

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

\_\_\_\_\_  
ELOUISE PEPION COBELL, et al., )  
 )  
Plaintiffs, )  
 )  
v. )  
 )  
DIRK KEMPTHORNE, Secretary of the )  
Interior, et al., )  
 )  
Defendants. )  
\_\_\_\_\_ )

Case No. 1:96CV01285  
(Judge Lamberth)

**NOTICE OF FILING OF INTERIOR DEFENDANTS'  
TWENTY-SEVENTH STATUS REPORT**

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

A copy of the report is attached hereto.

Dated: November 1, 2006

Respectfully submitted,  
PETER D. KEISLER  
Assistant Attorney General  
STUART E. SCHIFFER  
Deputy Assistant Attorney General  
J. CHRISTOPHER KOHN  
Director

/s/ John J. Siemietkowski  
ROBERT E. KIRSCHMAN, Jr.  
(D.C. Bar No. 406635)  
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CERTIFICATE OF SERVICE

I hereby certify that, on November 1, 2006 the foregoing *Notice of Filing of Interior Defendants' Twenty-Seventh Status Report* was served by Electronic Case Filing, and on the following who is not registered for Electronic Case Filing, by facsimile:

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

/s/ Kevin P. Kingston  
Kevin P. Kingston



THE SECRETARY OF THE INTERIOR  
WASHINGTON

OCT 31 2006

J. Christopher Kohn  
U.S. Department of Justice  
Civil Division  
Commercial Litigation Branch  
P.O. Box 875  
Ben Franklin Station  
Washington, D.C. 20044-0875

Re: *Cobell v. Kempthorne – Status Report to the Court Number Twenty-Seven*

Dear Mr. Kohn:

Enclosed is the Department of the Interior's *Status Report to the Court Number Twenty-Seven (For the Period July 1, 2006 through September 30, 2006)*. Please forward a copy to the Court.

My signature on this report reflects my reliance on the assurances of those who have compiled the report that the information contained herein is accurate.

Thank you for your assistance.

Sincerely,

DIRK KEMPTHORNE

Enclosure

# Status Report to the Court Number Twenty-Seven

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For the Period  
July 1, 2006 through September 30, 2006



November 1, 2006

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**TABLE OF CONTENTS**

**INTRODUCTION..... 1**

**I. OFFICE OF HISTORICAL TRUST ACCOUNTING ..... 3**

**II. OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS..... 9**

**A. TRUST SERVICES – CURRENT ACCOUNTING..... 11**

**B. OFFICE OF TRUST RECORDS ..... 15**

**C. TRUST ACCOUNTABILITY ..... 19**

**1. TRUST BUSINESS PROCESS MODELING..... 19**

**2. TRUST DATA QUALITY AND INTEGRITY ..... 21**

**3. INDIAN FIDUCIARY TRUST TRAINING PROGRAM ..... 25**

**4. RISK MANAGEMENT..... 27**

**5. TRUST REGULATIONS, POLICIES AND PROCEDURES ..... 29**

**D. TRUST REVIEW AND AUDIT ..... 31**

**E. OFFICE OF APPRAISAL SERVICES ..... 33**

**III. INDIAN AFFAIRS..... 37**

**A. TRUST REGULATIONS, POLICIES AND PROCEDURES ..... 37**

**IV. BUREAU OF INDIAN AFFAIRS ..... 39**

**A. FRACTIONATION ..... 39**

**B. PROBATE ..... 41**

**V. OTHER TOPICS ..... 43**

**A. INFORMATION TECHNOLOGY..... 43**

**B. CADASTRAL SURVEY ..... 53**

**C. MINERALS MANAGEMENT SERVICE..... 57**

**ACRONYMS AND ABBREVIATIONS..... 59**

*STATUS REPORT TO THE COURT NUMBER TWENTY-SEVEN*

*November 1, 2006*

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**INTRODUCTION**

This *Status Report to the Court Number Twenty-Seven* (Report) represents the period from July 1, 2006, through September 30, 2006. The Report is presented for the purpose of informing the Court of actions taken since the issuance of the preceding quarterly report. In addition, the Report references some matters that might be of interest to the Court, including delays in and obstacles to trust reform activities, and a report on the progress of the historical accounting of individual Indian beneficiary funds managed by Interior.<sup>1</sup>

This Report is prepared in a manner consistent with previous reports to the Court. Managers from the Office of Historical Trust Accounting, Office of the Special Trustee for American Indians, Office of the Chief Information Officer, Bureau of Indian Affairs, Bureau of Land Management, and Minerals Management Service submit reports on the status of their respective Indian trust activities.

A change in the Report format Interior brings to the Court's attention is that the order of presentation of the various reports has been changed to focus attention on the status of the historical accounting and trust reform and improvements to the management of the Indian fiduciary trust.

A glossary of acronyms and abbreviations is included in this Report. The glossary is located at the end of the Report.

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<sup>1</sup> This Report contains information on the broad trust reform efforts underway at Interior. Accordingly, it may include information on reform efforts that are not within the scope of the *Cobell* litigation.

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**I. OFFICE OF HISTORICAL TRUST ACCOUNTING**

**Introduction**

OHTA was established by Secretarial Order No. 3231 on July 10, 2001, and is charged with planning, organizing, directing and executing the historical accounting of IIM and tribal trust accounts. OHTA's historical accounting includes all transactions in IIM accounts open on or after October 25, 1994 (the enactment date of the American Indian Trust Fund Management Reform Act), through December 31, 2000. OST has issued quarterly account statements since the end of 2000.

**Current Status**

**Meta-Analysis Report**

As previously reported, NORC, a contractor for OHTA, issued its report on a meta-analysis of reconciliations and audits of the IIM and Tribal Trust Funds on June 23, 2006. The NORC report provides a *qualitative* assessment of the reconciliations and audits to identify those with sufficient data to support a judgment about the reliability of the meta-analysis findings. NORC found no evidence of widespread fraud and reported that the Indian trust system has performed far better than is generally recognized. NORC is planning to develop a *quantitative* meta-analysis to bring results into sharper focus with more rigorous statistical data analysis.

**Treasury and GAO Account Settlement Packages**

Treasury regularly examined and settled accounts containing IIM transactions from the early 1890s through 1920, and GAO from 1921 through 1951. Over 20,000 Treasury and 31,000 GAO account settlement packages have been located at the NARA Archives II facility in College Park, Maryland. A sample of both Treasury and GAO settlement packages has been reviewed by a professional independent public accounting firm for OHTA. A statistical analysis by NORC is currently underway of these Treasury and GAO settlement packages, which include certifications Treasury and GAO issued on IIM and Tribal Trust Fund accounts handled by Indian Special Disbursing Agents at BIA agencies. OHTA expects NORC to complete its statistical analysis during the next reporting period.

**Judgment and Per Capita IIM Accounts**

OHTA continues to perform historical accounting procedures on Judgment and Per Capita IIM accounts. During this reporting period, OHTA reconciled an additional 3,839 Judgment IIM accounts and 236 Per Capita IIM accounts.

# STATUS REPORT TO THE COURT NUMBER TWENTY-SEVEN

November 1, 2006

Office of Historical Trust Accounting

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Results through September 30, 2006, are summarized in the table below.

	<u>Judgment Accounts</u>		<u>Per Capita Accounts</u>	
	<u>Number of Accounts</u>	<u>Percent of Total</u>	<u>Number of Accounts</u>	<u>Percent of Total</u>
Total at December 31, 2000 (including accounts open at or after October 25, 1994, but closed prior to December 31, 2000)	80,539	100%	19,033	100%
Reduction for accounts subsequently determined to be outside of the scope of the population	(901)	(1%)	(28)	0%
Reconciled January 1, 2001, through June 30, 2006	(59,208)	(74%)	(17,108)	(90%)
Reconciled this reporting period	<u>(3,839)</u>	<u>(5%)</u>	<u>(236)</u>	<u>(1%)</u>
Remaining to be reconciled at September 30, 2006	<u>16,591</u>	<u>20%</u>	<u>1,661</u>	<u>9%</u>

## Mailings to Judgment and Per Capita IIM Account Holders

As previously reported, on March 9, 2006, a fourth submission for permission to mail 20,402 Historical Statements of Account was filed with the U.S. District Court. The third submission to mail 28,107 Historical Statements of Account was filed on March 24, 2005. Mailing of these 48,509 Historical Statements of Account still awaits approval from the Court.

In its October 22, 2004, Order, the Court permitted OHTA to transmit Statements to 17,096 Judgment IIM account holders. During this reporting period, OHTA mailed an additional 155 Historical Statements of Account to account holders for whom addresses had been located, bringing the total number of Statements mailed to 13,103. As of the end of this reporting period, 3,993 WAU Statements remain to be mailed. OHTA will re-mail any Statements that are returned as forwarding addresses become available.

## Confirming Accuracy of Electronic Records Era Accounting

During FY2006, the following activity occurred to provide assurances for the accuracy of transactions and accounts in the Electronic Records Era (1985-2000).

### *Land-Based IIM Transactions*

- During this reporting period, the last of 2,100 identified High Dollar transactions (\$100,000 or larger) were reconciled. This includes an additional 278 transactions from

the 1,822 previously reported. NORC will update its September 30, 2005, Report<sup>2</sup> to include these results and additional completions of the National Sample of 4,500 transactions under \$100,000 during the next reporting period. NORC does not expect any significant statistical change for these transactions that were reconciled after its September 30, 2005, Report.

- As previously reported, a land-to-dollars pilot test was commenced at the BIA Horton and Colville agencies, which is designed to detect whether surface or subsurface revenues were recorded in the IIM system. This test is expected to be completed during the next reporting period.

*All IIM Accounts (Land-Based, Judgment, and Per Capita)*

Data completeness validation is a process consisting of multiple tests designed to detect accounts and transactions missing from the electronic data set, as well as potential posting errors.

- **Transaction Mapping** - This test confirms that all transfer and reversal transactions posted within the system are in balance, i.e., that no funds leaked out of the system. To date, over 50.9 million transfer and reversal transactions have been mapped within the IRMS and TFAS systems. This represents over 96% of all of the transactions that may be mapped for the period February 1985 through December 2000. Additionally, over 88% of the Treasury Check Payment and Reconciliation (CP&R) system records between March 1987 and December 2002 have been mapped to the corresponding disbursement in the IRMS or TFAS systems. The CP&R system is maintained by Treasury and tracks the status of all Treasury checks cancelled after one year and returned to the IIM Trust, or other status. All transfers that were mapped between or among IIM accounts were determined to be in balance. OHTA plans to complete transaction mappings during future reporting periods.
- **Balance Comparison Test** - A balance comparison test confirms that transactions included in a Historical Statement of Account correspond to the final balance shown. As a result of performing this test, transactions have been restored to the electronic data set from contemporaneously prepared system reports and financial documentation. To date, almost 175,000 transactions have been restored in eight of the twelve BIA regions for the period February 1985 through December 1996. An additional 111,000 transactions have been restored in six of the twelve BIA regions for the period April 1982 through January 1985. Currently, only eight land based accounts in the historical accounting population in the Alaska, Pacific, and Western Regions still appear to be out of balance. Over 56,000 accounts were analyzed for these three regions.

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<sup>2</sup> The report is entitled *Reconciliation of the High Dollar and National Sample Transactions From Land-Based IIM Accounts (All Regions), September 30, 2005*.

- **Account Number Review** - An account number review ensures that reused/duplicate account numbers and account holders with multiple account numbers were appropriately identified. This review allows OHTA to provide Historical Statements of Account with the appropriate transactions for each account holder. To date, the reused account number analysis has been completed for over 98% of all of the Land-Based, Judgment and Per Capita accounts in the IRMS and TFAS systems. To date, only 225 reused/duplicate account numbers have been identified in the more than 600,000 accounts reviewed.

### **OHTA SDA Distribution Project - Undistributed SDA Balances at December 31, 2002**

SDA are temporary accounts for the deposit of trust funds that could not immediately be credited to the proper owners. The SDA project has two sub-projects: the retrospective (pre-January 1, 2003, receipts) and the prospective (post-December 31, 2002, receipts) phases. OHTA has responsibility for “resolution” (i.e., research and distribution of funds) of the retrospective phase, while BIA has comparable responsibility for the prospective phase. This section of the report to the Court addresses only the retrospective phase.

During this reporting period, 119 SDA involving \$960,658 were resolved and distributed. There remain 11,435 SDA involving \$16,619,694 to resolve and distribute. Distributions of SDA balances to the owners during the period January 1, 2003, through September 30, 2006, total \$42,136,400, including interest of \$3,266,697 posted from January 1, 2003, through the date of distribution. Of the SDA remaining at September 30, 2006, 8,445 accounts have balances less than \$500 (74% of SDA) involving \$700,848 (4.2% of SDA dollar balances).

### **Imaging/Coding - Individual Indian Trust Documents**

OHTA and its contractors continue to collect and image IIM transaction documents and encode the data to be used to perform historical accounting. The imaging process converts the original paper records into electronic images. The initial coding process captures specific identifying information, such as an IIM account number, from an imaged document so that the imaged document can be retrieved at a later time. A document may consist of several related records (images) that can be grouped together for further analysis. All coded documents are quality-control checked for accuracy before they are loaded into the Accounting Reconciliation Tool for analysis. OHTA and its contractors have never stored IIM transaction data used to perform historical accounting on any system connected to the Internet.

During this reporting period, OHTA completed scanning 145,351 IIM pages, coding 15,054 IIM documents and loading 15,114 IIM documents into ART. As of September 30, 2006, ART contained 8.8 million coded IIM images and 6.1 million coded tribal images (14.9 million total coded IIM and tribal images). In addition, 409,385 tribal documents were loaded into ART during this reporting period. These images constitute 1.9 million IIM and tribal documents.

**OHTA's Federal Records Management**

The Archivist of the United States approved the OHTA records schedule on September 28, 2006. As a result of NARA's approval, OHTA now is able to transfer its non-active records to the American Indian Records Repository in Lenexa, KS, for long-term storage, preservation, and access to Interior and/or other federal agencies and researchers.

**Historical Accounting Plan for Individual Indian Money Accounts**

As previously reported, Interior expects to issue a revised Historical Accounting Plan for IIM accounts. The Plan will be based on lessons learned from work already completed, court decisions, statistical sampling parameters, accounting costs, and congressional funding.

**Delays and Obstacles**

Enacted appropriations for FY2003 through FY2006 have been below the President's requests, thus limiting the historical accounting that could be performed. Until Congress passes an appropriations bill for FY2007, OHTA expects to be operating under a continuing resolution of \$21,353,000 versus the FY2006 appropriation of \$56,000,000. If this reduction is contained in the final budget, historical accounting progress would be substantially reduced and completion dates lengthened.

**Assurance Statement**

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

Date: October 26, 2006

Name: *Signature on File*  
Bert T. Edwards, Executive Director  
Office of Historical Trust Accounting

*November 1, 2006*

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## II. OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS

### Introduction

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

### Special Trustee's Observations

#### **Trust Reform Initiatives**

During FY2006, Interior made significant progress in converting the BIA legacy leasing system and land record title system to TAAMS leasing and title, and integrating these two new systems with the trust funds accounting system operated by OST. Major advantages of the conversion are the establishment of a single ownership system, detailed account statements for beneficiaries and a payments receivable module. The conversion and integration was prioritized based on dollars of throughput from the BIA agencies. As of the end of FY2006, 80 percent of the dollars flowing through the IIM accounts are being processed using the new systems. It is expected that the conversion will be complete by the end of FY2007.

#### **Congressional Action**

The Interior appropriation bill was not enacted before the end of the fiscal year. As a result, Interior bureaus and offices are required to operate on a continuing resolution from Congress. This resolution allows agencies to continue the same level of spending as was available in the previous year, unless either house of Congress has a lesser amount in its proposed appropriations. The House Appropriations Committee allowed only \$21,353,000 for the Office of Historical Trust Accounting for FY2007, although the Senate Appropriations Committee proposed funding OHTA at the same level as FY2006, as requested by Interior, which was \$56 million. This results in OHTA having to reduce operations significantly until an appropriations bill is enacted.

In other action from Congress, Mr. Carl Artman was approved by unanimous vote of the Senate Indian Affairs Committee, after having been nominated by the President for the position of Assistant Secretary for Indian Affairs. It is expected that Mr. Artman will be confirmed by the full Senate either during the "lame duck" session or early in the next Congress. The duties of the office are currently being performed by the Associate Deputy Secretary, Mr. James Cason.

**S1439 – Cobell Settlement Legislation**

Negotiations continued during this reporting period between the Administration and Congress toward a possible legislative settlement of the extensive *Cobell* litigation. The earliest such legislation could be considered is during the lame duck session that is expected to begin in mid-November.

**Assurance Statement**

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

Date: October 25, 2006

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



**A. TRUST SERVICES – CURRENT ACCOUNTING**

**Introduction**

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

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

Interior next converted its title records to an updated, automated title system, TAAMS Title, which was completed in CY2005. Currently, Interior is in the process of converting the legacy leasing systems to the TAAMS lease management module. Once locations are converted to the TAAMS lease management module, encumbrance and ownership information is reflected in TFAS. Then, using the information reflected in TFAS, funds received at the lockbox<sup>3</sup> can be distributed and statements of performance can be generated.

SDA are temporary accounts for the deposit of trust funds that cannot immediately be credited to the proper account holders. As explained in the BIA/OST Interagency Procedures Handbook, this type of account is to be used only as an exception to the rule that trust funds immediately be deposited to the credit of, and then distributed as soon as practicable to, the individual and tribal beneficiaries. The SDA project has two sub-projects: the retrospective (pre-January 1, 2003, receipts) and the prospective (post-December 31, 2002, receipts) phases. OHTA has responsibility for “resolution” (i.e., research and distribution of funds) of the retrospective phase, while BIA has comparable responsibility for the prospective phase. This section of the report to the Court thus addresses only the prospective phase.

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

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

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<sup>3</sup> “Lockbox” represents the process of using a post office box that the contractor or bank maintains to receive proceeds for the sale or use of trust lands, which are then deposited for distribution to the beneficiaries.

**a. Trust Funds Accounting System**

**Accomplishments and Completions**

During this reporting period, the remaining agencies in the Great Plains Region, all agencies in the Rocky Mountain and Navajo Regions, as well as the Fort Hall and Yakama agencies from the Northwest Region, were converted. In addition, the Palm Springs and Southern California agencies from the Pacific Region; the Uintah & Ouray, Papago, San Carlos, Pima and Colorado River agencies and the Fort Yuma Field Office from the Western Region were converted. The interface between TAAMS and TFAS allows for quarterly account statements of performance, which include ownership and encumbrance information of trust assets managed at the converted agencies.

**b. Special Deposit Account Activity**

**Current Status**

BIA has the responsibility for distribution of SDA funds received since January 1, 2003 (prospective receipts). It is the policy of BIA to distribute funds within 30 days of receipt into SDA. During this reporting period, there were 2,742 receipt transactions posted to SDA.

During this reporting period, aged funds (those held in SDA longer than 30 days) were held in 180 fewer SDA than in the previous reporting period. Undistributed aged receipts decreased by 518 and the combined dollar amount decreased by \$304,873.59. As of September 30, 2006, aged SDA totaled \$1,229,594.43, which represented 3,245 undistributed receipts. As of September 30, 2006, there were 641 receipts in 180 SDA aged more than one year totaling \$517,520.47.

During this reporting period, OST staff and contractors assisted BIA staff in performing work necessary to distribute aged and current receipts at the Standing Rock, Fort Berthold, Uintah & Ouray, Fort Hall, Fort Belknap, Fort Peck, and Wind River Agencies.

**Delays and Obstacles**

Resolution of SDA totaling over \$278,000 is delayed by adjudication of range rates, need for cadastral surveys, need for SOL opinions, and other litigation related matters.

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

**c. Whereabouts Unknown Accounts**

**Current Status**

Priority continues to be placed on securing current addresses for account holders of the rolling top 100 highest dollar balance WAU accounts. During this reporting period, 13 of the top 100

## STATUS REPORT TO THE COURT NUMBER TWENTY-SEVEN

November 1, 2006

Trust Services – Current Accounting

WAU accounts, with combined account balances in excess of \$1.4 million, were updated with current addresses.

During this reporting period, 3,459 accounts with a combined balance of \$1.8 million were added to the WAU list, and 3,427 account holders with a combined balance of \$5.8 million were located.

As of September 30, 2006, there were 53,899 WAU accounts with a combined balance of \$62,962,019. The following table illustrates the number of accounts stratified by account balance and WAU category.

Account Balance	Correspondence/ Check Returned	Account Setup No Address	Awaiting Address Confirmation	Refused/ Unclaimed Mail	Total
Equal to or over \$100,000	12	8	0	0	20
Under \$100,000 and equal to or over \$50,000	37	12	0	0	49
Under \$50,000 and equal to or over \$5,000	2,139	761	0	1	2,901
Under \$5,000 and equal to or over \$1,000	5,761	1,433	4	5	7,203
Under \$1,000 and equal to or over \$100	7,928	2,895	14	3	10,840
Under \$100 and equal to or over \$1	11,983	4,599	28	3	16,613
Under \$1	4,077	12,149	46	1	16,273
<b>Total</b>	<b>31,937</b>	<b>21,857</b>	<b>92</b>	<b>13</b>	<b>53,899</b>

### Delays and Obstacles

Due to implementation of the FTM, accounts continue to be created in TFAS for non-financial asset owners in order to generate asset statements. Many of these owners do not have current addresses. As a result, the total number of WAU has increased. After the FTM conversion is completed, however, the rate of increase of WAU is expected to stabilize. The accounts categorized as WAU will then mainly consist of accountholders that cannot be located, accountholders that have moved without a forwarding address, and accounts that are established without an address for heirs of a probate or recipients of per capita distribution.

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

**d. Small Balance Accounts**

As of September 30, 2006, there were 24,540 accounts that have a \$.01 - \$1.00 balance with no activity for the previous 18 months. The total sum included in those accounts is \$7,278.73. Statements are sent to account holders for these accounts on an annual basis pursuant to direction from Congress.

**Assurance Statements**

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

Date: October 24, 2006

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

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

Date: October 25, 2006

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

**B. OFFICE OF TRUST RECORDS**

**Introduction**

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

**Accomplishments and Completions**

**American Indian Records Repository**

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

Approximately 4,410 boxes of inactive records were moved from BIA/OST field locations to the Lenexa Annex for indexing during this reporting period. Indexing of approximately 147,640 boxes has been completed as of the end of this reporting period. Approximately 144,545 indexed boxes have been sent to AIRR for permanent storage.

**Training**

OTR provided records management training for 298 BIA and OST records contacts and 220 tribal employees during this reporting period. During FY2006, 543 BIA and OST records contacts and 381 tribal employees received records management training. OTR has estimated it would need to train at least initially 1,600 BIA employees and 100 OST employees. Since the third quarter of FY2004, OTR has trained 2,068 BIA and OST employees. Most BIA and OST program offices have had at least two individuals attend training. During FY2006, OTR provided records management training to Tribes as they requested training.

**Current Status**

**Safeguarding Records**

As previously reported, since June 2005, NARA has completed remediation of all but six of the previously-reported 283 boxes of inactive records that were damaged or contaminated by mold, mildew, mouse droppings or other adverse elements.

The materials NARA could not repair consisted of one box that has about 25% of its contents covered with a tar-like substance; one entire box that had mold and the files are stuck together; and one box of green bar printouts from 1989 oil and gas royalty disbursements that have holes in the printout caused by insects. Three boxes have extensive water damage and the contents are stuck together. Although NARA recommended that the documents should not be separated, an independent conservator indicated that it would be possible to salvage some of the information through physical stabilization or recovery of the information through reproduction techniques. During this reporting period, OTR contracted with the conservator to begin work on the contents of these boxes to salvage as much information as possible.

**Records Retention Schedules**

Record retention schedules for the following BIA electronic records systems have been completed and it is anticipated that the schedules will be forwarded to NARA in the next reporting period: National Irrigation Information Management System, PC Lease, San Carlos Irrigation Project, Document Management Program, and Integrated Transportation Information Management System. The BIA Geographic Information System records retention schedule is pending approval by the Archivist of the United States.

Records retention schedules for the following OST offices were completed this reporting period and it is anticipated that the schedules will be forwarded to NARA in the next reporting period: Office of the Principal Deputy Special Trustee; Office of External Affairs; Office of the Chief Information Officer; Office of Budget, Finance and Administration; Office of the Deputy Special Trustee, Trust Accountability; Office of the Deputy Special Trustee, Field Operations; and Office of the Deputy Special Trustee, Trust Services.

**Delays and Obstacles**

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

**STATUS REPORT TO THE COURT NUMBER TWENTY-SEVEN**

**November 1, 2006**

**Office of Trust Records**

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**Assurance Statement**

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

Date: October 27, 2006

Name: *Signature on File*

Ethel J. Abeita

Director, Office of Trust Records

Office of the Special Trustee for American Indians

*November 1, 2006*

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**C. TRUST ACCOUNTABILITY**

**1. TRUST BUSINESS PROCESS MODELING**

**Introduction**

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

**Accomplishments and Completions**

The OST DOP for Lockbox Receipting was completed during this reporting period. The desk operating procedure describes how to bring funds into the commercial lockbox and how to automatically distribute funds that were received at the commercial lockbox facility.

The draft BIA Procedural Handbooks for Trust Funds Receipting – Phase 1 and Phase 2 (formerly identified as the Collection and Distribution handbook) have been completed and delivered to BIA for review. This serves as a companion to the OST DOP for Lockbox Receipting, referenced above.

**Current Status**

Drafting continues on the following handbooks/chapters related to Land Conveyances (25 CFR 152): Sales and Exchanges of Tribal Trust or Restricted Land; Negotiated Sales, Gifts and Exchanges of Individually Owned Land; Tribal Tract Purchases; and Consolidation by Sale of Highly Fractionated Tracts.

**Delays and Obstacles**

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

***STATUS REPORT TO THE COURT NUMBER TWENTY-SEVEN***

**November 1, 2006**

**Trust Business Process Modeling**

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**Assurance Statement**

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

Date: October 25, 2006

Name: *Signature on File*

Margaret Williams

Deputy Special Trustee, Trust Accountability

Office of the Special Trustee for American Indians

## **2. TRUST DATA QUALITY AND INTEGRITY**

### **Introduction**

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

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

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

### **Accomplishments and Completions**

During this reporting period, TPMC's contractors completed:

#### **Site Assessment**

- A DQ&I site assessment at the Alaska Regional Office. Site assessments are conducted at the respective BIA locations where the DQ&I project is scheduled to be implemented. The purpose for conducting an assessment is to determine: (1) the amount of TAAMS document encoding that is required; (2) what kind of assistance the BIA location may need with their conversion efforts, and (3) any office space limitations for DQ&I project contractor personnel.

#### **Recording and Research**

- Recording 1,242 documents, for a total of 5,575, at the RMRO LTRO. This process involved recording documents into TAAMS Title that affect ownership (i.e., conveyance documents) or use (i.e., encumbrance documents) of Indian trust lands. For example, a BIA agency sends in a grazing lease to the LTRO. At the LTRO, the document is reviewed for completeness, date and time stamped, and assigned a unique recordation number. Next, the document is scanned or micro-filmed and a LTRO file copy made. The original document is then returned to the originating BIA agency.

## **STATUS REPORT TO THE COURT NUMBER TWENTY-SEVEN**

**November 1, 2006**

**Trust Data Quality and Integrity**

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- A third Global ID research and encoding task for SPRO LTRO which resulted in 230, for a total of 881, Global ID changes being made in TAAMS Title. Historically, some beneficiaries have been assigned multiple landowner ID numbers. Where applicable, current requirements call for one unique landowner ID number to be used in TAAMS. For this task, research was conducted to identify all multiple landowner ID numbers assigned to a beneficiary. BIA then designated one landowner ID number for future use. Then all TAAMS land ownership interests and transactions were linked to the designated landowner ID number.
- Research of land ownership interest variances for Fort Hall (30,402), Yakama (3,578), Crow Creek (5,896), Sisseton (15,070), Winnebago (2,344), Pine Ridge (802), Rosebud (1,818), Fort Totten (1,330), Fort Yuma (9,979), Papago (1,677), Uintah and Ouray (7,679), and Pima Agencies (17,762). Land ownership interest variance research compares the landowners' name, ID number and fractional land ownership interest as shown in TAAMS for a particular land tract and like information in a BIA legacy realty system, such as IRMS. Typically, variances were the result of: one system being more up to date than the other; the same individual having different landowner ID numbers in each system, or the same individual having different fractional land ownership interests in each system. Research was then conducted to identify the cause of the variance and a recommendation was made to the BIA for correction.
- Research and recommended corrections for 3,120 landowner ID number variances for Pacific Region.
- Research of non-enrolled ID number variances for Fort Yuma (330), Papago (1,527), Uintah and Ouray (132), and Eastern Navajo Agencies (748).
- Verification of four probate order inventories, for a total of 86, for the Concho and Miami Agencies.

### **Encoding**

- Encoding of surface leases for Fort Hall (933), Yakama (1,189), Rosebud (306), Fort Totten (296) and Colorado River Agencies (543). Encoding involves entering data into TAAMS. Required information is entered into TAAMS by referring to the original surface lease document and any subsequent modifications.
- Encoding 580 range unit permits for Eastern Navajo Agency.

## **STATUS REPORT TO THE COURT NUMBER TWENTY-SEVEN**

**November 1, 2006**

**Trust Data Quality and Integrity**

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### **Post-QA Review**

- Post-QA review implementation at the Rocky Mountain, Northwest, and Southwest LTROs.
- Post-QA review of BIA encoding into TAAMS Leasing for Sisseton and Winnebago Agencies.

### **Current Status**

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

- Validating and correcting Shawnee Agency beneficiary ownership data.
- Verifying the accuracy of landowner ID numbers in probate orders for the SPRO-LTRO; landowner ID numbers for 78 of 380 probate orders have been completed.
- Performing CDE validation/correction on 195, for a total of 266, Horton Agency trust land tracts.
- Encoding ROW documents for RMRO LTRO (2,725), Uintah and Ouray Agency (235), and Palm Springs Agency (474).
- Encoding 400 surface leases for GPRO LTRO, 219 O&G leases for FIMO, and 52 homesite leases for Papago Agency.

### **Delays and Obstacles**

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

### **Assurance Statement**

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

Date: October 24, 2006

Name: *Signature on File*

John E. White

Trust Reform Officer

Office of the Special Trustee for American Indians

**November 1, 2006**

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### 3. INDIAN FIDUCIARY TRUST TRAINING PROGRAM

#### Introduction

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

#### Current Status

During this reporting period, Cannon Financial Institute personnel presented five courses to 143 OST, BIA and tribal personnel. The specialty courses, *Risk Management*, *Probate*, *Asset Management*, *Fiduciary Behavior* and *Guardianships* are part of the Certified Indian Fiduciary Trust Specialist certification program.

During this reporting period, OST training staff conducted 13 training sessions for 85 OST, BIA, and contractor staff on the use of TFAS and related systems and reporting programs that include:

- CSS – used to enter, approve and post, cash transactions;
- Stratavision – contains daily, weekly and monthly reports for viewing by OST and BIA staff; and
- Historical Query Database – contains account transaction history going back to 1985.

OST and BIA staff presented two *Trust Fundamentals* courses to 38 OST, BIA, MMS, BLM, USGS, IRS, and tribal staff. This course includes such topics as the history and policy of Indian trust, current trust reform activities, job roles and responsibilities, and organization and working relationships.

#### Delays and Obstacles

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

***STATUS REPORT TO THE COURT NUMBER TWENTY-SEVEN***

**November 1, 2006**

**Indian Fiduciary Trust Training Program**

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**Assurance Statement**

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

Date: October 24, 2006

Name: *Signature on File*

Dianne M. Moran

Director, Trust Training

Office of the Special Trustee for American Indians



#### **4. RISK MANAGEMENT**

##### **Introduction**

The objectives of the risk management initiative are to design, deliver, and implement a comprehensive risk management program that includes extensive management controls for monitoring and evaluating Interior's Indian trust asset management program. The risk management program continues to be implemented by TPMC. The Office of Trust Review and Audit monitors and evaluates management corrective action plans to ensure that appropriate controls are in place to mitigate deficiencies in Indian trust programs.

##### **Accomplishments and Completions**

As previously reported, RM-PLUS content for OST trust programs was under review to meet the revised OMB Circular A-123 requirements. These revisions became effective in FY2006 and include expanded requirements for documentation, monitoring and reporting. During this reporting period:

- Testing of a sample selection of financial transactions was completed and summarized.
- The management control plan was updated to reflect all testing for A-123 and FMFIA in RM-PLUS.
- OST provided substantial comments to PMB in developing the FY2007 A-123 guidance.
- The interim and final statements of assurance were drafted, finalized and timely submitted to PMB.
- During this reporting period, OST updated and closed out the remaining eight prior-year corrective action plans that mitigated previously-identified risks.

##### **Current Status**

OST performed its FY2006 risk assessments and updated and closed out 54 of the 112 identified corrective action plans. OST continues to work on and resolve the remaining 58 identified corrective action plans from this reporting period.

BLM provided the remaining required IT security documents to OST, received training and conducted its pilot testing of risk assessments in RM-PLUS.

##### **Delays and Obstacles**

The lack of Internet access complicates the implementation and use of RM-PLUS, since it is designed as a web-based application.

**STATUS REPORT TO THE COURT NUMBER TWENTY-SEVEN**

**November 1, 2006**

**Risk Management**

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**Assurance Statement**

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

Date: October 25, 2006

Name: *Signature on File*

Margaret Williams

Deputy Special Trustee, Trust Accountability

Office of the Special Trustee for American Indians

## **5. TRUST REGULATIONS, POLICIES AND PROCEDURES**

### **Introduction**

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

### **Current Status**

In 2003, OTP formed a liaison group with members from those Interior bureaus and offices having Indian trust asset responsibilities. The group has met periodically to review policies, procedures and regulations applicable to Interior’s trust duties. Representatives from USGS, BOR, BIA, MMS, and OST met during this reporting period to discuss updates on trust reform and related developments.

Work on the Reporting and Reconciliation DOP is 95% complete. Approval and issuance of the entire DOP now is scheduled during the next reporting period.

Final issuance of the Osage Nation Account Maintenance DOP and the Osage Nation Disbursing DOP continued to be delayed due to pre-conversion activities and its impact on DOPs. These DOPs are now scheduled to be completed in the first quarter of CY2007.

### **Delays and Obstacles**

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

**STATUS REPORT TO THE COURT NUMBER TWENTY-SEVEN**

**November 1, 2006**

**Trust Regulations, Policies and Procedures**

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**Assurance Statement**

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

Date: October 25, 2006

Name: *Signature on File*

Philip Viles, Director

Office of Trust Regulations, Policies and Procedures

Office of the Special Trustee for American Indians

## **D. TRUST REVIEW AND AUDIT**

### **Introduction**

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

### **Current Status**

#### **Indian Trust Examinations**

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

During this reporting period, OTRA performed trust reviews at 20 sites, issued ten trust review draft reports for comment and issued eight final reports.

#### **Records Assessments**

The record assessment is a focused evaluation of records maintenance and security. OTRA completed 20 trust record assessments and issued 16 final reports.

#### **Compliance Reviews**

OTRA performed one investigation of allegations received and issued a draft report on the results of that review. Two reviews are pending with fieldwork and/or report drafting continuing on these cases. Two reviews were closed.

### **Delays and Obstacles**

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

***STATUS REPORT TO THE COURT NUMBER TWENTY-SEVEN***

**November 1, 2006**

**Trust Review and Audit**

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**Assurance Statement**

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

Date: October 27, 2006

Name: *Signature on File*

D. Jeff Lords

Director, Office of Trust Review and Audit

Office of the Special Trustee for American Indians

**E. OFFICE OF APPRAISAL SERVICES**

**Introduction**

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

**Accomplishments and Completions**

A mass-appraisal system was deployed in the Great Plains Region. This system provides more reliable and efficient appraisal services in a region with a high volume of appraisal requests generated from sales and agricultural leases.

The department-wide appraisal policy handbook, which incorporates the OAS handbook section, was completed and will be disseminated during the next reporting period.

**Current Status**

The Office of Minerals Evaluation within ASD has begun its initial operations. OME establishes the line of authority for mineral appraisals and performs mineral evaluation services related to the sale of mineral interests.

OAS has contracted for the development of an automated Indian Trust Appraisal Request Tracking System. After resolving a cable problem in the test region, roll-out of the pilot now is expected during the next reporting period.

OAS presented the fractionated interest study to the TESC during this reporting period.

The Deputy Chief Appraiser for Policy and Compliance, and Deputy Chief Appraiser for OST continued to implement and enforce standard appraisal practices for OAS operations.

The Deputy Chief Appraiser for OST continues to examine operations and monitor staff training requirements. In addition, audits of the workload are used to impose deadlines and help reduce the backlogs.

**STATUS REPORT TO THE COURT NUMBER TWENTY-SEVEN**

**November 1, 2006**

**Office of Appraisal Services**

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**Appraisal Backlog**

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

<b>Region</b>	<b>Appraisal Backlog As of 06/30/06</b>	<b>Appraisal Backlog * As of 09/30/06</b>
Northwest	150	0
Rocky Mountain	326	100
Midwest	69	6
Western	26	24
Southwest	3	0
Eastern Oklahoma	157	80
Navajo	71	20
Pacific	4	0
Alaska	410	267
Eastern	0	0
Southern Plains	7	0
Great Plains	2	0
<b>TOTAL</b>	<b>1,225</b>	<b>497</b>

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

This table does not include appraisal backlog information from self-governance and self-determination Tribes. The MOUs that are currently being negotiated with Tribes require quarterly reporting of backlog information. This information is expected to be incorporated into future reports to the Court.

**Delays and Obstacles**

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

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



**STATUS REPORT TO THE COURT NUMBER TWENTY-SEVEN**

**November 1, 2006**

**Office of Appraisal Services**

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**Assurance Statement**

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

Date: October 25, 2006

Name: *Signature on File*

Kathryn Gearheard

Deputy Chief Appraiser for OST

National Business Center-Appraisal Services Directorate

*November 1, 2006*

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**III. INDIAN AFFAIRS**

**A. TRUST REGULATIONS, POLICIES AND PROCEDURES**

**Introduction**

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

**Accomplishments and Completions**

**53 IAM Indian Forestry Manual** – The entire manual (11 Chapters) was released during the reporting period. The manual documents the basic policies, authorities and responsibilities for the management and protection of Indian trust forest lands.

**Current Status**

**Regulatory Initiative** – The Regulatory Initiative is divided into three phases. Phase I is the consultation and publication of the AIPRA-related regulations. The AIPRA-related regulations amend regulations addressing probate, life estates and future interests, tribal probate codes, and conveyance of Indian trust or restricted land. A tribal leader letter and CD containing the preamble and regulatory language was distributed on July 6, 2006, in anticipation of the first tribal consultation meeting. Tribal consultation meetings were held in: Rapid City, South Dakota on July 27, 2006, Billings, Montana on August 8, 2006, and Minneapolis, Minnesota on August 10, 2006. The proposed rule was published in the Federal Register on August 8, 2006 (71 Fed. Reg. 45174), and the 60-day public comment period began.

Phase II includes tribal consultation and publication of the draft Tribal Trust Fund Accounting and Appeals regulation. The draft of the Tribal Trust Fund Accounting and Appeals regulation was distributed to tribal leaders and tribal consultation meetings were held in August 2006. This initial consultation and comment period (through August 31, 2006) was an opportunity for Tribes and other interested parties to submit comments before the proposed regulations are published in the Federal Register.

In early CY2007, Interior will begin Phase III of the project. This phase includes tribal consultation and proposal for the following regulations: leasing, grazing, land acquisitions and rights-of-way.

**25 CFR 216 – Surface Exploration, Mining, and Reclamation of Lands** – The project continues on schedule, with publication of the proposed revisions expected during the first quarter of CY2007.

**STATUS REPORT TO THE COURT NUMBER TWENTY-SEVEN**

**November 1, 2006**

**Trust Regulations, Policies and Procedures**

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**25 CFR 224 – Tribal Energy Resource Agreements** – The comment period for the proposed rule ended on September 20, 2006. The comments and the proposed rule are under internal review and Interior expects to publish a final rule during the first quarter of CY2007.

**25 CFR 292 – Gaming on Trust Lands Acquired After October 17, 1998** – The proposed rule was published in the Federal Register on October 5, 2006. The public comment period ends on December 4, 2006.

**Delays and Obstacles**

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

**Assurance Statement**

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

Date: October 24, 2006

Name: *Signature on File*

Debbie L. Clark

Deputy Assistant Secretary – Indian Affairs (Management)

Bureau of Indian Affairs

**IV. BUREAU OF INDIAN AFFAIRS**

**A. FRACTIONATION**

**Introduction**

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

**Accomplishments and Completions**

- ILCP acquired 26,797 fractional interests during this reporting period, for a total of 77,577 interests during FY2006. The cumulative total for ILCP in the Midwest, Northwest, Western, Eastern Oklahoma, Navajo, Rocky Mountain and Great Plains Regions is 261,569 fractional interests.
- Of the total interests acquired during the life of the program, 85% were interests of less than 2% ownership in the respective tracts of land.
- ILCP acquired the equivalent of 66,285.44 acres during this reporting period for a total equivalent of 160,049.46 acres during FY2006. The cumulative total for ILCP is equivalent to 351,653.13 acres.
- As a result of ILCP purchases, Tribes now have 100% ownership of 227 tracts.
- ILCP completed its coordination efforts with OAS and LTROs to begin acquisitions at reservations added to the program.
- The Land Consolidation Tracking System is fully operational at all participating sites.

**Current Status**

The Winnebago Tribe of Nebraska Reservation now is participating in ILCP, bringing the total number of participating reservations to 17 located within five BIA Regions. Other reservations under consideration for future inclusion in FY2007: Fort Totten, Crow Creek, Yankton, and Turtle Mountain in the Great Plains Region; and Blackfeet, Wind River, and Fort Peck Reservations in the Rocky Mountain Region. These reservations are among the top fifteen most highly fractionated reservations in the nation.

## STATUS REPORT TO THE COURT NUMBER TWENTY-SEVEN

November 1, 2006

Fractionation

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### Delays and Obstacles

- Probate and LTRO backlogs and *Youpee*<sup>4</sup> issues continue to impede acquisitions.
- Lack of Internet access results in slower processing of applications from potential sellers and hinders searches for WAU account holders.
- Delays in obtaining land and mineral values impede acquisitions.

### Assurance Statement

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

Date: October 24, 2006

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

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<sup>4</sup> In 1983, Congress passed the Indian Consolidation Act, 25 U.S.C. §2201, *et seq.* (ILCA) to address the problem of fractionation through inheritance of trust and restricted lands. ILCA provided that very small, undivided interests could not pass by will or intestacy, but rather would escheat to the tribe with jurisdiction over the interest. These provisions were held unconstitutional in *Hodel v. Irving*, 481 U.S. 704 (1987). Congress amended the escheat provision in 1984, but it was again struck down by the United States Supreme Court. *Babbitt v. Youpee*, 519 U.S. 234 (1997). The 1984 ILCA amendments allowed landowners to devise fractionated interests in trust property to co-owners. When challenged in *Youpee*, the Court held the amendments unconstitutional because the limitation on devise and descent “shrinks drastically the universe of possible successors” and most probably excludes lineal descendants. 519 U.S. at 244. The small fractionated interests that escheated to the tribes under ILCA are often called “*Youpee* interests.” Since 1997, BIA has been working to divest the Tribes of the escheated interests and return the interests to the proper owner.

**B. PROBATE**

**Introduction**

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

**Current Status**

**Case Preparation**

Case preparation is the initial stage of the probate process. During this stage information is researched and gathered regarding the identity and whereabouts of presumptive heirs, and an inventory of the trust assets of an estate is prepared. According to ProTrac, 6,905 probate cases are in the case preparation stage.

**Case Adjudication**

Depending on the complexity of the case, probates are adjudicated by OHA Administrative Law Judges, Indian Probate Judges, or Attorney Decision Makers. According to ProTrac, 7,197 probate cases are in the case adjudication stage. As reported by OHA, deciding officials received 2,150 cases and issued decisions in 2,231 cases. OHA reported 4,760 cases pending.

**Case Closure**

Cases in the closing stage are ones that have been adjudicated but not updated in TFAS, LTRO, or the Lease Distribution System. According to ProTrac, there are 3,713 cases in the closing stage and 2,101 cases were closed during this reporting period.

**Financial Case Closure**

Financial case closure is the posting and recording of ownership and distribution of assets after the case has been adjudicated. OST reported that it distributed funds and closed 1,720 accounts in TFAS, representing 1,665 estates. As of the end of September 2006, TFAS contained 31,309 open estate accounts, which is an increase of 881 from the 30,428 estate accounts at the end of the last reporting period.

**Delays and Obstacles**

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

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

**Assurance Statement**

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

Date: October 17, 2006

Name: *Signature on File*  
William Titchywy  
Special Projects Director  
Western Region  
Bureau of Indian Affairs



V. OTHER TOPICS

A. INFORMATION TECHNOLOGY

**Introduction**

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

**Accomplishments and Completions**

**Computer Security:**

Interior continues to make progress in enhancing IT security through improvements to the POA&M<sup>5</sup> process and implementation of OIG recommendations. The most noteworthy accomplishments, completions and challenges during the reporting period are described below.

***ESN:***

- Completed an audit of all routers managed by ESN for unauthorized accounts and for appropriate configuration. This ensures that standardized configurations are in place at all external entry points.
- Architecture has been developed to provide redundancy for the Intrusion Prevention Systems and is currently being deployed. Once completed, this will ensure that Interior's networks are monitored around-the-clock, providing for a more secure computing environment.

***MMS***

- MMS stated its intent to make the MRM Internet Portal operational in the previous report to the Court. MMS made the MRM Internet Portal operational during this reporting period.

***Prevention and Monitoring:***

- The ESN upgraded the software used to manage and perform vulnerability assessments of the connected bureaus' Internet-facing systems. Once all of the

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<sup>5</sup> A Plan of Action and Milestones (POA&M), also referred to as a corrective action plan, is a management tool that outlines identified IT security program and system weaknesses along with the tasks necessary to correct or mitigate them. To facilitate the remediation of weaknesses, the POA&M process provides a means of planning and monitoring corrective actions; identifies those responsible for solving problems; assists in identifying security funding requirements; tracks and prioritizes resources; and informs senior management of the security status of programs and systems.

- bureaus have upgraded to the same version, this should enhance Interior's IT security posture by providing more capability for the detection of vulnerabilities.
- There were no security incidents detected during this reporting period that were successful in compromising trust systems or data.
  - A BIA laptop computer was inadvertently connected to the NBC network in the ESN/BIA network operations and security center. The connection was discovered during routine security monitoring. The laptop hard drive was examined by a forensic expert and determined to contain no trust information.
  - Per an independent auditor's recommendation, NBC deployed a system that provides secure connectivity between other bureaus and NBC's mainframe computer system.
  - NBC conducted independent penetration testing of its network. All identified vulnerabilities were added to the appropriate POA&Ms for tracking and remediation.

***Policies and Guidance***

- The Interior CIO issued "Enterprise Services Remote Access" to the heads of bureaus and offices on August 8, 2006. This memorandum announced that ESN remote access will replace existing bureau configurations, and requires all bureaus to transition to the ESN by January 31, 2007. Use of a single, centrally-managed remote access solution will enable the ESN to assure that external computers connecting to Interior are adequately protected and authorized before being allowed access to Interior resources.
- The Interior CIO issued "Incorporation of Findings Resulting from Internal Control Reviews...Self-Assessments into Plan of Action and Milestones..." to bureau and office Chief Information Officers on August 9, 2006. This memorandum re-emphasized that use of NIST publications is not optional for Federal agencies and restated Interior's requirement to develop remedial action plans as necessary and incorporate those plans into the appropriate POA&M.
- The Interior CIO issued "Transport Layer Security (TLS) ..." to the bureau and office Chief Information Officers on August 15, 2006. This memorandum provided clarification of the implementation guidance of TLS that was issued in June 2006. TLS provides authentication, confidentiality and data integrity between two communicating applications and is the standard required by NIST.
- The Interior CIO issued "New Records Management and Privacy Act Computer-based Training" to the Assistant Secretaries, Deputy Assistant Secretaries, and heads of bureaus and offices on August 22, 2006. This memorandum announced the availability of two new computer-based training modules on "Records Management" and "Orientation to the Privacy Act." These courses assist DOI in meeting statutory

- and regulatory training requirements for employees, contractors, partners, and volunteers within their oversight with a completion target goal of 100%.
- The Interior CIO issued “Office of the Secretary Web Sites Compliance with the DOI Web Standards” to the Office of the Secretary and Secretarial Offices – Policy, Management and Budget on August 22, 2006. This memorandum announced the establishment of an OS Web Developers work group to assist Web Managers in complying with the DOI Web Standards required by the Departmental Manual.
  - The Interior CIO issued “Protection of Personally Identifiable...Information and Department Sensitive Information” on August 25, 2006, to the heads of bureaus and offices, and bureau and office Chief Information Officers, and issued an updated memorandum on September 8, 2006. This memorandum distributed an OIG data request and established requirements to comply with OMB memorandum M-06-16, which addresses protection of sensitive agency data.
  - The Interior CIO issued “Interior Enterprise IT Security Architecture Standard” to the heads of bureaus and offices on August 28, 2006. This memorandum establishes a process to ensure that security is considered throughout the life-cycle of a system, and ensures appropriate consideration of security and privacy protection controls and requirements in enterprise/system architectures, and in strategic planning and investment decision processes.
  - The Interior CIO issued “Certification and Accreditation (C&A) Improvements” to the heads of bureaus and offices, and bureau and office Chief Information Officers on September 20, 2006. This memorandum reiterated the requirement to comply with earlier OCIO C&A Directives. It also provided guidance and timelines for correcting systemic defects which were identified during an on-going review of existing C&A documentation and processes.

***Training and Awareness***

- FISMA requires annual security awareness training for all end-users. The FY2006 Federal Information Systems Security Awareness training was completed by 98% of DOI personnel during this reporting period, including contractors and other external authorized users with access to Interior information systems.
- FISMA requires additional training for users with significant security responsibilities as defined by the roles or job functions they perform within an organization (commonly known as role-based training). The FY2006 role-based training was completed by 61% of those users.

**Plan of Action and Milestones:**

- Interior has continued to remediate and close out a significant number of weaknesses, eliminating 280 during this reporting period. However, 858 new weaknesses were

identified and added; many resulted from the annual Internal Control Review process. Interior continues to proactively address the remaining 1,702 open weaknesses. The 1,098 open weaknesses reported in the previous report should have been reported as 1,124.

**A-130 Certification and Accreditation:**

- NIST requires recertification & reaccreditation (re-C&A) periodically and whenever there is a significant change to the system or its operational environment. Over 50% of Interior's systems will be required to undergo re-C&A in FY2007.
- During this reporting period, re-C&A was completed for the BIA TAAMS.
- BLM consolidated one trust system and seven non-trust systems to create one new Land and Resources Project Office major application.

**IT Systems Architecture:**

- DOI updated DEAR by adding an input tool that will assist the bureaus in updating the C&A status of their systems. This upgrade will enhance the accuracy of the C&A information maintained in Interior's master inventory.
- The Interior EA program received the E-Gov Institute's Enterprise Architecture Award for Government Civilian Leadership in Enterprise Architecture for 2006. This award recognizes best practices in developing and implementing a successful Enterprise Architecture.
- The Interior EA program was rated as the most mature EA program within the federal government in GAO's final report "Enterprise Architecture: Leadership Remains Key to Establishing and Leveraging Architectures for Organizational Transformation..." issued on August 14, 2006. The maturity level reflects the current status of an organization in the process that consists of an orderly sequence of recommended steps for EA development.
- The MMS EA Team is refining its EA processes and procedures. Some of the upcoming major events include more detailed documentation of system components and boundaries, expanding the EA web presence and implementing several new processes and procedures for data management.
- The MMS EA Team continues to integrate its system inventory data contained in DEAR into the five DOI/OMB reference models (Business, Performance, Data, Services, and Technical). MMS expects to have the data integration completed during the next reporting period.

**E-Authentication<sup>6</sup> and HSPD-12<sup>7</sup>:**

- The HSPD-12 project will provide a new standardized badging process designed to enhance security, reduce identity fraud, and protect the personal privacy of those issued government identification. Proposals were received and are being evaluated for the HSPD-12 implementation at Interior. Award of the contract is expected early in the next reporting period.

**Current Status**

**A-130 Certification and Accreditation:**

- Of the 35 trust systems that are currently tracked in DEAR, all have full ATO status except the FWS Isolated Realty Network (IRN). IRN is currently in the ST&E stage of the C&A process and is expected to be fully accredited during next reporting period.
- BIA completed the Trust Active Directory root services C&A package in August 2006. This system provides authentication services for TrustNet, which is the network supporting the disconnected bureaus. BIA is currently coordinating a MOU among all trust bureaus. The MOU will outline how the root services will be administered and managed until being transferred to the ESN. Full accreditation is expected in the next reporting period.
- MMS began the re-C&A of MMSNet, producing updated versions of the system security plan and risk assessment documents.

**ZANTAZ<sup>8</sup>:**

- Solutions for the three BIA ZStage<sup>9</sup> irregularities, as reported in the *Status Report to the Court Number Twenty-Five*, have been identified.
  - Concerning the misconfiguration by one user that caused the user's messages not to reach ZANTAZ, BIA used a utility to transmit those messages that were able to be recovered to the ZANTAZ digital safe. BIA requested verification that

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<sup>6</sup> E-Authentication is designed to provide a trusted and secure standards-based authentication architecture. This approach would provide a uniform process for establishing electronic identity and eliminate the need to develop redundant solutions for the verification of identity and electronic signatures. E-Authentication's distributed architecture would also allow citizens and businesses to use non-government-issued credentials to conduct transactions with the government.

<sup>7</sup> HSPD-12 would establish a common identification standard for all federal government employees and contractors for physical and computerized systems and data access while providing a roadmap for other applications. The HSPD-12 policy establishes sound criteria for verifying an employee's identity designed to be strongly resistant to identity fraud, tampering, counterfeiting and terrorist exploitation. The standard includes graduated criteria, from least secure to most secure, to ensure flexibility in selecting the appropriate level of security for each application.

<sup>8</sup> ZANTAZ is a contractor that archives emails sent to and from certain bureaus and offices.

<sup>9</sup> ZStage refers to a mechanism that verifies delivery of emails to the ZANTAZ digital safe. Each message is assigned a value indicating success or failure of delivery.

randomly selected messages were present in the digital safe and ZANTAZ confirmed that they were.

- ZANTAZ notified Interior that the ZStage software was not designed to capture the notification messages informing the user of e-mail delivery failures. In the event of a network problem, capturing these notices could potentially overload the system. As previously documented, this could result in a discrepancy between sending and receiving users' message counts.
- ZANTAZ notified Interior that upgrading to the latest version of LiveCapture software will correct the process irregularity that created a false negative in the ZStage value. This is also expected to correct the NBC/BLM irregularities reported in the *Status Report to the Court Number Twenty-Six*. BLM and ZANTAZ are testing the new LiveCapture software, which identified several issues during testing that require resolution before this product can be deployed into the production environment.
- The 25 BLM tapes that were awaiting shipment to ZANTAZ, as reported in the previous report, were shipped to ZANTAZ on September 25, 2006.
- The statement of work for a forensic analysis of the 268 blank BIA tapes documented in the previous status report to the Court is being resubmitted to a wider contractor audience.

**Reports:**

These reports were among those issued during this reporting period.

- OIG issued "Penetration Testing Results for the Enterprise Services Network..." to the Assistant Secretary for Policy, Management and Budget on August 28, 2006. This report presents the results of a penetration test performed by a contractor for the OIG. This report also included the penetration testing results for FWS, OSM, MMS and NBC. The results showed that the implementation of the ESN has improved the overall security of Interior systems. MMS was noted to have continued good security, with the contractor unable to penetrate successfully any MMS application. NBC was also singled out as having made significant improvements when compared to the 2005 testing. However, FWS's environment was found to be at risk, while vulnerabilities detected at OSM were considerably more significant than previously found in 2005. Despite ESN's sound perimeter, FWS and OSM were used to launch successful application-based internal attacks. All recommendations, weaknesses and vulnerabilities that were not corrected were added to the appropriate POA&Ms for tracking and remediation.
- OIG issued "Evaluation Report for the Enterprise Services Network..." to the Assistant Secretary for Policy, Management and Budget on September 7, 2006. The report found that the foresight and planning devoted to ESN network security demonstrates a solid understanding of security best-practices. It noted that the ESN is well designed, supported by good configuration management practices, and administered by skilled

federal and contract staff. However, the OIG found that there was difficulty in compelling the bureaus to fully transition to the ESN managed services. Interior is considering the recommended improvements in continuous monitoring and testing.

- OIG issued “National Business Center – Reston Trusted Insider Threat Evaluation...,” to the Assistant Secretary for Policy, Management and Budget and the Interior CIO on August 28, 2006. This report presents the findings and recommendations of the analysis of NBC-Reston’s internal security control architecture. A normal user having physical access to an NBC-Reston workstation could fairly easily elevate his/her role to that of an administrator. The weaknesses were related to configuration management, access controls and lack of monitoring. All recommendations and weaknesses that were not corrected were added to the appropriate POA&Ms for tracking and remediation.
- OIG issued “Department of the Interior, Information Technology...System Inventory...,” to the Interior CIO on August 30, 2006. This report concluded that an IT inventory does exist, but that internal controls and system mapping to an accreditation boundary needs improvement. The report provided four recommendations which Interior has accepted and has initiated action.
- OIG issued “Evaluation Report for the Department of the Interior’s Plan of Action & Milestones Process...,” to the Assistant Secretary for Policy, Management and Budget and the Interior CIO on September 7, 2006. This report states that the POA&M process has improved, including significant improvement at the bureaus. The weaknesses noted were related to problems with the manual processing of large amounts of bureau information at the department level and the need to ensure that the POA&M process is not used to circumvent parts of the C&A process. The report’s recommendations were accepted and are being implemented.

### **Delays and Obstacles**

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

### **Staffing**

- Interior is experiencing high staff and management turnover in critical IT positions, particularly IT security. Recruitment challenges to attract qualified candidates continue, particularly in light of past litigation impacts.
  - Interior’s Deputy CISO, NBC’s CIO, BIA’s CIO, BLM’s Deputy CIO and BIA’s C&A Project Manager positions remain vacant at the end of this reporting period. Additionally, Interior’s Security Policy Lead, Security Program Manager and

ZANTAZ Liaison, NBC's CISO and BLM's IT Security Manager positions became vacant during this reporting period.

**Funding and Resources**

- The Assistant Secretary for Policy, Management and Budget issued "Fiscal Year 2007 Operations Under a Continuing Resolution" to various Interior officials, including the Interior CIO, on September 21, 2006. This memorandum provided notification that Congress would not approve Interior's appropriations bill before the beginning of FY2007. This memorandum implemented spending, contracting, hiring and travel restrictions. This may impact the ability of Interior to fill personnel vacancies, complete projects and meet deadlines until the appropriations bill is passed.

**Denied Internet Access**

Four Interior bureaus and offices (BIA, OHA, OST and SOL) have not been permitted by the Court to have Internet access since December 5, 2001. Lack of Internet access impedes work processes and the ability to communicate effectively, both internally and externally. For example:

- Maintaining security on internal systems is more difficult without access to the Internet for research, reporting, and patch management.
- Policy discussion is hampered due to additional time required in coordinating group discussions via teleconferencing when e-mail collaboration would be more appropriate and timely.
- OMB's e-Government initiative requires agencies to web-enable as many of their applications as possible. Without internet access, Interior cannot comply with this and other OMB initiatives, like consolidation of agencies' network infrastructures.
- The concerns over potential future Court-ordered Internet shutdowns or other Court-ordered disruptions create uncertainty over how to proceed with enterprise initiatives and security improvements. Without connectivity between the disconnected and online bureaus and offices, implementation of true enterprise-wide applications is difficult. Plans and funding call for only a single instance of an application to service all bureaus and offices. Many of these applications rely upon the internet to service external as well as internal customers. Providing access to the disconnected bureaus and offices would eliminate duplicate systems, networks, and data. Duplicate systems require a significant increase in resources to manually transfer data between the two systems. The possibility of future disruptions also raises concern over Interior's ability to provide services to its non-Interior customers.
- Coordination and dissemination of new policies and training is delayed due to the need to deliver material physically. Even after receipt, considerable re-work is required to tailor web-based training programs to run locally. A recent example is the



## **STATUS REPORT TO THE COURT NUMBER TWENTY-SEVEN**

**November 1, 2006**

**Information Technology**

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FY2006 Annual Federal Information System Security Awareness Training. This course is normally completed on-line through DOI LEARN, but must also be duplicated in stand-alone CD-ROM and paper forms for the off-line bureaus.

- Ensuring continuity of operations and continuity of government through the implementation of contingency plans requires rapid notification of an event. The lack of Internet access degrades Interior's capabilities to notify all of its bureaus and offices in a timely and efficient manner. Additionally, without remote access, disconnected bureaus and offices will be unable to provide services to their customers in the event of extended contingency periods that may result from pandemics or major natural events.

### **Assurance Statement**

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

Date: October 20, 2006

Name: *Signature on File*  
W. Hord Tipton  
Interior Chief Information Officer

*November 1, 2006*

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## **B. CADASTRAL SURVEY**

### **Introduction**

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

### **Accomplishments and Completions**

#### **Certified Federal Surveyor Program**

The BLM Cadastral Program developed CFedS, a certification program for private surveyors. The certification of state licensed and/or registered land surveyors and non-BLM Series 1373 Federal Land Surveyors is expected to enhance survey services under the direction and control of BLM on Indian lands. It is anticipated that the CFedS program will assure survey integrity, and should increase the production of surveys. During this reporting period:

- BLM management approved the administrative manual and handbook for the CFedS program, which documents the internal procedures for implementing the program.
- Development of the CFedS training material was completed.
- A beta-test group for training was selected and consists of 129 surveyors from 30 states, including eleven American Indians, and nine American Indian owned firms.
- The first pilot class was selected for training beginning in October 2006, with the certification examination scheduled for February 2007.
- The CFedS Certification Panel was selected and met for the first time in August. The panel, which will oversee the program, is made up of three representatives from BLM, one from BIA, one from OST, one tribal representative and two private professional land surveyors.

**Current Status**

**Interior Standards for Indian Trust Lands Boundary Evidence**

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

BLM provided the draft standards to PMB in April 2006 for inclusion in the Departmental Directives system. After these standards are incorporated as directives, Interior bureaus and offices will start using these standards to improve boundary evidence within Indian Country. During this reporting period, BLM also began the process of incorporating the standards into draft regulations.

**Implementation of the FTM**

During this reporting period, BLM continued to implement FTM goals. These goals as they relate to cadastral survey are: (1) funding for the 12 BLM Indian lands surveyors located in the BIA Regions; (2) creation of the CFedS program; (3) improving the PLSS within Indian Country; and (4) creation of one standardized source of land status information based on cadastral data that delineates the official legal land descriptions.

A team from BIA, OST, AS-IA and BLM is beginning to evaluate and document the feasibility of providing a geographic interface to the data in TAAMS. This interface should enable users to graphically portray tract boundaries of land titles and authorized uses in accordance with cadastral survey records.

**Delays and Obstacles**

**Disconnection from the Internet**

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

**Funding of the FTM**

Planning and scheduling of future FTM work is dependent on funding.

**STATUS REPORT TO THE COURT NUMBER TWENTY-SEVEN**

**November 1, 2006**

**Cadastral Survey**

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**Assurance Statement**

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

Date: October 24, 2006

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

*November 1, 2006*

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**C. MINERALS MANAGEMENT SERVICE**

**Introduction**

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

**Current Status**

**Indian Oil Valuation Rule**

MMS continued with the rulemaking process for the valuation of oil produced from tribal and allotted Indian lands. The proposed rule was published in February 2006, and the comment period ended in April 2006. MMS received and reviewed comments from Tribes, industry trade associations, industry producers, and an individual. During this reporting period, MMS decided not to issue the rule as proposed in 2006. MMS instead is taking separate actions by publishing a final rule containing technical corrections to the existing 1988 Indian Oil Valuation Rule, and by establishing a negotiated rulemaking committee to address issues regarding the “major portion” calculation for oil produced from Indian leases.

**Assurance Statement**

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

Date: October 12, 2006

Name: *Signature on File*

Richard J. Adamski  
Chief of Staff  
Minerals Revenue Management  
Minerals Management Service

*November 1, 2006*

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**ACRONYMS AND ABBREVIATIONS**

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

## **STATUS REPORT TO THE COURT NUMBER TWENTY-SEVEN**

**November 1, 2006**

### **Acronyms and Abbreviations**

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CSS	Customer StrataStation
CTM	Comprehensive Trust Management Plan
DAA	Designated Approving Authority
DEAR	DOI Enterprise Architecture Repository
DDoS	Distributed Denial of Service
DLRM	DOI Land and Resource Management
DM	Departmental Manual
DMZ	De-Militarized Zone
DNS	Domain Name Server
DOI	Department of the Interior
DOP	Desk Operating Procedure
DoS	Denial of Service
DQ&I	Data Quality and Integrity
DRM	Data Reference Model
EA	Enterprise Architecture
ENA	Eastern Navajo Agency
EORO	Eastern Oklahoma Region office
ERO	Eastern Region office
ESN	Enterprise Services Network
ETP	Enterprise Transition Plan
FAMS	Facilities Asset Management System
FAR	Federal Acquisition Regulation
FBMS	Financial Business Management System
FFMIA	Federal Financial Management Improvement Act
FIMO	Farmington Indian Minerals Office
FIPS	Federal Information Processing Standards
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FRC	Federal Records Center
FRD	Functional Requirements Document
FTM	Fiduciary Trust Model
FTO	Fiduciary Trust Officer
FWS	U.S. Fish and Wildlife Service
GAO	Government Accountability Office
GCDB	Geographic Coordinate Data Base
GIS	Geographic Information System
GLO	General Land Office
GLADS	Great Lakes Agency Database System
GPRO	Great Plains Region office
GPS	Global Positioning System
GSA	General Services Administration
GSS	General Support Systems
HSPD-12	Homeland Security Presidential Directive 12
IAM	Indian Affairs Manual
IATO	Interim Approval to Operate

## *STATUS REPORT TO THE COURT NUMBER TWENTY-SEVEN*

**November 1, 2006**

### **Acronyms and Abbreviations**

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ICR	Internal Control Review
IEA	Interior Enterprise Architecture
IFTR	Indian Fiduciary Trust Records
IG	Inspector General
IIM	Individual Indian Money
IITD	Individual Indian Trust Data
ILCA	Indian Land Consolidation Act
ILCO	Indian Land Consolidation Office
ILCP	Indian Land Consolidation Project
IM	Instruction Memorandum
InfoDat	Indian Forestry Database
Interior	Department of the Interior
IP	Internet Protocol
IPJ	Indian Probate Judges
IPv6	Internet Protocol Version 6
IQCS	Incidence Qualification and Certification System
IRM	Information Resources Management
IRMS	Integrated Records Management System
IRN	Isolated Realty Network
IRS	Internal Revenue Service
ISA	Information Security Assessment
IT	Information Technology
ITARS	Indian Trust Appraisal Request Tracking System
ITRS	Indian Trust Rating System
IV&V	independent verification and validation
LAN	Local area network
LCTS	Land Consolidation Tracking System
LMS	Learning Management System
LR2000	Legacy Rehost 2000 System
LRIS	Land Records Information System
LTIC	Land Tenure in Indian Country
LTRO	Land Titles and Records Office
MA	Major Applications
MAD/LCP	Management Accounting Distribution/Land Consolidation Program
MADS	Management Accounting Distribution System
MMD	Missing Mandatory Documents for Unrestricted Accounts
MMS	Minerals Management Service
MOU	Memorandum or Memoranda of Understanding
MRM	Minerals Revenue Management
MRMSS	Minerals Revenue Management Support System
MWRO	Midwest Region office
NARA	National Archives and Records Administration
NBC	National Business Center
NILS	National Integrated Lands System
NIPTC	National Indian Programs Training Center

## **STATUS REPORT TO THE COURT NUMBER TWENTY-SEVEN**

**November 1, 2006**

### **Acronyms and Abbreviations**

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NIST	National Institute of Standards and Technology
NORC	National Opinion Research Center
NPS	National Park Service
NRO	Navajo Region office
NWRO	Northwest Region office
O&G	Oil and Gas
OAS	Office of Appraisal Services
OCIO	Office of the Chief Information Officer
OHA	Office of Hearings and Appeals
OHTA	Office of Historical Trust Accounting
OIG	Office of the Inspector General
OME	Office of Minerals Evaluation
OMB	Office of Management and Budget
OSM	Office of Surface Mining
OST	Office of the Special Trustee for American Indians
OTFM	Office of Trust Funds Management
OTP	Office of Trust Regulations, Policies and Procedures
OTR	Office of Trust Records
OTRA	Office of Trust Review and Audit
PAR	Performance and Accountability Report
PFM	Policy and Financial Management
PII	Personally Identifiable Information
PIV	Personal Identity Verification
PLSS	Public Land Survey System
PMB	Policy, Management and Budget
PMSO	Project Management Support Office
POA&M	Plans of Actions and Milestones
Post-QA	Post Quality Assurance
PPA	Office of Planning and Policy Analysis
PRIS	Production and Response Information System
PRO	Pacific Region office
ProTrac	Probate Case Management and Tracking System
QA	Quality Assurance
QC	Quality Control
RAF	Recommended Action Forms
RAS	Rangeland Administration System
RDRS	Royalty Distribution and Reporting System
REM	Real Estate Module
RFP	Request for Proposal
RM-PLUS	Risk Management Assessment/Evaluation tool
RMRO	Rocky Mountain Region office
ROW	Rights-of-Way
SANS	SysAdmin, Audit, Network, Security
SCADA	Supervisory Control and Data Acquisition
SDA	Special Deposit Accounts

## **STATUS REPORT TO THE COURT NUMBER TWENTY-SEVEN**

**November 1, 2006**

### **Acronyms and Abbreviations**

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SDLC	System Development Life Cycle
SMEs	Subject Matter Experts
SMS	System Management Servers
SOL	Office of the Solicitor
SPRO	Southern Plains Region office
SSA	Social Security Administration
SSM	System Security Manager
SSP	System Security Plan
ST&E	Security Test and Evaluation
Statements	Historical Statements of Account
STIGs	Security Technical Implementation Guides
SUS	System Update Servers
SWRO	Southwest Region office
TAAMS	Trust Asset and Accounting Management System
TAP	Technical Architecture Profile
TBCC	Trust Beneficiary Call Center
TESC	Trust Executive Steering Committee
TFAS	Trust Fund Accounting System
TPMC	Trust Program Management Center
TRAC	Trust Tracking and Coordination
Treasury	Department of the Treasury
TRM	Technical Reference Model
TRO	Temporary Restraining Order
UAT	User Acceptance Testing
USGS	United States Geological Survey
USPAP	Uniform Standards of Professional Appraisal Practice
VBNS	Very High Performance Backbone Network Service
VPN	Virtual Private Network
WAN	Wide area network
WAU	Whereabouts Unknown
WRO	Western Region office

*November 1, 2006*

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