



3 Industry Standards and Performance Measures

3.1 Introduction

3.1.1 Purpose

DOI has placed a focus on comparing the Indian Trust to industry standards, practices, and performance measures. Leading industry methods were gathered so they could be considered for adoption by the Indian Trust, and to serve as a source for envisioning a To-Be state. Industry insight was obtained through interviews with industry experts and research of relevant industry documents. The Industry standards and practices are focused around the following areas:

- a) **Overall Trust Responsibilities** – activities associated with overall Trust management and administration
- b) **Probate** – the process by which Trust assets are divided among a beneficiary's heirs, devisees and claimants
- c) **Title** – all processes supporting the acquisition, conveyance and disposal of Trust lands; Rights-of-Way crossing Trust Lands, Mortgages and Assignments, and the recordation and reporting of beneficiary interest in those lands
- d) **Beneficiary Services** – all processes that interface with the beneficiary and provide responses to requests for information regarding Trust assets and services
- e) **Appraisal** – the process by which surface and subsurface asset values are obtained
- f) **Surface Asset Management** – the land planning, leasing, permitting and administrative activities that support the utilization of surface acreage
- g) **Subsurface Asset Management** – the leasing, administration and reclamation activities surrounding the recovery of solid and liquid mineral assets
- h) **Accounting Management** – financial account management and the activities associated with maintaining, collecting, investing, distributing, disbursing, reporting, and auditing Trust-related monies
- i) **Cadastral Survey Services** – the process that creates and defines tracts and boundaries of Trust real properties and related consultation services and products

A fundamental understanding of industry standards, practices and performance measures will aid DOI with the following efforts:

- a) Incorporating reasonable benchmarks for Trust administration and beneficiary services
- b) Objectively measuring progress toward DOI enterprise objectives
- c) Continuing to develop and refine policies and procedures for managing the Trust

3.1.2 Approach

The information presented was gathered through the following three parallel activities:

- a) **Industry Top-Down Activities** – In addition to conducting interviews to gather qualitative and quantitative research, industry executives were queried to obtain industry insights and leading perspectives on private trust and non-trust management practices and trends, operational performance indicators and standards used to manage trusts. Similar

information was also compiled for each of the eight processes defined in the As-Is Model. These activities are depicted in the diagram that follows.

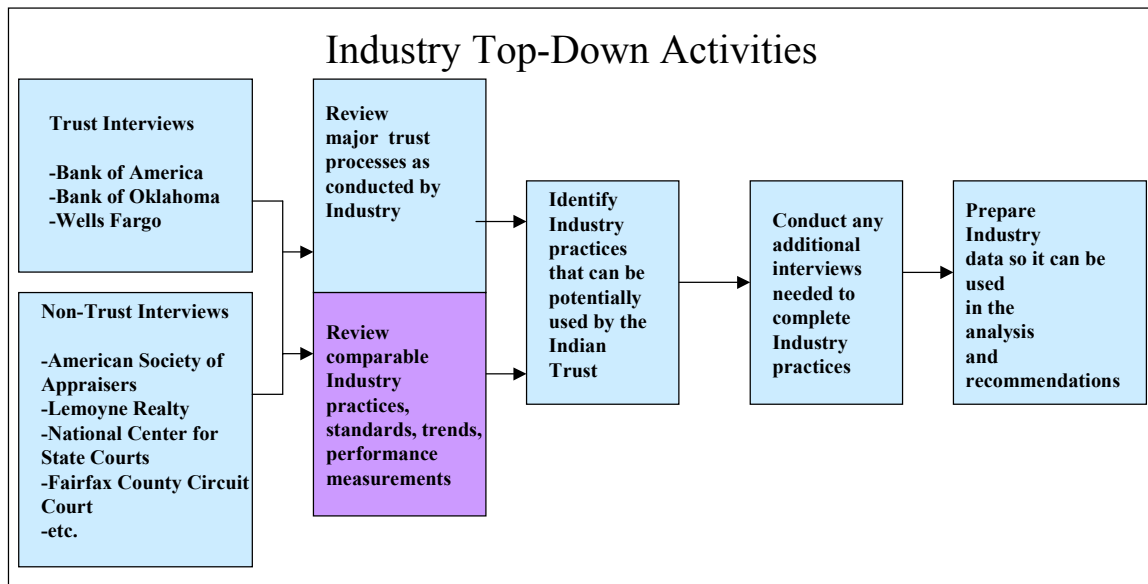


Figure 3.1- 1 Industry Top-Down Activities

- b) DOI Top-Down Activities - Interviews were conducted with executive and senior level DOI representatives to understand DOI leadership perspectives on Indian Trust opportunities and challenges, operational performance management needs, existing measurement and reporting, and critical success factors.
- c) DOI Regional Work Sessions – As a part of the As-Is Trust Business Modeling effort, process sponsors and EDS facilitators captured DOI best practices, issues and recommendations from the field as well as metrics currently used within DOI to measure performance.

3.1.3 Context

In considering the development of a comparison between the operation of the Indian Trust and a typical commercial trust environment, there are both similarities to commercial bank trust divisions as well as several sharp contrasts that should be noted. In general, a number of the basic functions performed are similar, e.g. accounting and realty operations. Industry practices, trends and challenges can provide insight and ideas for Indian Trust reform. However, in certain critical respects the Indian Trust faces unique challenges and constraints. The following table summarizes some of the significant distinctions between the Indian Trust and the commercial trust environment:



Table 3.1- 1 Comparison of Indian Trust and Commercial Trusts

Indian Trust	Commercial Trust
No trust agreement exists for either Tribal or Individual Indian Monies accounts.	A binding trust agreement, with specific guidance to the trustee, is adhered to.
Fees are not charged. The program is funded through congressional appropriations.	Commercial trusts are self-funded. Fees are calculated as a percentage of assets and used in part to support further operational and technology improvements. Fees also are a measurement to determine if a trust can be profitably managed.
No distinctions among beneficiaries are made regarding levels of service.	Individual attention and graduated services are the norm. Premium services are available to clients with high-value trust accounts.
Beneficiaries often have limited assets and fractionated interest in Trust property.	Beneficiaries are frequently high-net-worth individuals.
Initially with the establishment of the Indian Trust, Tribal Trust land was often leased back to beneficiaries. Business procedures supporting this practice remain in place today, including: long-standing use of particular tracts of land by particular lessees, and preferential lease rates to Tribal members.	In general, return on investment and protecting remainder interests are the main factors in decision-making.
The primary Trust asset is land.	While there are some commercial land based trusts, in most commercial trusts the primary trust asset is securities.
Execution of the program is conducted in part through Compacted and Contracted Tribe agreements. These Tribes have their own practices and procedures.	Limited shared operations exist, generally with smaller trusts outsourcing accounting procedures.
Individual field staff members perform a variety of duties within and outside the Trust. They do not have access to specialized training. Introductory Trust management training is given but subsequent training is on-the-job.	Staff has significant on-going training in trust administration.

In addition to differences among these broad characteristics, the industry standard research uncovered significant operational variations between a typical commercial trust business model and the Indian Trust model. The following two diagrams summarize the business models employed. The first captures a common industry approach to managing trust assets (the comparisons have been drawn from commercial trusts with large real estate assets content). Key aspects of this model, in contrast to the Indian Trust approach, are as follows:

- a) The beneficiary has a single point of contact within the commercial trust (normally a Trust Officer) to facilitate communication. Assets are managed by one or more experts

- who maintain customer files specific to each asset and report information up to the Trust Officer.
- b) Larger, more complex accounts are often shifted to regional locations for asset management, though centralized reporting is maintained for consistency across offices and improved customer experience.
 - c) A single Trust Officer can interface with the geographically dispersed Asset Managers who oversee individual portions of an account. A technical center supports operations.
 - d) A single integrated system is the core of a commercial trust operation. It is centrally maintained and is interfaced to receive regular updates from local, departmental, and vendor operated systems as required. This system incorporates functions including realty and beneficiary services, and provides an integrated view of beneficiary ownership, detailed asset information and revenue generation and distribution.
 - e) Support processes are either completely outsourced or not within the scope of concern of a commercial trust department.

Commercial Trust Business Model

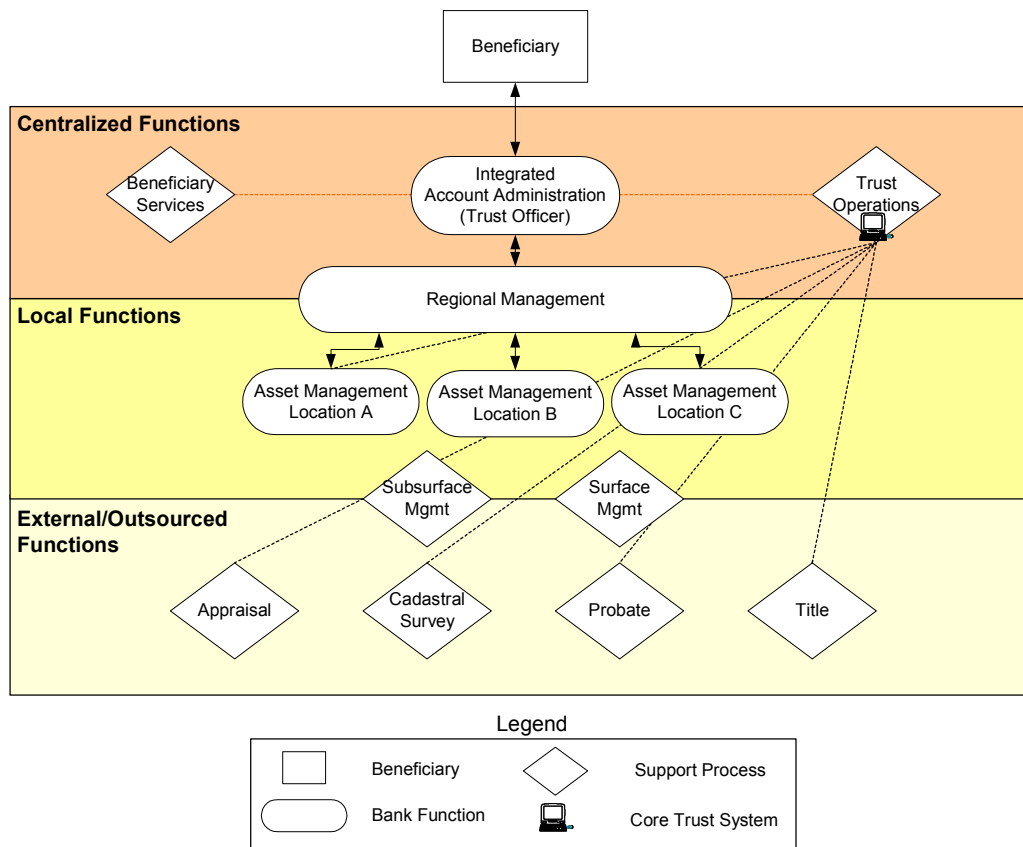


Figure 3.1- 2 Commercial Trust Business Model

The second diagram depicts the Indian Trust environment. While it also has activities in each of the three functional splits shown (centralized, local and external), there are a number of important distinctions from the commercial trust model:

- a) Beneficiaries are frequently required to contact a myriad of service providers at many levels, including the local and regional BIA offices and central OST/OTFM office, in their efforts to obtain information about their accounts or related leasing actions.
- b) DOI has many separate organizational units involved in trust activities, including BIA, BLM, OST, OHA and MMS.
- c) Many services and transactions are conducted from the viewpoint of the local DOI unit outward to the beneficiary, not the reverse. Further, unlike commercial trusts, there is no concept of portfolio management for beneficiaries who have multiple interests, which span several geographic locations.
- d) Similarly, while systems are in place to support many of the field activities, they do not interface with each other to provide seamless access to information or to help aggregate or synchronize relevant data on ownership, realty and payments.

DOI Trust Business Model

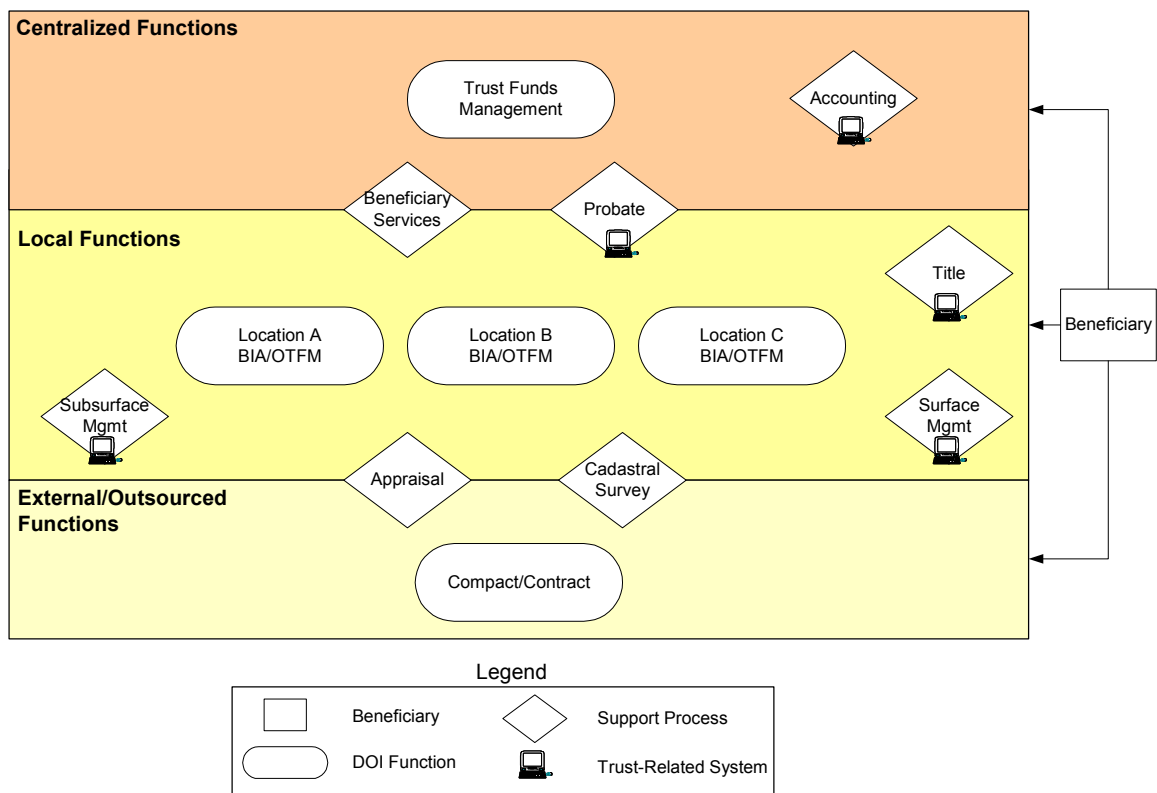


Figure 3.1- 3 DOI Trust Business Model



3.1.4 Industry Standards and Performance Measures

To provide a snapshot of how trust activities are conducted in organizations external to DOI, industry research and interviews were conducted to identify operational standards and practices as well as the performance measures used to define and quantify success. During this process:

- a) Commercial trusts were selected based on the volume and complexity of real estate holdings as well as the composition and geography of their trust asset base.
- b) Government agencies that have successfully adopted customer service programs or were otherwise recognized for customer service were profiled.
- c) Industry experts were identified by national trade associations or through their reputation for excellence in the marketplace.
- d) County courthouse personnel were consulted to understand operational processes and metrics.

Industry standards, business practices, insight, ideas and trends were obtained from the following organizations (descriptions of each are contained in the Appendix J):

Commercial Trust Banks:	Non-Trust Resources
<ul style="list-style-type: none"> • Bank of America • Bank of Oklahoma • Wells Fargo Bank 	<ul style="list-style-type: none"> • American Association of Retired Persons • American Congress on Survey and Mapping • American Society of Appraisers • Georgia-Pacific • Land Trust Alliance • Lemoyne Realty (Land Appraisers) • National Center for State Courts • Suzanne Barker, Probate Attorney • TriState Limited (Land Surveyors) • Wal-Mart • Weyerhaeuser
<p>Government Agencies</p> <ul style="list-style-type: none"> • Department of Justice • Environmental Protection Agency • Social Security Administration • U.S. Geological Survey • Veterans Benefit Association 	
<p>County Courthouses</p> <ul style="list-style-type: none"> • County Courthouse, Bell County, TX • Fairfax County Circuit Court, Fairfax County, VA 	

Figure 3.1- 4 Industry Sources



3.1.5 Commercial Trust Governance and Responsibilities

In addition to industry practices, this report contains frequent references to guidelines established by the Office of the Comptroller of the Currency (OCC). The OCC is the bureau within the Department of the Treasury that is responsible for chartering, regulating, and overseeing all national banks and their trust operations.

OCC examiners across the nation conduct on-site reviews of national banks and provide ongoing supervision of bank operations. National bank examiners analyze a bank's loan and investment portfolios, funds management, capital, earnings, liquidity, sensitivity to market risk, and compliance with consumer banking laws. They review the bank's internal controls, internal and external audit, and compliance with law. They also evaluate bank management's ability to identify and control risk as well as their overall qualifications and ability to perform the job.

The OCC regulates and has oversight responsibility for more than 2,200 national banks and their commercial trust operations, and 56 federal branches of foreign banks in the U.S., accounting for more than 55 percent of the total assets of all U.S. commercial banks.

The OCC does not receive any appropriations from Congress. Instead, its operations are funded primarily by assessments of national banks. National banks pay for their examinations, and they pay for the OCC's processing of their corporate applications. The OCC also receives revenue from its investment income, primarily from U.S. Treasury securities.

The guidelines established by the OCC are specifically intended for national banks, and these do not govern the Indian Trust. However, they have been included throughout this report because they represent prudent approaches to managing a trust.

According to the OCC, the responsibilities of a trustee include:

- a) Preservation of the assets composing the trust
- b) Management of assets to provide income and appreciation
- c) Distribution of income to designated beneficiaries
- d) Accounting for all actions
- e) Counseling the beneficiaries

The OCC offers thorough guidelines and recommendations related to the performance of fiduciary activities. The following are key subjects addressed in the OCC Comptrollers Handbook for Fiduciary Activities (an explanation of each is contained in Appendix H):

- a) Trust Responsibility
- b) Management
- c) Board Leadership
- d) Policies and Procedures
- e) Auditing Activities
- f) Regulation
- g) Corporate Planning
- h) Contents of the Trust Agreement



3.2 Industry Findings by Process Area

Throughout this section of the document, industry findings for each of the eight process areas are detailed. Key industry findings are summarized at the beginning of each process area; however, taken alone, these do not reflect all of the industry standards that may be applicable to the Indian Trust. Topics are frequently interrelated, and sections include differing levels of discussion on industry practices and procedures, operational standards, performance standards and measures, technology use, industry trends, and success factors. Finally, case studies are highlighted to demonstrate “best in class” organizations involved with similar operations or activities.

3.2.1 Probate

Key Industry Findings

- ⇒ Estates are typically represented by an executor or appointed representative. A beneficiary often serves in this capacity, and can be compensated for his/her efforts. When a bank is assigned the personal representative, the commercial trust has the responsibility to close the estate, but may hire external expertise (such as attorneys) to assist.
- ⇒ Most states have adopted abbreviated probate procedures that can be completed in a short period of time without the assistance of an attorney. Many jurisdictions target six months to a year as the maximum settlement time.
- ⇒ A key trend in probate is the establishment of financial and asset ownership instruments that do not require probates or wills. Real estate deeds and other instruments can be set up to “transfer on death” or be “payable on death,” with beneficiaries named in advance
- ⇒ As an alternative to perpetuating the growth of fractionated interests, commercial trusts and other historical heirs to trust land have opted to incorporate and manage individual ownership rights in a manner comparable to individual shares of stock.
- ⇒ Probate jurisdiction is normally determined based on the primary residence of the decedent.

3.2.1.1 Formal Probate Proceedings

Formal probate administration can take anywhere from a few months to several years. Estimates vary by jurisdiction, complexity, state law, the judge, skill of the executor, assets involved, whether there is a business to close down, whether there are issues with the sale of real estate or transfer of other assets, how active the heirs are and whether they contest the will, the number of beneficiaries, the number of creditor claims and court required waiting periods.

A judge’s participation and approval is required to complete a probate, and an executor or otherwise appointed administrator is involved throughout the process. This “personal representative” acts to resolve creditor claims, maintain trust assets, provide an accounting of remaining assets, and develop and execute a plan for asset distribution. This person is often a beneficiary who receives direct compensation for their efforts, and is therefore motivated to see the effort through to completion.

The success factors of the probate process include:



- a) A proactive personal representative
- b) Reasonable fees
- c) Reasonable judicial oversight with regards to documentation that notice has been given
- d) Level of education provided to estate administrators
- e) Standardized checklists of the activities that need to occur
- f) Computerized forms that allow the attorney's office to generate and complete forms quickly
- g) An attorney that keeps track of details, uses an accurate calendar/docket system to keep up with the due dates, assists in grief management and knows the client well and communicates with them regularly

Probate costs vary considerably from state to state. Typically fees are incurred for administrative/court fees, attorney services, and for compensating the personal representative. Administrative/court fees are usually minimal, ranging from \$100 to \$200. Attorneys charge on an hourly basis or by a percentage of the value of the estate. It is not uncommon for attorney fees to range around three to five percent of the estate's value, or about \$3,000 - \$5,000 for a \$100,000 estate. Finally, personal representatives, depending upon the state and on what is written in the will, can be compensated for their efforts. Compensation can also be in the three to five percent range, but often, must be approved by the court to ensure the fee is "reasonable compensation" for the effort put forth.

3.2.1.2 Abbreviated Probate Proceedings

The greatest complaints about probate are that it takes too long to do paperwork, it's too arcane and consumer unfriendly, and executors usually need to hire a lawyer to get through the process, making it too expensive for routine matters. Many jurisdictions are working to resolve these complaints by streamlining the probate process to make it more efficient and flexible, especially for smaller estates. The objective is to allow less complex estates to move through the system with less intensive oversight.

There are two types of abbreviated probate proceedings. One is for small estates, valued at around \$15,000 - \$20,000 (though this varies significantly from state to state). This type of probate procedure is often called *small estate administration*. Using this procedure the estate can be settled using an affidavit, requiring little to no participation from attorneys. It is very common for this process to take less than 60 days. However, in many states real property cannot go through this type of proceeding.

Informal or unsupervised probate administration is the second type of abbreviated probate procedure. In some states this procedure is called *summary administration*. Informal probate is designed for estates where there is little to no disagreement over how the assets should be distributed.¹ Informal probate imposes fewer restrictions on real estate transfers than does the small estate process. Most of the same steps as a formal probate procedure are followed; however, the court does not supervise each step. The timeline for closing an estate is typically less than one year and is often in the six to nine month-range.

¹ "Probate: When Someone Dies, A Non-Lawyer's Guide to Probate in Washington, D.C.," Probate Council for Court Excellence, 1997.



In both procedures, the court's involvement in closing the estate is minimal. However, at all times, the court stands ready to serve as a forum for complaints and concerns about the activities of the personal representative.

3.2.1.3 Alternatives to Probate

Three alternatives to formal or informal probate procedures are identified in this section: joint ownership, revocable living trusts, and limited liability corporations. The purpose of the discussion is to identify the alternatives to probate available in the non-DOI environment; the pros, cons, and relative merits of each alternative are not discussed.

Joint Ownership

Joint ownership is perhaps the simplest and most common way to pass property quickly without going through probate. Joint ownership can be used for many types of assets, including stocks, securities, checking accounts, certificates of deposit, jewelry, and real estate. For real estate to pass automatically, the co-owners must be "joint tenants with right of survivorship." Where the co-owners are "tenants in common," the property must go through probate and will be passed only to those persons named in the will.

Revocable Living Trusts

Another way to pass property outside of probate is to create a revocable living trust. In this circumstance, the property owner (*creator*) creates a trust and transfers his/her property into the trust. A trustee is named to manage the trust, and can be the creator, a bank or institution, or a friend or family member. In creating the trust, the creator develops instructions for distributing assets after his/her death. The trustee has the responsibility to distribute assets upon the death of the creator, and is not required to report to the probate court throughout the process.

Limited Liability Corporations

Similar to the Indian Trust, fractionated interests became a problem for land in New Mexico that was historically granted by the King of Spain. To avoid perpetuating the interest fractionation problem, heirs became incorporated and were granted an established number of outstanding "shares" in the corporation that owns the land and the value it produces. These shares are tied to specific tracts of land, and can be bought, sold, or bestowed upon death, but cannot be further divided.

This concept is also applied in the commercial trust environment. Banks often prefer to proactively create a limited liability corporation (LLC) to avoid the development of fractional interests. Instead of allowing ownership division, they create shares in an account and avoid differing goals and objectives among beneficiaries. Each beneficiary can receive financial payouts to use as they wish. The formation of an LLC mitigates risks, preserves assets in an account, and protects the portfolio.

3.2.1.4 Performance Standards

The National Probate Court Standards has published comprehensive standards for probate administration. These standards do not include specific numbers regarding the duration of certain aspects of probate or costs and fees because these numbers vary dramatically by location. Probate



court performance standards, as set by the Commission on National Probate Court Standards, are summarized in the table below:

Table 3.2- 1 National Probate Court Standards

Performance Category	Performance Standard Name	Performance Standard Description
Access to Justice	Public Proceedings	Proceedings and other public business of the probate court should be conducted openly, except in those cases and proceedings which require confidentiality pursuant to statute or rule.
	Safety, Accessibility and Convenience	Probate court facilities should be safe, accessible, and convenient to use. The location of the court should be clearly identified.
	Effective Participation	All interested persons who appear before the probate court should be given the opportunity to participate without undue hardship or inconvenience.
	Courtesy, Responsiveness, and Respect	Judges and other probate court personnel should be courteous and responsive to the public and should treat with respect all who come before the court.
	Affordable Costs of Access	Access to the probate court's proceedings and records – measured in terms of money, time, or procedures that must be followed—should be reasonable, fair, and affordable.
Expedition and Timeliness	Case Processing and Compliance with Schedules	The probate court should establish and maintain guidelines for timely case processing. The court should provide mandated reports and requested information on time and respond to requests for information and other services on a schedule established by the court to ensure their effective use.
	Prompt Implementation of Law and Procedure	The probate court should promptly implement changes in law and procedure affecting court operations.
Equality, Fairness, and Integrity	Fair and Reliable Judicial Process	The practices of probate court should faithfully adhere to relevant laws, procedural rules, and established policies.
	Court Decisions and Actions	The probate court should give individual attention to cases, deciding them without undue disparity among like proceedings and upon legally relevant evidence.
	Clarity	Decisions of the probate court should address the issues presented with clarity and specify how compliance can be achieved.
	Responsibility for Enforcement	The probate court should be responsible for the enforcement of its orders.
	Production and Preservation of Records	Records of all relevant probate court decisions and proceedings should be accurately maintained and securely preserved.

3.2.1.5 Use of Technology

Judges in many jurisdictions are working with private technology vendors to develop support software to help with reviewing accounts. These include tickler systems to prompt accounting processes, follow up on reports, and track spending over a period of time. In addition, they are looking at technology to assist with providing routine oversight in a cost effective and efficient way.



3.2.2 Title

Key Industry Findings

- ⇒ Customers/citizens are able to access land records quickly, often through a web interface.
- ⇒ Records may be submitted to the government in various media – mail, over-the-counter, fax, or electronic.
- ⇒ Documents are digitally scanned at receipt and are immediately available for retrieval.
- ⇒ Through a heavy reliance on technology, backlogs are minimized or nearly eliminated.

3.2.2.1 Department of Justice Standards

The Department of Justice (DOJ) recently published federal standards for land titles, *Title Standards 2001*. The standards serve as a guide for the preparation of title evidence in all types of land and land interest acquisitions by the United States of America through direct purchase, exchange, donation, and condemnation. This publication is available to the public through the Department's website, and includes standards for such items as title evidence, abstracts of title, supporting title data and title insurance. The types of interests covered by these standards include fee simple title, easements, leases with terms greater than thirty years, and restrictions or covenants.

3.2.2.2 Use of Technology

Technology is making its way into the land title industry in many forms. While title records have been electronically recorded for some time, many county registries are further automating their operations to allow authorized users on-line access and a single point of reference for title information. Systems have been brought to market that allow digitally signed entries of land registration to replace written entries. Other products use the Internet to send transactions and orders and to deliver requested information such as title insurance, escrow services, property profiles, survey plats, and tax maps.

The following three case studies illustrate how technology has been used to modernize the recording and management of land records.

Case Study Fairfax County Circuit Court

Fairfax County is located in Northern Virginia, and is comprised of 327,760 taxable land parcels and 5,100 non-taxable parcels. Fairfax County has recently implemented a workflow management system allowing web access to land records.

The Land Records Division of the Circuit Court handles over 100 document types, receives 300,000 – 350,000 documents annually, and recorded over 2 million pages of documentation last year. Trust-related documentation accounts for 75% of the pages processed by the Division. Ninety percent of the workload is attributed to the 6 land and title related documents: deed, trust, certificate of satisfaction, affidavit, power of attorney, and trust assignment.

Fairfax County began implementation of the Land Records Automation System (now called CARS, the Courts Automated Recording System) in 1998. The system is a COTS product called Input Accel, supplied by the vendor ActionPoint. Through the use of an Oracle database, imaging technology, 2-D barcoding, and a workflow management system, the County gives citizens access to land records via a web interface provided at 25 workstations in the courthouse. Subscription services are available to private and public organizations, allowing employees to access and print land records without leaving their offices.

30 to 35 employees work full time to scan and enter all incoming land records into CARS. Documents received over-the-counter are scanned within minutes, are immediately on record, and can be accessed by the public via the web interface. The County is legally required to process the various types of land documents in 60 to 90 days; however, the Division's backlog is currently less than 2 days.

CARS was designed to handle land owned by multiple individuals. To date, the largest number of owners for one parcel in the County is 250.

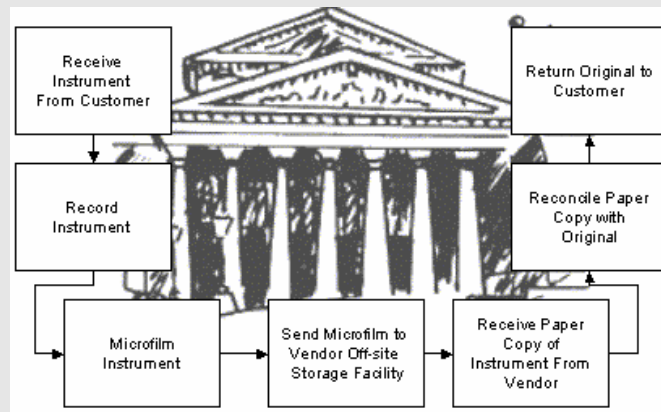
Fairfax County is currently working to implement electronic filing options, and expects this to significantly improve operations by reducing the amount of paper handled by the Land Records Division. Electronic signatures, payment, and document annotations will be part of the new electronic filing process.

Case Study Office of the Bell County Clerk

Bell County is located in Central Texas, and is comprised of approximately 130,000 tracts of land covering 1,059 square miles. On average, two individuals own a single parcel of land in Bell County.

The Office of the County Clerk receives and records between 150 and 200 instruments affecting title each day. Requests normally are received by mail or from a walk-in customer, and tend to come from both individuals and title companies. All instruments are recorded on a first come-first serve basis.

Bell County uses a vendor-supplied system to record and track title status. Three employees work full time to enter all incoming title instruments into the system the day they are received. Within three days, each instrument is microfilmed. No imaging of the document is performed. The original remains at the county clerk's office while the microfilm is forwarded to the vendor's off-site location where a paper copy is generated and the microfilm is cataloged. The paper copy is returned to Bell County to be filed. Before the original instrument is returned to the customer, it is reconciled with the paper copy for accuracy. Approximately one week to 10 days pass from the date that the instrument is first submitted by the customer to the date that the instrument is returned to the customer.



Bell County rarely experiences a backlog in processing title updates. At most, there may be a delay of two days in recording incoming requests. The three employees responsible for recording title share over 55 years of experience in their current positions, and attribute their efficiency to on the job training.



Case Study Saskatchewan Land Title System

Background

Until recently, the Land Titles System in Saskatchewan had been 100% paper-based. It required labor intensive efforts with no links to survey or mapping data. Paper records could be lost, misfiled, destroyed, stolen, deteriorate over time and were difficult to search. Turnaround times were slow and worsened when workloads peaked. Different procedures had been developed, as each of the eight offices across the province operated independently. Records were stored in each of the offices, and if a client needed to perform a transaction in another area, contact had to be with that office as only they could do the work. Land Titles registration was handled by the Department of Justice, but other land related data (survey, mapping, GIS) was handled by other departments.

The Response

By taking a co-sourcing approach to new system development and operation and including participation from both public and private sector employees, the new system has allowed the following goals to be attained:

- Consistent, province-wide turnaround of 24 to 48 hours or less for title registration
- Submission of work in person, by mail, fax or e-mail
- Clients can check the status of submissions and accounts, and can access title, plan and GIS information over the internet
- Integrity and quality of Land Titles records is being protected and improved
- Improved cost efficiency realized. The central work queue in operation for all offices allows them to share the workload
- Consistent procedures are followed across the system

Technical Solution

With no legacy systems in place, ISC had a clean whiteboard to work with. An n-tier architecture using Microsoft's suite of products was chosen as the platform. The Land Titles Automated Network Development (LAND) Project developed a solution that incorporates NT as the operating system, SQL Server for the database engine, Visual Studio for screen presentation and (MTS) as the middle tier transaction server. The Internet solution used IIS 5.0, Windows 2000 Advanced Server, Site Server, COM+ ASP, XML and XSL. A large imaging system was developed using an RS/6000 and IBM's Shark storage sub-system. The province's GIS data has been enhanced using several ESRI products and linked into the overall solution.

3.2.3 Beneficiary Services

Key Industry Findings

- ⇒ Commercial trusts recognize that they are in the "people" business, and that effective communication is key.
- ⇒ The effective use of technology can improve communication and drive customer service programs. Examples are on-line satisfaction surveys, customer care tools that offer immediate access to customer information, voice recognition for security screening to enable access to personal data, and tracking systems that monitor and report on outstanding issues until they are resolved.
- ⇒ Commercial trusts rely heavily on customer surveys to measure performance. They maintain performance plans and scorecards to monitor how well basic services are performed.
- ⇒ Commercial trusts administrators and retailers alike subscribe to the *Sundown Rule* – strive to answer customer requests before sundown on the day they are received.
- ⇒ In many commercial trusts, all documents, letters, faxes, etc. are imaged as soon as they come into the commercial trust's possession to allow immediate access and sharing of information.



Beneficiary Services (also referred to as Customer Services or Client Services) is a fast growing industry both in the private and public sectors. Beneficiary Services is the delivery of services, benefits, products, or information to external customers. It involves any interaction with beneficiaries, whether the interaction is through formal or informal, face-to-face, one-on-one, group-to-group, electronic, telephonic, or written communication. Best practice organizations stress that every interaction with a beneficiary is an opportunity to provide good service, improve the beneficiary relationship and level of satisfaction, and build confidence in the provider. The three common elements of “closed-loop service” include:

- a) Know the customer. Understand who they are, what their objectives are, and what their contact history has been
- b) Solve their problems. Provide customer service representatives with the resources they need to respond quickly and completely to customer needs
- c) Monitor customer satisfaction to ensure consistent service and identify opportunities for improvement

3.2.3.1 Administration

Commercial Trust Officers frequently serve as customer service representatives, providing personalized, first-rate service to their clients. Unlike the public sector, Trust Officers are motivated by profit incentives and are rewarded for obtaining follow-on sales. The ratio of Trust Officers to accounts ranges from one officer to between 200 and 300 accounts for the private trust area, and approximately one to 125 for complex accounts.

Communication is the biggest internal challenge faced by many large commercial trust institutions. This includes communication with administrators, changes in administrators, and coordination among offices. The effective use of technology can improve communication and drive customer service programs through the use of on-line satisfaction surveys and reduced processing times.

Customer service from public sector providers is subject to legislative and executive direction that is not applicable in private industry. The following table summarizes pertinent legislation related to customer service:

Table 3.2- 2 Pertinent Legislation and Executive Directives

Pertinent Legislation and Executive Orders
<ul style="list-style-type: none"> • September 1993, Executive Order No. 12682 <ul style="list-style-type: none"> • Directed Federal agencies to put customer service standards in place, use customer feedback to measure how performing against standards, and report performance to the public • Government Performance and Results Act of 1993 <ul style="list-style-type: none"> • Requires Federal agencies to measure customer satisfaction and make changes to improve services • Paperwork Reduction Act of 1995 <ul style="list-style-type: none"> • Required Office of Management and Budget to approve federally-sponsored information collection where the same question is asked of more than 9 nonfederal respondents • March 1995 Presidential memo <ul style="list-style-type: none"> • Called for Federal agencies to improve their customer service efforts • March 1998 Presidential memo <ul style="list-style-type: none"> • Directed agencies to provide more opportunities for customers to communicate their needs and expectations • April 2000, DOI Secretarial Order No. 3215, Trust Principles <ul style="list-style-type: none"> • Provides guiding principles regarding the discharge of the Secretary’s trust responsibility



3.2.3.2 Portfolio Management

In the commercial trust environment, beneficiary objectives are taken into consideration in making investment decisions. Trust monies that are awaiting permanent investment or distribution are invested within a reasonable timeframe (generally overnight sweeps) at the highest available rate of return for trust quality short-term investments. Whether or not an individual wants to pursue aggressive investments impacts how the interests are managed. Commercial trusts take steps to understand the desires, objectives of the beneficiaries and any restrictions placed on their assets – more than just “to be prudent.” However, trust managers also rely on their own experience and instincts, and know the time to sell property for a higher and better use.

Portfolio management activities are regularly monitored (as required by the OCC) within the committee structure of a commercial trust. Formal account investment reviews are performed at regular intervals not to exceed one year. Securities experts, real estate officers and other relevant experts frequently contribute to these reviews as dictated by the Fiduciary’s policies and procedures.

In structuring and managing an account portfolio, the OCC recommends that the trustee should carefully weigh the personal circumstances of the beneficiaries. Once the beneficiaries’ needs have been established, the trustee can develop specific portfolio objectives. Important considerations include:

- a) Need for income
- b) Need for principal distributions
- c) Tax status
- d) Loss of purchasing power
- e) Human dimension of portfolio management
- f) Estimated termination date of account

The OCC goes on to state that the foremost obligation that a fiduciary has to its beneficiaries is that of undivided loyalty. The trustee must, in all cases, administer the trust for the exclusive benefit of the beneficiaries. A trustee is held to something more stringent than the morals of the traditional market. The standard to which national bank fiduciaries must adhere is codified in 12 CFR 9.12.

The trustee is permitted to enter into self dealing or conflict transactions only if it has the proper consent of all beneficiaries, provided the transaction is fair and in the best interest of the beneficiaries. This should be well documented with committee approval.

3.2.3.3 Facilitating Client Communication

According to commercial trust leaders, maintaining open communication with their clients is always the most important concern in managing a trust account. Knowing the clients is very important. The trust administrators have a hands-on view of all of their properties and extensive customer contact. In many situations, clients are even provided with the cellular telephone number of their trust administrator.

At some commercial trusts, incoming calls are recorded and monitored, answered by a person rather than an automated system, and evaluated for customer satisfaction. Customer service representatives use a transaction viewer to obtain current and comprehensive information on the trust account including any correspondence that has been received from the customer or other



information entered into the account by any other trust officer. To provide added security, many commercial trusts are moving towards voice recognition systems to validate that the correct account holder is on the phone. While telephone communication is appropriate for some interactions, OCC guidelines specify that all beneficiary requests for disbursements of trust cash should be submitted to the trustee in writing.

Case Study

Social Security Administration (SSA): Technology and Customer Service

The Social Security Administration services 45 million Americans who receive Social Security benefits. SSA is striving to earn the reputation for customer service that retailers such as L.L. Bean have achieved through the use of the Internet for senior citizens seeking information and online services. In the 2001 U.S. Federal Government customer satisfaction survey, SSA's survivor benefits customers reported an 86% overall satisfaction rating. This is one of the highest ratings received by government agencies.

SSA has piloted and implemented several web-based services that have been very well received. These new interactions include online requests for personal earnings statements and Social Security cards. Additional online services the SSA is preparing to offer include instant messaging and claims filing.

To develop a more coordinated, comprehensive program of collecting and analyzing customer data, in 1998 SSA approved the Market Measurement Program. Components of this program include:

- *Customer Segment Analysis* - Focus groups for each of SSA's 10 core customer groups, followed by detailed surveys.
- *Interaction Tracking* - Surveys to monitor customer satisfaction with telephone services (field office and 800 number), office visits, and the Internet. Surveys are conducted shortly after the service is provided.
- *Talking and Listening to Customers (TLC) System* - This new automated system was developed to capture and analyze customer complaints and compliments.
- *Best Practice Inventories* - Internal SSA best practices are captured and posted on SSA's Intranet, allowing employees who work with the public to share with each other successful experiences and practices.
- Presentations, discussions, meetings, forums, and "brown bag" lunches.

While the majority of SSA's beneficiary population is made up of senior citizens - one of the fastest growing segments of Internet user population - there are still millions who do not use computers at all. For this reason, SSA continues to provide services through traditional delivery channels (such as face-to-face and mail).

Additional Program findings and lessons learned are included in Appendix J.

3.2.3.4 Measuring Customer Satisfaction

Commercial trusts rely heavily on customer surveys to measure performance. They maintain performance plans and scorecards to monitor how quickly basic services are performed.

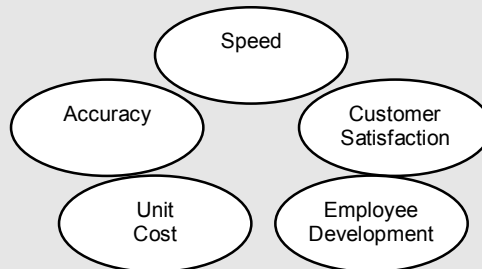
Scorecard elements may include:

- a) **Processing and payment time.** Commercial trusts normally process a payment in less than five days. This includes receiving a payment, posting it to the books, producing a check, and sending it to the beneficiary.
- b) **Beneficiary correspondence.** Regular meetings are held with beneficiaries, and all calls to and from beneficiaries are logged and documented. Response time depends on the complexity of the question. Standards are in place related to response times.

A comprehensive table of metrics is included in Appendix J, and additional scorecard elements are described in the Veterans Benefits Association example below.

Case Study Veterans Benefits Association (VBA) Balanced Scorecard

The VBA services 3.2 million veterans and survivors through 57 regional offices, nine service delivery networks, five business lines, and \$25 billion in benefits payments annually. After strong criticism in the late 1990's, the VBA sought to revolutionize customer service throughout the organization. This resulted in the creation of a leading edge performance management system that uses a balanced scorecard. The scorecard measures performance in five key areas:



Executive, management and non-management employees are eligible for bonuses based on performance levels in each of the scorecard areas. Some organizations within VBA have chosen to use the bonus money to award teams while others recognize individuals. Scorecard results are made available via the VBA intranet to keep all employees informed of agency performance.

The healthcare industry has seen the development of a less traditional approach to measuring customer satisfaction. This approach, known as The Picker Approach, is one of the more well-known and advanced approaches to patient care. The program was developed at Boston's Beth Israel Hospital and Harvard Medical School, and has been used since 1987 in the U.S. It has also been adopted in the U.K., Germany, Sweden, and Switzerland. The approach focuses on measuring satisfaction according to patient perceptions and providing medical services focused on the patient's needs, as the patient defines them.

Traditionally, patients were not seen or treated as true customers, but as receivers of medical attention. However, Picker stresses the importance of measurement and evaluation of what happened to patients, rather than asking patients how satisfied they were with a service. This has led to an enormous change in the provider-patient relationship. Patients are asked if specific processes or events occurred during their health care experience. Additionally they are asked about the way they were treated and what problems they saw with the care received.

Written questionnaires structured around the seven Picker dimensions are used as part of the survey research process. The seven dimensions of patient-centered care, as defined by the Picker Approach, are the following:

- a) "Respect for patient's values, preferences and expressed needs
- b) Coordination and integration of care
- c) Information, communication and education
- d) Physical comfort
- e) Emotional support and the alleviation of fear and anxiety
- f) Involvement of family and friends
- g) Transition and continuity."²

²Taken from the PISCES (Partnering in Self Help Community Education & Support) website, www.piscesonline.ca/pages/whats-new.html.



The approach to health care continues to evolve, and today patients are much more informed about the medical services they receive and also have choices with regards to their medical and insurance providers.

3.2.3.5 Fostering a Client-Focused Environment

Retail giant Wal-Mart directly attributes its long-term success in the retail marketplace to its client-focused culture. This culture stems from Sam Walton's desire to provide genuine customer service. He founded Wal-Mart in 1962 on three basic beliefs: Respect for the individual, service to its customers, and strive for excellence. They are defined as follows:

a) Respect the Individual

The Wal-Mart emphasis on embracing the value of its people carries over to the shared focus on showing respect and dignity to the customer. This is best summarized by Don Soderquist, retired Senior Vice Chairman of Wal-Mart Stores, Inc: " 'Our people make the difference' is not a meaningless slogan - it's a reality at Wal-Mart. We are a group of dedicated, hardworking, ordinary people who have teamed together to accomplish extraordinary things."

b) Service to Customers

Sam Walton challenged Wal-Mart employees to practice what he called "aggressive hospitality." He believed that customers did Wal-Mart a favor by entering into its stores, and expected Wal-Mart employees to demonstrate their gratitude. He insisted that his sales staff be the friendliest in the business and provide a level of service that is above and beyond the customers' expectations. Walton believed that this would lead customers to return over and over again.

c) Strive for Excellence

Wal-Mart is constantly seeking to improve upon its successes. They strive to embrace innovative ideas and set far reaching goals for improvement. As Lee Scott, the President and chief executive officer of Wal-Mart Stores, Inc., recalls, "Sam was never satisfied that prices were as low as they needed to be or that our product's quality was as high as they deserved - he believed in the concept of striving for excellence before it became a fashionable concept."

Other performance standards and practices instituted by Sam Walton include:

- a) **Sundown Rule** - Wal-Mart understands that its customers are busy, and that its employees depend on each other to meet customer needs. As a result, they have adopted a standard known as the Sundown Rule: strive to answer requests before sundown on the day they are received. Whether a request comes from a walk-in customer, a store across the country or a call from down the hall, every request gets same-day service.
- b) **Listen to your employees** - The people on the front lines who actually talk to the customer are the only ones who really know what's going on. Find out what they know. In order to push responsibility down in the organization, and to force good ideas to bubble up within it, you must listen to what people are trying to tell you.
- c) **Exceed the customers' expectations** - Give customers what they want and then some. If they know that they are appreciated, they will come back again and again. Make good on mistakes, and apologize instead of making excuses.



Within the public sector, there have been efforts to define and implement process focused standards. A summary of such efforts at the United States Geological Survey and at the Environmental Protection Agency is included below. Further details about these efforts can be found in Appendix J.

Case Study

United States Geological Survey (USGS) Customer Service Strategy

The USGS is the science agency within the Department of the Interior. USGS has devised an exemplary customer service strategy that includes a Customer Service Policy augmented by an annual Customer Service Plan. Highlights of the USGS approach to customer service include:

- To mark progress, USGS publishes an annual customer service report that compares the year's performance against all of the identified goals and targets.
- To further demonstrate its commitment to customer satisfaction, in 1997 the USGS created its Customer Service and Research Team. This team was charged with defining customer service from a bureau perspective, providing a future vision, identifying pilot projects for customer satisfaction surveys and customer service enhancements, and integrating customer service standards and measures into GPRA and strategic planning documents
- In 1998, USGS piloted the Customer Measurement Framework (CMF) Model to determine how to better capture, analyze, and apply customer data and feedback. The CMF consists of six steps designed to respond to customers.
- USGS has implemented a customer service recognition award program as a means for organizations, teams, and individuals to be recognized as "heroes of customer service." The award is non-monetary, and there are no limits to the number of nominees or awards given.
- Going the Extra Mile was established to award employees for performing above and beyond their normal job duties. Award recipients can choose between a \$150 cash bonus and special parking privileges. There are no limits to the number of nominees or awards given.

Case Study

The Environmental Protection Agency (EPA) Process Focused Standards

The Environmental Protection Agency has developed a Customer Service Program that is guided by six principles of customer service that EPA employees use when interacting with external and internal customers.

In addition, EPA has identified eight core processes through which most Agency products and services are delivered to external customers. For each process area, specific service standards have been established. The eight core processes and corresponding standards are included in Appendix J for reference. For each process area, EPA established groups of employees to develop and test the standards. The process groups were also responsible for implementing the standards throughout EPA.

Other elements of EPA's Customer Service Program include:

- A Customer Service Steering Committee consisting of 26 members across EPA's regions, offices, and other locations. The Committee sets policy for the Customer Service Program.
- Customer service Coordinators and teams designated in most regions to implement standards and conduct training in their region.
- An OMB clearance to conduct customer surveys and focus groups is in place (officially called a "generic" Customer Satisfaction Information Collection Request). This expedites clearance of specific surveys or focus group sessions to 10-15 days. The plan for 1998-2000 included over 900 surveys and 150 survey instruments.
- Five benchmarking studies have been conducted to identify best practices in the area of organizational change.
- An introductory customer service course titled, "Forging the Links" has been developed and implemented. Follow-up courses have also been developed.
- Complaint systems across the Agency are being studied to identify best practices for managing customer complaints.
- An employee rewards and recognition program is being developed specifically for the Customer Service Program.



3.2.4 Appraisal

Key Industry Findings

- ⇒ Most commercial trusts do not consider it a fiduciary duty to value assets internally, and instead contract this service when needed rather than maintaining their own staff.
- ⇒ There is no consistent set of evaluation standards for conducting appraisals.
- ⇒ In order for the fiduciary to maintain current knowledge of the condition of the property and make informed investment decisions, appraisals which consider alternative uses as well as existing ones are required to be conducted at least once every three years for real properties held in personal trust accounts. The trustee is given discretion when it comes to the appraisal of fractional interests.
- ⇒ All property is appraised before being sold.

3.2.4.1 Background

Industry experts indicated that there are no consistent evaluation standards for conducting appraisals. In 1984, the Appraisal Institute, American Society of Appraisers and the American Society of Farm Managers and Rural Appraisers started assembling joint standards of practice under the Appraisal Foundation.

The Appraisal Foundation was created as the result of an Act of Congress. This foundation developed The Uniform Standards of Professional Appraisal Practice (USPAP), a widely recognized set of standards that are meant to promote and maintain a high level of public trust in the appraisal process. The standards are theoretically the law, and are viewed nationwide as law mandated by Congress. However, they have changed often and many groups, such as the Internal Revenue Service (IRS), have not adopted them.

The USPAP standards were written by appraisers for appraisers, and do not contain any input from the customer. They provide the appraiser with multiple approaches to determining value and multiple methods for reporting their findings. It is at the sole discretion of the appraiser to decide which methods to employ. A summary of the USPAP standards is provided in Table 1 below.

Table 3.2- 3 Summary of the Uniform Standards of Professional Appraisal Practice (USPAP)

Title	Standard
1. Real Property Appraisal, Development	In developing a real property appraisal, an appraiser must identify the problem ³ to be solved and the scope of work necessary to solve the problem, and correctly complete research and analysis necessary to produce a credible appraisal.
2. Real Property Appraisal, Reporting	In reporting the results of a real property appraisal, an appraiser must communicate each analysis, opinion, and conclusion in a manner that is not misleading.

³ **Note:** “Problem” refers to the property requiring an appraisal. The term “problem” is used because the purpose of the appraisal and the requirements of the customer as well as the type of property drive the steps, procedures, or tools necessary to develop a competent and credible appraisal.



Title	Standard
3. Real Property and Personal Property Appraisal Review, Development and Reporting	In performing an appraisal review assignment involving a real property or personal property appraisal, an appraiser acting as a reviewer must develop and report a credible opinion as to the quality of another appraiser's work and must clearly disclose the scope of work performed in the assignment.
4. Real Property Appraisal Consulting, Development	In developing a real property appraisal consulting assignment, an appraiser must identify the problem to be solved and the scope of work necessary to solve the problem, and correctly complete the research and analysis necessary to produce credible results.
5. Real Property Appraisal Consulting, Reporting	In reporting the results of a real property appraisal consulting assignment, an appraiser must communicate each analysis, opinion, and conclusion in a manner that is not misleading.
6. Mass Appraisal, Development and Reporting	In developing a mass appraisal, an appraiser must be aware of, understand and correctly employ those recognized methods and techniques necessary to produce and communicate credible mass appraisals.
7. Personal Property Appraisal, Development	In developing a personal property appraisal, an appraiser must identify the problem to be solved and the scope of work necessary to solve the problem and correctly complete research and analysis necessary to produce a credible appraisal.
8. Personal Property Appraisal, Reporting	In reporting the results of a personal property appraisal, an appraiser must communicate each analysis, opinion, and conclusion in a manner that is not misleading.
9. Business Appraisal, Development	In developing a business or intangible asset appraisal, an appraiser must identify the problem to be solved and the scope of work necessary to solve the problem and correctly complete the research and analysis steps necessary to produce a credible appraisal.
10. Business Appraisal, Reporting	In reporting the results of a business or intangible asset appraisal, an appraiser must communicate each analysis, opinion, and conclusion in a manner that is not misleading.

In addition to these standards, many states have their own rules. Enforcement is therefore difficult, and varies from state to state. In 1986, the Appraisal Institute voted against the federal government setting standards for the States.

Currently there are 50 appraisal boards in the U.S. (one for each state) and appraisers must be certified by the board of any state before they begin work in that state. Annual fees and training refresher courses are often required to maintain certification.

3.2.4.2 Frequency of Appraisals

The OCC guidelines stipulate that a trustee must have a program of appraisal and inspection of all real estate held in accounts where the trustee has investment responsibility. In order for the fiduciary to maintain current knowledge of the condition of the property and make informed investment decisions, appraisals are required to be conducted at least once every three years for real properties held in personal trust accounts. The trustee is given discretion when it comes to the appraisal of fractional interests.

While commercial trusts comply with the OCC's appraisal requirements, they also note that land managers generally know the value of the land they manage, and perform their own valuation for lease purposes.



3.2.4.3 Duration of Appraisals

It would be impossible to say how many appraisals an appraiser conducts in a year. There are too many factors of complexity, including age of the property, size, integrated interests, partial interests, regulation and law, and extraordinary or unusual assumptions. As an example, a typical farm appraisal normally takes anywhere from two to four weeks, while an easy farm appraisal could take just four or five days. In the experience of industry experts, appraisals involving fractionated interests are more complex and normally require them to obtain contract support to complete. These can easily take a month or more for private industry appraisers to complete.

3.2.4.4 Use of Fee Appraisers

Commercial trusts often do not require the services of fee appraisers unless an asset is being sold or probated. Instead, general property values are obtained from other resources, such as the American Society of Farm Managers and Rural Appraisers Manual. Most commercial trusts do not consider it a fiduciary duty to value assets internally, and instead contract this service when needed rather than maintaining their own staff.

It should be noted that management knowledge and control of data is a critical part of the appraisal process. An appraisal coordinator or manager working with an outsourced appraisal company/contract needs to know the appraisal process to be able to select the appropriate company and evaluate the contract. It can be dangerous to use only one appraisal company.

3.2.4.5 Customer Feedback

Customer concerns in the private sector are often related to the amount of time required and the cost incurred to complete an appraisal. Frequently customers are not satisfied with the resulting value of the appraisal and question the accuracy of the work conducted. This is frustrating for both the appraiser and the customer, and as a result, is one of the factors driving automation in the industry. To ensure accurate and credible appraisals, most large appraisal companies have an internal review mechanism that is completed before work is given to the customer. Finding and correcting appraisal errors is critical to the integrity of the appraisals and to the reputation of the company.

3.2.4.6 Success Factors

Industry experts indicated that the greatest factor of success is maintaining a reputation for quality work. Also of significant importance, are time and money spent on the education of appraisers, networking and relationship building throughout the industry. Communicating across the industry through the use of technology also contributes to the success of an appraisal firm. The overall performance of appraisers can be gauged by reviewing:

- a) Whether they are gathering all of the data they need to be thorough
- b) Analytical skills of appraisers
- c) Number of appraisals performed
- d) Average fee
- e) Registered complaints
- f) Appraisal presentation



3.2.5 Land Trust Asset Management

The fiduciary obligation of commercial trusts, as defined by the OCC, requires the trustee to consider two important factors in managing land-based trust assets. First and foremost, the Fiduciary must preserve the trust assets for both the current beneficiary and the future remaindermen. Secondly, the Fiduciary must manage the assets in order to provide income and asset appreciation for those beneficiaries. Land-based trusts produce revenue on both surface and subsurface assets. Management of these land assets involves several important functions, regardless of the nature of revenue production. Those functions include maintaining standard operational policies and practices; planning for asset protection, development and use; establishing and administering revenue producing leases; providing governance and oversight of asset usage, and accounting for and appropriately distributing trust-generated revenues. The following paragraphs address elements that are critical to both surface and subsurface asset management. The sections following describe unique findings and functions of subsurface and surface asset management, respectively.

3.2.5.1 Surface and Subsurface Asset Management, Common Practices

Asset Management Policies

The following standards and practices relate to the responsible operation of land trusts. These principles are highlights from the result of a comprehensive nationwide survey of more than 100 land trusts conducted by the Land Trust Alliance. The Land Trust Alliance provides programs including grants, training, technical assistance and mentoring to assist land trusts. While these standards and practices focus heavily on land conservation, there are overarching principles that apply to global land trust management. The Land Trust Alliance encourages the public (including government agencies and landowners) to utilize its standards in determining the legitimacy and responsibility of land trusts.

Table 3.2- 4 Land Trust Alliance Standards and Practices

Standard	Description
Clear Purpose and Goals Exist	Purpose and goals of the land held in trust should be clearly defined.
Avoid Conflicts of Interest	Take the necessary precautions to ensure that conflicts of interest in how the land is used are avoided.
Fulfill Basic Legal Requirements	Federal, state and local legal obligations must be understood and fulfilled.
Responsible Financial and Asset Management Functions Exist	Finances and assets must be managed in a thoroughly responsible and accountable manner.
Staff Skills and Levels are Sufficient	Staff must have the appropriate skills and in sufficient numbers to carry out programs for trust lands.
Land Use Projects are Carefully Selected	A land trust must be selective in choosing appropriate land use projects and conservation methods.
The Property Is Clearly Defined	A land held in trust must be carefully examined and defined
Sound Transactions are Ensured	Measures are taken to ensure that every transaction is legally and technically sound, and steps are taken to avoid future legal problems.
Understand Tax Requirements	Landowners who intend to claim a federal tax deduction for real property interests are informed about IRS requirements and



Standard	Description
	regulations
Adequate Approval of Transactions Enforced	Land transactions undergo an appropriate process of approval.
Land Stewardship	A land trust must carry out a program of responsible stewardship for its land.

In addition, there are a few guidelines recommended by the OCC for managing real trust property and avoiding liability risks:

- a) Maintain a policy for the management of property contaminated by hazardous waste
- b) Identify potential problem real estate properties
- c) Perform on site inspections of existing property and potential new property
- d) Examine the title history of the property
- e) Examine regulatory agency files (EPA lists of hazardous waste sites)
- f) Perform an environmental audit if concerns are noted
- g) Obtain indemnification from the beneficiaries of the account

Operational Standards

Operational standards used by commercial trusts in the management of subsurface and surface resources include:

- a) The “Front office” focuses on client relations, balances and controls, records, filings, and checks/account management. It is considered a “cost center” for management of assets, and costs are tied to the asset. Real estate fees are tied to the market value of the asset. Fees are tied to the revenue produced by the asset. The goal of the front office staff is finding and enhancing revenue to clients.
- b) The “Back office” focuses on revenue processing, produces daily reports on outstanding revenues, and adds month-end additional staff to post funds quickly to accounts.

Integrated Land Use Planning

Integrated land use planning in commercial trusts balances several considerations in land asset management. These considerations include:

- a) Maintenance or improvement of the value of the land asset (for present or future revenue generation)
- b) Protection of the surface acreage (in terms of environmental impact and wildlife habitat protection)
- c) Achieving best use for both surface and subsurface revenue potential

Trust portfolio managers in the private sector ensure that land use planning accommodates the fiduciary responsibilities to preserve or improve the land assets. Surface asset value can be enhanced when the trustee integrates usage planning surrounding land development initiatives, or works with public or private agencies that provide funding for natural habitat development and preservation.



Lease Administration

The real estate officer or real estate section of a commercial trust department is usually responsible for setting up leases, determining bond requirements, payment terms, and the type of reclamation performed at the end of the lease. The beneficiary is only involved if the trust agreement specifies that the administration of the trust is a shared responsibility.

For subsurface lands, leases are generally written in three-year increments. Renewal leases are issued until the resource is depleted or the operator decides to stop mining.

Commercial trusts take additional costs into consideration when calculating fees for their administration. To be compliant with the OCC guidelines, these additional charges should be disclosed in the trust fee schedule for fiduciary services.

Governance and Oversight

Commercial trusts emphasize that there must be appropriate oversight in developing contracts and leases to ensure that the fiduciary duty is met. They maintain internal annual auditing activities within the trust department to make sure that employees are being consistent. Surface damages, pipelines and easements require governance, oversight and objectivity because these are areas where material impact to the property can occur.

Because real estate administration involves a variety of complex decisions, commercial trusts often establish a separate committee to supervise real estate held in trust when significant parcels are held.

Managing Revenue From Land Assets

Management Systems

A tracking system is helpful in monitoring the timely receipt of income from land interest royalties. According to the OCC, documented policies and procedures should be maintained for the proper supervision and administration of oil, gas and mineral interests. Each asset should be thoroughly documented and monitored regularly. A monitoring system should include elements such as:

- a) Assets to which the interest applies
- b) Type of interest
- c) Decimal interest owned
- d) Title records
- e) Account to which income is to be credited
- f) Description of property leased
- g) Terms of the lease
- h) Name and address of the lessee
- i) Expiration of the lease
- j) Amount of delayed income
- k) Date income is due
- l) Bonuses



Account Management

Commercial trusts follow OCC Regulation 9 Procedures that call for an annual review of each account. They conduct an aggressive review of assets to ensure they are producing and paying for every product. This annual review is used to develop income projections and determine whether the asset is producing revenues, identify the status of wells, and uncover title problems.

There should be comprehensive procedures in place to assist trust managers in the proper supervision of real estate holdings. A tracking system is used by commercial trusts to monitor the timely receipt of asset income. The Fiduciary must be able to monitor operating expenses such as insurance, leases, rents, expenses, capital improvements and taxes effectively.

3.2.5.2 Surface Asset Management

Key Industry Findings

- ⇒ Land use planning in a commercial trust often includes an integrated approach to how surface and subsurface assets will be managed.
- ⇒ A tracking system is used by commercial trusts to monitor the timely receipt and distribution of asset income.
- ⇒ Because real estate administration involves a variety of complex decisions, commercial trusts often establish a separate committee to supervise real estate held in trust when significant parcels are held.
- ⇒ Industry leaders in forestry adhere to standards and management practices developed by organizations such as the International Organization for Standardization and the American Forest & Paper Association. These organizations provide frameworks and tools to develop systematic approaches to implementing environmental policy, and assist corporations with more effectively managing the environmental impacts of their operations.

The information presented in this section reflects industry standards for the management of surface land assets within commercial trust environments.

Land Use Planning

Land use planning in a commercial trust often includes an integrated approach to how surface and subsurface assets will be managed.

According to asset managers in commercial trusts, asset preservation is very important to beneficiaries. Many clients have emotional ties to land ownership and as much as 80% care more about the preservation of their land than income production. Commercial trust managers rely on appraisals to determine the highest and best use of the land and make planning decisions that will satisfy the beneficiaries.

Some commercial trusts work with outside groups such as the Federal Fish & Wildlife Commission to develop properties. This Commission provides funds for the development and preservation of natural habitat properties to those who follow their management practices. Tenants are also incorporating GPS/GIS systems for farmland management, which helps them to apply chemicals in specific areas of property rather than apply chemicals across property.



Commercial trust experts report that there has been a recent trend in transitions from grazing leases to hunting leases, which reinforces their management for the highest and best use of the land and for the benefit of the client. The return on grazing and range is typically just 1-2% of overall valuation. Hunting leases are much more lucrative, and the habitat for wildlife is increased because the brush is not cleared. Wildlife habitat development of trust lands has been popular because it is beneficial both for asset preservation and income generation. This includes development for camping, fishing and hunting, and offers higher income potential than crops and grazing.

The OCC advises that however the land is to be used, the commercial trust should rent property under lease agreements as opposed to monthly rentals whenever possible. Lease arrangements generally allow the trustee to project revenues and vacancies more reliably for a longer term.

Case Study Forestry Auditing: Georgia-Pacific

Georgia-Pacific maintains an environmental strategy for wood and fiber procurement that addresses several key areas including harvesting practices, wildlife habitat, private landowner leadership, public land management, and facility management. Georgia-Pacific obtains third-party verification of wood procurement practices under the American Forest & Paper Association's (AF&PA) Sustainable Forestry Initiative (SFI) and participates in the AF&PA annual survey to determine compliance with the industry-wide SFI program. SFI requires AF&PA member companies to submit annual data on reforestation, harvesting, research and wildlife management as well as logger training, landowner outreach and conservation agreements.

Georgia-Pacific conducts annual forestry best management practices audits on the land that it has harvested. Compliance reports indicate that 99.8 percent of Georgia-Pacific's direct timber purchases from private landowners were harvested and delivered by SFI-trained loggers; 98 percent of all wood fiber purchases at plant were delivered by trained loggers. Forestry professionals are required to attend best practices and sustainable forestry training.

Case Study Forestry Management: Weyerhaeuser

Weyerhaeuser is an industry leader in forestry that is committed to practicing sustainable forestry with environmental responsibility. Certification of forestry has become an important issue in the industry. Customers are increasingly seeking verification from independent parties that the products they purchase come from properly managed forests and are produced in an environmentally responsible way.

Weyerhaeuser's approach to certification relies on standards that address the management systems and practices needed to implement a set of environmental standards, and the actual environmental practices, such as prompt reforestation of logged areas.

Weyerhaeuser adheres to the ISO 14001 standard for management practices, and currently maintains 34.5 million acres of ISO certified forests. The International Organization for Standardization developed ISO 14001 as a voluntary, international standard for management systems and practices, based on a rigorous third-party certification process. It includes a framework and tools to develop a systematic approach to implementing environmental policy, and will assist Weyerhaeuser with more effectively managing the environmental impacts of its operations. U.S. timberlands are also incorporating the standards of the American Forest & Paper Association's (AF&PA) Sustainable Forestry Initiative SM (SFI). These standards help to ensure that Weyerhaeuser can:

- Maintain forest productivity and biodiversity
- Protect soil and water
- Offer aesthetic, recreational, cultural and wildlife benefits



3.2.5.3 Subsurface Asset Management

Key Industry Findings

- ⇒ Land use planning in a commercial trust often includes an integrated approach to how surface and subsurface assets will be managed.
- ⇒ A tracking system is used by commercial trusts to monitor the timely receipt and distribution of asset income.
- ⇒ In addition to requiring monthly reports from the operator, lease provisions frequently include routine audits of the operator's books for verification of the quantity of resources being extracted.
- ⇒ The beneficiary is only involved in subsurface lease administration if the trust is a shared responsibility.

The information presented in this section reflects industry standards for the management of subsurface mineral assets within commercial trust environments.

Valuing Income and Assets

How a subsurface mineral is valued depends on the type of asset in question.

- a) **Royalty Interests** – A royalty interest is defined as an income flow that is generated once a subsurface asset is extracted and sold. In calculating the royalties associated with a mineral deposit, the value is normally three to four times the gross earnings.
- b) **Working Interests** – A working interest is an interest that includes income generated and expenses incurred over the lifetime of an asset. This includes expenses associated with bringing the asset into production and during production, closure and remediation and sharing revenues associated with the extraction and sale of the asset. Working interests are valued at the cost of the expense incurred or the sale price of the asset produced.
- c) **Reserve Asset** – Reserve assets are valued through a reserve study, which is normally conducted by an outside consultant. A reserve study generally estimates the volume, quality and life expectancy of a subsurface deposit.
- d) **Liquid and Gas Assets** - The volume of liquid and gas assets produced is determined at the wellhead unless the lease agreement specifies otherwise. The value associated with the production may be based on contractual terms, spot market value, or exchange value.
- e) **Solid Assets** - Solid assets including coal, sand and gravel are valued by appraisal.

The operator is the single party responsible for developing, producing and closing the asset property. The operator's responsibilities include tracking, reporting, collecting and paying all relevant expenses and incomes associated with the property, including appropriate payments to other working and royalty interests.

In addition to requiring monthly reports from the operator, lease provisions frequently include routine audits of the operator's books for verification of the quantity of resources being extracted. Most states have reporting requirements and maintain records of accurate values that the commercial trusts can reference to verify that an operator is reporting accurate values.



Monitoring Assets

There must be appropriate oversight in developing contracts and leases to ensure that the fiduciary duty is met. There are internal annual auditing activities within trust departments to ensure that employees are being consistent. The trustee must also remain informed of activities that impact the properties held in trust, such as drilling in areas where mineral properties are owned. By doing so, the fiduciary may have the opportunity to negotiate leases and create interest in non-producing properties.

Mineral Rights

Oil and gas have seen increased drilling and production in recent years. States have cited that mineral rights have become increasingly complex and divided, causing title searches to become very expensive and taxation to be difficult. The State of Minnesota has attempted to solve this by requiring all interest holders to file with the state within a certain timeframe after purchase or inheritance of rights. Rights are forfeited if the individual does not file.

Operational Standards

Operational standards used by commercial trusts in the management of trust oil and gas resources include:

- a) The oil and gas system tracks every asset in each account, including producing, non-producing and royalty interests. Each line item of revenue is tracked to an asset.
- b) Commercial trusts hire oil and gas industry experts to help manage trust accounts and assets. They consolidate leasing across assets to get the best leases and terms, and also have one specialist who focuses on leasing and assists account managers.

3.2.6 Accounting Management

Key Industry Findings

- ⇒ Each asset in a trust account is tracked separately within commercial trust environments. The individual items on statements are carefully reviewed to identify delinquent payments, changes in payment amounts, etc.
- ⇒ Commercial banks monitor performance against well-defined standards. These service agreement standards are often available to all employees via intranet access or through other internal mechanisms. A monthly scorecard is used to report on performance in relation to these standards. More detail regarding commercial trust metrics is provided in Appendix J.
- ⇒ An integrated trust accounting system is normally used for record keeping, and reports are generated to reconcile and report all trust information.

The OCC cites an effective cost accounting system as the most useful management tool for directing fiduciary activities to sustained profitability. Fiduciary operations must provide



comprehensive record keeping and information systems to properly support the administration of accounts. Systems should provide detailed account information to management, customers, regulatory agencies and other parties as appropriate. While organizational structure and information systems will vary according to the size and complexity of fiduciary activities, there are basic principles and controls that should be present. The fiduciary must have necessary systems and controls in place to:

- a) Safeguard fiduciary assets
- b) Assure the accuracy and reliability of accounting data
- c) Provide timely management and account information
- d) Maintain levels of operating efficiency
- e) Operate in a cost effective manner
- f) Ensure compliance with laws, rules, regulations, and institutional policies
- g) Ensure privacy and confidentiality
- h) Accommodate new financial products and services, and future growth

3.2.6.1 Accounting Systems

The OCC requires that trust accounting systems include proper reconciliation and control procedures, produce accurate and timely information and be flexible to accommodate future growth. OCC guidelines suggest that an accounting system be capable of providing the basic accounting records outlined in Precedent and Opinion 9.2020, Minimum Standards of Information (MSI) for Trust Electronic Data Processing (EDP) Systems. Commercial trust departments are investing in as much automation as possible, and are constantly upgrading technology. An integrated trust accounting system is normally used for record keeping, and reports are generated to reconcile all trust information. Accounting systems are often customized to track all of the requirements that a commercial trust must comply with. Some commercial trusts emphasize the importance of maintaining a data warehouse, which provides powerful analysis and reporting features not offered by traditional data management tools.

A best practice described by one commercial trust is the use of an incident reporting system. The system was built internally for account management and is now available to other commercial trust operations providing the following:

- a) Trust incident tracking where every step of communication/action from issue identification through resolution is tracked
- b) Every employee has access to the system and the incident tracking information
- c) Once an issue is “opened” in the system, each step to resolution is Date/Time Stamped
- d) Target resolution for information entry (notes and progress) is eight hours. For issues requiring significant research, the target is a 24-hour turn-around
- e) The commercial trust is able to do volume and trend analysis on system data. (An example “issue” for oil and gas is that a company provides a statement with a missing Well number, and the trust needs to ensure proper documentation is received to process the revenues.)



3.2.6.2 Managing Trust Assets

Organization

Commercial trusts are organized to provide high levels of service to their beneficiaries. Trust Officers often interface directly with clients, particularly in situations where the beneficiary is a high net-worth individual. In all cases, the organization is structured in a way to best meet the needs of its clients. This normally includes a combination of asset managers and account managers with direct access to and understanding of customer specific information, histories, and needs.

The target ratio of account managers is approximately one manager to between 200 to 300 accounts, depending on the complexity and type of accounts.

Administration cost compared to value of assets isn't as important to commercial trusts as expense vs. income generated from assets.

- a) Margins differ by industry
- b) The basic rule is to beat the Standard and Poors (S&P) 500
- c) Administrative costs generally range from 0.4 – 0.5% for the oil and gas assets, including external support costs that are allocated to oil and gas. The customer pays approximately one percent for the services.

Documentation

Commercial trusts maintain thorough documentation, including receipts, to support the proper collection and distribution of assets. With many commercial trusts, all documents, letters, faxes, etc. are imaged as soon as they come into the trustee's possession. Once imaged, the documents can be made available to the appropriate account manager as well as the Trust Officer at the center where the account is managed. Originals are normally kept anywhere from six to nine months before being archived.

Separate records must be maintained for trust principal and income. This distinction enables the trustee to account for separate beneficial interests. According to the OCC, income is defined as the return derived from the use of principal and may consist of dividends, interest, rents or royalties.

Internal Controls

Each asset in a trust account is tracked separately within commercial trust environments. Money often comes into a lockbox account, and then the owner is identified and the money is distributed to their trust account. The individual lines of the accounts receivable are studied to identify delinquent payments.

Additional internal controls employed in commercial trusts include:

- a) Committee structure - Asset managers forward contracts to a senior committee for approval. This approach enables them to avoid conflicts of interest and self-dealing.
- b) Real Estate Committee – This committee monitors and reviews trust land use to ensure the best use of the land and to confirm it is utilized under the terms of the agreement.



- c) Management Control Review Process – This is an internal self-monitoring process that reconciles system information with hard-copy files.
- d) Trust Policy Manual – Policies are clearly documented and often made available online
- e) Administrative Operating Guide – Administrative procedures are carefully explained and frequently available online
- f) Desktop Procedures
- g) System database tracking for real estate (leases, contracts). This is normally a vendor-supplied package.

Group checklist are used by commercial trusts to ensure the required documentation is in order for opening & closing trust accounts:

- a) Title
- b) Taxing Authority
- c) Purchaser
- d) Operators (for working interests)
- e) Conveyances for selling interests (work through courthouse)

3.2.6.3 Performance Standards

Commercial Trusts

Commercial trusts monitor performance against well-defined standards, and all service agreement standards are often available on their intranet or through other internal mechanisms for all employees. A monthly scorecard is used to report on performance against standards. Subsets of standards from each department are reported to the bank president each month. Examples of standards include:

- a) Delivery commitments: Statements are produced in two days for individual trust accounts and in five days for business trust accounts. All statements are available on the intranet on the 1st day of the month. Distributions are made either monthly or twice a month.
- b) Client satisfaction: Client's needs are surveyed periodically by client type. Surveys are conducted for corporate trusts, employee benefits' trusts and personal trusts. Surveys are conducted by trust operations and line managers. Some of the surveys are conducted via the Internet.
- c) Client Control: Certain clients (e.g., 401k's) have ability to conduct daily trades online.

Appendix I includes additional standards and metrics that are used to measure performance in a commercial trust.

American Law Institute and the American Bar Association

In March 2002, the American Law Institute and the American Bar Association published a guide to fiduciary accounting to support the Uniform Fiduciary Accounting Principles and Model



Account Formats of the Committee on National Fiduciary Accounting Standards⁴. This guide, *Fiduciary Accounting and Trust Administration*, presents performance standards and guidelines that apply the principles set forth in these documents.

Of the standards presented in the guide, those more applicable to the Indian Trust are found in the table below.

Table 3.2- 5 Guidelines taken from the Fiduciary Accounting and Trust Administration Guide⁵

Topic	Standard
<p>RECORD KEEPING An appropriate set of records should be established at the outset of a Fiduciary's stewardship. The system should be designed to provide the day-to-day information needed to supervise the funds for which the Fiduciary is responsible. It should also provide adequate financial data to facilitate the preparation of fiduciary accountings.</p>	<p>1.1 <i>Scope of Records</i>. A Fiduciary's record can be as simple as a checking account or as complex as a system of separate ledgers designed by an accountant</p> <p>1.2 <i>Schedules</i>. The financial data in a Fiduciary's record keeping system can be translated into the schedules necessary for a complete accounting. Schedules refer to the following:</p> <ul style="list-style-type: none"> a) Assets inventoried at death or awarded or donated at creation of the trust b) Subsequent receipts c) Investments made d) Disbursements e) Distributions to beneficiaries f) Gains and losses on sale or other dispositions g) Changes in investment holdings and h) Balance on hand
<p>BASIC OBJECTIVES AND GENERAL STANDARDS OF FIDUCIARY ACCOUNTING The fundamental objective of any fiduciary account should be to provide essential and useful information in a meaningful form to parties interested in the accounting process.</p>	<p>8.1 <i>Basic Objectives Of Accounting</i>. The primary goal of a fiduciary accounting is to enable beneficiaries and other interested parties to understand the administration of the fund by providing them with all necessary information in as simple but complete a form as possible.</p> <p>8.2 <i>General Standard For Accounting</i>. The Fiduciary should try to avoid technical terms and unusual abbreviations. When this is not possible, those terms should be explained so that a person of average intelligence can read and understand the account.</p> <p>Per The Committee on National Fiduciary Accounting Standards, "Accounts should be stated in a manner that is understandable by persons who are not familiar with practices and terminology peculiar to the administration of estates and trusts."</p> <p>8.2 <i>Presenting The Fiduciary Accounting In Proper Context</i>. The opening pages of the account should note the nature and function of the account, the name of the Fiduciary and an address where more information can be obtained, any important procedural considerations, and include a summary of the account organized as a table of contents.</p>

⁴ The Committee on National Fiduciary Accounting Standards was established in 1972 to unify accountings prepared and presented by Fiduciaries across the United States.

⁵ Unless otherwise stated, guidelines and text in this table are quoted directly from the *Fiduciary Accounting and Trust Administration Guide*, written by Robert Whitman and David M. English, March 2002.



Topic	Standard
	Per The Committee on National Fiduciary Accounting Standards, “A Fiduciary accounting shall include both carrying values—representing the value of assets at acquisition by the Fiduciary—and current values at the beginning and end of the accounting period.”
	Per The Committee on National Fiduciary Accounting Standards, “Gains and losses incurred during the accounting period shall be shown separately in the same schedule.”
<p>REASONABLE REVIEW OF FIDUCIARY ACCOUNTINGS</p> <p>...there has been little or no effort to establish standards for the reasonable review of fiduciary accountings.</p>	<p>9.1 <i>The Meaning Of A Reasonable Review.</i> A reasonable review is the level of review that meets the client’s perceived needs, fits within the client’s budget, and allows the client to gain a measure of assurance that the Fiduciary has properly performed his duties. What qualifies as a reasonable review of a fiduciary accounting depends on the particular circumstances of each case.</p>
	<p>9.2 <i>Reasonable Review: A Range Of Options.</i> A reasonable review consists of performing an agreed-upon range of services. The performance of services is to be at the depth of review that the client, in consultation with the practitioner; has chosen.</p>
<p>PERFORMANCE ACCOUNTING</p> <p>Performance accounting is the systematic demonstration of performance of a fund being accounted for during the time covered by the periodic accounting.</p> <p>The overall objective of performance accounting is to allow the beneficiary to track the performance of assets held in trust.</p>	<p>10.4 <i>Presenting Asset Performance.</i> Regardless of the level of performance accounting employed by the Fiduciary, asset performance must be presented in a manner that is easily understood by the beneficiary.</p>

Of particular interest are the final two topics listed in the table, reasonable reviews of fiduciary accounting and performance accounting. While both topics are considered important, consistent standards in these areas are not well established. Fiduciary reviews are expected to take place on a regular basis; however, the standard is simply that they are “reasonable.” Performance accounting, though recognized as beneficial in the trust and estate practice area, has not been incorporated into standards written by the Committee on National Fiduciary Accounting Standards or by the Association for Investment Management and Research. However, according to the *Fiduciary Accounting and Trust Administration Guide*, “...it is expected that clients and beneficiaries more and more will seek performance indicators from Fiduciaries, so they may better evaluate the Fiduciary’s investment skills and determine for themselves the level at which their assets are producing.”⁶

⁶ Whitman, Robert and English, David M., *Fiduciary Accounting and Trust Administration Guide*, American Law Institute-American Bar Association Committee on Continuing Professional Education, 2002.



3.2.7 Cadastral Survey

Key Industry Findings

- ⇒ Price ranges for survey services vary widely depending on the type of work requested. Most often, surveyors quote a range for a given type of work and then provide the actual cost after completing the work. The price and duration of the survey is directly related to the complexity of the job.
- ⇒ In many ways, BLM practices are the industry standard that private surveyors adhere to. BLM has more leading edge technology than the private sector, and often BLM works with hardware and software developers to create products that are later made available to the market.
- ⇒ Many of the operational land title survey standards developed by the American Land Title Association and American Congress on Survey and Mapping are a higher level than what private industry often adheres to for cost reasons.

3.2.7.1 Operational Standards

There are operational land title survey standards in place throughout the industry developed by the American Land Title Association and American Congress on Survey and Mapping. It should be noted, however, that these standards are a higher level than what private industry often adheres to for cost reasons.

Price ranges for surveys vary widely depending on the type of survey. Most often, surveyors quote a range for a given type of work and then provide the actual cost after completing the work. The price and duration of the survey is directly related to the complexity of the job. Shortcuts in surveying can be very costly. Experts noted that the average boundary dispute lawsuit today costs about \$350,000. Sources of complexity in conducting surveys include:

- a) The age and quality of previous surveys - The last known survey could be hundreds of years old, and significant research may be required because that is what the deed or title is connected to.
- b) The degree of research required to conduct a survey makes it difficult to assign a timetable for completing a survey.
- c) The complexity of the terrain and the quality of monumentation existing on the land -The average rural survey entails finding original evidence of boundaries. This evidence may be 100-150 years old in western states and 200-250 years old in the east. Often monuments are far apart over difficult terrain.
- d) Travel – Surveyors may be required to travel great distances to remote locations.
- e) Time of year – The winter months tend to be less productive in many locations because surveyors must wait for accumulated snow to melt so that monuments can be located.



3.2.7.2 Education

Industry experts identified education as the first of two current trends in surveying. Much of this change stems from a traditional lack of standardization across the states in schooling and examination.

Traditionally, the curriculum an individual would follow to become a licensed survey practitioner was an eight year program. This time was typically comprised of four years work experience or a four-year degree, successful completion of a preliminary exam, followed by four years of experience under a licensed surveyor, and finally a second exam. However, some types of licensed engineers could perform survey work if they had taken a couple of survey classes as part of their University curriculum.

Today, states are beginning to require all engineers to pass a survey-licensing exam in addition to completing their engineering curriculum in order to survey. Several states are taking this a step further by requiring the completion of a four-year survey degree program by all candidates before the licensing exam can be completed.

Many individuals that need or gather survey related data don't realize that licensing is required to do survey work. This can lead to survey rejection, title problems, and boundary rejection. One industry expert estimated that ninety percent of people performing surveys in the industry are not licensed.

In spite of the required years of education that prospective surveyors obtain, business, communication and writing skills are recognized weaknesses within the survey profession.

3.2.7.3 Technology

Technology is the second aspect of survey that industry experts indicated as an area undergoing significant change. Technological advancements include computer assisted map making, laser technology, Geographical Positioning Systems (GPS), and Geographic Information System (GIS) evolution. The next five years will likely see continued and perhaps accelerated advancement in demand and use of GIS technologies and applications. There will be further improvements to the degree of accuracy/precision of surveys, the demographic information and boundary information, photogrammetry, and land information databases.

In many ways, BLM practices are the industry standard that private surveyors adhere to. BLM has more leading edge technology than the private sector, and often BLM works with hardware and software developers to create products that are later made available to the market.

3.2.7.4 Performance Metrics

The primary metric by which success is defined among private sector surveyors is whether the survey company made money. If they did not, the work was either underestimated or there was a communication failure that resulted in rework. Additional metrics include:

- a) Consistent timeliness
- b) Actual time and dollars vs. proposed time and dollars (Success is defined as hitting the mark on 70-80% of projects)
- c) Number of times rework is required
- d) Number of iterations required for something like county approval



- e) Number of complaints generated (Customer complaints are most often related to the time it takes to complete a survey and the associated cost.)
- f) Number of lawsuits

3.2.8 Conclusions

The industry standards presented in this chapter illustrate some of the best practices used by commercial trusts and trust-related industries in carrying out processes similar to that encompassed by the Indian Trust. Many lessons can be learned from looking at how different industries and organizations perform similar processes and functions. While some of the practices apply to the Indian Trust and may provide some very good insight as to how improvements in the management of the Trust can be made, others may not be feasible or may not support the unique environment of the Trust.

In reviewing the industry standards findings in the context of DOI and the Indian Trust, key themes emerge. The As-Is team believes these to be the industry standards and practices that 1) are most applicable to the Indian Trust, and 2) illustrate the biggest gap between industry and current DOI trust processes.

- a) Commercial trusts center their organization, processes, and supporting systems around their customers. Customer service is paramount, and high standards are evident throughout all commercial trust processes. Commercial trusts constantly monitor customer satisfaction through various mediums and are continually working to improve their approach to service delivery. Trust Officers provide personalized, one-on-one service to beneficiaries. Higher service levels are provided to individuals with higher dollar accounts. Commercial trusts and trust-related industries are offering their customers information and services through various service delivery channels (e.g., mail, web, over-the-counter, telephone, fax). Industry is continually developing new delivery channels to give their customers even more convenient access to their accounts, investment information, and other transaction information.
- b) Within the commercial trust environment, beneficiary objectives, needs, and personal circumstances drive investment decisions related to their portfolios.
- c) Commercial trusts rely on integrated trust accounting systems. According to the OCC, an integrated system is one of the most useful management tools in directing fiduciary activities and sustaining profitability. Through the use of effective accounting systems, beneficiary account activity can be accurately tracked, reported on, and communicated.
- d) Document imaging and related information sharing processes are being used increasingly within commercial trusts as well as the real estate area. Commercial trusts take images of beneficiary documents as soon as they come in to the trustee's possession. Land management and title documents are imaged by some county courthouses upon receipt, allowing for immediate access by the public. Through imaging, documents can be easily accessed, shared, and transferred.
- e) Tracking systems are used in land management industries to monitor the timely receipt of income from land interest royalties. Income produced (or not produced) by assets is tracked on a regular basis, so that under-producing assets can be identified and trends can be analyzed.



- f) Portfolio management activities are regularly monitored within the committee structure of a commercial trust. Formal account investment reviews are performed at regular intervals not to exceed one year. Securities experts, real estate officers and other relevant experts frequently contribute to these reviews as dictated by the Fiduciary's policies and procedures.
- g) Probate industry practices include a personal representative who is responsible for driving the probate of an estate. In most cases the personal representative is also a beneficiary who is compensated for his/her efforts on the decedent's behalf. A proactive personal representative is often cited as one of the key factors of a successful probate. Other relevant probate practices include the availability in most states of abbreviated probate procedures and the current trend towards avoiding probate altogether.

3.3 **DOI Performance Measures**

Performance measurement is an area within the Indian Trust that has received increasing attention from the Department. As part of the recent Trust Reform efforts and initiatives, much is planned for this area. In this section, the performance measures, metrics, and reporting mechanisms currently used by DOI to measure and monitor the performance of the Department's Trust functions are presented. In addition to describing how Trust performance is measured today, future plans in this area are also discussed.

In developing this section, the EDS team used the following sources as input:

- a) **The September 2002 draft *Comprehensive Trust Management Plan*** – The EDS team reviewed and discussed the Plan with DOI executives to identify initiatives related to performance management.
- b) **Regional Work Sessions** – As a part of the As-Is Trust Business Modeling effort, process sponsors and EDS facilitators captured metrics currently used within DOI to measure performance.
- c) **DOI's FY 2003 Annual Performance Plan and FY 2001 Annual Performance Report** – The EDS team reviewed the annual plan and report to understand what performance measures have been collected for compliance with the Government Performance and Results Act (GPRA).
- d) **DOI Executive Interviews** – Executive and senior level DOI representatives gave their leadership perspectives on Indian Trust performance management needs and described existing measurement and reporting mechanisms.

Performance measurement information from each of these sources is presented in the pages that follow.



3.3.1 *Comprehensive Trust Management Plan*⁷

As part of the renewed focus on Trust Reform, DOI's Office of Indian Trust Transition (OITT) distributed a draft of the *Comprehensive Trust Management Plan* in June 2002. The Plan includes in its stated objectives the development, maintenance, and use of clear performance measures to manage Trust operations and assess performance. DOI intends to develop performance measures for the strategic goals and objectives identified in the Plan, and use these measures as a way to monitor performance and manage the Department's Trust responsibilities. At the time of this study, these performance measures were not yet developed by the Department. This effort will be critical to strengthening Trust operations, by regularly identifying and communicating areas of strength and weakness in the fulfillment of the Department's Trust responsibilities.

The six strategic goals included in the Plan are listed below. The Department has 32 objectives that correspond with the goals, and as stated earlier, will be developing performance measures to associate with the objectives.

Strategic Goal 1: *Beneficiary Services.* Enhance and maintain a beneficiary focus of providing service to and maintaining communications with beneficiaries.

Strategic Goal 2: *Ownership Information.* Verify, track, and maintain the land, natural resource, and fund asset ownership information required to manage assets effectively and to provide beneficiary services.

Strategic Goal 3: *Land and Natural Resource Assets.* Provide stewardship and management of land and natural resource assets in the best interests of the beneficiaries, while fulfilling fiduciary and legal responsibilities.

Strategic Goal 4: *Trust Fund Assets.* Manage Trust fund assets consistently with legal and fiduciary responsibilities ensuring timely and productive use of the assets.

Strategic Goal 5: *Indian Self-Governance and Self-Determination.* Encourage and support compact and contract opportunities associated with Trust management to promote Indian self-governance and self-determination.

Strategic Goal 6: *Administrative Services.* Develop, maintain, and coordinate administrative services to support the effective and efficient fulfillment of DOI Trust management responsibilities.

3.3.2 Regional Work Sessions

Through work sessions with BIA regions, the As-Is team captured available process metrics (and/or estimates) for each of the eight Trust processes. Regional subject matter experts were asked to consider process-specific metrics such as duration of an activity, wait times, volume, staffing numbers, percent rework, satisfaction, etc.

⁷ This section makes reference to the June, 2002 draft version of the document previously titled the *Indian Trust Business Plan* and currently titled the *Comprehensive Trust Management Plan*. Revisions to the document continued throughout 2002 and a final draft of the report was issued February 20, 2003.



The following table represents an accumulation of all metrics found. However, they are not utilized at all field locations, nor in many cases aggregated at the Department level.

Table 3.3- 1 Current Metrics Reported for Each Process Area

Process	Available DOI Metrics
Probate	<ul style="list-style-type: none"> • Number of reported deaths • Number of cases in case preparation • Average length of time for case preparation • Number of cases in adjudication • Average length of time for adjudication • Number of cases awaiting closing • Average length of time for awaiting closing • Total caseload by Region
Title	<ul style="list-style-type: none"> • Number of fee to Trust acquisitions currently in progress • Number of Trust to Trust transactions currently in progress • Number of Trust to fee disposals currently in progress • Number of rights of way agreements currently in progress • Number of service line agreements currently in progress • Number of mineral access agreements currently in progress • Number of easement agreements currently in progress • Number of documents recorded per year • Number of Title Status Reports requested • Length of time to process document requests • Length of time to produce title reports • FTEs
Beneficiary Services	<ul style="list-style-type: none"> • Length of time to respond to service requests or inquiries (walk-ins, written, phone) • Number of account changes made/month • FTEs • Number of backlogged requests • Percentage of transactions per month requiring rework • Capacity • Number of “whereabouts unknown”
Appraisal	<ul style="list-style-type: none"> • Length of time from date request received by Regional Appraiser to appraisal transmitted • Number of real property appraisal requests received annually • Number of real property appraisal requests waiting to be processed • Percent of requests returned for additional or updated information • Number of real property appraisals annually • Number of consultations conducted annually • Number of annual market studies • Number of grazing studies • Full time staff equivalents performing appraisals per Region • Number of annual self-contained (full) appraisals • Number of annual summary appraisal reports • Number of annual restricted appraisal reports • Number of annual full appraisal reviews • Length of time to complete an appraisal review



Process	Available DOI Metrics
	<ul style="list-style-type: none"> • Full time staff equivalents performing appraisal reviews per Region • Number of appraisals requiring rework or modification after review • Number of contract appraisals requiring rework or modification after review • Number of rejected contracted appraisals • Number of times expert testimony provided
Surface Asset Management	<p data-bbox="461 489 686 516"><u>Agricultural-Leasing</u></p> <ul style="list-style-type: none"> • Length of time to complete an Ag-leasing tract use plan • Frequency of stipulations performed • Frequency of appraisals performed • Length of time to issue 90-day notices • Length of time to compile results from 90-day notices • Length of time to obtain consent for Ag-leasing • Length of time to negotiate Tribal use Ag-leasing before expiration • Length of time to conduct Ag-leasing bid process • Length of time to negotiate Ag-leasing • Length of time to document Ag-leasing tract inactive status • Length of time to assemble Ag-leasing package • Length of time to prepare pre- Ag-leasing billing • Length of time to collect pre- Ag-leasing payments • Length of time to perfect Ag-leasing • Renewal rate • Length of time to prepare Ag-leasing operational billing • Percent rework of Ag-leasing operational billing • Length of time to collect Ag-leasing operational payments • Percent rework of Ag-leasing operational payments • Length of time to modify Ag-leasing contract • Length of time to perform collections reconciliation • Length of time to perform distribution reconciliation • Distribution error rate • Length of time of compliance monitoring • Percent of required inspections and compliance reports formally performed • Percent of non-compliance issues are escalated to enforcement activities • Percent of leases where enforcement requests made • Length of time to close Ag-leasing • FTEs <p data-bbox="461 1486 553 1514"><u>Forestry</u></p> <p data-bbox="461 1518 1430 1577">For most subprocesses, the metrics below were reported. A complete listing of the metrics collected can be found in Appendix K.</p> <ul style="list-style-type: none"> • Elapsed time • Average volume • FTEs <p data-bbox="461 1707 656 1734"><u>Long-Term Lease</u></p> <p data-bbox="461 1738 1422 1797">For most subprocesses, the metrics below were reported. A complete listing of the metrics collected can be found in Appendix M.</p> <ul style="list-style-type: none"> • Elapsed time • Volume data for each type of lease: tribal residential, tribal commercial, allotted residential and allotted commercial. Volume was measured by the number of leases



Process	Available DOI Metrics
	<p>let per year, and in one subprocess, by the number of applications per year.</p> <ul style="list-style-type: none"> • FTEs <p><u>Range</u></p> <ul style="list-style-type: none"> • Length of time to refine range Trust stipulations • Frequency of stipulations • Frequency of appraisals • Minimum rental rate and stocking rate • Length of time to refine Tribal grazing resolution • Work effort to refine Tribal grazing resolution • Length of time to concur with Tribal grazing resolution • Work effort to concur with Tribal grazing resolution • Average number of grazing resolutions/year • Length of time to obtain range unit owner consent • Percent rework of range unit owner consents • Number of landowner interests in each region • Number of consent letters sent out yearly • Response rate from landowners, monetary interest owners (replying to consent notice) • Length of time to perform Tribal allocation of range units • Length of time to conduct range unit bid process • Length of time to negotiate range unit permit where permit is about to expire • Percent rework for negotiating range unit permit where permit is about to expire • Error rate in maintaining range unit inventory • Length of time to finalize range unit permit • Permit renewal rate • Length of time to perform pre-range unit permit billing • Percent rework of pre-range unit permit billing • Length of time to approve range unit permit • Length of time to collect range unit operational payments • Percent rework of range unit operational payments • Length of time to complete reconciliation of TFAS errors • Length of time to modify range unit permits • Length of time to reconcile collections • Number of reconciliations per month • Length of time to distribute reconciliations • Percent rework of reconciliations • Length of time to conduct range unit compliance inspections • Length of time to resolve compliance issues • Number of range unit compliance issues resolved • Percent of required inspections and compliance reports that are formally performed • Percent of non-compliance issues escalated to enforcement activities <p><u>Water</u></p> <ul style="list-style-type: none"> • Length of time to release request for proposals (RFPs) from central office to agencies and Tribes • Number of agencies and Tribes notified of the RFP • FTEs associated with notification process • Number of proposals submitted by agencies and Tribes



Process	Available DOI Metrics
	<ul style="list-style-type: none"> • Length of time to develop and rank proposals • FTEs associated with developing and ranking proposals • Length of time to support national ranking meeting • Number of FTEs involved with national ranking meeting • Number of Tribal proposals approved • Number of agency proposals approved • Duration of projects • Number of FTEs involved in projects
Subsurface Asset Management	<ul style="list-style-type: none"> • Number of hours spent per mineral needs assessments grant application for mineral needs assessments • Length of time for Tribal Office review and concurrence of mineral needs assessments grant applications • Length of time to complete mineral needs assessments • Number of mineral needs assessments per year • Length of time to conduct pre-lease activities • Number of days to review an Indian Mineral Development Act (IMDA) agreements • Number of IMDA agreements per year • Advertising costs • Number of individual tracts per lease sale • Length of time from date of mineral appraisal request to non-certified valuation transmitted. • Annual number of non-certified mineral valuations. • Length of time to issue a lease • Average number of leases issued per year • Number of bids per advertisement • Number of tracts available for lease • Number of active leases • Length of lease • Production verification backlog • Number of on-site inspections per year • Length of time for drainage/diligence review • Length of time to process Applications for Permit to Drill (APD), Sand and Gravel permits (S&G), and Uranium leases • Number of APD and S&G permit requests per year • Length of time to conduct S&G reclamation • Number of reclamations per year • Number of closedowns per year • Number of cancellations per year • Tons/year of S&G • Value of S&G per site • Number of post-lease administrative actions per year • Length of time to conduct a lease cessation action • Length of time to conduct bond release process • Number of bond releases per year • Number of replacement bonds per year • Number of bonds called per year • FTEs



Process	Available DOI Metrics
Accounting Management	<ul style="list-style-type: none"> • Checks received by BIA deposited or forwarded to OST for deposit within 24 hours • Checks received by OST deposited within 24 hours • Total number of IIM accounts • Open Accounts <ul style="list-style-type: none"> ○ Individual Accounts ○ Special Deposit Accounts ○ House Accounts ○ Foreign Accounts ○ To-Be Investigated Accounts ○ BIA To Investigate Accounts ○ Other Accounts ○ Total Open Accounts • Closed Accounts <ul style="list-style-type: none"> ○ Duplicate Account numbers • Overdrafts <ul style="list-style-type: none"> ○ Overdrafts in Individual Accounts ○ Overdrafts in Special Deposit Accounts ○ Overdrafts in House Accounts ○ Overdrafts in Foreign Accounts ○ Overdrafts in To-Be Investigated Accounts ○ Overdrafts in BIA To Investigate Accounts ○ Overdrafts in Other Accounts ○ Total Overdrafts • Estates <ul style="list-style-type: none"> ○ Unofficial Death Notification ○ Official Death Notification ○ Sent To Probate ○ Probated ○ Summary Probate ○ Insufficient Funds to To Pay Claim ○ Lake Fund Principal ○ Total Estates • Non-Indian Accounts (“Alpha X”) • Tribal “T” Accounts • Individual Accounts w/invalid or no SSN • Whereabouts Unknown <ul style="list-style-type: none"> ○ Correspondence/Check Returned ○ Account Setup W/No Address ○ Awaiting Address Confirmation ○ Refused/Unclaimed Mail ○ Total Whereabouts Unknown • Whereabouts Unknown Removed • Whereabouts Unknown Added • Minor Accounts <ul style="list-style-type: none"> • Minor Accounts that appear to be over 18 years of age • Minor Accounts with less than \$100 • Minor Accounts with \$100 - \$250 • Minor accounts with \$250 - \$500 • Minor Accounts greater than \$500



Process	Available DOI Metrics
Cadastral Survey Services	<ul style="list-style-type: none"> • Number of formal survey requests to BLM and non-BLM sources • Number of informal survey requests to BLM and non-BLM sources • Time spent in the BLM Public Room • Number of consultations (to include tribal and public meetings) • Target accomplishments: Number of miles and projects in queue • Cost of surveys (hours and dollars) • Number of surveys conducted • Duration of surveys (cycle time) • Duration of survey consultations (something other than an official cadastral surveys) • Miles of original surveys and miles of re-surveys • Number of acres surveyed • Number of monuments set • Number of plats developed • Township information collected for GCDB system • Caseload, acreage, and surface leasing information (As reported in the Annual Report of Indian Lands)

3.3.3 Annual Performance Plan and Report

As required by GPRA, DOI produces an annual report addressing the prior year’s performance and the performance plan for the following year. The EDS team has reviewed DOI’s FY 2003 Annual Performance Plan and FY 2001 Annual Performance Report.

In the BIA section of the report, a Trust Services mission goal is included as one of BIA’s seven mission goals for 2003. The goal is to, “Ensure the Trust responsibility to protect and preserve Trust lands and Trust resources.” There are six long-term goals to support this mission, each with corresponding performance measures and FY 2003 performance targets. These goals, measures, and targets are found in the following table. Goal 2.7.4 and 2.7.6 are directly related to the eight core Trust processes making up the As-Is model.

Table 3.3- 2 GPRA Goals and Objectives

Trust Services GPRA Program Activity			
Goal Title and Reference Number	Long-term Goal Description	Performance Measure	FY 2003 Performance Goals
2.7.1 American Indian Trust Evaluations	The Bureau will ensure that obligations under the Federal Indian Trust responsibility are performed in accordance with the standards required by the laws and governmental policies of the United States.	Number of Trust evaluations performed (of compact Tribes, by the Office of American Indian Trust)	The Office of American Indian Trust (OAIT) will perform 70 trust evaluations.



Trust Services GPRA Program Activity			
Goal Title and Reference Number	Long-term Goal Description	Performance Measure	FY 2003 Performance Goals
2.7.2 Administration of Water and Land Claims	By 2005, the Bureau will provide assistance to Tribes in establishing and defining water and land claims, Tribal Trust resources, and Indian rights protection.	Number of Tribes assisted to procure technical services and legal counsel in support of water and land claims and the protection of Trust and cultural resources	The Bureau will assist 63 Tribes by procuring defense services or private counsel in support of water and land claims and the protection of Trust and cultural resources.
		Number of teams funded to perform negotiation and settlement of land and water rights claims	The Bureau will fund 20 Departmental teams involved in land and water quantitative negotiations and implementation of Indian land and water rights claims.
		Number of project proposals funded	The Bureau will fund 82 project proposals for technical research and studies.
2.7.3 Improve the Conditions for the Environment	By 2005, the Bureau will improve conditions for the environment and endangered species in Indian Country.	Cumulative number of Bureau and Tribal employees trained	The Bureau will train an additional 550 Bureau and Tribal employees in the areas of environmental management and endangered species preservation for a cumulative total of 3,558 trained
		Cumulative number of Bureau locations at which compliance assistance audits are performed and corrective actions are undertaken	The Bureau will conduct compliance assistance audits and perform corrective actions at an additional five Bureau offices for a cumulative total of 40 audits conducted.
		Number of Tribes to which the Bureau provides technical or financial assistance	The Bureau will provide technical or financial assistance to 100 Tribes in the areas of environmental management and endangered species preservation.



Trust Services GPRA Program Activity			
Goal Title and Reference Number	Long-term Goal Description	Performance Measure	FY 2003 Performance Goals
2.7.4 Increased Trust Transactions, Probate Cases and Cadastral Surveys	By 2005, the Bureau will facilitate the growth of Trust income through an increase in the efficient processing of Trust transactions, the timely processing of probate, cases, and by providing for Cadastral Surveys of Tribal and individual Indian landowners and land boundaries	1. Number of annual Trust transactions 2. Number of probate cases processed 3. Number of miles surveyed 4. Number of survey monuments set	The Bureau will facilitate the growth of Trust income by processing 42,000 Trust transactions for Tribal and individual Indian landowners, increasing the number of probate cases processed to 3,200, and increasing the boundary designation of Trust lands to 3,214 miles and 5,080 monuments.
2.7.5 Increased Energy Savings	By 2005, the Bureau will increase energy opportunities within Indian Country and improve the processing time for leasing agreements	1. Report of energy opportunities has been developed 2. Impediments to energy leasing have been identified	In FY 2003, the Bureau will assess energy opportunities on Indian lands and identify impediments to the timely processing of energy leasing.
2.7.6 Not titled, but related to Trust Reform	By 2005, the Bureau will implement the Trust reform objectives assigned to the Bureau by the Department, as amended by reports to the Court.	Percentage of objectives met	The Bureau will meet the Trust reform objectives to be completed in FY 2003.

3.3.4 DOI Executive Interviews

The EDS team conducted interviews with executive and senior level DOI representatives to understand the leadership perspective on Indian Trust performance measurement. Leaders were asked how Trust processes are measured today, the types of measurement information they receive regularly, and how they would like to see Trust processes measured and reported on in the future. The draft goals and objectives of the *Comprehensive Trust Management Plan* were used as discussion points throughout most interviews.

Overall, leaders concurred that more measurement of Trust processes is warranted. The *Comprehensive Trust Management Plan* was seen as a start to this effort; DOI's plans to develop measures for each strategic goal were discussed. In some critical areas (such as beneficiary services), leaders indicated that no comprehensive measures were in place on a Trust-wide basis nor consistently applied. In other areas, such as Indian Self-Governance and Self-Determination, the measures that were in place did not provide useful management information, but were instead transaction based.



Leaders recommended developing comprehensive, integrated Trust management reports available widely to all levels of management. Several commercial practices and measures were recommended, such as Trust Officers, OCC-like rating scales, a call center, target setting, and better tracking of asset value and performance (such as return on assets). In addition, leaders recognized training, workforce planning and education as critical to Trust Reform. Finally, leaders acknowledged the need to move away from transaction-based measures (such as Number of Trust Evaluations) and move towards more meaningful measures describing quality and efficiency.

Highlights of the specific measurement comments and recommendations received are found in the following table:

Table 3.3- 3 DOI Executive Interview Results

Topic	Recommendations
<i>Overall Trust Management Information, Measures, & Reports</i>	<p>Move towards comprehensive, integrated Trust management reports. Reports should be available to management, including Superintendents.</p> <p>Timeframes should exist, but be realistic.</p> <p>Build quality into the measures and move away from production-oriented measures.</p>
<i>Beneficiary Services</i>	<p>Implement a call center capability to receive initial calls and forward to the appropriate Trust Officer. Track and measure number of calls received, what the calls were in reference to, reoccurring issues, length of time to resolve, etc.</p> <p>Measure beneficiary service at the point-of-service – provide “beneficiary evaluation of service” cards beneficiaries can complete immediately after receiving a Trust-related service</p>
<i>Ownership Information</i>	<p>Track transactions such as number of titles recorded and transfer of titles.</p>
<i>Land and Natural Resource Assets</i>	<p>Implement more monitoring/reviewing of asset portfolios, including land use. Know the value of land assets.</p> <p>Identify land that is not income producing and document reason for this status. Have Trust Officers develop plans to better utilize the land.</p>
<i>Appraisals</i>	<p>Develop measures that will help to predict and plan for appraisal times.</p> <p>Look at the number of pending Trust transactions in the agencies. The number of Trust transactions should be close to the number of appraisals conducted.</p>
<i>Trust Fund Assets</i>	<p>Use an OCC type rating scale to measure performance of each agency in the field. Evaluate whether they are meeting their fiduciary roles, what material weaknesses exist, and other financial and Trust responsibility issues.</p> <p>Set benchmarks and targets for revenue and rates of return. DOI should hold themselves to agreed-upon benchmarks and produce monthly reports indicating how they are doing.</p>



Topic	Recommendations
<i>Indian Self-Governance and Self-Determination</i>	<p>Develop more specific self-governance contracts that are more closely reviewed and monitored. Contracts should establish standards by which Tribes should be held accountable, with corrective action plans developed for those in the lower performance categories.</p> <p>Measure performance by return on assets for BIA as well as compact Tribes. Compact Tribes should be held accountable to the same types of measures as BIA.</p> <p>The measure used today to monitor performance of OAIT is the number of Trust evaluations. This really doesn't measure OAIT's performance. For OAIT, consider other measures such as: How many findings of imminent jeopardy? How long did it take to resolve these? Developing appropriate measures may be difficult due to the fact that judgment is involved.</p>
Administrative Services	<p>Training and education is key to fixing Trust operations. Need to develop a long-term strategy and objectives for Trust training. Develop the curriculum, hire faculty, and determine measures of success. Measures should include quality, capability, and motivation of Trust employees – and whether they see themselves as Trustees.</p>

3.3.5 Conclusions

Through work sessions and interviews with Trust employees and executives, the EDS team has drawn the following conclusions around current measurement practices:

- a) Collection of metrics varies by location and by process area. A comprehensive, consistent approach to performance measurement does not exist within the current Trust environment.
- b) A centralized reporting mechanism does not exist to measure important outcomes of Trust processes.
- c) Many of the existing measures are transaction-based and do not truly measure the performance of a process or of the Department's success in meeting their fiduciary duties.
- d) Uniform record keeping and supporting systems are not in place to easily capture and monitor meaningful performance information.
- e) Some of the metrics collected today have inconsistent definitions and are not always collected in a consistent manner. This makes compiling national information and comparing regions difficult.

The collection and analysis of performance related information represents a significant undertaking for large Trust organizations. As DOI moves to implement performance measurement activities in the Indian Trust environment, each of the eight process areas that comprise the As-Is Model must be carefully studied to determine if they are the correct core processes and relevant metrics and realistic benchmarks must be established. Surveys should also be distributed to beneficiaries and customers to measure satisfaction with Trust processes.

It will be important to implement consistent performance standards throughout the Department. This should include identifying bottlenecks both within and among processes. Once these performance standards are defined, consistent data must be reviewed at regular intervals to



monitor performance over time. Commercial trusts frequently maintain centralized scorecard systems and data warehouses to facilitate the analysis and reporting of performance data, and publish annual reports to compare the performance of the past year to the stated objectives and targets.

Developing meaningful measures that can be collected easily, consistently, and on a regular basis. This will in many process areas be a challenge. The Indian Trust involves a high degree of real estate transactions such as appraisal, survey, and title. Even industry leaders in these areas struggle to develop effective outcome measures. Measures are difficult to develop because timeframes for these activities vary widely depending upon the size, nature, and complexity of the property. Instead, the private sector often focuses on industry standards for service and quality. In many cases, the outcome measure is a financial target – such as profit or revenue. Since BIA’s mission does not involve making a profit from conducting appraisals and surveys or transferring titles, this type of financial target does not apply.

As described earlier, currently there are significant barriers within the Department to collecting and analyzing performance data. The key to developing an effective measurement program for the Indian Trust will be to develop key outcome-oriented measures for each process area that are reported regularly in a comprehensive Trust management report. The measures should not be transaction based, but truly illustrate the current success or failure of the process area in meeting the fiduciary responsibilities of the Department.