equivalent of 41,706.43 acres during this reporting period.
- As a result of ILCP purchases, Tribes now have 100% ownership of 276 tracts.

Current Status

- ILCP continued to support the Great Plains Region LTRO by assisting with recording ILCP deeds, re-vesting *Youpee* interests, researching ownership files, and recording to ownership records.
- A total of 16 reservations located in five BIA Regions are participating in ILCP.

Delays and Obstacles

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

Assurance Statement

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

Date: April 18, 2007

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

B. PROBATE

Introduction

Federal law permits Indian owners to pass title to their trust assets by testamentary devise or by intestate succession, and imposes upon Interior the duty of determining the legal heirs. BIA, OHA and OST must coordinate their work to complete the probates of Indian estates. Information on the status of probates is contained within the ProTrac system. Each BIA regional office and corresponding agency is responsible for encoding new cases, examining "initial load" cases and making corrections. The majority of the data-cleanup for ProTrac has been completed, which should make ProTrac a more complete source of probate data.

Current Status

Case Preparation

Case preparation is the initial stage of the probate process. During this stage information is researched and gathered regarding the identity and whereabouts of potential heirs, and an inventory of the trust assets of an estate is prepared. According to ProTrac, 7,768 probate cases are in the case preparation stage.

Case Adjudication

Depending on the complexity of the case, probates are adjudicated by OHA Administrative Law Judges, Indian Probate Judges, or Attorney Decision Makers. According to ProTrac, 5,950 probate cases are in the case adjudication stage. As reported by OHA, deciding officials received 1,400 cases and issued decisions in 1,843 cases. OHA reported 4,296 cases pending.

Case Closure

Cases in the closing stage are ones that have been adjudicated but not updated in TFAS, LTRO, or the Lease Distribution System. According to ProTrac, there are 3,491 cases in the closing stage and 1,567 cases were closed during this reporting period.

Financial Case Closure

Financial case closure is the posting and recording of ownership and distribution of assets after the case has been adjudicated. OST reported that it distributed funds and closed 2,037 accounts in TFAS, representing 2,002 estates. As of the end of March 2007, TFAS contained 31,310 open estate accounts, which is an increase of 116 from the 31,194 estate accounts at the end of the last reporting period.

Delays and Obstacles

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

- Lack of access to the Internet, which includes the inability to use electronic mail communication between OHA and BIA/OST;
- Continued fractionation of ownership of Indian lands;
- Numerous initiatives competing for resources (e.g., *Youpee* revestitures, *Cobell* requirements);
- Cultural differences regarding the subject of death;
- BIA probate reorganization has not been completed.

Assurance Statement

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

Date: April 24, 2007

Name: *Signature on File*
William Titchywy
Director, Probate Division
Office of Trust Services
Bureau of Indian Affairs

V. OTHER TOPICS

A. INFORMATION TECHNOLOGY

Introduction

This section describes the status of Interior IT systems, particularly the systems that house or provide access to IITD or provide various computing capabilities, including functions critical to the proper administration of the individual Indian trust responsibilities within Interior. In addition, this section describes various efforts being made to improve IITD security within Interior, pursuant to OMB Circular A-130 Appendix III, and challenges due to no Internet connectivity at four bureaus.

Accomplishments

Computer Security:
Interior continues to make progress in enhancing IT security through improvements to the vulnerability scanning process and the re-Certification & Accreditation of systems. The most noteworthy accomplishments, completions and challenges during the reporting period are described below.

Prevention and Monitoring

- ESN is working with BIA to improve the strength of firewall configurations and the functionality of the BIA Intrusion Detection System for TrustNet.
- ESN has implemented a new product for ongoing assessment of external vulnerabilities which is part of Interior's proactive monitoring program.
- During the reporting period ESN perimeter security controls successfully blocked more than one million network attacks.

Policies and Guidance

- On January 16, 2007, the acting Interior CIO issued "Security Threats Posed by Trusted Insiders" to bureau and office CIOs. This memo summarized the IT security risks posed by trusted insiders and reiterated the risk mitigation activities that bureaus and offices should undertake to address these threats.
- On February 26, 2007, the acting Interior CIO issued "Fiscal Year (FY2007) Annual End-User Federal Information Systems Security Awareness Training" to assistant secretaries and heads of bureaus and offices. This memo requires all users of Interior IT systems to complete annual security awareness training no later than July 31, 2007.
- On March 22, 2007, the Deputy Secretary issued "Cyber Security Responsibilities" to all Interior employees and contractors. This memo reminded all employees and contractors of their obligation to be knowledgeable about their roles and responsibilities in terms of cyber security.

Plan of Action and Milestones:

- As reported to OMB, Interior has continued to remediate and close out a significant number of weaknesses, eliminating 418 during this reporting period. However, 542 new weaknesses were identified and added; many resulted from self-assessments, independent financial audits and findings based on OIG reports. This reflects Interior's proactive efforts to identify, track and correct security weaknesses. Interior continues to address the remaining 2,014 open weaknesses.
- All weaknesses are categorized as having a risk impact level of high, medium or low. These ratings are used to prioritize efforts to correct weaknesses. Of the 2,014 open weaknesses, 474 (23.5%) are rated high, 997 (49.5%) are rated medium and 543 (27%) are rated low.
- The POA&M statistics include NPS and USGS, which are not trust bureaus. POA&M statistics for trust bureaus are: 155 (14.6%) high, 474 (44.6%) medium, 433 (40.8%) low, for a total of 1,062.
- During the reporting period, Interior submitted to OMB corrected POA&M data for the first quarter of FY2007 as follows: 256 weaknesses closed, 444 new weaknesses identified and a total of 1890 open weaknesses.

IT Systems Architecture:

- Interior completed the final draft of the Management Planning and National Environmental Policy Act (NEPA) architectural blueprint. The architectural blueprint recommends business, data, service and technology improvements for Interior land use planning in compliance with NEPA. NEPA affects the management of both federal and Indian trust lands.

Staffing:

- The following positions were filled during the reporting period:
  - NBC Deputy CIO
  - BIA C&A Project Manager.

<u>Current Status</u>

A-130 Certification and Accreditation:

All trust systems that are currently tracked in DEAR now have full ATO status.

- The FWS Isolated Realty Network received full ATO status on March 9, 2007.
- New BIA trust systems:
  - The Trust Active Directory, described in the previous report to the court, received full ATO status on February 15, 2007.
  - All BIA LANs have been associated with one of four geographic zones. Each of these zones will be a separate C&A boundary. C&A activities for each of these four zones, is currently underway and is expected to be completed in the next reporting period.

ZANTAZ:

- The contract was awarded in December 2006 for the forensic analysis of the 268 blank BIA tapes documented in the *Status Report to the Court Number Twenty-Five*. Due to personnel changes, performance under this contract is now scheduled to begin in April 2007.
- As reported in the previous status report to the court, ZANTAZ received the 25 BLM tapes. During this reporting period, ZANTAZ processed the tapes for delivery of messages to the digital safe. Preparation of processed tapes for return to BLM is being performed according to Interior's tape handling policy.
- In February 2007, BLM's Alaska State Office experienced a problem transmitting to ZANTAZ for approximately 11 hours. During this period of time, email was not sent to ZANTAZ. The backup tapes that contain the emails that were not sent during that period are expected to be delivered to ZANTAZ for processing in the next reporting period.
- As reported in the prior three reports, NBC and BLM are both experiencing incompatibilities between anti-virus software and ZANTAZ software. BLM has been working with ZANTAZ to resolve the problem. BLM continues to test a new version of ZANTAZ.
- On March 27, 2007, ZANTAZ notified Interior that a file containing pass codes used to control access to ZANTAZ technical support services was inadvertently sent to another ZANTAZ customer. ZANTAZ customer service notified the individual receiving the file within five minutes of the error. Following investigation, ZANTAZ found no indication that the security of Interior data was compromised. ZANTAZ informed Interior that the file was immediately quarantined. ZANTAZ has changed all pass codes issued to customers to mitigate risks associated with the error.

Training and Awareness:

- NBC has begun 2007 Role-Based Security Training as required by FISMA, and is at 35% completion for the individuals required to receive this training.
- Twelve BIA employees & contractors attended a five day training session on "Security Manager Module," a commercial software product that enhances BIA's ability to monitor and respond to network events.
- An MMS contractor presented a three-day Certification and Accreditation course to a number of MMS IT security personnel. This course encompassed all aspects of C&A and leads to certification as a C&A professional.

Incidents:

- On December 28, 2006, four tribal computers, four tribal flash drives and an unknown number of tribal CDs were stolen from a 638 tribal office operated on behalf of OST and located on Yakama Nation property. This incident was reported to local police and remains under investigation. An OCIO task force evaluated the types and sensitivity of the data involved. It was determined that the data files that were stolen contained copies of information regarding real property, lessees and lessors, such as:
  - names and addresses of each lessee and lessor;

- lease number, term and date;
- type, character and legal description of the property that is the subject of the lease appraisal;
- number of acres leased, rental price per acre and total value of the lease.

The analysis also determined that because the information is generally publicly available, the risk of identity theft from the compromise of this information was low. Interior expects to send a notification letter to each of the approximately 200 affected individuals. This letter summarizes the incident, the results of the analysis and recommends that individuals follow best practices for preventing identity theft by continually monitoring their credit reports.

- OHA reported potential misuse of a laptop computer in December 2006. The investigation of this incident by OIG is ongoing.
- During a routine internal review of NBC Appraisal Services Directorate records, an appraisal record containing general Indian trust data was found included in work product on an NBC network connected personal computer. However, the record did not contain IITD. The record was moved from the personal computer to a storage device. NBC Security performed a forensics analysis on the personal computer to ensure that there was no malicious code or other evidence of compromise that would have posed a threat to the information and found no such evidence.
- On January 18, 2007, visual evidence indicated that an attempt had been made to physically break into the BLM computer room containing the servers for the LR2000 system. The cylinder lock on the door had been scratched and rotated from its normal vertical key-insertion position. No other doors appeared to have been forced. There was no evidence that the intruder gained access. Although the lock was not compromised, BLM coordinated with GSA (the building owner) to install an additional metal plate over the lock mechanism to prevent similar break-in attempts in the future.
- In January 2007, a BIA contractor who was conducting probate remediation efforts for the Eastern Region shipped four BIA computers to the contractor's facility in Albuquerque. The contractor did not follow the required "wipe and backup" procedures before shipping the computers. It is not known if the computers were encrypted or contained any sensitive information or data (e.g., privacy or trust). BIA's Office of IT Security and Privacy is in the process of assessing both Interior and bureau specific policies related to the transfer of equipment.
- In February 2007, a BIA Contracting Officers' Representative identified and reported to BIA OISP that incumbent contractor personnel who were retained on a newly awarded contract did not have proper background checks as required under federal guidelines. All contractor personnel who did not have a valid background investigation were immediately removed from proximity to the IT systems. Background investigations have been initiated for these individuals and are currently pending results from OPM. These individuals will not be authorized to access systems until favorable background investigations have been received.

Reports:
These reports were among those issued during this reporting period.

- Using input provided by agency OIGs, Congressman Davis issued the Seventh Report Card on Computer Security at Federal Departments and Agencies on April 12, 2007. Interior was one of eight agencies receiving a failing grade. Overall, the government received a grade of "C-."
- On March 13, 2007, the OIG issued a Notice of Findings and Recommendations. This NFR indicated that during the course of an information technology security evaluation conducted March 6 – 9, 2007, the OIG was able to readily obtain unauthorized access to very sensitive information. Interior has taken the following steps to respond to this NFR and the recommendations that it contains:
  - Informed all bureau and office CIOs of the findings and recommendations and directed that immediate corrective action be taken.
  - Established an Internal Security Improvement Team to develop:
    - additional near-term and longer-term actions needed to address specific issues related to the NFR and results of reviews and assessments of any remaining risks;
    - an enhanced and comprehensive defense-in-depth strategy to enhance Interior's IT security posture.
  - Defined corrective and/or mitigating actions to be taken by all Interior bureaus and offices by April 27, 2007. The results of these actions will be reported in the next quarterly report.
  - As a result of this incident, the IG is conducting an investigation.

Delays and Obstacles

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

Staffing

- Interior is experiencing high staff and management turnover in critical IT positions, particularly IT security.
- As announced during the previous reporting period, the Interior CIO retired from federal service on January 3, 2007. The Interior Deputy Secretary named the CIO for the USGS to replace the FWS CIO as the acting Interior CIO effective March 12, 2007.
- The following positions remained vacant at the end of this reporting period:
  - Interior's Deputy CISO, Security Policy Lead and Trust Security Officer
  - NBC's IT Security Manager,
  - ESN's Enterprise Security Officer,
  - MMS's MRM IT Security Manager,
  - BLM's IT Security Manager, and
  - BIA's CIO.

Funding and Resources

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

Denied Internet Access

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

The following is one of many examples of how bureaus and offices are impacted by lack of Internet access:

- SOL is representing BLM before the administrative tribunal that hears matters pertaining to Arizona Department of Water Resources. The ALJ hearing this case is requiring electronic filings of all protests and written materials relevant to the case. However, due to lack of Internet access, SOL's difficulty in complying with this requirement has reduced its efficiency by requiring SOL attorneys to travel to BLM's office to file and obtain access to court documents.

Assurance Statement

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

Date: April 30, 2007

Name: *Signature on File*
Karen Siderelis
Department of the Interior Chief Information Officer (Acting)

B. CADASTRAL SURVEY

Introduction

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

Accomplishments

Survey Backlog

Of the 55 backlogged surveys (pre-FY2006), 15 were completed during this reporting period. The majority of the remaining backlogged surveys are anticipated to be completed by the end of the next reporting period. Surveys are considered works-in-progress using a two-year cycle and are not considered backlogged during that time. Backlogs may occur as a result of litigation, water boundary issues, weather, budget, project scope, etc.

Certified Federal Surveyor Program (CFedS)

The BLM Cadastral Program has deployed CFedS, a voluntary certification program for state licensed land surveyors. This certification is expected to enhance cadastral services under the direction and control of BLM on Indian lands. It is anticipated that the CFedS program will assure boundary integrity, and should increase the production of marked and documented trust lands and their boundaries. During this reporting period:

- Sixty-nine members of the initial group of CFedS candidates successfully completed the curriculum by passing the final examination. These individuals are to be recognized for their efforts at an American Congress on Surveying and Mapping (ACSM) sponsored ceremony on May 4, 2007 in Phoenix, Arizona.

- The registration period for the second session of the CFedS Certification Program opened on March 15 and will close on April 15, 2007. As many as 200 professional land surveyors are expected to enroll.

Current Status

Interior Standards for Indian Trust Lands Boundary Evidence

The Standards for Indian Trust Lands Boundary Evidence are expected to increase efficiencies in land transactions and boundary issues by establishing standard processes and formal procedures for consulting between title and realty specialists, resource managers and cadastral surveyors on land tenure and boundary issues. The standards should also save money, improve record systems and standardize existing processes. The standards are in final draft format.

BLM submitted the final draft standards through the Assistant Secretary, Lands and Mineral Management, to the Assistant Secretary, PMB for inclusion in the Departmental Directives system. These standards are expected to be incorporated as directives by the end of FY2007, at which time other Interior bureaus and offices will be able to use these standards. In the meantime, BLM is monitoring its own use of the standards through a performance tracking system.

Implementation of the FTM

During this reporting period, BLM continued to implement FTM goals. These goals as they relate to cadastral services are: (1) funding and support for the 12 BLM Indian Lands Surveyors located in the BIA Regions; (2) deployment and continued development of the CFedS program; (3) improving and extending the PLSS within Indian Country; and (4) creation of a CGIS to be used as a foundation layer of BIA and tribal GIS, which should include legal land descriptions, ownership status, uses and encumbrances, as well as surveys. Further development of the CGIS awaits a variety of decisions including available funding, an IT platform and departmental direction.

Delays and Obstacles

Disconnection from the Internet

The Court-ordered disconnection from the Internet continues to hamper communications and service delivery between BLM, BIA, OST and SOL. This includes the way CARS is being implemented and the review of the Interior Standards for Indian Trust Lands Boundary Evidence. BLM's productivity has decreased, and the cost associated with dual networks has caused the cost of survey services to increase. This issue continues to impact BLM's ability to provide cadastral services in an effective and cost efficient manner to its trust clients.

Funding of the FTM

Proper planning, scheduling and implementation of future FTM work are dependent on funding. The reduced levels and erratic distribution of funding provided by the continuing resolution for Interior's FY2007 budget are negatively impacting the designed implementation of the FTM

initiatives. If the program had been funded at 100% of the BIA's 2007 budget justification, then 165 surveys would have started in FY2007. With the reduction of funds associated with working under the FY2007 Continuing Resolution, 79 surveys will not be started. Planning survey projects involves long-term commitment of professional services. Uncertainty of funding impacts the planning for resources, which increases overall costs.

Assurance Statement

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

Date: April 25, 2007

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

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C. MINERALS MANAGEMENT SERVICE

Introduction

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

Current Status

Indian Oil Valuation Rule

MMS continued with the rulemaking process for the valuation of oil produced from tribal and allotted Indian lands. The proposed rule was published in February 2006, and the comment period ended in April 2006. MMS received and reviewed comments from Tribes, industry trade associations, industry producers, and an individual. MMS decided not to issue the rule as proposed in 2006 based on comments received. MMS instead is making amendments to the existing 1988 Indian Oil Valuation Rule and anticipates publishing the final rule in September 2007. Following publication of the final rule, MMS expects to convene a negotiated rulemaking committee to address issues regarding the "major portion" calculation for oil produced from Indian leases.

Assurance Statement

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

Date: April 23, 2007

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

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ACRONYMS AND ABBREVIATIONS

1994 Act (or Act)	American Indian Trust Fund Management Reform Act of 1994
A-123	Office of Management and Budget Circular A-123, Management's Responsibility for Internal Control
A-130	Office of Management and Budget Circular A-130 Appendix III
ADM	Attorney Decision Makers
AFMSS	Automated Fluid Mineral Support System
AIMS	ActivCard Identity Management System
AIPRA	American Indian Probate Reform Act
AIRR	American Indian Records Repository
ALIS	Alaska Land Information System
ALJ	Administrative Law Judges
ARO	Alaska Region office
ARRTS	Appraisal Request and Review Tracking System
ART	Accounting Reconciliation Tool
AS-IA	Assistant Secretary-Indian Affairs
ASD	Appraisal Services Directorate
ASM	Accounting Standards Manual
ATO	authority to operate
BIA	Bureau of Indian Affairs
BIAM	Bureau of Indian Affairs Manual
BILS	BLM Indian Lands Surveyors
BISS	Box Index Search System
BITSM	Bureau Information Technology Security Manager
BLM	Bureau of Land Management
BOR	Bureau of Reclamation
BPA	Blanket Purchase Agreement
BRM	Business Reference Model
C&A	Certification and Accreditation
CARS	Cadastral Automated Request System
CDE	Critical Data Elements
CFedS	Certified Federal Surveyor
CFI	Continuous Forest Inventory
CGI	Software vendor successor to TAAMS vendor
CGIS	Cadastral Geographic Information Systems
CI Manual	Coding and Imaging Manual
CIFTA	Certified Indian Fiduciary Trust Analyst
CIFTS	Certified Indian Fiduciary Trust Specialist
CIO	Chief Information Officer
CIRC	Computer Incidents Response Center
CISO	Chief Information Security Officer
CISSP	Certified Information System Security Professional
CMS	Credential Management System
COTS	Commercial off-the-shelf

CP&R	Check Payment and Reconciliation
CPIC	Capital Planning and Investment Control
CSIRC	Computer Security Incident Response Capability
CSIRT	Computer Security Incident Response Team
CSS	Customer StrataStation
CTM	Comprehensive Trust Management Plan
DAA	Designated Approving Authority
DEAR	DOI Enterprise Architecture Repository
DDoS	Distributed Denial of Service
DLRM	DOI Land and Resource Management
DM	Departmental Manual
DMZ	De-Militarized Zone
DNS	Domain Name Server
DOI	Department of the Interior
DOP	Desk Operating Procedure
DoS	Denial of Service
DQ&I	Data Quality and Integrity
DRM	Data Reference Model
EA	Enterprise Architecture
ENA	Eastern Navajo Agency
EORO	Eastern Oklahoma Region office
ERA	Electronic Records Era
ERO	Eastern Region office
ESN	Enterprise Services Network
ETP	Enterprise Transition Plan
FAMS	Facilities Asset Management System
FAR	Federal Acquisition Regulation
FBMS	Financial Business Management System
FFMIA	Federal Financial Management Improvement Act
FIMO	Farmington Indian Minerals Office
FIPS	Federal Information Processing Standards
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FOIA	Freedom of Information Act
FRC	Federal Records Center
FRD	Functional Requirements Document
FTM	Fiduciary Trust Model
FTO	Fiduciary Trust Officer
FWS	U.S. Fish and Wildlife Service
GAO	Government Accountability Office
GCDB	Geographic Coordinate Data Base
GIS	Geographic Information System
GLO	General Land Office
GLADS	Great Lakes Agency Database System
GPRO	Great Plains Region office

GPS	Global Positioning System
GSA	General Services Administration
GSS	General Support Systems
HSPD-12	Homeland Security Presidential Directive 12
IAM	Indian Affairs Manual
IATO	Interim Approval to Operate
ICR	Internal Control Review
ICRs	Information Collection Requests
IEA	Interior Enterprise Architecture
IFTR	Indian Fiduciary Trust Records
IG	Inspector General
IIM	Individual Indian Money
IITD	Individual Indian Trust Data
ILCA	Indian Land Consolidation Act
ILCO	Indian Land Consolidation Office
ILCP	Indian Land Consolidation Project
IM	Instruction Memorandum
InfoDat	Indian Forestry Database
Interior	Department of the Interior
IP	Internet Protocol
IPJ	Indian Probate Judges
IPv6	Internet Protocol Version 6
IQCS	Incidence Qualification and Certification System
IRM	Information Resources Management
IRMS	Integrated Records Management System
IRN	Isolated Realty Network
IRS	Internal Revenue Service
ISSDA	Indian Service Special Disbursing Agents
ISA	Information Security Assessment
ISIT	Internal Security Improvements Team
IT	Information Technology
ITARS	Indian Trust Appraisal Request Tracking System
ITIMS	Integrated Transportation Information Management System
ITRS	Indian Trust Rating System
IV&V	independent verification and validation
LAN	Local area network
LCTS	Land Consolidation Tracking System
LMS	Learning Management System
LR2000	Legacy Rehost 2000 System
LRIS	Land Records Information System
LTIC	Land Tenure in Indian Country
LTRO	Land Titles and Records Office
MA	Major Application
MAD/LCP	Management Accounting Distribution/Land Consolidation Program
MADS	Management Accounting Distribution System

MMD	Missing Mandatory Documents for Unrestricted Accounts
MMS	Minerals Management Service
MOU	Memorandum or Memoranda of Understanding
MRM	Minerals Revenue Management
MRMSS	Minerals Revenue Management Support System
MWRO	Midwest Region office
NARA	National Archives and Records Administration
NBC	National Business Center
NFR	Notice of Findings and Recommendations
NILS	National Integrated Lands System
NIPTC	National Indian Programs Training Center
NIST	National Institute of Standards and Technology
NORC	National Opinion Research Center
NPS	National Park Service
NRO	Navajo Region office
NWRO	Northwest Region office
O&G	Oil and Gas
OAS	Office of Appraisal Services
OCIO	Office of the Chief Information Officer
OHA	Office of Hearings and Appeals
OHTA	Office of Historical Trust Accounting
OIG	Office of the Inspector General
OISP	Office of IT Security and Privacy
OME	Office of Minerals Evaluation
OMB	Office of Management and Budget
OSM	Office of Surface Mining
OST	Office of the Special Trustee for American Indians
OTFM	Office of Trust Funds Management
OTP	Office of Trust Regulations, Policies and Procedures
OTR	Office of Trust Records
OTRA	Office of Trust Review and Audit
PAR	Performance and Accountability Report
PII	Personally Identifiable Information
PIV	Personal Identity Verification
PLSS	Public Land Survey System
PMB	Policy, Management and Budget
PMSO	Project Management Support Office
POA&M	Plans of Actions and Milestones
Post-QA	Post Quality Assurance
PPA	Office of Planning and Policy Analysis
PRIS	Production and Response Information System
PRO	Pacific Region office
ProTrac	Probate Case Management and Tracking System
QA	Quality Assurance
QC	Quality Control

RAF	Recommended Action Forms
RAS	Rangeland Administration System
RDRS	Royalty Distribution and Reporting System
REM	Real Estate Module
RFP	Request for Proposal
RM-PLUS	Risk Management Assessment/Evaluation tool
RMRO	Rocky Mountain Region office
ROW	Rights-of-Way
SANS	SysAdmin, Audit, Network, Security
SCADA	Supervisory Control and Data Acquisition
SDA	Special Deposit Accounts
SDLC	System Development Life Cycle
SMEs	Subject Matter Experts
SMS	System Management Servers
SOL	Office of the Solicitor
SPRO	Southern Plains Region office
SSA	Social Security Administration
SSM	System Security Manager
SSP	System Security Plan
ST&E	Security Test and Evaluation
Statements	Historical Statements of Account
STIGs	Security Technical Implementation Guides
SUS	System Update Servers
SWRO	Southwest Region office
TAAMS	Trust Asset and Accounting Management System
TAP	Technical Architecture Profile
TBCC	Trust Beneficiary Call Center
TESC	Trust Executive Steering Committee
TFAS	Trust Fund Accounting System
TPMC	Trust Program Management Center
TRAC	Trust Tracking and Coordination
Treasury	Department of the Treasury
TRM	Technical Reference Model
TRO	Temporary Restraining Order
UAT	User Acceptance Testing
USGS	United States Geological Survey
USPAP	Uniform Standards of Professional Appraisal Practice
VBNS	Very High Performance Backbone Network Service
VPN	Virtual Private Network
WAN	Wide area network
WAU	Whereabouts Unknown
WRO	Western Region office

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