

Trust Management Improvement Project

Quarterly Status Report to the Court Number 2

For the Period
February 1, 2000 to April 30, 2000



May 31, 2000

UNITED STATES DEPARTMENT OF THE INTERIOR

ABBREVIATIONS AND REFERENCES

AICPA American Institute of Certified Public Accountants
ALJ Administrative Law Judge
ATB Appraisal Technical Board

BIA Bureau of Indian Affairs
BIAM Bureau of Indian Affairs Manual
BLM Bureau of Land Management
BOR Bureau of Reclamation

CIO Chief Information Officer
CFR Code of Federal Regulations
COTS Commercial-Off-The-Shelf

DOI Department of the Interior
DSR Document Search Report

FIMO Farmington Indian Minerals Office
FRC Federal Records Center
FWS Fish and Wildlife Service
FY Fiscal Year

GAO General Accounting Office

HLIP High Level Implementation Plan

IA Office of the Assistant Secretary for Indian Affairs
IAM Indian Affairs Manual
IARM Indian Affairs Records Management
IIM Individual Indian Monies
ILCA Indian Lands Consolidation Act
IRMS Integrated Records Management System

ISD Instructional Systems Design
IT Information Technology

LRIS Lands Record Information System
LTRO Land Title and Records Office

MMS Minerals Management Service
Mhz Megahertz
MOTS Modified-Off-The-Shelf

NARA National Archives and Records Administration

OHA Office of Hearings and Appeals
OIG Office of the Inspector General
OSM Office of Surface Mining
OST Office of the Special Trustee for American Indians

OTFM Office of Trust Funds Management
OTLSR Office of Trust Litigation Support and Records

OTR Office of Trust Responsibilities

PC Personal Computer
PMB Office of the Assistant Secretary for Policy, Management and Budget

RDRS Royalty Distribution and Reporting System
RFI Request for Information
RFP Request for Proposals
RMP Royalty Management Program

SBA Small Business Administration
SOL Office of the Solicitor
SSA Social Security Administration

TAAMS Trust Asset and Accounting Management System
TFAS Trust Funds Accounting System
TIA Technical Investment Analysis
TMIP Trust Management Improvement Project

TPEC Technical Performance Evaluation Committee
TPP BIA Office of Trust Policy and Procedures

UNM University of New Mexico
U.S.C. United States Code
U.S.D.C. United States District Court
USGS U.S. Geological Survey

BIA Office Title Changes	
Current Office Title	Former Name
Alaska Region	Juneau Area
Eastern Region	Eastern Region
Eastern Oklahoma Region	Muskogee Area
Flathead Field Office	Flathead Agency
Great Plains Region	Aberdeen Area
Midwest Region	Minneapolis Area
Navajo Region	Navajo Area
Northwest Region	Portland Area
Pacific Region	Sacramento Area
Rocky Mountain Region	Billings Area
Southern Plains Region	Anadarko Area
Southwest Region	Albuquerque Area
Western Region	Phoenix Area

Company Abbreviations:

?? Applied Terravision Systems, Inc (**ATS**)
 ?? DataCom Sciences, Inc. (**DataCom**)
 ?? Macro International (**Macro**)
 ?? Performance Engineering Corporation (**PEC**)
 ?? Productive Data Solutions, Inc. (**PDS**)
 ?? SEI Investments, Inc. (**SEI**)
 ?? SRA International, Inc. (**SRA**)

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Introduction

Reporting Requirement

In the matter of *Cobell v. Babbitt*, the United States District Court for the District of Columbia on December 21, 1999, ordered the Department of the Interior (Department) to submit quarterly reports on actions taken to correct breaches identified by the Court. These breaches relate to the Federal government's statutory trust responsibility to individual Indians. This is the second status report submitted pursuant to the Court's Order. This report documents two major subject areas: 1) actions and changes pertaining to the Revised and Amended High Level Implementation Plan (HLIP) that have occurred since the end of the reporting period of Quarterly Report # 1, and 2) steps taken by the Department to rectify Court declared breaches of trust.

Reporting Period

Quarterly Report # 2 covers the reporting period of February 1, 2000 to April 30, 2000. There may be reference to actions or changes that have occurred before or after this reporting period if information is pertinent and was available prior to printing this document.

Structure and Format of This Report

While this is the second quarterly status report to the Court, this is the first stand-alone quarterly report issued pursuant to the Court's December 21, 1999 Order. Quarterly Report # 1 was filed at the same time as the Revised and Updated HLIP because the Court instructed the Department to submit Quarterly Report #1 no later than March 1, 2000 and include activities from June 10, 1999.

In this Report, the Department provides substantial information that satisfies its obligations to the Court and serves the information needs of the Congress (Committees and the General Accounting Office), management officials throughout the Department and the Executive Branch, and affected individual Indians and tribes. Subsequent Quarterly Status Reports will follow the format of this report.

The body of the report covers the 11 subproject chapters and the four breaches the Court identified in its December 21, 1999 Order and Memorandum Opinion. However, the discussion of the HLIP Records Management Subproject has been combined with the discussion of the second breach concerning Retention of IIM-Related Documents. All future reporting on Records Retention will appear under the Records Management subproject heading.

Each HLIP subproject and breach section contains the following information:

Summary Table: A table recapping the status of actions that were scheduled for completion during the current reporting period.

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Summary of Milestones Due This Quarter: A narrative description of actions taken on milestones identified in the table.

Summary of Significant Activities: A narrative description of other activities that merit attention and any issues that may have arisen that would affect trust reform.

Changes to the HLIP: Identification of any needed changes to the Revised and Updated HLIP with a rationale or explanation for those changes.

Corrections: A summary of any errors (see definitions below) identified in the Revised and Updated HLIP, the Quarterly Report #1, or any subsequent reports.

The first item in the Quarterly Status Report Appendix will always be the Milestones charts, current as of the end of the previous reporting period. The remainder of the Appendix will contain relevant documents executed during the reporting period that are referenced in the text.

Definitions

For clarity, it is necessary to make a distinction between “changes” and “corrections” that have been made to the Revised and Updated High Level Implementation Plan of February 29, 2000. Changes and corrections may apply as well to prior editions of the Quarterly Report.

A “change” is viewed as a substantive modification to the plan as it was originally published. Examples of such modifications would be the addition, elimination or substantial revision of a subproject, milestone or task, or a major change in a targeted deadline.

A “correction” is a mistake such as a typographical error or an inadvertent omission which does not accurately represent the original intent of the authors.

Highlights of the Current Reporting Period

During the period February 1 to April 30, 2000, the Department has continued to move forward on trust reform. The pages that follow constitute a record of significant milestones and actions taken in the eleven subproject areas of the Revised and Updated HLIP and the four breach areas.

Selected Major Activities and Accomplishments:

?? On March 29, the full implementation of the Trust Funds Accounting System (TFAS) was completed and consequently no further reporting on this subproject is contemplated. On this date, the Department completed the conversion of the last of the remaining 71,000 accounts to TFAS. With this conversion there are now over 269,000 IIM and tribal accounts on this commercially delivered, state of the art, trust finance system. The system provides basic collection, accounting, investment, disbursing, and reporting functions common to commercial trust fund management operations.

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- ?? On April 28, the Secretary approved the recommendation of his senior policy advisors to deploy the title function of TAAMS to the BIA and tribal land title and records offices after a user test was completed in a satisfactory manner. That test, observed by the Department's Deputy Chief Information Officer and representatives from the General Accounting Office, provided the information needed to move forward on TAAMS deployment. TAAMS is a modern system-based asset and accounting management system needed to undergird the administration of BIA's trust assets.
- ?? On April 28, the Secretary signed Secretarial Order 3215 which sets forth principles for the discharge of The Department's trust responsibility. All Departmental regulations, policy statements, instructions and manuals regarding the discharge of the Secretary's trust responsibility are to be interpreted or developed using these trust principles. The Department intends to convert this Order to permanent guidance in its Departmental Manual.
- ?? On May 24, the Senate unanimously confirmed Tom Slonaker of Arizona to be the second Special Trustee for American Indians. Mr. Slonaker's appointment is an important achievement in management of its trust responsibilities.
- ?? By letter dated May 31, 2000, the Department requested Congressional approval to reprogram \$3.2 million appropriated to the Office of the Special Trustee for trust management improvement activities to fund the balance of costs identified to remedy identified breaches. This reprogramming is possible due to revised project estimates for several trust improvement projects which would otherwise result in carryover funding balances.

Activity Report
HIGH LEVEL IMPLEMENTATION PLAN

1. OST DATA CLEANUP				
ID	Milestone/Task	Target Date	Completion Date	<u>Status</u>
L.	Continue Gathering IIM Administrative Trust Jacket Folders and Trust Records from Other Areas	Ongoing	03/29/00	Completed
P.	Identify, Report on, Organize and Initiate Follow-on Post Conversion Cleanup Efforts			
	- Eliminate Duplicate Accounts	03/31/00	03/29/00	Completed
	-Transfer Tribal IIM Accounts	03/31/00	03/29/00	Completed

Summary of Milestones Due This Quarter:

- L. **Continue Gathering IIM Administrative Trust Jacket Folders and Trust Records from Other Areas.** This Milestone was completed in March 2000 with more than 19,000 boxes of IIM trust records brought from BIA and OST locations and stored in Albuquerque, including some 6,000 boxes of IIM jacket file folders. In the next two to three months approximately 1,000 more boxes of recent field financial trust records and 1,000-plus boxes of OTFM main office trust records related to ongoing operations will be centralized in OTLSR storage and added to active file jackets.

- P. **Identify, Report on, Organize and Initiate Follow-on Cleanup Efforts.**
Duplicate Accounts: In actions prior to the March 29, 2000 conversion of the remaining BIA Regions--Southern Plains, Eastern Oklahoma, and Northwest--duplicate accounts were eliminated (Duplicate Accounts are those with the same account number in two or more BIA regions). During the course of the Data Cleanup and TFAS Implementation more than 15,000 such duplicate accounts were eliminated through consolidation into a single IIM account for each account holder.
Tribal "IIM" Accounts: Similarly, with the end of March conversion to TFAS, existing Tribal "IIM" Accounts were dispersed or moved out of the IIM account pool to a proper new, or existing Tribal trust account(s).

Summary of Other Significant Activities:

Missing Documentation: Efforts to locate missing documentation were continued under the previously announced plan to use DataCom Inc. contract resources. As reported in the Revised and Updated HLIP, progress to locate missing file jacket documentation was achieving limited success. To date, only slightly more than 5,500 missing documents have been obtained through direct contacts with account holders, BIA agencies and Tribes. During the reporting period DataCom pursued the new effort to stratify accounts in order to

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focus on more critical and high volume accounts. A management decision on this approach awaits data and information expected to be available over the next two months.

Whereabouts Unknown: More success has been realized in the area of *Whereabouts Unknown*, where the use of an external credit bureau database has produced a high percentage of matches. The commercial agency, TransUnion, provides search capability for individuals whose whereabouts are unknown through an automated, secure computer search of its current data base. For instance, OTFM provided 3,803 names and social security numbers and/or last known addresses from the Western Region to TransUnion. The company matched 2,359 account names and social security numbers from its data base, providing current address information, or a 63% success ratio. Further, TransUnion, using an associated proprietary software package provided information regarding "death claims" on 138 account names, indicating a possible probate action as the next step. OST will next follow up to confirm the 2,359 addresses to ensure currency, and extend this search to other BIA Regions.

Resolving Accounting Discrepancies: A new, senior staff member has been selected within the Office of the Special Trustee, and will be assigned responsibility to manage this effort. This individual, a Certified Public Accountant, reports for duty in June 2000. It is expected that additional contract support will be required given the magnitude and complexity of the existing accounting discrepancies.

Resolve Jacket Folder Retention / Production Issue with Tribes. The Director of OST/OTLSR, along with the BIA Northwest Region Director, met with Confederated Tribes of the Umatilla Indian Reservation leaders in Portland in February to negotiate the transfer of IIM jacket folders from that agency. A delegation from the Umatilla Tribe visited Albuquerque and discussed the records in detail with in April. Negotiations continue concerning imaging, custody, and privacy matters relating to the records. OST-initiated discussions and negotiations with the Standing Rock Sioux Tribe have not met with success. The Department is considering other options.

Changes to the HLIP: None

Corrections: None

2. BIA DATA CLEANUP

ID	Milestone/Task	Target Date	Completion Date	<u>Status</u>
No milestones were scheduled for completion during this reporting period.				

Summary of Milestones Due This Quarter: N/A

Summary of Other Significant Activities:

Rocky Mountain Region (Billings) Cleanup Status: A number of efforts are underway to enter data not currently stored in TAAMS such as “metes and bounds” land descriptions. The Rocky Mountain region will be the first BIA office to have data analyzed under the data analysis program described below. That analysis will provide an objective measurement as to the date, accuracy, and completeness of Rocky Mountain Region data. DataCom has researched data cleanup work from anomaly reports generated and produced by the BIA’s Geographic Data Service Center. This work includes encoding into LRIS and IRMS. To date more than 2,000 LRIS cases, involving over 16,000 tracts, have been researched by DataCom employees. Totals for IRMS include just over 2,500 cases completed encompassing more than 2,300 tracts.

Alaska Region (Juneau) Cleanup Status: During the month of March, the contractor continued to examine, review and encode tracts into TAAMS. The Juneau staff will focus on one Alaska area at a time, starting with Cook Inlet. By completing a region versus a tract type, the process substantiates the usefulness of the TAAMS applications and allows the Alaska Title Service Center ample opportunity to demonstrate how the various tracts interact within the TAAMS system. A probate heirship task has been initiated. This project requires the data examiners to review every probate and to build a probate database with the following fields: probate number; decedent name; decedent identification number; probate heirs and identification numbers; and fractional ownership. This database will identify a complete link between allotment tracts and pertinent probates while also assisting with probate research.

Great Plains Region (Aberdeen) Cleanup Status: Seven agencies were addressed in the LRIS data cleanup project during March 2000 for the Great Plains. The cases initially completed by DataCom staff total 5,857 including DataCom Identified Anomalies cases for the Great Plains Region and 215 cases for the Midwest Region. There have been 3,052 total cases completed and 415 cases awaiting BIA approval.

The contractor has been assigned to assist with document processing tasks which involve verifying owner land descriptions, posting land to Land Indexes, and encoding deeds and leases into the LRIS system. To date a total of 145 tracts have been affected and 114 deeds and leases encoded for the Great Plains Region and 11 encoded for the Midwest Region.

Navajo Region Data Cleanup Status: Data cleanup continued on the Indian identification anomaly list. Staff completed research on 113 cases during the month of March. The Albuquerque LTRO Manager requested that data cleanup staff focus additional effort on the research process for the Fee Owner anomaly list that consists of 248 identification (ID) numbers.

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Western Region (Phoenix) Data Cleanup Status: The data cleanup focus will start with an Allotment and Estate Cards task (A&E cards). The process consists of verifying the probate estate with the information on the A&E card. This enables the researcher to have cross-referenced information in the same file. Upon completion of this pre-cleanup, the primary focus will be on the Fee Owner ID task. The primary focus continues to be on the on-going data cleanup for the Multiple Owner ID task, encoding probates into LRIS for the Probate Backlog project, starting on the Multiple Document project, and initiating administrative modifications.

Northwest Region (Portland) Cleanup Status: DataCom employees continued research work on data cleanup from the anomaly reports specific to the Northwest Region. The work consisted of data cleanup research only. To date, DataCom employees are processing approximately 2,600 cases.

Pacific Region (Sacramento) Cleanup Status: During March, DataCom continued to work on the Duplicate Owner Identification Task and other Indian identification anomalies. To date, 35 out of the 624 total anomalies identified for the Duplicate Owner ID Task have been completed. Several cases have been provided to the LTRO Manager to amend incorrect document numbers and add missing mineral tracts before concurrence is given on the cases.

Southern Plains Region (Anadarko) Cleanup Status: The Southern Plains Region staff is continuing to improve both its quality and quantity of casework through daily sharing of information and suggestions from BIA and DataCom employee input. Current tasks include research of Duplicate Owner ID's from anomaly lists. Work in progress for the first full month of operation consists of over 400 cases for the Southern Plains Region. This includes researching and recommending changes, as necessary. The DataCom staff has also recorded 29 DataCom Identified Anomalies during the first month of operation.

Eastern Region (Arlington, VA) Cleanup Status: Data Cleanup Tasks for the Eastern Regional Office continue with 58 boxes remaining to be reviewed, identified and inventoried for encoding to a database specifically designed for the Eastern Regional Cleanup. The Eastern Regional Data Cleanup staff completed work on 14 boxes of the original 72 that were identified as review work by the Realty Office at Eastern. The staff reviewed, labeled, inventoried, and encoded the findings into a database designed for the Eastern Data Cleanup staff. The database design will determine document classification between a legal land record and real property management (supporting documentation to a realty transaction) and original versus a copy.

Changes to the HLIP: None

Corrections: None

3. PROBATE BACKLOG

ID	Milestone/Task	Target Date	Completion Date	Status
M.	Amend OHA Regulations and Promulgate BIA Regulations that Establish Policies and Procedures for the Indian Probate Program			
	- Publish an Interim Final Rule to Permit BIA Attorney Decision-Makers to Make Summary Distributions	04/30/00	05/02/00	Completed using a modified approach. Change was accomplished as a technical amendment. It was determined that an interim final rule was not necessary.

Summary of Milestones Due This Quarter:

M. Amend Office of Hearings and Appeals (OHA) Regulations and Promulgate BIA Regulations that Establish Policies and Procedures for the Indian Probate Program.

-Publish OHA Interim Final Rule: The amendment of the OHA regulation to provide for the processing of summary distribution probate cases with cash-only assets under \$5,000 was published as a technical amendment to the existing regulation on May 2, 2000. This technical amendment changed the authority for performing summary distributions from "superintendent" to "BIA". The BIA will use this authority to allow the summary distribution to be performed by the attorney decision-maker or the BIA Superintendent.

Summary of Other Significant Activities:

BIA Draft Regulations: The regulations for the probate program have been drafted and were circulated among the regional directors, agency superintendents, and tribal representatives for comments during the week of April 17-20, 2000. Tribal consultation on the draft proposed regulations is ongoing; the target date for publication of the proposed regulations is June 30, 2000. OHA has identified regulations that may have to be amended to be consistent with the new probate regulations.

Subproject Manager: Kathleen Supernaw was recruited from the Office of the Solicitor, Tulsa Field Office, in late April and reported during the first week in May to serve as joint subproject manager with Charles Breece, Deputy Director, OHA, on the Probate Project Implementation Team. Vacancy announcements to hire the implementation team members are currently scheduled for issuance on June 15, 2000.

Probate Workload and Backlogs: BIA will hire attorney decision-makers, secretaries, probate specialists and probate clerks to be located in the ten BIA regional offices and the agency and field offices. All of the position descriptions have been prepared and are undergoing classification. The projected date for the publication of the vacancy announcements for

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attorney decision-makers and secretaries is May 31, 2000, and positions are to be filled by July 31, 2000. The assessment of BIA field office staffing needs is in progress with the contractor's report due on June 1, 2000. Options are being explored with contractors to address training needs.

With regard to the OHA's progress on the backlog, OHA decided 342 probate cases during this quarter. OHA has made considerable progress in opening new offices and hiring additional Administrative Law Judges (ALJs) and probate staff. Requests to locate and lease space in four locations have been completed, and the General Services Administration has identified space in three of four locations (Rapid City, South Dakota; Bismarck, North Dakota; and Phoenix, Arizona). OHA expects to occupy leased space in these locations by July or August 2000. The vacancy announcements advertising ALJ positions have closed and applicants are currently being interviewed. OHA expects to hire four additional ALJs by June 2000. Vacancy announcements for support staff positions (paralegals, and legal clerks) in new OHA offices were published by April 30. Support staff positions are expected to be filled by July 2000. Vacancy announcements for recruiting Indian probate judges were published on May 18, 2000, with an anticipated hiring date of July 31, 2000.

BIA has drafted a statement of work to amend the existing contract with DataCom to perform the tasks of posting and recording the backlog final probate orders at the BIA regional Land Title and Records Offices and BIA agency and field offices. The BIA is finalizing its statement of work, and after approval, BIA expects to have the contract modified by May 31, 2000. This amended contract will be used to reduce the backlog in posting and recording by December 31, 2001. BIA and the contracting office are determining whether the existing BIA contract with DataCom may be modified to contract for the elimination of the probate case backlog.

Probate Backlog Created by *Youpee v. Babbitt*: The Pawnee agency under the Southern Plains Regional Office has been selected as the site for the *Youpee* pilot project and will serve as the model to estimate the nation-wide costs to reduce the *Youpee* probate backlog. Funds have been allocated to the regional office to conduct the pilot for the LTRO and agency. The pilot commenced on May 1, 2000, and is expected to be completed by September 30, 2000.

Expand Existing OHA Caseload Tracking into a Joint Interim System: OHA prepared a statement of work for the expansion of OHA's tracking system into a joint BIA/OHA interim system based on an identified best practice (that was previously developed in Oklahoma) for BIA's electronic submission of probate cases to OHA. It is anticipated that this contract will be awarded by June 2000. The interim tracking system is to be in place by December 31, 2000. The conversion of the interim tracking systems into TAAMS is a component of this contract. For manual file maintenance, initial plans to improve probate record keeping are to examine Departmental standards for document collection to determine how to coordinate application of these standards to BIA and OHA probate records.

Changes to the HLIP: None

Corrections:

1. At page 38 of the HLIP, the first full paragraph, the number "6,000" should be changed to "4,000". The number 6,000 is a typographical error.

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2. At page 48 of the HLIP, in the last full paragraph, the month on the last line should be changed from "June" to "December". OHA's regulations must be consistent with BIA's final regulations which will be published by December 30, 2000. The month of June referred to the proposed, not the final, regulations.
3. At page 133 of the HLIP, Milestone L should be changed to "To Be Determined". The published date of 10/31/00 mistakenly refers to the completion date for the equipment needs assessment, not to the conversion to TAAMS.
4. On page 133 of the HLIP, in the milestone chart for Probate Backlog, a missing task for Milestone M should be inserted to properly reflect the Probate Section text on page 49. The task is: "Publication of an Interim Final Rule to Permit BIA Attorney Decision-Makers to Make Summary Distributions". The target date is 04/30/00

4. BIA APPRAISALS

ID	Milestone/Task	Target Date	Completion Date	Status
I.	Contract On-Line Real Estate Providers in Locations Where Available	04/30/00	04/28/00	Pending contract award

Summary of Milestones Due This Quarter:

- I. **Contract On-Line Real Estate Providers in Locations Where Available:** The Revised HLIP indicated that the Chief Appraiser would request a BIA-wide contract with First American Real Estate Solutions by April 30, 2000. All BIA Regional Offices were asked to identify counties where BIA service would be required. Based on the Regional Office submissions, the Chief Appraiser submitted a Statement of Work to the BIA's contracting office on April 28, 2000, however a contract is not yet in place due to technical contract issues.

Summary of Other Significant Activities:

Determine and Ensure Certification Qualifications of BIA Appraisers: During the quarter, two additional BIA appraisers received state certification and one more person has submitted an application for certification. For BIA, this brings the to 27 the total number of personnel certified since the program began. In addition, the BIA has created and filled a new position to serve as Senior Review Appraiser. This individual has considerable experience in Federal appraisal procedures and will assist the BIA's Chief Appraiser on the BIA Appraisals project and program.

Develop and Maintain Database for Tracking Appraisals: In March, a TAAMS Appraisal Module Design Team (seven appraisers) met to define the current status of the appraisal process and developed a standardized diagram for the appraisal system across all areas. The team has identified three components for the appraisal module: (1) Appraisal Management, (2) Automated Valuation, and (3) Comparable Sales Database. The team is continuing to refine design requirements.

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Reduce Rocky Mountain Region Appraisal Backlog: Four appraiser teams (20 appraisers) eliminated 278 appraisals from the backlog in the Rocky Mountain Regional Office between February and April. The teams typically consist of two senior and three staff appraisers, detailed from other BIA Regions and Agencies, who work two-week details (This is also an opportunity to provide on-the-job training to the less experienced staff appraisers who are working toward state certification - see Milestone A). The BIA also contracted with independent appraisal contractors to provide three market analyses to support the appraisals. The market analyses consisted of general real estate market data and delivery of comparable land sales and leases. This data was further analyzed by BIA appraisers and incorporated into a final appraisal report.

The BIA has discovered that as allottee and tribal land owners witness the addition of appraisal staff to agencies, these owners request new transactions (e.g. gift deeds, sales, leases) of that BIA realty and trust resource staff, thereby significantly increasing the appraisal workload. Additional appraisal teams have been scheduled to address these new backlogs.

Program Reviews: Five appraiser teams (15 appraisers) conducted one-week regional program reviews in March and April. As part of their services and interviews, the teams analyzed staffing, appraiser qualifications, appraiser process and reporting (including the use of the standardized protocol identified within the Real Estate Appraisal Handbook and the standardized appraisal request form), workload and workflow analysis, record keeping, organizational structure, training, conflict of interest, budget and financial analysis, vulnerability for waste, fraud and abuse, and equipment.

Changes to the HLIP: None

Corrections:

1. HLIP page 134, Milestone C: Remove "Completed 06/30/00" and insert "09/30/00". This change is consistent with the Milestone C text on page 55.

5. TFAS				
ID	Milestone/Task	Target Date	Completion Date	<u>Status</u>
T.	Complete Data Cleanup for Remaining Conversion Sites	Ongoing	03/29/00	Completed
W.	Deploy TFAS to Remaining Sites			
	-Southern Plains Regions	03/31/00	03/29/00	Completed
	-Eastern Oklahoma Region	03/31/00	03/29/00	Completed
	-Northwest Region	03/31/00	03/29/00	Completed
X.	Stabilize and Adjust	05/31/00	04/30/00	Completed

Summary of Milestones Due This Quarter:

- W. **Deploy TFAS to Remaining Sites:** On March 29, 2000, the remaining BIA Regions -- Southern Plains, Eastern Oklahoma, and Northwest Regions -- were successfully converted to TFAS, on schedule. A total of 71,000 accounts were added to those accounts already on TFAS from previous conversions making a total of 262,169 IIM and Tribal accounts on the new TFAS system. The conversion included an automated account-to-account comparison and manual statistical sampling. As a result of accounts opening and closing on the TFAS system in other regions since the first conversion, this brings the total number of open accounts as of March 31, 2000 to 269,975.
- X. **Stabilize and Adjust:** This effort concluded on April 30 within the 60-day timeframe allotted in the HLIP. The final conversion of three BIA Regions went smoothly. There were no significant stabilization problems or adjustments required following conversion. This completes the two year effort to acquire, convert and install a new commercially leased, centrally operated and maintained off-the-shelf standard trust accounting system for Indian Tribes and Individual Indian trust account holders.

This completes this Subproject. No further reporting under the High Level Implementation Plan for this subproject is contemplated.

Summary of Other Significant Activities: N/A

Changes to the HLIP: None

Corrections: None

6. TAAMS

ID	Milestone/Task	Target Date	Completion Date	<u>Status</u>
K.	Complete System Modification Effort			
	-Title Portion	05/30/00	04/17/00	Completed
R.	Deployment Decision Review	03/31/00	03/22/00	Completed

Summary of Milestones Due This Quarter:

K. Complete System Modification Effort:

Title – A User Test conducted April 21-24, 2000 concluded that the land title functionality of TAAMS was sufficient to initiate deployment to all BIA and tribal land records offices.

Realty – Final design requirements to the TAAMS leasing module were developed by the TAAMS design team and delivered to Applied Terravision Systems, Inc. (ATS) on April 28, 2000. ATS will now begin incorporating these final requirements into the TAAMS release 1.0 for leasing due August 28, 2000..

R. Deployment Decision Review: The Department of Interior completed a deployment decision review in March as scheduled. At that time, the DOI decided not to deploy until after a second user test was conducted in April. Upon completion of the April User Test the DOI decided to deploy the land title and records function of TAAMS.

Summary of Other Significant Activities:

Deployment to BIA and Tribal Sites: A limited set of TAAMS user licenses were deployed to six BIA title plants and two tribal title plants the week of May 15, 2000. The initial deployment is to provide TAAMS access to these offices so that they may query the Billings database for probate purposes. Deployment readiness planning is continuing for full deployment at the Juneau LTRO in June.

Complete TAAMS Deferred Modifications: A final resolution to mandatory-deferred items, originally identified in the contract, cannot be completed until Release 1.0 is validated, tested and deployed.

Changes to the HLIP: None

Corrections:

To Quarterly Report # 1:

- In the third paragraph of Item 3 on page 1 it is stated that the realty module is scheduled to be completed in April (2000). The correct date is August 2000. Preliminary information was inadvertently used.

- On page 13, under Subproject 6 - Trust Asset and Accounting Management System, the fourth paragraph under the heading "Changes" incorrectly states that "Completion of all mandatory realty functions and the interfaces is scheduled for December 2000". The correct date is August 2000. Preliminary information was inadvertently used.

7. MMS SYSTEM REENGINEERING

ID	Milestone/Task	Target Date	Completion Date	<u>Status</u>
K.	Develop Financial System Consistent with Contract Deliverables Schedule and Transition and Training Strategies			
	- Establish Financial Contract Management Plans and Schedule for Development Deliverables from Award Date to 9/30/01, and Commence Systems Analysis, Design and Development Activities which will include Testing and Independent Validation of TAAMS/TFAS Interfaces	01/31/00	01/31/00	Completed
	-Complete COTS Fit Analysis	02/28/00	02/28/00	Completed
	<i>-Complete General Design for Future Financial System</i>	06/30/00		New Task
	<i>-Finalize Data Conversion Plan</i>	10/13/00		New Task
	<i>-Finalize System Test Plan</i>	12/15/00		New Task

Summary of Milestones Due This Quarter:

K. Develop Financial System Consistent with Contract Deliverables Schedule and Transition and Training Strategies:

- Working with Andersen Consulting, project plans and schedules for the design, development and implementation of the new Royalty Management Program (RMP) financial system were finalized and documented. Timelines associated with all project activities along with key milestones and project deliverables are reflected in these plans.

- An analysis was completed in February to determine the extent to which functionality of PeopleSoft Financials for Government and Education matches the requirements of the future RMP financial environment. The degree of "fit" is indicative of the amount of customization that will be required to respond to the functional requirements and accomplish mission objectives. The analysis revealed a very good fit which will keep modifications to PeopleSoft and creation of customized software within acceptable levels.

Summary of Other Significant Activity: N/A

Changes to the HLIP:

- At the request of Departmental management, three additional tasks have been added to span the time between March 2000 and February 2001. These fall under Milestone K:
 - Complete General Design for Future Financial System 06/30/00
 - Data Conversion Plan Finalized..... 10/13/00
 - System Test Plan Finalized 12/15/00

These additional subproject milestones were added to better reflect project activities. The completion of the general design is a major project event as is completion of detailed designs. The two events were separated to more appropriately demonstrate their significance to HLIP readers. Much of the work associated with the project revolves around the creation of plans which will in turn govern development and implementation of the new financial system. Milestones reflecting this aspect of the project were also added to convey a better sense of the breadth and depth of the reengineering effort (Data Conversion Plan and System Test Plan).

- Under Milestone M, the following changes should be noted:

“Award Compliance System Contract. (Key milestones to be Provided for the Implementation Plan Once Contract is Awarded)...09/30/00

Two changes were made to Milestone M – The first change was to delete “and Complete Development and Installation” – the second change was to remove TBD and specify the milestone date of 9/30/00. The “TBD” was removed and the date of 9/30/00 was specified based on experience to date with the financial development contract, the progress to date that has been made with requirements definition for the compliance system, and the decision to move the acquisition effort forward using the current financial system development contractor. The deletion of “and Complete Development and Installation” was made because Milestone M focuses only on the contract award. Milestone N provides for the development and delivery of the compliance system.

Corrections:

1. On page 137, under the milestone chart for MMS System Reengineering, the initial line for Milestone K should have no scheduled date (1/31/00 is shown). Scheduled dates are attributable to each task under that milestone.
2. Under Milestone K, the fourth task should be corrected as indicated due to a typographical error:

“Complete Detailed Application Design... 08/31/00”
3. The fourth task was changed in two respects. The date for the task was a typographical error in the HLIP and was corrected from 1/30/00 to read 6/30/00. This task description was also amended to split the general design from the detailed design thus providing an additional task element to track progress. With this split, the fourth task became “Complete

General Design for Future Financial Systems” with a completion date of 6/30/00. A fifth task was added to reflect the detailed design aspect of the development. The fifth task is “Complete Detailed Application Design” with completion date of 8/31/00.

8. RECORDS MANAGEMENT				
ID	Milestone/Task	Target Date	Completion Date	<u>Status</u>
N.	Lift BIA Moratorium on Retiring Records to the Federal Records Centers	03/31/00	04/04/00	Completed
T.	Establish Evaluation Teams and Begin Cyclic Evaluations of Records Programs	04/30/00	04/27/00	Completed
X.	Review Trust Records Policies, Procedures, with MMS, BLM, OHA, and Establish Continuing Dialogue	02/29/00	01/31/00	Completed

Summary of Milestones Due This Quarter:

- N. **Lift BIA Moratorium on Retiring Records to the Federal Records Centers** On January 21, 2000, IARM confirmed with the National Archives and Records Administration that the moratorium on transferring BIA records to Federal Records Centers was lifted. On April 4, 2000, the Deputy Commissioner for Indian Affairs distributed a memorandum to BIA staff announcing that the moratorium was lifted.

- T. **Establish Evaluation Teams and Begin Cyclic Evaluations of Records Programs:** This Milestone was scheduled to start no later than April 2000 and will recur systematically thereafter. During March, a draft evaluation procedure was prepared and the first evaluation was conducted at the Southern Pueblos Agency (Southwest Region) on April 27, 2000. Recognizing that records management programs at most BIA locations have been neglected for some time, IARM will use the evaluation process as a means to identify major problems and help set priorities for program improvements.

- X. **Review Trust Records Policies, Procedures with MMS, BLM, OHA, and Establish Continuing Dialogue:** This milestone was scheduled to start by February 2000. On January 31, 2000, IARM initiated dialogue with these organizations, obtaining copies of MMS and BLM trust-related record-keeping policies and procedures. In March, meetings were held with BLM and that agency submitted a draft HLIP project proposal for review by OST/OTLSR. Discussions were also held along similar lines with MMS.

Summary of Other Significant Activities:

Complete Plan to Comply with Electronic Records Requirements: In March, IARM conducted preliminary analyses to determine relevant requirements and in April met with a commercial service provider to discuss a potential contract for the development of a plan. During this quarter the Electronic Records Division was provided additional positions to enable more attention to this work.

Eliminate Existing Disposition Backlog at BIA Locations: While this Milestone is scheduled to be completed no later than May 2002, work is in progress. IARM approved the transfer of over 300 boxes to Federal Records Centers (FRC). In February, a nationally known records management services provider, Iron Mountain, was engaged to work with various BIA offices nationwide to inventory and pack records for shipment to FRCs.

Complete Systematic Centralization of OST Financial Trust Records: This Milestone was completed in 1999 with more than 19,000 boxes of IIM trust records brought from BIA and OST locations and stored in Albuquerque. In April 2000, an additional 800 boxes of ongoing work (trust financial records created since the initial centralization) were packed, inventoried, and transferred to the OST records facility in Albuquerque from the 13 locations corresponding with *Cobell* Paragraph 19 document production. In the next two or three months approximately 1,000 more boxes of recent field financial trust records and 1,000-plus boxes of OTFM main office trust records related to on-going operations will be centralized in OTLSR storage.

Hire Records Management Specialists: Since the recruitment of the initial 12 records management specialists, recruitment action for five new positions was initiated in April, a permanent Records Center Manager for the OST records centers was hired and reported to duty, and recruitment action is underway for three Archives Technicians and a Records Center Specialist.

Train Records Staff and Trust-Related Program Personnel: During this reporting period, approximately 350 BIA/OST employees were trained in "Basic Files Maintenance and Records Disposition" and approximately 50 BIA employees were provided "Records Management for System and Program Managers" training. Arrangements with commercial training organizations were completed for IARM staff training in Indian Law, Public Law 93-638, Freedom of Information Act, Privacy Act, Electronic and Vital Records, and Disaster Recovery Act. A contract was also awarded to a commercial firm to develop a records management video and other training aids.

Resolve Jacket Folder Retention/Production Issues with Tribes: The Director of OST/OTLSR, along with the BIA Northwest Region Director, met with Confederated Tribes of the Umatilla Indian Reservation leaders in Portland in February to negotiate the transfer of IIM jacket folders from that agency. A delegation from the Umatilla Tribe visited Albuquerque and discussed the records in detail in April. Negotiations continue concerning imaging, custody, and privacy matters relating to the records. OST-initiated discussions and negotiations with the Standing Rock Sioux Tribe have not met with success. The Department is considering other options.

Analyze Records Storage Requirements: This Milestone is scheduled to be completed no later than December 31, 2001. In March 2000, IARM analyzed the information from the certifications the BIA regional directors made to the Deputy Commissioner of Indian Affairs in December 1999, as supplemented by the telephone survey conducted by IARM in January 2000. IARM is using the analysis, as well as the information derived during the ongoing "clean-up" efforts and transfers to records centers, to determine appropriate storage requirements for current operating records.

Establish Life Cycle Database (Inventory) for Trust and Other Records: In March and April, OTLSR staff evaluated three commercial off-the-shelf database records management systems being used by other Federal and commercial organizations, including associated

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hardware and software requirements. The software functions include electronic record keeping, records scheduling, and folder, box, and inventory management capabilities.

Complete Vital Records Plan: During March and April, IARM staff collected information and worked with the National Archives and Records Administration to determine relevant requirements so that an action plan can be developed. IARM also met with a commercial service provider with demonstrated competence in this area to discuss a potential contract for the development of the plan.

Complete Submission of Records Control Schedules to NARA: In February, the Director, OTLSR, and IARM held two days of discussions with U.S. Department of Treasury, National Archives and Records Administration, and Office of Trust Funds Management experts to identify common financial records requirements. In April, IARM worked with NARA representatives to establish an action plan for developing OST records schedules.

Changes to HLIP: None

Corrections: None

9. POLICIES AND PROCEDURES

ID	Milestone/Task	Target Date	Completion Date	<u>Status</u>
B.	Develop Trust Principles for Departmental Management of Indian Natural Resources and Trust and Restricted Funds			
	- Departmental Clearance	04/30/00	04/28/00	Completed
C.	Develop Departmental Regulatory Initiatives for 2000			
	-MMS Comment Period Closes	03/06/00	03/06/00	Completed
	-OHA: <i>Interim Final Rule – Indian Probate Summary Distribution</i>	04/30/00	05/02/00	Completed
D.	Identify Departmental Programs and Functions that Affect Indian Trust Resources			
	- <i>Prepare Agency Guidance Memorandum</i>		05/09/00	<i>New Task (see below)</i>

Summary of Milestones Due This Quarter:

- B. Develop Trust Principles for Departmental Management of Indian Natural Resources and Trust and Restricted Funds:** On April 28, 2000, the Secretary signed Secretarial Order 3215: "Principles for the Discharge of the Secretary's Trust Responsibility." This order encompasses requirements found in the American Indian Trust Fund Management Reform Act of 1994, as well other general Indian trust management principles. The order charges all those under the Secretary's jurisdiction who carry out the trust responsibility to ensure that the trust principles are followed when developing, amending, interpreting and executing policies, regulations, manuals and other guidance on Indian trust assets. The order will be of central importance to the effort to ensure that all offices and bureaus in the Department understand and carry out the Secretary's trust responsibilities in a manner that is thorough and consistent.

The final Order is the result of consultations with Indian tribes, which began with regional consultation meetings in the Fall of 1999. The Office of the Special Trustee participated extensively in the development of the Order and met with its advisory board and the Inter-Tribal Monitoring Association of Indian Trust Funds (ITMA) to solicit their input. During this reporting period, the Assistant Secretary - Indian Affairs, the Deputy Commissioner for Indian Affairs and the BIA Office of Trust Policies and Procedures (TPP) staff met several times with the trust policies and procedures working group of the National Congress of American Indians (NCAI) to obtain their recommendations for the Order. The draft Order was addressed at the Federal Bar Association's annual Federal Indian Law symposium in Albuquerque. Finally, Assistant Secretary Gover was questioned about the Order during testimony before the Senate Committee on Indian Affairs, which expressed serious concern about the Order. Secretary Babbitt and Assistant Secretary Gover received two letters from the Committee urging caution or outright abandonment of the effort. By keeping channels of communication open and working with NCAI and Senate staff until the day the Order was signed, the Department was able to accommodate most of the substantive concerns of the tribes, tribal organizations and Members of Congress.

- C. Develop Departmental Regulatory Initiatives for 2000: *BIA's "First Tier" Regulations:*** During this reporting period, first drafts of the BIA's "first tier" trust management regulations were reviewed by BIA regional directors, superintendents, and field program staff, as well as by the Solicitor's Office, the Assistant Secretary and the Deputy Commissioner for Indian Affairs. TPP, in coordination with BIA Central Office program staff and the Solicitor's Office, reviewed the comments and produced revised drafts of the regulations. Revised drafts were disseminated to NCAI, tribes and BIA regional and agency staff for their review and comment prior to issuing the proposed rule. The Assistant Secretary, Deputy Commissioner and TPP staff met with the NCAI work group to discuss the draft regulations and communicated regularly regarding the development of the regulations. The draft regulations were the principal subject of the semi-annual BIA Managers' Conference in Phoenix in April, where they were discussed thoroughly with regional directors and agency superintendents in small work groups. Superintendents then conducted local meetings with the Tribes within their administrative jurisdiction to discuss the draft regulations and to encourage tribes to submit comments prior to the publication of the proposed rules. The Solicitor's Office completed its primary review of the draft regulations in mid-April.

The BIA continues to expect to publish the proposed rules and open a public comment period (which will include formal consultations with Tribes) at the end of June. However,

there are factors external to the Department that may extend the date of publication of the proposed regulations. For example, the Office of Management and Budget has determined that the proposed revision of 25 CFR Part 115 is "significant" from a policy perspective and therefore has requested additional time to review this draft regulation. The BIA will continue to work closely with OMB and NCAI to publish the proposed regulations on schedule.

Minerals Management Service (MMS):

The MMS comment period for the rule addressing the valuation of oil produced from leases on Indian trust lands closed on March 6, 2000. Work continues on the review and accommodation of the public comments. Final publication will be held in abeyance until the implications of the case *Independent Petroleum Association of America v. Armstrong* {91 F. Supp. 2d 117 (D.D.C. March 28, 2000)} can be determined.

Office of Hearings and Appeals (OHA):

?? **Publish OHA Interim Final Rule:** The rule was published as a final technical amendment. The amendment was submitted to the *Federal Register* on schedule on April 26, 2000, and published on May 2, 2000. This technical amendment changed the authority for performing summary distributions from "superintendent" to "BIA". The BIA will use this authority to allow the summary distribution to be performed by the attorney decision-maker or the BIA superintendent. The rule is necessary to inform the public, prior to final publication of the BIA probate regulation (25 CFR Part 15), that authority for handling summary distributions may be redirected, in accordance with the Probate Backlog subproject plan.

?? **Develop and Propose Rules to Accommodate BIA Probate Regulation:** During the reporting period, OHA identified those portions of its regulations that require revision to accommodate the BIA probate regulation, once that rule becomes final. It is expected that OHA will publish those rules in coordination with the finalization of 25 CFR Part 15, by December 2000.

D. Identify Departmental Programs and Functions that Affect Indian Trust Resources:

A guidance memorandum was prepared during this reporting period to communicate common instructions and expectations about two tasks identified in the HLIP, as well as the completion dates to which the bureaus and offices committed themselves. Attached to the memorandum is Secretarial Order 3215 and a list of questions prepared by TPP staff to assist non-BIA offices and agencies to systematically review their policies and procedures for performing activities relating to the management of Indian trust assets. The memorandum also refers to the Trust Policies and Procedures Council, the composition of which was revised during the reporting period to include the Special Trustee for American Indians, the Assistant Secretary - Policy, Management and Budget, the Assistant Secretary - Indian Affairs, and the Deputy Commissioner of Indian Affairs. The memorandum was finalized on May 9, 2000, after the Secretarial Order was signed and the composition of the Trust Policies and Procedures Council was revised.

Summary of Other Significant Activities:

Designate Department-Level Project Manager and Transfer Subproject from OST to BIA:

In this reporting period, two attorneys have been hired and the candidate roster was received for the remaining TPP vacancy for a Special Assistant on the TPP staff, which will be filled in the next two months.

Coordination With Other HLIP Subprojects and Responsible Offices:

In this reporting period the TPP staff consulted and arranged to conduct regular meetings with representatives of the Probate Backlog, TAAMS, Internal Controls, Systems Architecture, and Records Management subprojects. Regular weekly meetings have been established with OST, OTFM, the Solicitor's Office and the Deputy Commissioner to work out policy and procedural issues of common responsibility. These meetings will continue indefinitely, and decisions will be documented to ensure clarity and consistency.

Changes to the HLIP: None

Corrections:

1. On page 108, Section C.3 of the HLIP: (a) In the second sentence, change the month from "June" to "December." This OHA rule is necessary to accommodate the final BIA probate regulation and can only follow publication of the final BIA rule. (b) After the first sentence, add the following sentence, which reiterates the text on p. 49 of the Probate Backlog chapter: "By April 30, 2000, OHA will publish an interim final rule to change the authority for performing summary distributions from "Superintendent" to "BIA."
2. On page 139 of the HLIP, Milestone C: There should be two OHA milestones – (1) Publish interim final rule on April 30, 2000, and (2) Publish proposed rule on December 30, 2000.

10. TRAINING				
ID	Milestone/Task	Target Date	Completion Date	<u>Status</u>
B.	Provide TFAS Systems Training with TFAS System Deployment	03/31/00	03/24/00	Completed

Summary of Milestones Due This Quarter:

- B. **Provide TFAS Systems Training with TFAS System Deployment:** Training at the final three BIA regions converted to TFAS was accomplished on schedule, occurring immediately prior to conversion to maximize retention of training information. Training for 40 OTFM staff and 6 tribal staff occurred March 20-24, 2000. TFAS training now has been provided to personnel in all BIA regions. To date, 325 OTFM, 275 BIA, 120 tribal, 30 contractor and 8 Farmington Indian Minerals Office personnel have participated in the TFAS Systems Implementation Training beyond the initial training that included 105 personnel.

Summary of Other Significant Activities:

Deliver TAAMS Training Consistent with TAAMS System Deployment for BIA Areas: The week of May 8, 2000, Applied Terravision Systems Inc. trained 20 BIA and tribal staff on the new title function of TAAMS. This was in preparation for the deployment of TAAMS beginning May 15, 2000.

Provide Remedial Systems Training (TFAS and TAAMS): With the initial TFAS training effort coming to a conclusion, efforts are now underway to evaluate and ensure that all personnel working on the TFAS system receive additional, or follow-up training when necessary. TFAS follow-up training will include reviewing TFAS functionality, processing flows, procedures and other information. This task will be ongoing to address staffing changes and to offer continuing refresher courses in the material.

Changes to the HLIP: None

Corrections: None

11. INTERNAL CONTROLS

ID	Milestone/Task	Target Date	Completion Date	<u>Status</u>
F.	Map Weaknesses to Current Improvement Efforts	04/30/00	04/21/00	Completed

Summary of Milestones Due This Quarter:

F. Map Weaknesses to Current Improvement Efforts: On April 21, 2000, OST completed the mapping process which entailed analyzing the recommendations contained in many audit and investigative reports and several summary documents prepared for Congressional testimony. In total, 88 documents were analyzed and mapped to current HLIP subprojects and milestones. The majority of the recommendations in prior audit reports and other documents are covered by currently planned improvement efforts. A few are not specifically or directly addressed; however, they are mostly program management recommendations. The status of these recommendations will be determined in a Department-wide survey of internal control programs.

Summary of Other Significant Activities:

Analyze Weaknesses to Determine Current Status – Resolved or Unresolved: Using the results of the mapping task, work began in late April 2000 to complete the follow-up process. The task includes segregating all open recommendations by responsible bureau or office and determining current status of efforts to resolve the issue(s). Primary bureaus to be contacted include BIA, MMS, BLM, OIG, and PMB. Initial contacts have been made with BLM and MMS; BIA and others were contacted in early May. After determining resolution status from the responsible bureau, OST will confirm with the responsible audit/oversight organization or PMB that the recommendations are resolved or assess the additional resolution actions necessary. A determination will then be made whether planned improvement actions can/should be modified to effect resolution or whether other actions are necessary.

Two staff members were added to the Internal Controls group in March and April 2000 and OST is drafting the organizational and staffing proposal to obtain Departmental approval of the Office of Risk Management.

Changes to the HLIP: None

Corrections:

The last sentence of the second paragraph on page 128 (under Milestone H.) should be corrected as follows: *Further, they must ensure that the tools necessary to accomplish the goals and objectives are being ~~met~~ provided.*

RECTIFYING BREACHES OF TRUST IDENTIFIED BY THE COURT

1. COLLECTION OF MISSING INFORMATION FROM OUTSIDE SOURCES

ID	Milestone/Task	Target Date	Initiation Date	<u>Status</u>
No milestones were scheduled for completion during this reporting period.				

Summary of Milestones Due This Quarter: N/A

Summary of Other Significant Activities:

Acquire Project Staff and Funding: Brian Pogue was selected and began work as Project Manager on March 23, 2000. Staffing and initial budget requirement of about \$624,000 has been identified and efforts are underway to secure resources.

Assess the Feasibility of Developing a Complete Electronic Transaction History File for IIM Accounts: An electronic file documenting debits and credits for IIM accounts from October 1994 to present has been prepared and is currently being analyzed by a contractor. The contractor will identify IIM accounts open during the appropriate period, average number of transaction per account, balances during the period, source of funds (if available), and workflow data, along with other account information.

Changes to the HLIP: None

Corrections: None

2. RETENTION OF IIM-RELATED TRUST DOCUMENTS

ID	Milestone/Task	Target Date	Completion Date	<u>Status</u>
[Refer to HLIP Subproject Section 8 – Records Management]				

[Refer to HLIP Subproject Section 8 – Records Management]

3. COMPUTER AND BUSINESS SYSTEM ARCHITECTURE

ID	Milestone/Task	Target Date	Completion Date	Status
A.	Initiate Trust Management Architecture Project	04/15/00	04/14/00	Completed
	2. Establish management organization	03/15/00	03/15/00	Completed
	6. Build electronic library of documents	03/15/00	03/15/00	Completed
	7. Inventory of policies and procedures	03/28/00	03/28/00	Completed
	8. Develop detailed work plan	04/15/00	04/14/00	Completed
	9. Appoint project manager	03/15/00	02/16/00	Completed
	10. Develop resource requirements	04/15/00	04/15/00	Completed

Summary of Milestones Due This Quarter:

- A 2. **Establish management organization:** Charters for both of the organized groups have been written. Assignments of representatives from each of the trust management organizations (OST, BIA, MMS, BLM, OHA) to the Architecture Work Group have been made. The Technical Oversight Committee, with executives from each of those Trust Management organizations, has met. A Project Manager was assigned on February 16, 2000. A contract is being negotiated to bring Dr. Steven Spewak on as consultant. As developer of one of only two architecture methodologies referenced in the Federal CIO Council's Federal Enterprise Architecture Framework (Version 1.1, September 1999), Dr. Spewak is a foremost authority on computer and business systems architecture. He is being brought on as an expert advisor on both process and products of the Trust Management Architecture project.
- A 6. **Build electronic library of documents:** An electronic library of reference documents was established. The library contains key reference documents for the project, including the Court's Memorandum Opinion (dated December 21, 1999); the High Level Implementation Plan, revised and updated February 29, 2000; the Computer and Business Systems Architecture Framework Plan, dated February, 2000; various source materials from the bureaus/offices which document the business processes and systems presently in use; and documents from bureau/office planning sessions clarifying future systems and business procedures not yet implemented. In addition, some documents related to architecture efforts in other agencies are included. Each deliverable from the plan and other pertinent documents related to the preparation of the Architecture for the Trust Improvement Project will also be included in this electronic library.

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- A 7. **Inventory of applicable policies and procedures:** An inventory of policies and procedures was created, using input from each of the trust management organizations. The inventory was stored in the electronic library of documents on March 28, 2000. Coordination with HLIP Policies and Procedures Project Manager ensured our efforts are closely synchronized with that subproject. The inventory will be amended to reflect the HLIP Policies and Procedures updated project inventory in July 2000, and throughout their project, as that inventory is revised. Coordination meetings with the Policies and Procedures Project Manager are planned to verify business and policy decisions being made are included in the business rules of the architecture effort.
- A 8. **Detailed work plan:** The detailed work plan was completed April 14, 2000. This plan outlines the tasks and milestones scheduled for completion in the nine phases as published in the Architecture Framework Plan, dated February 2000. None of those completion dates have been modified.
- A 9. **Appoint architecture project manager:** Julia Laws of the Chief Information Officer's immediate staff was named to manage the overall architecture project. This assignment was reported in the Architecture Framework Plan submitted March 1, 2000.
- A 10. **Resource requirements:** Resource requirements, including all the bureau/office staffing, contracting and other costs for the duration of the 18 month project, have been identified and efforts are underway to secure them.

Summary of Other Significant Activities: N/A

Changes to the HLIP: None

Corrections: None

4. WORKFORCE PLANNING

ID	Milestone/Task	Target Date	Completion Date	Status
A.	Conduct Preliminary Workforce Planning Review in Trust Management Organizations and Determine Workforce Planning Requirements and Schedule	02/29/00	02/29/00	Completed
B.	Develop Statement of Work (Task Order) and Provide to Contractor	03/13/00	03/23/00	Completed
C.	Award Contract	03/20/00	03/24/00	Completed
D.	Designate Workforce Planning Project Manager and Bureau/office Planning Team Members	03/20/00	03/10/00	Completed
E.	Provide Bureaus/Office Workforce Planning Instructions	03/20/00	03/20/00	Completed
F.	Bureaus/Offices Kick-Off Meetings with Contractor	03/24/00	03/24/00	Completed
H.	Scan Environment: Analyze Workforce Competencies	04/30/00	04/27/00	(see below)

Summary of Milestones Due This Quarter:

- A. **Conduct Preliminary Workforce Planning Review:** The preliminary workforce planning review was completed. The procedure described in the Workforce Planning Report was followed.
- B. **Develop Statement of Work (SOW):** The SOW was completed for three participating organizations (BIA, OHA, BLM) on March 23, 2000. The SOW focus is on determining the current workforce and projecting future staffing requirements for three bureaus, including establishing a database of personnel to help project staffing needs required to handle current and future caseloads.
- C. **Award Contract:** A contract was signed with Macro International on March 24, 2000.
- D. **Designate Workforce Planning Project Manager and Bureau/Office Planning Team:** Jeanette Hanna was designated as Interim Project Manager. Participating bureaus designated team members/contacts for the project.
- E. **Provide Bureaus/Offices Workforce Planning Instructions:** Due to timing of the project, verbal instructions outlining the focus of the SOW were provided to three bureau contacts during the week of March 17, 2000. Bureau contacts were asked to provide all pertinent data (e.g. position description, personnel data, accounting citations, etc.) for each identified employee to the contractor.

- F. **Bureaus/Offices Kick-Off Meetings with Contractor:** A meeting was held with the contractor on March 22, 2000. Team members were updated on the meeting, statement of work, etc. on March 23-24, 2000.
- H. **Scan Environment: OHA/BIA:** On April 27, 2000, the contractor completed an analysis of occupations, grade levels, skills, experience, age, retirement eligibility, turnover rates, and other factors for OHA and BIA.
BLM: On May 2, 2000, the contractor reported that it will complete the same type of analysis for BLM within the contract period.

Summary of Other Significant Activities: N/A

Changes: (See H. above.)

Corrections: None

APPENDICES

1. OST DATA CLEAN UP

Subproject Manager: Doug Lords, OST

<u>Milestone</u>	<u>Schedule</u>
A. Establish Project Charter	Completed 11/30/96
B. Organize Project and Temporary Staff to Conduct Records Cleanup Pilot.....	Completed 12/31/96
C. Select and Cleanup a Test Agency	Completed 03/31/97
D. Select Additional Test Site and Cleanup Records	Completed 06/30/97
E. Develop and Refine Cleanup Processes.....	Completed 06/30/97
F. Acquire Contractor to Perform Cleanup of Administrative Records in 18 Months..	Completed 08/27/97
G. Select Pilot Site - BIA's Phoenix Area	Completed 11/13/97
H. Task Contractor for Methods Study, Planning, & Production Gear-up	Completed 12/31/97
I. Task Contractor to Initiate, Conduct and Complete Cleanup	Completed 01/05/98
J. Gather Western Region Trust Records Centrally in Albuquerque	Completed 02/03/98
K. Finish Cleanup of Western Region Administrative Trust Records.....	Completed 03/29/98
L. Continue Gathering IIM Administrative Trust Jacket Folders and Trust Records from Other Areas	Ongoing
M. Oversee Contractor's Efforts and Report on Progress.....	Ongoing
N. Resolve Jacket Folder Retention/Production Issue with Tribes.....	Ongoing
O. Complete IIM Jacket Folder Cleanup.....	Completed 09/30/99
P. Identify, Report on, Organize and Initiate Follow-on Post Conversion Cleanup Efforts:.....	Ongoing
Eliminate Duplicate Accounts.....	(03/31/00)
Transfer Tribal IIM Accounts	(03/31/00)
Locate Missing Documents	Ongoing
Revise Management Coding (Plan Development)	(09/30/00)
Continue Research/Resolving Whereabouts Unknown Accounts (Eval. Point)...	(09/30/00)
Resolve Special Deposit Accounts (Plan Development)	(09/30/00)
Settle Issues with Small Balance/Inactive Accounts	Ongoing
Resolve Accounting Discrepancies	Ongoing

[Current as of February 29, 2000]

2. BIA DATA CLEAN UP AND MANAGEMENT

Subproject Manager: Dom Nessi, BIA

<u>Milestone</u>	<u>Schedule</u>
A. Assign BIA Data Administrator and Data Administration Team.....	Completed 08/31/98
B. Identify Data Elements, Standards, & Metrics & Ownership Issues	Completed 03/26/99
C. Perform Data Quality Analysis.....	Completed 12/31/98
D. Procure Data Cleanup Contractor Assistance.....	Completed 03/01/99
E. Develop Data Cleanup Strategy, Policies and Procedures	Completed 08/31/99
F. Train on Data Cleanup and Data Quality Policies and Procedures	Ongoing
G. Perform Pre-Deployment Data Cleanup in Current Systems	To Be Initiated 06/30/00
H. Monitor Data Integrity for Each BIA Office.....	Ongoing
I. TAAMS Post-Deployment Cleanup.....	12/31/03
J. Post Data Cleanup Auditing	Ongoing
K. BIA Data Management.....	Ongoing

[Current as of February 29, 2000]

3. PROBATE BACKLOG

**Subproject Manager: Charles Breece, OHA
Larry Scrivner, BIA**

<u>Milestone</u>	<u>Schedule</u>
A. Strategies to Reduce Backlogs	
Establish Attorney Decision Maker Positions as An Alternative	
Means of Deciding Cases	07/31/00
Elimination of Summary Distribution Backlog	12/31/ 00
Complete Decisions on Current Docket and Incoming Cases.....	09/30/02
Complete Decisions on Pending Cases	09/30/02
Posting and Recordation of Probate Orders.....	12/31/01
Contract for Elimination of Probate Case Processing Backlog	12/31/02
B. Address Probate Backlog Created by <i>Youpee v. Babbit</i>	09/30/04
C. Conduct Two-Phased Indian Probate Reinvention Lab to Develop a Reengineered Probate Process.....	Completed 11/29/99
D. Establish OHA / BIA Implementation Team to Coordinate Implementation of Redesigned Probate Process	09/30/00
E. Authorize Increased Summary Distribution Threshold for BIA Agency Superintendents	Completed 08/24/99
F. Legislation to Authorize Hiring Indian Probate JudgesCompleted 11/99
G. Hire Additional OHA Staff and Reopen Probate Offices	09/30/00
H. Complete Staffing Needs Assessment to Determine Staffing Levels at BIA Field Office	
Phase I.....	06/01/00
Phase II.....	03/31/01
I. Hire BIA Probate Staff and Establish BIA Professional Corps	06/30/01
J. Identify Indian Probate Training Needs	08/31/00
K. Expand Existing OHA Caseload Tracking into a Joint Interim System	12/31/00
L. Convert Interim Probate Tracking into a Comprehensive Probate Tracking and Caseload Management System	10/31/00
M. Amend OHA Regulations and Promulgate BIA Regulations that Establish Policies and Procedures for the Indian Probate Program	
BIA Draft Regulations	06/30/00
Promulgation of BIA Regulations	12/31/00
Promulgation of OHA Regulatory Amendments	07/31/01
N. Continue to Identify and Implement BIA and OHA Best Practices through Implementation Phase of Reengineered Probate Process.....	Ongoing
O. Coordinate Implementation of Improved Probate Record Keeping Strategies.....	07/31/00
P. Initiate Customer Service Outreach.....	Initiate 09/30/00; ongoing thereafter
Q. Initiate Partnerships with Other Federal Agencies.....	08/31/01
R. Establish Partnerships with Indian Tribes	
Inventory of P.L. 93-638 Tribes.....	12/31/00
Model Memorandum of Understanding	09/30/00
Inventory of Tribal Inheritance Codes	03/31/01
Model Inheritance Code	06/30/01

[Current as of February 29, 2000]

4. BIA APPRAISAL PROGRAM

**Subproject Manager: Gabriel Sneezy,
BIA**

<u>Milestone</u>	<u>Schedule</u>
A. Determine and Ensure Certification Qualifications of BIA Appraisers	Ongoing
B. Development of a Real Estate Appraisal Handbook.....	Completed 10/14/98
C. Develop and Maintain Database for Tracking Appraisals	Completed 06/30/00
D. Evaluate and Survey Fair Market Value Appraisal Requirements.....	06/30/00
E. Hire Bureau-wide Chief Appraiser	Completed 06/21/99
F. Create Appraisal Technical Board	Completed 04/27/99
G. Implement a Standard Appraisal Request Form.....	Completed 11/22/99
H. Implement an Automated Comparable Sales/Lease Database System	09/30/00
I. Contract On-Line Real Estate Providers in Locations Where Available	04/30/00
J. Upgrade the Bureau's Automated Systems	09/30/00
K. Realign Line Authority to Ensure Consistent Management and Overview of Appraisal Program	05/31/00
L. Reduce Rocky Mountain Region Appraisal Backlog.....	08/31/00

[Current as of February 29, 2000]

5. TRUST FUNDS ACCOUNTING SYSTEM

Subproject Manager: Dianne Moran, OST

<u>Milestone</u>	<u>Schedule</u>
A. Obtain DOI and CIO Approval for the System and Approach	Completed 11/23/97
B. Develop and Submit a RFP and Statement of Work.....	Completed 12/30/97
C. Select Pilot Site from Among BIA Regional Offices	Completed 11/13/97
D. Publish RFP for TFAS	Completed 01/05/98
E. Receive and Evaluate Proposals	Completed 03/26/98
F. Award TFAS Contract	Completed 03/26/98
G. Complete OST Data Cleanup for Western Region	Completed 03/29/98
H. Select and Train Conversion/Implementation Team.....	Completed 04/20/98
I. Acquire External Consulting Services to Assist in Implementation.....	Completed 02/15/99
J. Develop and Implement Conversion Strategy	Completed 06/23/98
K. Train Support and User Personnel	Completed 08/31/98
L. Verify and Convert Data	Completed 08/31/98
M. Acquire and Distribute End User Work Stations to Field.....	Completed 08/31/98
N. Initiate and Pilot New Trust Funds Accounting System	Completed 08/31/98
O. Convert Alaska and Pacific Regions	Completed 08/31/98
P. Convert Southwest and Navajo Regions.....	Completed 01/31/99
Q. Convert Tribal Accounts and IIM Pool to New Trust Funds Accounting System	Completed 02/28/99
R. Convert Eastern Region	Completed 04/30/99
S. Convert Rocky Mountain Region	Completed 05/30/99
T. Complete Data Cleanup for Remaining Conversion Sites	Ongoing ¹
U. Convert Midwest Region	Completed 07/29/99
V. Convert Great Plains Region.....	Completed 10/30/99
W. Deploy TFAS to Remaining Sites:	
Convert Southern Plains Region.....	03/31/00
Convert Eastern Oklahoma Region	03/31/00
Convert Northwest Region.....	03/31/00
X. Stabilizing and Adjustment	05/31/00

1 DataCom, Inc. completed cleanup of IIM jacket files in its possession through July 1999. Three tribes have not released jacket files; discussions have taken place, but as yet no resolution has occurred.

[Current as of February 29, 2000]

6. TAAMS SYSTEM

Subproject Manager: Dom Nessi, BIA

<u>Milestone</u>	<u>Schedule</u>
A. Select Pilot Site.....	Completed 11/13/97
B. Acquire External Professional Consulting Services.....	Completed 03/31/99
C. Assemble Senior BIA and OST Team to Develop Requirements.....	Completed 04/24/98
D. Prepare and Publish RFI for COTS Systems.....	Completed 06/19/98
E. Organize Joint Technical Team to Develop Detailed Specifications & RFI.....	Completed 09/30/98
F. Obtain DOI Approval (TIA/IRMC) for System and Approach.....	Completed 09/11/98
G. Develop RFP Using Joint BIA/OST Technical Team/Systems Consultant.....	Completed 08/27/98
H. Select TAAMS Project Management Team.....	Completed 11/30/98
I. Award Contract to Successful Proposer.....	Completed 12/02/98
J. Develop System Modification and Deployment Strategy with Contractor.....	Completed 05/31/99
K. Complete System Modification Effort	
- Title portion.....	05/30/00
- Realty functions and interfaces.....	08/31/00
L. Analyze National Requirements for User Work Stations - Rocky Mountain Region.....	¹
M. Conduct System Testing.....	Completed 11/22/99
N. Complete Training of Support and User Personnel at Rocky Mountain Region.....	Completed 06/30/99
O. Complete Independent Verification and Validation.....	Completed 02/28/00
P. Initiate TAAMS Pilot at BIA's Rocky Mountain Region.....	Completed 06/25/99
Q. Perform User Test at Pilot site.....	Completed 02/04/00
R. Deployment Decision Review.....	03/31/00
S. Deployment to BIA and Tribal Sites	
- Title portion start.....	05/30/00
- Realty functions and interfaces start.....	08/31/00
T. Complete TAAMS Deferred Modifications.....	09/30/00
U. TAAMS Ongoing Operations.....	Ongoing
TAAMS Documentation and Supporting Information.....	As needed

[Current as of February 29, 2000]

¹Hardware to be provide in concert with TAAMS deployment

7. MMS SYSTEM REENGINEERING

Subproject Manager: Milton Dial, MMS

<u>Milestone</u>	<u>Schedule</u>
A. Initiate Program-Wide Reengineering With Full-Time Design Team	Completed 04/30/97
B. Identify Processes for Business Process Review.....	Completed 05/31/97
C. Benchmark the Processes.....	Ongoing
D. Map Processes	Completed 07/11/97
E. Obtain Customer/Constituency Input	Ongoing
F. Complete Preliminary Design Document/Decision to Proceed	Completed 03/31/98
G. Complete Prototyping and Pilot Testing.....	Completed 09/30/98
H. Complete Project Capital Investment Plan and Independent Verification and Validation Comp	09/30/98
I. Issue Implementation Plans - Road Map to 21st Century.....	Completed 11/30/98
J. Implement Process Leading to Award of Financial System Contract.....	Completed 09/23/99
- Issue Request for Proposals (RFP) for COTS-based Financial System, Relational Data Base Management System, and Spiral Development Strategy to Include Date Warehouse Structure	Completed 04/09/99
- Conduct Vendor on-site Visits with MMS/RMP Staff.....	Completed 05/31/99
- Receive RFP Proposals and Begin Evaluation	Completed 06/02/99
- Evaluate Proposals, Including COTS Specific Independent Functional Validation	Completed 07/09/99
- Complete Evaluations and Commence Procurement Activity/Negotiations	Completed 07/23/99
- Award Financial System Development Contract.....	Completed 09/23/99
K. Develop Financial System Consistent with Contract Deliverables Schedule and Transition and Training Strategies.....	01/31/00
- Initiate Development Contract Mobilization Under 120-day Activity Plan	Completed 10/01/99
- Establish Financial Contract Management Plans and Schedule for Development Deliverables from Award Date to 9/30/01, and Commence Systems Analysis, Design and Development Activities which will include Testing and Independent Validation of TAAMS/TFAS Interfaces.....	Completed 01/31/00
- Complete COTS Fit Analysis	02/28/00
- Complete General and Detailed Application Design	01/31/00
- Build and Test Application Components.....	02/28/01
- Design, Build and Test Data Conversion.....	04/30/01
- Plan and Execute Functional and Performance Acceptance Test.....	08/31/01
L. Complete Development and Delivery of Financial System, Relational Data Base Management System and Related Modules.....	09/30/01
M. Award Compliance System Contract and Complete Development and Installation.....	TBD
N. Complete Development and Delivery of Compliance System	09/30/01

[Current as of February 29, 2000]

8. RECORDS MANAGEMENT	Subproject Manager: Ken Rossman, OST
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<u>Milestone</u>	<u>Schedule</u>
A. Establish OST/BIA Working Group to Coordinate Joint Records Solution	Completed 02/11/98
B. Transfer Control Over Trust Financial Records from BIA to OST	Completed 03/05/98
C. Develop Joint Procedures for Records Access	Completed 06/09/98
D. Develop Agreement Between OST and BIA on Records Operations.....	Completed 06/09/98
E. Prepare Plan/Gain Approval of Records Imaging Technology.....	Completed 06/30/98
F. Commence Records Imaging Efforts	Completed 06/30/98
G. Initiate Development of Records Control Schedules	Completed 09/30/98
H. Develop an Agreed Upon Approach to Indian Trust Records Management.....	Completed 05/19/99
I. Eliminate Existing Disposition Backlogs at BIA Agencies	05/31/02
J. Complete Systematic Centralization of OST Financial Trust Records	Completed 10/08/99
K. Hire Records Management Specialists	Completed 01/31/00
L. Develop and Issue Records Manuals, Training Aids, and Technical Assistance	12/31/01
M. Train Records Staff and Trust-Related Program Personnel	12/31/01
N. Lift BIA Moratorium on Retiring Records to Federal Records Centers.....	03/31/00
O. Resolve Jacket Folder Retention/Production Issue with Tribes	Ongoing
P. Analyze Records Storage Requirements	12/31/01
Q. Survey Trust Records Retention and Safeguarding	Completed 12/31/99
R. Establish Advisory Committee on Records	08/31/00
S. Establish Life Cycle Database (Inventory) for Trust and Other Records	12/31/01
T. Establish Evaluation Teams and Begin Cyclic Evaluations of Records Programs.....	04/30/00
U. Initiate Training for Compacted and Contracted Trust Records	Completed 12/31/99
V. Initiate Study of BIA Imaging Needs	12/31/00
W. Initiate Action to Replace Historical Records with Working Copies.....	05/30/00
X. Review Trust Records Policies and Procedures with MMS, BLM, and DOI and Establish Continuing Dialogue	02/29/00
Y. Award New Contract for OST Imaging.....	07/01/00
Z. Publish Proposed Regulations for Compacted/Contracted Trust Program Records.....	12/31/00
AA. Complete Plan to Comply with Electronic Records Regulations	03/31/01
BB. Complete Vital Records Plan	04/30/01
CC. Publish Trust Records Instructional Guide in Conjunction with MMS, BLM and OHA	12/31/00
DD. Complete Submission of Records Control Schedules to NARA.....	06/30/01
EE. Establish Pilot Project(s) for Electronic Record Keeping	12/31/00
FF. Complete Analysis of BIA Records Imaging Requirements	12/31/00
GG. Complete Analysis of Records Storage Requirements	12/31/01
HH. Complete Project to Cleanup Existing Disposition Backlog at BIA Agencies.....	05/31/02

[Current as of February 29, 2000]

9. POLICY AND PROCEDURES

Subproject Manager: Art Gary, AS-IA

<u>Milestone</u>	<u>Schedule</u>
A. Designate Department-Level Project Manager and Transfer Subproject From the Office of the Special Trustee to BIA	
- Transfer of subproject.....	Completed 08/31/99
- Staffing of subproject.....	06/30/00
B. Develop Trust Principles for Departmental Management of Indian Natural Resources and Money	
- Initial draft of trust principles	Completed 11/30/99
- Tribal consultations.....	Completed 12/31/99
- Departmental clearance.....	04/30/00
C. Develop Departmental Regulatory Initiatives	
- BIA: Publish proposed rules	06/30/00
Publish final rules.....	12/31/00
- MMS: Modified proposed rules.....	Completed 01/05/00
Comment period closes.....	03/06/00
Further action.....	TBD
- OHA: Publish final rule	TBD
D. Identify Departmental Programs and Functions that Affect Indian Trust Resources	
- BIA.....	Completed 09/30/99
- OST	05/30/00
- OSM.....	05/30/00
- OHA, BOR.....	05/30/00
- MMS, BLM, USGS.....	06/30/00
- NPS	07/31/00
- FWS.....	07/31/00
E. Analyze Departmental Functions Relating to Trust Resources	
- OST	08/31/00
- OHA	09/30/00
- BOR	09/30/00
- USGS.....	09/30/00
- OSM.....	10/31/00
- MMS	11/30/00
- FWS.....	02/28/01
- BIA.....	03/30/01
- BLM	10/31/00
- NPS	02/28/01
F. Analyze Cross-cutting Issues and Problems.....	07/31/01
G. Develop and Publish Revised Regulations.....	06/30/04
H. Revise and Develop Internal Program Guidance Where Needed	TBD
I. Develop Statutory Revisions	12/31/02

[Current as of February 29, 2000]

10. TRAINING

Subproject Manager: Richard Fitzgerald, OST

<u>Milestone</u>	<u>Schedule</u>
A. Schedule and Deliver Training for 105 Personnel by TFAS Contractor.....	Completed 07/31/98
B. Provide TFAS Systems Training in Line with Deployment.....	03/31/00
C. Design, Schedule and Deliver TAAMS Systems Training for Rocky Mountain Pilot	Completed 09/30/99
D. Deliver TAAMS Training Consistent with TAAMS System Deployment for BIA Areas.....	Ongoing
E. Provide Remedial Systems Training (TFAS and TAAMS) Where Requested	Ongoing
F. Acquire External Professional Services of Training Contractor.....	Completed 01/15/99
G. Obtain Training Information from Trust and Realty Employees.....	Completed 04/19/99
H. Review Draft Training Plan for Non-Systems Training.....	06/30/00
I. Identify/Select Training Management Contractor	06/30/00
J. Finalize and Approve Training Plan for Non-Systems Training.....	08/31/00
K. Award Contracts to Training Providers	08/31/00
L. Identify Existing Courseware to Meet Skills Gap for Other Training.....	Completed 10/31/99
M. Develop Courseware Not Available for Non-Systems Training.....	09/30/00
N. Implement Training	Ongoing
O. Schedule and Deliver Non-Systems Training.....	Ongoing

[Current as of February 29, 2000]

11. INTERNAL CONTROLS

Subproject Manager: Ken Moyers, OST

<u>Milestone</u>	<u>Schedule</u>
A. Develop Inventory of Internal Control Weakness	Completed 05/29/98
B. Catalogue Relevant Audit Findings into Analysis Framework	Completed 05/29/98
C. Research and Select Template for Risk Management Program	Completed 02/12/99
D. Identify and Develop Remediation For Acute Internal Control Weakness	Completed 06/03/99
E. Develop Organization and Staffing Proposal for Trust Risk Offices	12/31/00
F. Map Weaknesses to Current Improvement Efforts.....	04/30/00
G. Analyze Weaknesses to Determine Current Status - Resolved/Unresolved	05/30/00
H. Modify "Treadway " Approach to Interior Situation; Develop Monitoring Procedures	07/31/00
I. Inventory and Catalogue Internal Controls in TFAS, TAAMS, MMS	08/31/00
J. Risk Management Program Final Draft.....	08/31/00
K. Coordinate with Affected Bureaus/Offices to Develop Action Plans.....	09/30/00
L. Coordinate Risk Management Program with Revised Trust Policies and Procedures	10/31/00
M. Publish Final Risk Management Program Handbook	11/30/00
N. Establish Continuing Risk Management Presence to Prevent Relapses.....	12/31/00

[Current as of February 29, 2000]



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

Memorandum

To: Secretary

From: Assistant Secretary – Indian Affairs
Assistant Secretary – Policy, Management and Budget
Chief Information Officer
Principal Deputy Special Trustee for American Indians

Subject: Trust Asset and Accounting Management System (TAAMS) Readiness Decision

During the week of April 17 – 20, 2000, the Bureau of Indian Affairs (BIA) conducted a second User Test on the Land Title and Records functions of the Trust Asset and Accounting Management System (TAAMS). This was a followup test to the successful User Test conducted the week of February 1, 2000, also held in the Rocky Mountain Regional Office. In this second test, the BIA replicated the successful transactions of the first User Test. Additional tests were conducted on transactions not tested earlier, and on some additional enhancements made to TAAMS in the past two months that will ensure that TAAMS is a “national” system applicable to all BIA regions.

In the past, we notified you that we would be recommending a deployment decision and we outlined a series of documents that we would analyze to recommend a decision. They are:

- The software vendor’s evaluation of the TAAMS system test
- The IV&V’s Readiness Assessment Report
- The BIA’s User Test Results (two tests)
- Additional TAAMS Performance Tests conducted by other contractors
- A general strategy for title plant deployment
- A report outlining the status of all receivables under the TAAMS contract

The documentation cited above provides ample support that while there remains much work to do on the overall TAAMS initiative, a positive decision to deploy the title function of TAAMS to the BIA and tribal land title and records offices is justified.

We reach this recommendation based on the following key points:

- The IV & V contractor has prepared a list of recommendations and risk mitigation strategies that if implemented they believe, “deployment beyond Billings could proceed

with minimized risk and a reasonable assurance of success.” The BIA has prepared a satisfactory response to these recommendations. In many cases, they had already initiated actions that would meet the recommendations of the IV & V contractor.

- Two User Tests have been conducted that clearly document user support for TAAMS. The user survey results illustrate that system acceptance increases very quickly as users become more familiar with TAAMS. In order to facilitate this process even further, the TAAMS project management team will immediately initiate an internal ”informational” effort intended to “ease” BIA staff into TAAMS earlier in the deployment process.
- The system has been reviewed by a team of BIA and tribal program experts from around the country. Their recommendations have been successfully implemented by the software vendor and tested in this most recent User Test.
- The lessons learned in the Rocky Mountain Region pilot have been analyzed and adjustments have been made to the data conversion and cleanup processes, training and deployment. In addition, a number of important analyses have been initiated to improve performance of the BLANET, ensure proper disaster recovery methods are in place and a comprehensive security plan is completed.

In summary, we recommend an affirmative decision on the title function of the TAAMS software. The BIA will evaluate the remaining leasing/distribution/interface functionality in July and we will make a second deployment recommendation to you at that time.

If you accept this decision, before deployment commences, the BIA will complete a detailed implementation plan for all Land Title and Records Offices. The TAAMS deployment schedule calls for the first deployment occurring in mid-May 2000 when each BIA Land Title and Records Office will have an initial deployment of a limited number of TAAMS licenses so that they may have access to Rocky Mountain Region data. Shortly after, implementation of the Alaska Region will occur. Our plan is to have all Land Title and Records Offices fully deployed by December 2000.

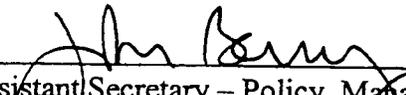
NOTE: Deployment consists of the physical installation of TAAMS software on the desktop. *Implementation* occurs after deployment once the site personnel have thoroughly inspected its data and is comfortable with using TAAMS as the “system of record.” We expect that implementation will occur in a relatively short period of time in some sites and may take up to 120 days in other sites.

Concur:


Assistant Secretary - Indian Affairs

APR 27 2000

Date


Assistant Secretary - Policy, Management
and Budget

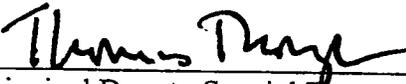
4/26

Date

for 
Chief Information Officer

4/24/00

Date


Principal Deputy Special Trustee
for American Indians

4/24/2000

Date

Approved:


Secretary

APR 28 2000

Date



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

ORDER NO. 3215

Subject: Principles for the Discharge of the Secretary's Trust Responsibility

Sec. 1 Purpose. This Order is intended to provide guidance to the employees of the Department of the Interior who are responsible for carrying out the Secretary's trust responsibility as it pertains to Indian trust assets. All Departmental regulations, policy statements, instructions, or manuals regarding the discharge of the Secretary's trust responsibility shall be interpreted or developed using these trust principles. In addition, these principles provide guidance to all persons who manage Indian trust assets.

This Order is intended to address neither the unique government-to-government relationship between the United States and American Indian and Alaska Native tribal governments nor the unique relationship between the United States and individual Indians, both of which have been referred to as a trust responsibility.

Sec. 2 Background. The trust responsibility is defined by treaties, statutes, and Executive orders. The most comprehensive and informative legislative statement of Secretarial duties in regard to the trust responsibility of the United States was set out in the American Indian Trust Fund Management Reform Act of 1994 (Reform Act), Pub. L. 103-412, Oct. 25, 1994, 108 Stat. 4239. The Reform Act provides:

The Secretary's proper discharge of the trust responsibilities of the United States shall include (but are not limited to) the following:

- (1) Providing adequate systems for accounting for and reporting trust fund balances.
- (2) Providing adequate controls over receipts and disbursements.
- (3) Providing periodic, timely reconciliations to assure the accuracy of accounts.
- (4) Determining accurate cash balances.
- (5) Preparing and supplying account holders with periodic statements of their account performance and with balances of their account which shall be available on a daily basis.
- (6) Establishing consistent, written policies and procedures for trust fund management and accounting.
- (7) Providing adequate staffing, supervision, and training for trust fund management and accounting.
- (8) Appropriately managing the natural resources located within the boundaries of Indian reservations and trust lands.

25 U.S.C. § 162a(d).

As stated in the Reform Act, this list of duties is not exhaustive. Therefore, to understand the nature of the Department's duties, we must look to a variety of other sources for guidance. One internal Departmental source of guidance is legal advice from the Solicitor's Office. The Solicitor's Office continues to provide the Department with guidance through formal and informal legal advice regarding its trust responsibility. The most comprehensive document available on this subject is a letter by Solicitor Krulitz dated November 21, 1978, analyzing the federal government's responsibility concerning Indian property interests. This legal guidance from the Solicitor's Office informs our interpretation of the duties required by treaties, statutes, and Executive orders.

Legal guidance also is found in judicial decisions. In Seminole Nation v. United States, 316 U.S. 286 (1942), the Supreme Court said that the government in its dealings with Indians is charged with "moral obligations of the highest responsibility and trust" and should be "judged by the most exacting fiduciary standard." Id. at 296. Many other cases too numerous to list here have discussed the trust responsibility. See Poafybitty v. Skelly Oil Co., 390 U.S. 365 (1968); Nevada v. United States, 463 U.S. 110 (1983); United States v. Mitchell, 463 U.S. 206 (1983) (Mitchell II); White Mountain Apache Tribe v. United States, 20 Cl. Ct. 371 (1990); Pyramid Lake Paiute Tribe v. Morton, 354 F. Supp. 252 (D.D.C. 1972); and Cobell v. Babbitt, 1999 WL 1581470 (D.D.C. Dec. 21, 1999).

It is with this legal history in mind that I issue this Order. This Order is intended to provide guiding principles to interpret or develop policy statements, regulations, and instructions regarding the proper discharge of the Secretary's trust responsibility. It would be beyond my authority, and this Order is not intended, to impose the legal standards by which a breach of trust claim would be reviewed in a court of law.

Sec. 3 Authority. This Order is issued in accordance with the Reform Act.

Sec. 4 Definitions.

a. "Beneficial owner" means both Indian tribes and individual Indians who are the beneficial owners of Indian trust assets held by the federal government in trust or with a restriction against alienation.

b. "Persons who manage Indian trust assets" means Departmental employees or contractors, or Indian tribes that have been properly delegated specific authority to manage or administer Indian trust assets.

c. "Trustee" means the Secretary or any person who has been properly authorized to act as the Trustee for Indian trust assets.

d. "Indian trust assets" means lands, natural resources, money, or other assets held by the federal government in trust or that are restricted against alienation for Indian tribes and individual Indians.

- e. "Trust responsibility" as used in this Order only pertains to Indian trust assets.

Sec. 5 Trust Principles. The proper discharge of the Secretary's trust responsibility requires, without limitation, that the Trustee, with a high degree of care, skill, and loyalty:

- a. Protect and preserve Indian trust assets from loss, damage, unlawful alienation, waste, and depletion;
- b. Assure that any management of Indian trust assets that the Secretary has an obligation to undertake promotes the interest of the beneficial owner and supports, to the extent it is consistent with the Secretary's trust responsibility, the beneficial owner's intended use of the assets;
- c. Enforce the terms of all leases or other agreements that provide for the use of trust assets, and take appropriate steps to remedy trespass on trust or restricted lands;
- d. Promote tribal control and self-determination over tribal trust lands and resources;
- e. Select and oversee persons who manage Indian trust assets;
- f. Confirm that tribes that manage Indian trust assets pursuant to contracts and compacts authorized by the Indian Self-Determination and Education Assistance Act, 25 U.S.C. 450, et seq., protect and prudently manage Indian trust assets;
- g. Provide oversight and review of the performance of the Secretary's trust responsibility, including Indian trust asset and investment management programs, operational systems, and information systems;
- h. Account for and timely identify, collect, deposit, invest, and distribute income due or held on behalf of tribal and individual Indian account holders;
- i. Maintain a verifiable system of records that is capable, at a minimum, of identifying: (1) the location, the beneficial owners, any legal encumbrances (i.e., leases, permits, etc.), the user of the resource, the rents and monies paid, if any, and the value of trust or restricted lands and resources; (2) dates of collections, deposits, transfers, disbursements, third party obligations (i.e., court ordered child support, judgements, etc.), amount of earnings, investment instruments and closing of all trust fund accounts; (3) documents pertaining to actions taken to prevent or compensate for any diminishment of the Indian trust assets; and (4) documents that evidence the Secretary's actions regarding the management and disposition of Indian trust assets;
- j. Establish and maintain a system of records that permits beneficial owners to obtain information regarding their Indian trust assets in a timely manner and protect the privacy of such information in accordance with applicable statutes;

k. Invest tribal and individual Indian trust funds to make the trust account reasonably productive for the beneficial owner consistent with market conditions existing at the time the investment is made;

l. Communicate with beneficial owners regarding the management and administration of Indian trust assets; and

m. Protect treaty-based fishing, hunting, gathering, and similar rights of access and resource use on traditional tribal lands.

Sec. 6 General Provision. This Order is intended to enhance the Department's management of the Secretary's trust responsibility. It is not intended to, and does not, create any right to administrative or judicial review, or any legal right or benefit, substantive or procedural, enforceable by a party against the United States; its agencies, or instrumentalities, its officers or employees, or any other person.

Sec. 7 Implementation. This Order shall be implemented as guidance for the employees of all bureaus and offices within the Department as they review, modify or promulgate new regulations, policy statements, instructions or manuals, as they develop legislative and budgetary proposals, and as they manage, administer, or take other actions directly relating to or potentially affecting assets held in trust by the United States for Indian tribes and individual Indians.

Sec. 8 Effective Date. This Order is effective immediately. It will remain in effect until its provisions are converted to the Departmental Manual, or until it is amended, superseded or revoked, whichever comes first. In the absence of any of the foregoing actions, the provisions of this Order will terminate and be considered obsolete on October 31, 2000.



Secretary of the Interior

Date: **APR 28 2000**



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

MAY 09 2000

Memorandum

To: All Assistant Secretaries and Bureau Directors
Special Trustee for American Indians
Director, Office of Hearings and Appeals
Assistant Director, Office of Policy Analysis

From: Assistant Secretary - Policy, Management and Budget
Assistant Secretary - Indian Affairs *[Signature]*

Subject: Instructions for Reviewing and Developing Policies and Procedures for Discharging the Department's Indian Trust Responsibilities

Now that the Department has provided to the court, pursuant to Judge Lamberth's determination in *Cobell v. Babbitt*, the Revised High Level Implementation Plan (Revised HLIP), a Quarterly Report, and plans to remedy the four breaches of trust identified by Judge Lamberth, the Department must ensure that it continues to move ahead to implement these plans.

One of the Revised HLIP components is the Trust Policies and Procedures (TPP) subproject, outlined in Chapter 9, which will coordinate the development of policies and procedures necessary to discharge the Department's Indian trust responsibilities. The TPP subproject is fundamental to meeting our trust obligations to tribes and individual Indians. Since all bureaus and certain offices have Indian trust responsibilities, we are asking for your cooperation and assistance in implementing the TPP subproject.

Our initial goal is to identify and analyze Departmental programs and functions that affect Indian trust or restricted lands, funds or natural resources (Indian trust assets). Policies, regulations and legislative proposals will be revised or developed as necessary to ensure fulfillment of the Secretary's trust responsibilities. This effort is divided into two tasks that must be accomplished prior to any comprehensive revision or drafting of new policies and procedures. The two tasks, defined more specifically in Attachment 1, are to: (1) Identify Departmental programs and functions that affect Indian trust responsibilities and inventory governing authorities; and (2) analyze Departmental programs and functions relating to the management of Indian trust assets for consistency with trust principles. Through these two tasks, bureaus and offices will address the full range of trust management activities ranging from collection of funds obtained from oil, gas, surface leasing, permitting and timbering activities on Indian lands, to management of natural resources such as water, land, forests, wildlife and fish, and protection of off-reservation treaty rights. Bureaus and offices must consider any activities that may affect Indian trust assets, either by direct management of the Indian trust assets or by the indirect effects of other bureau/office activities on Indian trust assets. Examples of activities that may

have indirect effects on Indian trust assets include (but are not limited to):

- Timbering activities on land administered by a bureau or office near streams that flow onto adjacent or downstream Indian trust lands;
- Management of land administered by a bureau or office to which tribes have off-reservation treaty rights of access, or other rights of access, such as for hunting or subsistence activities; or
- Commitments regarding water usage that may affect downstream trust lands and resources.

Many bureaus and offices reviewed their policies and procedures relating to protection of trust assets in 1996 in response to Secretarial Order 3175. Through that effort, bureaus and offices identified their policies and procedures for assuring that they are aware of the impact of their plans, projects, programs and activities on Indian trust resources, and that protection of Indian trust resources is integrated into their daily activities. That limited review may provide a starting point for these two tasks.

Attachment 1 contains instructions and deadlines for meeting this initial goal in accordance with the Revised HLIP's commitments and schedules. These tasks fit into the overall subproject as indicated in Attachment 2, Chapter 9 of the Revised HLIP. The two tasks and associated completion dates outlined below correspond to Items D and E in Chapter 9 of the Revised HLIP, which have been discussed with your staff.

Attachment 3 is a copy of the Secretarial Order signed on April 28, 2000, which enunciates principles by which the Department will undertake its Indian trust responsibilities. This Order provides essential policy guidance to you as you analyze your Indian trust policies and procedures.

Both tasks are to be accomplished in consultation with the TPP subproject office, which is located in the BIA and reports to the Assistant Secretary - Indian Affairs. The TPP subproject office will be assisted by the Office of Policy Analysis in facilitating the consultations with the agencies. To facilitate this consultation, each bureau and office must designate a person to serve as a point of contact for the TPP subproject office. Please instruct this person to immediately contact the TPP subproject director, Art Gary, at (202) 208-6400, to begin coordination of these tasks.

We must meet the completion dates identified in Attachment 1, as we have furnished these dates to the court in the *Cobell* case. The court is monitoring the Department's progress for the next five years in all of the trust management improvement subprojects. The court also has ordered the Department to provide a quarterly report on the progress made under each subproject and to identify any changes to the plans. If we are unable to meet our commitments as outlined in the Revised HLIP, we will have to provide justification to the court.

If you have any questions, please feel free to contact Mr. Gary.

Attachments:

- 1 - Task descriptions, deadlines and trust management issues**
- 2 - Chapter 9 of Revised HLIP**
- 3 - Secretarial Order on Trust Principles**

Attachment 1

Task 1: Identify Departmental programs and functions that affect Indian trust responsibilities and inventory governing authorities.

For purposes of these tasks, Indian trust assets include lands, natural resources and funds held by the United States in trust or restricted status for the benefit of federally recognized Indian tribes or individual Indians. For these tasks, Indian trust assets also include treaty-based fishing, hunting, gathering, and similar rights of access and resource use on traditional tribal lands. Each Departmental bureau and office will identify their programs and functions that directly or indirectly affect Indian trust assets. In addition, each bureau and office will collect and inventory the governing statutory and regulatory authorities and internal program guidance, including policy memoranda, manuals, interagency agreements and directives. The bureaus and offices should consult with the TPP subproject office as they undertake this task. The TPP subproject office will be assisted by the Departmental Office of Policy Analysis when working with the bureaus and offices.

Bureau and office reports are to be completed according to the following schedule:

Agency	Schedule
Bureau of Indian Affairs (BIA)	September 1999
Office of Surface Mining (OSM)	May 2000
Office of Hearings and Appeals (OHA)	May 2000
Office of Special Trustee (OST)	May 2000
Bureau of Reclamation (BOR)	May 2000
Bureau of Land Management (BLM)	June 2000
Minerals Management Service (MMS)	June 2000
U.S. Geological Survey (USGS)	June 2000
Fish and Wildlife Service (FWS)	July 2000
National Park Service (NPS)	July 2000

Task 2: Analyze Departmental functions relating to trust assets for consistency with trust principles.

The second task requires each bureau and office to analyze their programs and functions, on or off Indian lands, that directly or indirectly affect Indian trust assets or the Department's

management of Indian trust assets. This analysis must (a) address, at a minimum, the questions and issues identified below under the heading "Trust Management Issues for Consideration in Task 2," and (b) include a review of program statutes, regulations and internal program guidance to identify changes necessary to assure comprehensive, consistent, up-to-date policies and procedures. In addition, trust management activities should be reviewed to determine whether they are consistent with the Secretarial Order entitled "Principles for the Discharge of the Secretary's Trust Responsibilities" (see Attachment 3). The TPP subproject office may further develop the questions and issues identified below based on issues that arise in this analysis, and will notify your offices.

Based on your analysis and in consultation with the TPP subproject office, each bureau or office must identify and prepare recommendations, including time lines, for the revision or development of any new statutory proposals, regulations, and/or internal program guidance that may be needed. **A written report must be produced in consultation with the TPP subproject office for submission to the Trust Policies and Procedures Council containing the results of the analysis, including recommendations and proposed schedules and resources that will be needed to implement the recommendations.** The bureau and office reports are scheduled to be completed as follows:

Agency	Expected Completion
OST	August 2000
OHA	September 2000
BOR	September 2000
USGS	September 2000
BLM	October 2000
OSM	October 2000
MMS	November 2000
FWS	February 2001
NPS	February 2001
BIA	March 2001

Because the BIA is in the process of developing "first tier" regulatory changes this year (pertaining to leasing and permitting, grazing, probate, and trust funds for tribes and individual Indians – see Item C of the Subproject Action Plan Attachment 2), the BIA's report to the Trust Policies and Procedures Council will focus on proposals beyond its first tier of activities.

Trust Management Issues for Consideration in Task 2

(1) Valuation of trust assets:

- (a) How do you determine value of trust assets under your management?**
- (b) Is the process of determining value for trust assets different from that for public lands or resources under your management? If so, please describe both processes.**
- (c) How is the valuation process memorialized to ensure consistent treatment across regions?**
- (d) How frequently do you determine the value of trust assets under your management?**

(2) Conservation of trust assets:

- (a) Does your bureau/office have a conservation program for any trust asset? If so, which assets?**
- (b) How does your bureau/office conserve trust assets under your management for use by future generations?**

(3) Maintenance of trust asset records (this does not include the work to be completed under the Records Management section of the Revised Revised HLIP, such as establishment of records schedules under the Federal Records Act):

- (a) Are all records (originals or copies) relating to information (e.g., decisions, actions taken, consultations, etc.) concerning trust assets under your management maintained by your bureau/office? If not, who is responsible for keeping the records? Is there a formal policy regarding responsibility for maintaining trust-related records?**
- (b) Who has access to those records?**
- (c) If the trust program has been contracted or compacted by a tribe, does the bureau/office maintain copies of all records released to tribes?**
- (d) Are tribes required to submit copies of all records generated by the contracted or compacted program? If so, what is the time frame in which records must be submitted? Where are the records sent?**
- (e) Who in your bureau/office ensures that records policies are followed?**

(4) Final agency action and appeal processes:

- (a) Are any actions taken by your bureau/office regarding each trust asset under your management considered "final agency action"? If so, what type of actions qualify as such?**
- (b) Who in your bureau/office has authority for taking final agency action?**
- (c) Does the bureau/office have any policies (formal or informal) that require consultation with or approval by a trust beneficiary prior to final agency action involving trust assets? For example, is there a formal or informal policy regarding consultation with the trust asset beneficiary in the bureau/office policy concerning**

settlement authority. If so, please describe or attach.

(d) Are any final agency actions affecting trust assets permitted without consulting with or obtaining the consent of the trust asset beneficiary? If so, please describe or attach policy.

(e) What is the forum for resolution of an appeal of final agency action on a trust asset?

(f) What is the time period allowed for an appeal?

(5) Consultation with tribes regarding use and disposition of trust assets:

(a) Please describe or attach the tribal consultation policy for your bureau/office.

(b) Is consultation mandated by internal bureau/office policy before any action can be taken regarding a trust asset?

(c) Who is responsible for ensuring that the consultation policy is followed in every instance?

(6) Communication with individual Indian owners of trust assets:

(a) Is it mandated that the bureau/office communicate directly with the individual Indian beneficiaries of trust assets while the asset is under your management?

(b) What is the policy for identifying and meeting with individual Indian owners of trust assets? Is the policy formal or informal? Please attach if available.

(c) Who ensures that the policy regarding communication is followed?

(d) What type of documentation, if any, is required for memorializing contact with individual Indian owners?

(7) Protection from loss, damage, unlawful alienation, trespass, waste, or depletion:

(a) What is the bureau/office definition of waste as it applies to a trust asset under your jurisdiction?

(b) How do you prevent loss, damage, and waste of each trust asset under the management of your bureau/office?

(c) How do you protect each asset under your management from alienation?

(d) How does the office/bureau prevent trespass on Indian trust lands?

(e) How is trespass on Indian trust lands abated?

(f) What is the process for reporting problems (e.g., trespass, damage, etc.) identified by trust asset beneficiaries?

(g) How are jurisdictional issues involving trust assets resolved within the bureau/office?

(f) What procedures does the bureau/office have to assure protection and conservation of resources when those resources are covered by treaty rights?

(8) Protection of trust assets from adverse impact by direct or indirect federal action taken on non-Indian lands:

- (a) Does the bureau/office consider the effects on Indian trust assets when making decisions concerning non-Indian assets on non-Indian lands that have a direct or an indirect effect on the Indian trust asset?
- (b) What is the threshold level of damage or adverse effects to Indian trust assets, if any, that must be met before the bureau or office considers the effects to trust assets in the decision making process regarding non-Indian resources?
- (c) What constitutes significant adverse effects on an Indian trust asset? How will a finding of significant adverse effects affect a planned agency action?
- (d) Who is responsible for contacting owners of the trust assets concerning agency actions that may have an adverse effect on Indian trust assets? How do you ensure that the person(s) contacted are the rightful owners?
- (e) What procedures does the bureau/office have to assure protection and conservation of off-reservation resources when those resources are covered by treaty rights?
- (f) What procedures does the bureau/office have to assure that Indians have access to and use of off-reservation resources covered by treaty rights?
- (g) Does the bureau/office bar Indians from access to or use of off-reservation areas and resources covered by treaty rights? If so, specify the circumstances.

(9) Treatment of information requests (including FOIA) pertaining to Indian trust assets:

- (a) How are FOIA or other information requests handled for each trust asset under your jurisdiction?
- (b) Are documents related to the management of trust assets handled differently from documents which are made available to the public? If so, how?
- (c) To whom does the bureau/office allow access to trust asset ownership records?
- (d) What documentation does the bureau/office require before the identity of an owner of trust assets can be shared with a third party?
- (e) What information, if any, is available on your bureau/office's home page on the web regarding Indian trust assets?

(10) Identification of new trust assets:

- (a) Who has the initial responsibility for notifying your bureau/office that there is a new trust asset under your jurisdiction?
- (b) When a trust asset is identified as a new marketable commodity, who assigns responsibility to a specific bureau or office?
- (c) When a new trust asset is identified as being located on Indian lands, which bureau/office has responsibility for identifying and inventorying where it is located throughout Indian country?
- (d) Which bureau/office is responsible for determining the initial value of the new trust asset? If this valuation is done by your bureau/office, what informs the

valuation process that is developed for the new asset?

(11) Handling of funds relating to Indian trust assets:

- (a) Does your bureau/office have an accounts receivable system, or does your bureau/office otherwise collect funds payable for Indian trust assets? If so, please identify the nature of the transaction and any associated systems and processes.
- (b) If your bureau/office sends bills or otherwise maintains accounts receivable for the benefit of owners of Indian trust assets, what are the policies and procedures for collecting or enforcing payment for the trust asset? If these policies and procedures differ from those applicable to non-trust assets, please describe the difference.
- (c) What are your bureau/office policies and procedures for posting or otherwise handling transactions, or investing or transferring funds for crediting to the trust asset beneficial owner? If these policies and procedures differ from those applicable to non-trust assets, please describe the difference.

(12) Final agency disposition of a trust asset:

- (a) For each type of trust asset under the bureau/office's management, what is the final action taken by the bureau/office?
- (b) Which bureau/office assumes responsibility for managing or overseeing the trust asset once your bureau or office has taken its final action?
- (c) Is the beneficial trust asset owner always directly involved or consulted with directly prior to bureau or office taking its action? If not, why not? What, if any, is the role of the trust asset owner while the asset is under the management of the bureau/office?
- (d) Who is responsible for contacting the owner of the trust asset?

9. POLICIES AND PROCEDURES

I Responsible Official.

The responsible official is the Deputy Commissioner for Indian Affairs. Arthur Gary, Project Director, in the Office of the Assistant Secretary - Indian Affairs is responsible for coordinating this subproject.

II Statement of the Problem.

Proper management of Indian trust assets has been hampered by a lack of comprehensive, consistent, up-to-date regulations, policies, and procedures covering the entire trust cycle, from management of trust assets to distribution of trust income. Additionally, contemporary federal environmental protection statutes have placed agencies with little direct previous experience in managing Indian trust resources in the position of significantly affecting the use and disposition of Indian trust resources. This has resulted in program gaps and divergent practices, and a corresponding inability to ensure that consistent, sound policies and procedures are applied across the Department in its fulfillment of its trust responsibility. Moreover, there is a need for a comprehensive review of statutory and regulatory authorities and internal program guidance (such as procedural manuals or

interagency agreements) to determine the need for revisions and/or the generation of new guidance.

III Statement of Objectives and Outcomes.

- Trust principles for Departmental management of Indian natural resources and trust funds will be developed and issued.
- Current regulatory provisions for Indian trust programs will be reviewed and revised as necessary to ensure the fulfillment of the Secretary's trust responsibility.
- Legislation will be proposed to modernize and clarify ambiguous and outdated statutes governing trust programs, to enact new provisions where statutory guidance is essential, to harmonize inconsistent provisions, and to repeal outdated or unnecessary provisions.
- Internal program guidance related to the management of trust programs within and among all affected Departmental bureaus and offices will be reviewed and revised as necessary.

IV Relationship to 1994 Reform Act.

The Reform Act requires that the policies, procedures, practices, and systems of the Bureau of Indian Affairs, the Bureau of Land Management, and the Minerals Management Service that are related to the discharge of the Secretary's trust responsibilities are coordinated, consistent, and integrated. The Act further requires

"comprehensive and coordinated written policies and procedures for each phase of the trust management business cycle." This subproject is being undertaken to meet these statutory requirements.

The Secretary also performs trustee functions through other bureaus and offices. Thus, this subproject requires the coordination of key policy officials from the Bureau of Indian Affairs, Office of the Special Trustee, Office of Hearings and Appeals, Minerals Management Service, Office of Surface Mining; Bureau of Land Management, Bureau of Reclamation, U.S. Fish and Wildlife Service, National Park Service and the U.S. Geological Survey.

V Relationship to other Subprojects

The Policies and Procedures subproject works with most of the other HLIP subprojects to coordinate the development or revision of regulations, statutes, and internal guidance. The subproject will work with the Probate Backlog, Appraisal Backlog, Trust Funds Accounting Systems, Trust Asset and Accounting Management System, Records Management, Training and Internal Controls subprojects.

VI Subproject Budget.

The estimated subproject budget is shown below.

SUBPROJECT BUDGET				
Policies and Procedures				
Fiscal Year	FY 1997/1998	FY 1999	FY 2000	FY 2001
\$\$ in millions	—	—	1.0	1.0

VII Subproject Action Plan.

A. Designate Department-Level Subproject Director and Transfer Subproject from the Office of the Special Trustee to BIA

Subproject Realignment from OST to BIA: In August 1999 responsibility for this subproject was transferred from OST to BIA, recognizing that a majority of the policy and procedures issues remaining after the development of TFAS pertain to BIA programs and staff. *Transfer was completed in August 1999*

Staffing of Subproject: The subproject will require sufficient staff to plan and coordinate the execution of project tasks in concert with officials of Departmental bureaus and offices that perform trust functions as enumerated in Section IV. Because the analysis and revision of trust policies and procedures will require coordination of the review of statutes,

regulations and internal directives, the Department sought a director for the subproject with extensive experience in such matters at the Departmental level. The subproject office is being staffed by individuals experienced in Indian trust programs, legal issues, and/or analysis and coordination of governmental programs. The subproject director and staff will work with responsible officials in each affected bureau and office to ensure that the goals of the subproject are met. *The subproject's director was selected in August 1999. Completion of staffing is expected by June 2000.*

B. Develop Trust Principles for Departmental Management of Indian Natural Resources and Trust and Restricted Funds

The nature and scope of the federal trust responsibility to Tribes and individual Indians is not static, but rather continues to evolve. The Department will articulate the trust principles it will apply in the review of statutes, regulations, and internal program guidance governing management of its trust resources to ensure that they are consistent and properly integrated across the Department.

The subproject office will coordinate the development of the trust principles for issuance by the Department. Each affected office and bureau will use the trust principles as guidance for the identification, analysis and revision of its respective trust

policies and procedures, in accordance with Sections D, E, and F of this subproject.

- a. *The initial draft of trust principles was completed in November 1999.*
- b. *Tribal consultations were conducted in December 1999.*
- c. *Revise, finalize and obtain Departmental clearance. Completion is expected by April 2000.*

C. Develop Departmental Regulatory Initiatives for 2000

1. **BIA:** After conducting a preliminary analysis of BIA trust programs in November 1999, BIA program directors and regional directors identified four priority areas of trust resource management for regulatory revision in Calendar Year 2000 (designated as the "first tier"):

- Leasing and Permitting
- Grazing
- Probate
- Tribal and Individual Funds Held in Trust

The BIA analyzed the four priority trust programs for regulatory review and revision using the initial draft trust principles and the comments on the draft received through tribal consultations. *Preliminary policy direction on issues raised during the regulatory drafting process was provided by the Assistant Secretary - Indian Affairs, the Deputy Commissioner of Indian Affairs, and the Principal Deputy Special Trustee in*

February 2000.

- Conduct tribal consultations through the National Congress of American Indians (NCAI) tribal leaders task force on trust policy and through local meetings conducted by BIA regional directors and/or agency superintendents.
- Publish proposed rules for first tier of revisions to trust regulations listed above. *Completion expected by June 2000.*
- After close of public comment period, BIA will review and consider comments and amend regulations as appropriate.
- Publish final rules. *Completion expected by December 2000.*

After the first tier regulations have been published, the BIA, in consultation with tribes, will evaluate and determine those areas that will be included in successive tiers of revisions of regulations and internal program guidance as outlined in Section G(1). Following this determination, a report will be sent to the Trust Policies and Procedures Council by March 2001.

2. MMS: In Spring of 2000, MMS expects to publish a final rule that will modify existing regulations for valuing oil produced from Indian leases by decreasing the reliance on posted oil prices. MMS initially proposed the rule on February 28, 1998, and modified that proposal on January 5, 2000. The comment period will close on March 6, 2000. After completing the analysis under paragraphs E and F, MMS may schedule additional revisions to its regulations.

3. OHA: By April 30, 2000, OHA will identify those portions of its regulations that need to be revised as interim final rules to accommodate the BIA's assumption of jurisdiction over certain probate cases, which is part of the BIA's "first tier" regulatory initiative during 2000. OHA will publish an interim final rule by June 30, 2000, including a provision informing the public that the BIA attorney decision-makers will also be authorized to make summary distributions. After completing the analysis under sections E and F, OHA may schedule additional revisions to its regulations.

D. Identify Departmental Programs and Functions that Affect Indian Trust

To assure that the Department's trust policies and procedures are integrated and consistent, each office and bureau with responsibilities for Indian trust resources will identify those programs and functions that affect trust assets, and collect and inventory the governing statutory and regulatory authorities and internal program guidance (including written policies, manuals, interagency agreements and directives). The offices and bureaus will consult with the subproject office as they develop their inventories. The subproject office will be assisted by the Departmental Office of Policy Analysis in working with the bureaus and offices.

Bureau and office reports are expected to be completed as follows:

Agency	Schedule
Bureau of Indian Affairs (BIA)	September 1999
Office of Surface Mining (OSM)	May 2000
Office of Hearings and Appeals (OHA)	May 2000
Office of Special Trustee (OST)	May 2000
Bureau of Reclamation (BOR)	May 2000
Bureau of Land Management (BLM)	June 2000
Minerals Management Service (MMS)	June 2000
U.S. Geological Survey (USGS)	June 2000
Fish and Wildlife Service (FWS)	July 2000
National Park Service (NPS)	July 2000

E. Analyze Departmental Functions Relating to Trust Resources

In consultation with the subproject staff, the Departmental bureaus and offices will analyze their trust program statutes, regulations and internal program guidance to identify changes necessary to assure comprehensive, consistent, up-to-date

policies and procedures. The analyses should focus on specific trust management activities viewed against the backdrop of the Department's trust principles. The preliminary list of trust management activities to be examined include:

- Valuation of trust resources
- Conservation of trust resources
- Appeals process
- Consultation with tribes regarding use and disposition of trust resources
- Communication with individual Indian owners of trust resources
- Prevention of waste, alienation, and trespass
- Treatment of FOIA requests pertaining to trust resources
- Identification of new trust resources
- Protection of trust resources from depletion due to direct or indirect federal action
- Final agency disposition of trust assets

In consultation with the subproject office, bureaus and offices will prepare reports to the Trust Policies and Procedures Council containing the results of their analyses with proposed schedules for revisions or development of statutory authorities, regulations, and internal program guidance. The BIA's report will identify its second tier of proposed regulations. The bureau and office reports are expected to be completed as follows:

Agency	Expected Completion
OST	August 2000
OHA	September 2000
BOR	September 2000
USGS	September 2000
BLM	October 2000
OSM	October 2000
MMS	November 2000
FWS	February 2001
NPS	February 2001
BIA	March 2001

F. Analyze Cross-Cutting Issues and Problems

The subproject office will review the reports submitted to the Trust Policies and Procedures Council to analyze issues that cut across the bureaus and offices, and to identify problems relating to the Department's management of trust programs. The subproject office will present its analyses to the Trust Policies and Procedures Council along with recommendations for resolving any problems. The subproject office will be assisted by the Office of Policy Analysis in

working with the bureaus and offices.

For those issues the Trust Policies and Procedures Council determines can be resolved without further study, the subproject office will assist the bureaus and offices to identify statutory authorities, regulations and internal program guidance to be created or amended, including schedules for getting this work accomplished. Based on these schedules, bureaus and offices will revise and/or develop their regulations and internal program guidance generally in accordance with Sections G, H, and I respectively.

The subproject analysis of Departmental cross-cutting issues and identification of problematic areas to the Trust Policies and Procedures Council is expected to be completed by July 2001.

G. Develop and Publish Revised Regulations

Bureaus and offices will prepare appropriate revisions to their respective sections of the Code of Federal Regulations. Tribal consultations will be conducted on all draft regulatory proposals prior to publication as proposed rules.

1. BIA Second Tier: Propose and finalize second tier regulations. *Completion date to be determined in accordance with schedules in Sections E and F.*
2. *Schedules for BLM, MMS, OSM, OHA, FWS, BOR, USGS, NPS, OST and additional regulatory actions by BIA beyond those identified in Section C will be*

determined based on analysis conducted under Sections E and F.

The highest priority regulatory projects are identified in Section C and, as noted, the BIA will complete its priority projects by December 2000. MMS will complete its priority project by Spring 2000. To the extent that bureaus identify additional regulatory initiatives, they will be scheduled for revision based on need, with the entire review and revision process complete by June 2004.

H. Revise and Develop Internal Program Guidance Where Necessary

Following the analyses and any revision of pertinent regulations as outlined under Sections E, F, and G, the bureaus and offices will develop corresponding internal program guidance (such as manuals, interagency cooperating agreements or other directives) as may be necessary. Development of this guidance will be in accordance with the Department's trust principles and the reviews of trust issues identified in Sections E and F. The subproject staff will work with the bureaus and offices to complete this task, including coordinating with any outside contractors, to ensure that programs consistently fulfill the Secretary's trust responsibility to Indian tribes and individual Indians.

The completion date for BIA, BLM, MMS,

OSM, OHA, OST, NPS, FWS, BOR and USGS will be determined based on results of analysis and regulatory developments described in Sections E, F and G.

I. Develop Proposed Statutory Revisions

Many of the federal statutes that address Indian trust programs were enacted in the nineteenth and early twentieth centuries and some reflect long-abandoned policies of the United States toward tribes and individual Indians. These statutes may need to be repealed, others extensively revised, and new authority may be needed to establish national policy guidance to reflect contemporary policy.

An analysis of these statutes will be undertaken as part of the analysis planned under Sections E and F, and plans for proposing repeal of, revision of, or new legislation will be developed based on the outcomes of those reviews.

Completion date for submission of proposed new legislation will be dependent on the outcomes under Sections E and F and will be coordinated with the Secretary's Office of Congressional and Legislative Affairs. *Legislative recommendations are expected to be completed by 2002.*



United States Department of the Interior

OFFICE OF THE SECRETARY

Washington, D.C. 20240

ORDER NO. 3215

Subject: Principles for the Discharge of the Secretary's Trust Responsibility

Sec. 1 Purpose. This Order is intended to provide guidance to the employees of the Department of the Interior who are responsible for carrying out the Secretary's trust responsibility as it pertains to Indian trust assets. All Departmental regulations, policy statements, instructions, or manuals regarding the discharge of the Secretary's trust responsibility shall be interpreted or developed using these trust principles. In addition, these principles provide guidance to all persons who manage Indian trust assets.

This Order is intended to address neither the unique government-to-government relationship between the United States and American Indian and Alaska Native tribal governments nor the unique relationship between the United States and individual Indians, both of which have been referred to as a trust responsibility.

Sec. 2 Background. The trust responsibility is defined by treaties, statutes, and Executive orders. The most comprehensive and informative legislative statement of Secretarial duties in regard to the trust responsibility of the United States was set out in the American Indian Trust Fund Management Reform Act of 1994 (Reform Act), Pub. L. 103-412, Oct. 25, 1994, 108 Stat. 4239. The Reform Act provides:

The Secretary's proper discharge of the trust responsibilities of the United States shall include (but are not limited to) the following:

- (1) Providing adequate systems for accounting for and reporting trust fund balances.
- (2) Providing adequate controls over receipts and disbursements.
- (3) Providing periodic, timely reconciliations to assure the accuracy of accounts.
- (4) Determining accurate cash balances.
- (5) Preparing and supplying account holders with periodic statements of their account performance and with balances of their account which shall be available on a daily basis.
- (6) Establishing consistent, written policies and procedures for trust fund management and accounting.
- (7) Providing adequate staffing, supervision, and training for trust fund management and accounting.
- (8) Appropriately managing the natural resources located within the boundaries of Indian reservations and trust lands.

25 U.S.C. § 162a(d).

As stated in the Reform Act, this list of duties is not exhaustive. Therefore, to understand the nature of the Department's duties, we must look to a variety of other sources for guidance. One internal Departmental source of guidance is legal advice from the Solicitor's Office. The Solicitor's Office continues to provide the Department with guidance through formal and informal legal advice regarding its trust responsibility. The most comprehensive document available on this subject is a letter by Solicitor Krulitz dated November 21, 1978, analyzing the federal government's responsibility concerning Indian property interests. This legal guidance from the Solicitor's Office informs our interpretation of the duties required by treaties, statutes, and Executive orders.

Legal guidance also is found in judicial decisions. In Seminole Nation v. United States, 316 U.S. 286 (1942), the Supreme Court said that the government in its dealings with Indians is charged with "moral obligations of the highest responsibility and trust" and should be "judged by the most exacting fiduciary standard." Id. at 296. Many other cases too numerous to list here have discussed the trust responsibility. See Poafybitty v. Skelly Oil Co., 390 U.S. 365 (1968); Nevada v. United States, 463 U.S. 110 (1983); United States v. Mitchell, 463 U.S. 206 (1983) (Mitchell II); White Mountain Apache Tribe v. United States, 20 Cl. Ct. 371 (1990); Pyramid Lake Paiute Tribe v. Morton, 354 F. Supp. 252 (D.D.C. 1972); and Cobell v. Babbitt, 1999 WL 1581470 (D.D.C. Dec. 21, 1999).

It is with this legal history in mind that I issue this Order. This Order is intended to provide guiding principles to interpret or develop policy statements, regulations, and instructions regarding the proper discharge of the Secretary's trust responsibility. It would be beyond my authority, and this Order is not intended, to impose the legal standards by which a breach of trust claim would be reviewed in a court of law.

Sec. 3 Authority. This Order is issued in accordance with the Reform Act.

Sec. 4 Definitions.

a. "Beneficial owner" means both Indian tribes and individual Indians who are the beneficial owners of Indian trust assets held by the federal government in trust or with a restriction against alienation.

b. "Persons who manage Indian trust assets" means Departmental employees or contractors, or Indian tribes that have been properly delegated specific authority to manage or administer Indian trust assets.

c. "Trustee" means the Secretary or any person who has been properly authorized to act as the Trustee for Indian trust assets.

d. "Indian trust assets" means lands, natural resources, money, or other assets held by the federal government in trust or that are restricted against alienation for Indian tribes and individual Indians.

- e. "Trust responsibility" as used in this Order only pertains to Indian trust assets.

Sec. 5 Trust Principles. The proper discharge of the Secretary's trust responsibility requires, without limitation, that the Trustee, with a high degree of care, skill, and loyalty:

- a. Protect and preserve Indian trust assets from loss, damage, unlawful alienation, waste, and depletion;
- b. Assure that any management of Indian trust assets that the Secretary has an obligation to undertake promotes the interest of the beneficial owner and supports, to the extent it is consistent with the Secretary's trust responsibility, the beneficial owner's intended use of the assets;
- c. Enforce the terms of all leases or other agreements that provide for the use of trust assets, and take appropriate steps to remedy trespass on trust or restricted lands;
- d. Promote tribal control and self-determination over tribal trust lands and resources;
- e. Select and oversee persons who manage Indian trust assets;
- f. Confirm that tribes that manage Indian trust assets pursuant to contracts and compacts authorized by the Indian Self-Determination and Education Assistance Act, 25 U.S.C. 450, et seq., protect and prudently manage Indian trust assets;
- g. Provide oversight and review of the performance of the Secretary's trust responsibility, including Indian trust asset and investment management programs, operational systems, and information systems;
- h. Account for and timely identify, collect, deposit, invest, and distribute income due or held on behalf of tribal and individual Indian account holders;
- i. Maintain a verifiable system of records that is capable, at a minimum, of identifying: (1) the location, the beneficial owners, any legal encumbrances (i.e., leases, permits, etc.), the user of the resource, the rents and monies paid, if any, and the value of trust or restricted lands and resources; (2) dates of collections, deposits, transfers, disbursements, third party obligations (i.e., court ordered child support, judgements, etc.), amount of earnings, investment instruments and closing of all trust fund accounts; (3) documents pertaining to actions taken to prevent or compensate for any diminishment of the Indian trust assets; and (4) documents that evidence the Secretary's actions regarding the management and disposition of Indian trust assets;
- j. Establish and maintain a system of records that permits beneficial owners to obtain information regarding their Indian trust assets in a timely manner and protect the privacy of such information in accordance with applicable statutes;

k. Invest tribal and individual Indian trust funds to make the trust account reasonably productive for the beneficial owner consistent with market conditions existing at the time the investment is made;

l. Communicate with beneficial owners regarding the management and administration of Indian trust assets; and

m. Protect treaty-based fishing, hunting, gathering, and similar rights of access and resource use on traditional tribal lands.

Sec. 6 General Provision. This Order is intended to enhance the Department's management of the Secretary's trust responsibility. It is not intended to, and does not, create any right to administrative or judicial review, or any legal right or benefit, substantive or procedural, enforceable by a party against the United States, its agencies, or instrumentalities, its officers or employees, or any other person.

Sec. 7 Implementation. This Order shall be implemented as guidance for the employees of all bureaus and offices within the Department as they review, modify or promulgate new regulations, policy statements, instructions or manuals, as they develop legislative and budgetary proposals, and as they manage, administer, or take other actions directly relating to or potentially affecting assets held in trust by the United States for Indian tribes and individual Indians.

Sec. 8 Effective Date. This Order is effective immediately. It will remain in effect until its provisions are converted to the Departmental Manual, or until it is amended, superseded or revoked, whichever comes first. In the absence of any of the foregoing actions, the provisions of this Order will terminate and be considered obsolete on October 31, 2000.



Secretary of the Interior

Date: **APR 28 2000**



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

MAY 3 1 2000

Honorable Ralph Regula
Chairman, Subcommittee on Interior
and Related Agencies
Committee on Appropriations
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

The *Department of the Interior and Related Agencies Appropriation Act, 2000* (Public Law 106-113, Sec. 119) authorizes the expenditure or transfer of funds from the Office of the Special Trustee for American Indians "Federal Trust Programs" account to the Bureau of Indian Affairs and the Office of the Secretary to implement needed trust management improvements. The transferred funds may be either FY 2000 appropriations or unobligated balances available from prior year appropriations. Report language accompanying the bill specifies that the funds transferred to the Office of Hearings and Appeals in the Office of the Secretary are to be used to reduce the Bureau of Indian Affairs probate backlog, part of the trust management improvement project.

We appreciate the Subcommittee's actions to ensure that the Department has the necessary resources to fulfill its basic trust responsibilities. On April 12, 2000, we notified the Subcommittee of the potential shortfall of resources to meet the competing demands for trust management improvement and litigation activities. As you know, the Department is incurring unanticipated costs that stem from the December 21, 1999, decision by the United States District Court in the *Cobell et al. v Babbitt et al.* litigation. This decision relates to the first component of the litigation (trial one) which was tried from June 10, 1999 through July 23, 1999. After re-evaluating each trust improvement subproject budget and other litigation costs, the Department has determined that sufficient resources are available in FY 2000 for the trust management improvement activities and *Cobell* litigation costs. However, sufficient funds are not available to remedy the breaches of trust identified in the December 21, 1999, Court Order.

The Court held that the Department breached its statutory trust duties under the *American Indian Trust Fund Management Reform Act of 1994* by failing to establish written policies and procedures for: (1) collecting from outside sources missing information necessary to render an accurate accounting of the IIM trust; (2) retaining IIM-related trust documents necessary to render an accurate accounting of the IIM trust; (3) preparing a computer and business systems architecture necessary to render an accurate accounting of the IIM trust; and (4) staffing trust management functions necessary to render an accurate accounting of the IIM trust. The Court directed the Department to "promptly come into compliance by establishing written policies and procedures" that rectify these breaches of trust. The Court retained jurisdiction for at least five years and ordered the Department to submit quarterly status reports on actions taken to cure these breaches.

The Department filed an appellate brief on May 24, 2000 arguing that the District Court may have exceeded its authority in requiring the Department to take actions to correct the breaches of trust. We expect oral arguments to commence on September 7, 2000. Nevertheless, aside from the legal issues involved, the Department agrees that the areas identified by the court will assist and strengthen its reform efforts, and the Department must also undertake an historic accounting. We are therefore moving forward to address these issues as well as those identified in the revised High Level Implementation Plan (HLIP).

The Department submitted plans to remedy these breaches to the Court on March 1, 2000; copies of these reports were provided to your staff. Because the costs to implement these plans were not known at the time we prepared the FY 2001 Budget, the costs of establishing and implementing these new policies and procedures in FY 2000 and 2001 were not budgeted. The Department expects to incur costs of \$4.2 million in FY 2000 from activities associated with correcting three out of the four breaches of trust (information collection, systems architecture, and workforce planning) identified in the Court's Order. The second breach of trust, records retention, would not require additional funding because it is a subset of an ongoing effort in the Trust Management Improvement Project.

As we notified the Subcommittee on April 12, 2000, we entered into a contract for Phase One of the workforce planning effort for \$571,000 paid for with trust management improvement funds in the Office of the Special Trustee. The Department will be able to fund \$515,108 of the costs for the systems architecture breaches within base funding of the affected bureaus and offices as follows:

- Bureau of Indian Affairs - \$207,543
- Minerals Management Service - \$64,535
- Bureau of Land Management - \$131,030
- Office of Hearing and Appeals (Departmental Management Account) - \$112,000

To fund the balance of the \$3.2 million in breaches costs for FY 2000, the Department has identified funds within the Office of the Special Trustee trust management improvement activities to be reprogrammed to meet these activities. Therefore, the Department requests approval to reprogram \$3.2 million of available funding within the Office of the Special Trustee trust management improvement activities. The reprogramming is possible due to revised project estimates for several trust improvement projects, which would result in carryover funding balances.

The \$3.2 million from FY 2000 trust management improvement funds would be used for systems architecture implementation, workforce planning studies, and collection of missing information. Of the \$3.2 million, \$785,000 will remain in the Office of the Special Trustee to correct the information collection breach (\$646,000) and systems architecture costs (\$139,000). In addition, the Department requests approval to transfer the remaining \$2.4 million of these reprogrammed funds to the Departmental Management, Salaries and Expenses account. These transfers are possible because of available no year funding balances. The funds would be allocated as follows:

- \$336,040 to the Office of Information Resources Management to fund the remaining costs of the \$990,148 needed for systems architecture implementation. In FY 2000, the systems architecture implementation will consist of tasks B through D in the *Computer and Business Systems Architecture Framework Plan* (pages 9-10): development of the business model, the enterprise survey, and determination of the current systems and technology architecture.
- \$2.0 million to the Office of Personnel Policy to manage Phase Two of the workforce planning study. To date, \$571,000 of trust management improvement funds has already been obligated to implement Phase One of the workforce planning effort in OST. As identified in the *Workforce Planning Report*, Phase One of the workforce planning consisted of an inventory of current workforce skills and competencies. Phase Two is a strategic planning stage that will develop a workforce plan to determine future skills and competencies needed to accomplish defined work requirements.

We will continue to keep your staff informed with regard to additional requirements stemming from the Court Order, trial two litigation costs, Federal Register Notice – Individual Indian Money (IIM) accounting costs, and Trust Asset Accounting and Management System (TAAMS) implementation.

As provided under the reprogramming guidelines, we intend to proceed with the proposed reprogramming unless we hear from you within 30 days of your receipt of this letter.

Similar letters have been sent to the Honorable Slade Gorton, Chairman, Subcommittee on Interior and Related Agencies, Committee on Appropriations, United States Senate, the Honorable Norman D. Dicks, Ranking Minority Member, Subcommittee on Interior and Related Agencies, Committee on Appropriations, House of Representatives, and the Honorable Robert C. Byrd, Ranking Minority Member, Subcommittee on Interior and Related Agencies, Committee on Appropriations, United States Senate.

Sincerely,

A handwritten signature in black ink, appearing to read "John Berry". The signature is fluid and cursive, with the first name "John" being more prominent and the last name "Berry" following in a similar style.

John Berry
Assistant Secretary
Policy, Management and Budget

Enclosure

Proposed Allocation of Reprogrammed Funds

To fund the \$4.2 million in breaches of trust costs for FY 2000, the Department requests approval to reprogram funds dedicated to trust management improvement activities to mitigate the breaches of trust. The following chart displays how the funding would be allocated.

Breach of Trust Activity	Amount in FY 2000	Bureau/Office	Source
Information Collection	\$646,000	OST to OST	Reprogram of trust management improvement funds
Records Retention	No new funding needed	OST	Subset of Ongoing Trust Management Improvement Project
Systems Architecture	\$990,148		
	[\$139,000]	OST to OST	Reprogram of trust management improvement funds
	[\$336,040]	OST to OIRM	Reprogram and transfer of trust management improvement funds
	[\$207,543]	BIA	Absorb Costs
	[\$64,535]	MMS	Absorb Costs
	[\$131,030]	BLM	Absorb Costs
	[\$112,000]	OHA	Absorb Costs
Workforce Planning	\$2,617,000		
Phase One	[\$571,000]	OST to OST	Prior reprogram of trust management improvement funds (already obligated) per 4/12 letter.
Phase Two	[\$2,046,000]	OST to Office of Personnel Policy	Reprogram and transfer of trust management improvement funds
TOTAL	\$4,253,148		