

# INDIAN FOREST MANAGEMENT HANDBOOK

**53 IAM 11-H**



# FOREST MANAGEMENT DEDUCTIONS

Release # 94

53 IAM 11-H

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**CHAPTER 1 - INTRODUCTION**

**1.1 Purpose.** This handbook is designed to provide the user with the necessary information, procedures, and processes to collect, monitor, and distribute forest management deductions (see 25 CFR §163.25 and 53 IAM 1).

**1.2 Authority.**

**A. Statutes.**

- (1) 25 USC Chapter 12, Section 406 (Illustration 1)
- (2) 25 USC Chapter 12, Section 407 (Illustration 2)
- (3) 25 USC Chapter 12, Section 407a to 407c (Illustration 3)
- (4) 25 USC Chapter 12, Section 407d (Illustration 4)
- (5) 25 USC Chapter 12, Section 413 (Illustration 5)
- (6) 25 USC Chapter 33, Section 3105 (Illustration 6)
- (7) 25 USC Chapter 33, Section 3107 (Illustration 7)

**B. Memoranda** – Issued by various offices and titles within the Department of Interior since 1959. The memoranda represent the chronology of administrative decisions that have provided the framework for developing this volume of the Indian Forest Management Handbook.

- (1) Memo – 7/9/59 - Assistant Secretary for Public Land Management. (Illustration 8)
- (2) Memo – 7/9/64 from the Assistant Commissioner of Indian Affairs. (Illustration 10)
- (3) Memo – 6/15/72 - Assistant Secretary, Public Land Management. (Illustration 11)
- (4) Memo – 6/23/72 - Deputy Commissioner of Indian Affairs. (Illustration 12)
- (5) Memo – 8/10/72 - Commissioner of Indian Affairs. (Illustration 13)
- (6) Memo – 12/12/72 - Assistant Secretary of the Interior. (Illustration 14)
- (7) Memo – 1/24/73 - Assistant Secretary of the Interior. (Illustration 15)
- (8) Memo – 5/22/75 - Commissioner of Indian Affairs. (Illustration 16)
- (9) Memo – 5/25/79 - Assistant Secretary of Indian Affairs. (Illustration 17)
- (10) Memo – 2/17/99 - Acting Director, Office of Trust Responsibilities. (Illustration 18)
- (11) Memo – 2/24/03 - Acting Deputy Commissioner of Indian Affairs. (Illustration 19)

**1.3 Guidance.** Handbooks, directives, and policies may be issued and revised to provide additional procedural guidance. The *Forestry Business Process for Removal of Forest Products* (Illustration 20) provides a summary of steps which include the collection and distribution of forest management deductions. The *BIA Forestry Collections and Distribution Handbook* and 53 IAM Chapter 11, Forest Management Deductions provide additional guidance for forest management deductions. Title 25 of the U. S. Code provides language specific to forest management deductions in Chapters 12 and 33. Regional directives may be issued as necessary to address processes and procedures that are unique to the region and do not apply to other regions.

[Note: This volume is meant to be a stand alone document for forest management deductions. Some sections are the same or similar to the sections contained in the Volumes 3 (Contract Sales of Forest Products) and 4 (Permit Sales of Forest Products) of the Indian Forest Management Handbook (Handbook). This redundancy was intentional to simplify document use and to eliminate the confusion and need to reference other Volumes of the Handbook.]

**1.4 Policy.** The following forest management deductions policies apply to all Indian forest lands managed by the Secretary:

- To withhold forest management deductions (FMD) from the “gross proceeds” of sales of forest products

harvested from Indian forest lands, via timber sale contracts or permits, where the total value of the sale of forest products is greater than or equal to \$5,001. [25 CFR 163.25(c)]

- To withhold FMD from the “highest single stumpage value” of the unprocessed forest products taken in a trespass. FMD shall not be withheld where less than the highest stumpage value of the unprocessed forest products taken in trespass has been recovered. [25 CFR 163.29(b)(2)].
- To withhold forest management deductions based on the following actions.
  1. Gross proceeds from estimated and predetermined volume contracts and paid permits.
  2. Total estimated value of forest products harvested using special allottee permits.
  3. Gross proceeds from cutting or destruction of trees or products not designated for harvest.
  4. Gross proceeds resulting from deficiencies in cutting requirements.
  5. Gross proceeds resulting from unauthorized movement of products.
  6. Liquidated damages charged to the purchaser.
  7. Gross proceeds resulting from trespass settlements (except as described above).

**1.5 Scope.** The directives contained in this volume of the Handbook apply to all federal agencies and programs participating in the management, accountability, or protection of Indian forest land. Regardless of the means of program execution, the appropriate federal official shall assure that the practices and procedures prescribed herein are followed. Compact tribes may not be required (refer to the tribe’s compact) to abide by the practices and procedures contained in this volume of the Handbook, but may use this Handbook volume as a guiding document.

**1.6 Terminology.** Besides this volume, definitions are available within 25 CFR 163. The following terms have been included to assist in working with this volume of the Handbook. Terminology should be used consistently at all locations to maintain clarity when describing the accounting and sale actions being undertaken.

**A. Advance Deposit.** Required deposits in advance of cutting, which the purchaser furnishes to maintain an operating balance against which the value of timber/forest products to be cut/removed will be charged. Forest management deductions are deducted at time of distribution to the landowners.

**B. Advance Payment.** Non-refundable partial payments or full payment of the estimated value of the timber to be cut. Normally paid within 30 days of the date of approval and before cutting begins. Forest management deduction are deducted at the time of distribution to the landowners.

**C. Damages.** The net reduction in dollar value of the trust resource and for which the purchaser or his/her representative is responsible for paying. Damages are divided into two categories - liquidated damages and actual damages. Potential liquidated damages are described in the sale provisions or advertisement. Actual damages may be charged against the purchaser if he fails to satisfactorily complete all obligations under the sale. Forest management deductions are assessed against some, but not all damages collected.

**D. Forest Management Deductions (FMD).** A percentage of the gross proceeds from the sale of forest products harvested from Indian land, which is collected by the Secretary pursuant to 25 USC § 413. Assessed against all sales of timber with a value of \$5,001.00 or more. Formerly referred to as “Administrative Fees” or “10%”, Forest management deductions are utilized for forest land management activities in accordance with an approved expenditure plan.

**E. Forest Management Deductions Percentage to be Withheld.** The rate is usually ten percent (10%) or the actual percentage in effect on November 28, 1990; except that tribes may request an increase in the rate, a decrease of the rate to not less than one percent (1%), or request a waiver of the deduction. [25 CFR §163.25(e)]

**F. Gross Proceeds.** The value in money or money's worth of consideration furnished by the purchaser of forest products purchased under a contract, permit, or other sale document. Forestry project costs included in stumpage payments are not part of gross proceeds. Actual damages are also not included in gross proceeds and include the cost to repair/rehabilitation property or improvements or the cost of suppression.

**G. Indian Land.** Land for which title is held by the United States in trust for an Indian, Alaska Native, or Indian Tribe and which is subject to a restriction against alienation.

**H. Indian Tribe.** Any Indian tribe, band, nation, rancheria, pueblo, colony or community, including and Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act (85 Stat.688) which is federally recognized as eligible by the U.S Government through the Secretary for the special programs and services provided by the Secretary to Indians because of their status as Indians.

**I. Indirect Cost.** Means cost incurred for a common or joint purpose benefiting more than one contract objective or which is not readily assignable to the contract objectives specifically benefited without effort disproportionate to the results achieved. (i.e.; pooled tribal costs associated with the management and accounting of all government contracts and grants)

**J. Indirect Cost Rate.** Means the rate(s) arrived at through negotiation between an Indian tribe or tribal organization and the appropriate Federal Agency. Usually negotiated with the National Business Center (NBC) and established on an annual basis.

**K. Penalty Scale.** The additional charge for actions contrary to the timber sale document or for the failure of the purchaser or his/her representative to comply with the directives of the Bureau or Tribe. Penalty scale can include the unauthorized cutting of timber or damage to the reserve stand, unauthorized movement of forest products, or the cutting of high stumps.

**L. Service Fees.** Deductions, in lieu of forest management deductions, from the gross proceeds for undivided interest held in fee for work performed by the Bureau/Tribe on behalf of the fee owner(s). The service fees are handled exactly like forest management deductions and are available to the tribe for use in forest management activities on Indian forest land.

**M. Special Allotment Timber Harvest Permit (SATHP).** A formal permit document which may be issued to a sole beneficial owner of an allotment, which authorizes the harvest and sale of designated forest products from the allotment. A formal permit document issued to a sole beneficial owner of an allotment, which authorizes the harvest and sale of designated forest products from the allotment. As a condition to being granted the permit, the sole allotment owner is required to provide evidence that he or she has arranged a bonafide sale of the forest products on terms that will protect the Indian's interests.

**N. Special Deposit Account.** A temporary interest bearing account for the deposit of trust funds that cannot be credited to the rightful owners/beneficiaries within thirty (30) days.

**O. Stumpage.** One of the four primary forestry accountable money items. These funds are the gross value of payment for forest products available to the landowner AFTER forestry project funds are deducted and before forest management deductions are withheld.

**P. Waste or Pickup Scale.** Scale of merchantable material produced for sale and for which the owners are entitled to compensation. This is usually for material designated for harvest under the sale documents but was left in the woods or at the landing.

**1.7 Frequently Asked Questions (FAQs).** The most commonly asked questions include:

**A. Why do we need a handbook?** To inform decision makers; teach/train employees in forest management deductions processes and procedures; provide consistency in the management of the funds; provide accountability; and document the collection and expenditure of forest management deductions.

**B. Do I need to replace existing handbooks?** This handbook supersedes Supplement 4 of 53 BIAM and the information regarding the forest management deductions contained in the Timber Sale Records Handbook (Release 53-18, April 21, 1966). The handbook complies with current statutes, regulations, and policy and does not automatically replace other handbooks that are also in compliance. This handbook is to be used as a guide.

**C. What are restricted interests?** Restricted interests are interests in land in which: the title is held by a tribe or individual Indians and are subject to federal restrictions against alienation or encumbrance; or, the title is held in trust by the United States for the benefit of the tribe or individual Indians. These ownerships are not subject to local or state property taxes. Income generated from these properties is not subject to income taxes, although any interest accrual of \$10 or more on this trust income in a calendar year is subject to income tax.

**D. What are unrestricted interests?** Unrestricted interest is interest in land for which title is held by the owners without federal restrictions or encumbrance. Unrestricted interests are subject to local government taxes and regulations. In addition, any money generated from the unrestricted interest is subject to income tax.

**E. What is an advance deposit and why is it required?** Advance deposits are sale required deposits in advance of cutting that the purchaser furnishes to maintain an operating balance against which the value of timber/forest products to be cut/removed will be charged. Indian tribal forest enterprises may be exempted from the requirement to make advance deposits with the approval of the Secretary.

**F. Why are forest management deductions collected?** 25 CFR §163.25 requires the collection of forest management deductions for the sale of forest products with a total value of at least \$5,001. At the request of a tribe and approval of the Secretary, the forest management deduction percentage may be increased or decreased, or the requirement for collection may be waived. These funds are available to the tribes for use in managing and protecting Indian forest land.

**G. Do forest management deductions have to be used for forest management activities on the same tract from which the funds were generated?** No. There is no requirement, "that the benefits of forest management deductions accrue to the specific land from which they were earned." (Federal Register/Vol.60, No.193, October 5, 1995)

**H. How does the Bureau verify appropriate use of FMD and that planned projects are completed?** The Bureau may conduct field inspections to verify project completion and review tribal records to verify expenditures against the Expenditure Plan.

**I. Can the Bureau withhold forest management deduction payments to a tribe?** Yes and No. If the Expenditure Plan authorizes reimbursement payments and the approved forest management activities were not completed, then payment for the incomplete projects could be withheld. If the Plan authorizes advance payments to the Tribe, then payments would not be withheld. To guarantee that FMD projects are completed and force expenditure plan compliance, the Bureau could withhold approval on future expenditure plans if the Tribe does not complete the previously planned projects, provide the annual expenditure/accomplishment report, or use the FMD funds as specified in the approved expenditure plan. (Note: Every effort should be taken to resolve non-compliance issues in a constructive and cooperative manner. Withholding Plan approval should be an action of last resort.)

**J. Can the tribe request that the government only collect FMD off of allotments and not collect FMD off of tribal lands?** No. Any changes in the percent collected or a request to waive FMD applies to all Indian lands associated with the specific tribe or reservation and cannot be selective in application.

**K. Does the government collect Forest management deductions from the fee owners on Indian lands?** No, the Bureau assesses service fees that are handled in the same manner as forest management deductions [See 25 USC Chapter 12 Section 406 (Illustration 1)].

**L. Is there a statute or regulation that authorizes the reduced FMD rate of five percent (5%) to be assessed for timber harvesting that requires little cost to the Bureau?** Yes, a regulation published in the Federal Register on September 30, 1959 stated, "*Unless special instructions have been given by the Secretary as to the amount of the deduction, or the manner in which it is to be made, there shall be deducted 10 percent of the gross amount received for timber sold under regular supervision, and 5 percent when the timber is sold in such a manner that little administrative expense by the Indian Bureau is required.*" (Refer to Illustration 9) The policy since that time has remained that one-half of the normal FMD rate shall be assessed for timber harvesting that requires little cost to the Bureau, such as Special Allotment Timber Harvest Permits.

**M. Can tribes collect the FMD?** No. The statute (25 USC 3105) and the regulation [25 CFR § 163.22(b)] are both very clear that the Secretary withholds the deduction. Policy guidance is also provided in a memorandum dated February 24, 2003 from the Acting Deputy Commissioner of Indian Affairs (Illustration 19).



**CHAPTER 2 – Forest Management Deductions Program****2.1 General.****A. FMD vs. Service Fees.**

(1) **Forest Management Deductions.** Forest management deductions shall be withheld for appropriate forest management programs on Indian trust lands; including tribal trust lands, allotments, public domain, and homesteads. Forest management deductions are assessed against proceeds from forest management activities or trespass on the restricted Indian interest in the tract.

(2) **Service Fees.** Service fees are assessed against proceeds in lieu of forest management deductions for the unrestricted interest in a tract. Service fees are managed in the same manner as forest management deductions – they are commingled in the same forest management deductions (FM) trust account and are available to the tribes for use in their forestry programs.

**B. Deduction Percentage.** The deduction percentage used as it applies to a reservation/tribe **shall** apply equally to all Indian lands within that jurisdiction. Deduction percentages **shall** be all inclusive and will not be applied at different rates for different ownerships or tracts - except that different rates may be applied to different species or products (not recommended) in effect on November 28, 1990.

(1) The percentage rate of forest management deduction **shall not** exceed the lesser amount of ten percent (10%) of the gross proceeds or, the actual percentage in effect on November 28, 1990. [25 CFR §163.25(d)]

(2) The Secretary **may** increase the forest management deduction percentage for Indian forest land upon receipt of a written request from a tribe supported by a resolution executed by the tribal representatives. [25 CFR §163.25(e)]

(3) At the request of the authorized tribal representatives and at the discretion of the Secretary, the forest management deduction percent **may** be decreased to not less than one percent (1%), or the requirement for collection **may** be waived. [25 CFR §163.25(e)] An assessment of the potential impact to forest management activities must be included as part of any request for a reduction in the forest management deduction rate.

**C. FMD Limitations/Restrictions.**

(1) FMD **will not** be available to:

a. Cover costs that are paid from funds appropriated specifically for fire protection or pest control.

b. Offset federal appropriations for meeting federal trust responsibility for management of Indian forest lands.

c. Build office buildings. (See Illustration 18)

d. Purchase land. (See Illustration 14)

(2) No other forest management deductions derived from Indian forest lands shall be collected to be covered into the general funds of the United States Treasury. [25 CFR § 163.25(j)].

- (3) Tribes cannot collect and hold forest management deductions. [25 CFR § 163.22(b)].

## 2.2 **FMD for Waste/Penalties/Damages**

A. **Waste/Pickup and Penalty Scale. The gross proceeds associated with waste/pickup and penalty scales are subject to forest management deductions.**

B. **Damages.** Damages are defined as the net reduction in dollar value of the trust resource.

Damages fall into two categories – actual damages and liquidated damages. –

- (1) **Actual damages are not subject to forest management deductions.**

Actual damages include costs and expenses of the Seller or the Government to complete the requirements of the sale and the depreciation in the value of remaining timber.

Measurable damages to cover the cost of repair/rehabilitation/suppression are usually not paid to the landowners or reported on Scale Reports or Reports of Timber Cut, but are used by the BIA to cover the cost of repair/rehabilitation/suppression. Payment for damages that cannot be repaired will be paid to the landowners. Actual damages may include but are not limited to the following:

- Costs for the suppression of Purchaser-neglect fires. (Standard Provisions Part B11.411)
- Damage from Purchaser-operations fires. (Standard Provisions Part B11.5)
- Damage to telephone lines, fences, roads, trails and other existing improvements. (Standard Provisions Part B12.1)
- Damage to land or other property that cannot be repaired or rehabilitated. (Standard Provisions Part B12.2)

(2) **Liquidated damages are collected to compensate the landowner for a loss in value and are subject to forest management deductions.** Liquidated damages may include but are not limited to:

- Fails to execute sale document after sale award.
- High Stumps.
- Deterioration in the value of deficient volume under the minimum cutting requirements (in addition to stumpage value).
- Delay or loss of growth in the residual stand.
- Delay in establishing a new stand.
- Delay in receipt of planned income.

**2.3 Program Activities and Expenses.****A. Justifiable Forestry Program Activities (25 USC Chapter 33).**

- (1) Program Administration and Executive Direction.
  - a. Development and maintenance of policy and operational procedures, program oversight, and evaluation.
  - b. Securing legal assistance and handling of legal matters.
  - c. Budget, finance, and personnel management.
  - d. Development and maintenance of necessary data bases and program reports.
- (2) Development, preparation, and revision of forest inventory and management plans consistent with and reflective of tribal integrated management plans.
  - a. Aerial photography.
  - b. Mapping.
  - c. Field management inventories and re-inventories.
  - d. Inventory analysis.
  - e. Growth studies.
  - f. Allowable annual cut calculations.
  - g. Environmental assessments.
  - h. Forest history.
- (3) Forest land development.
  - a. Forestation.
  - b. Thinning.
  - c. Tree improvement activities.
  - d. Silvicultural treatments to restore or increase growth and yield.
- (4) Protection from wildfire.
  - a. Acquisition and maintenance of fire fighting equipment and fire detection systems.
  - b. Construction of firebreaks.

- c. Hazard reduction.
  - d. Prescribed burning.
  - e. Development of cooperative wildfire management agreements.
- (5) Protection against insects and disease.
- a. Detection and evaluation.
  - b. Preparation of project proposals containing project description, environmental assessments and statements, cost-benefit analyses necessary to secure funding.
  - c. Field suppression operations.
  - d. Reporting.
- (6) Assessment of damages caused by trespass, infestation, or fire.
- a. Field examination and survey.
  - b. Damage appraisal.
  - c. Investigation assistance.
  - d. Collection actions.
  - e. Testimony preparation.
- (7) Timber Sale preparation, administration, and supervision.
- a. Cruising, product marking, silvicultural prescription, appraisal, and supervision.
  - b. Forest product marketing.
    - (i) Evaluation of marketing and development opportunities.
    - (ii) Consulting and advice to tribes, tribal and Indian enterprises on maximization of returns on forest products.
  - c. Archeological, historical, environmental and other land management reviews, clearances, and analyses.
  - d. Advertising, executing, and supervising timber harvest.
  - e. Marking and scaling timber.
  - f. Collecting, recording, and distributing receipts from sales.
- (8) Provide financial assistance for the education of Indians enrolled in accredited programs of postsecondary and postgraduate forestry and forestry related fields of study.

- a. Scholarships.
- b. Internships.
- c. Relocation Assistance.
- d. Other forms of assistance to cover educational expenses.

(9) Develop and implement tribal integrated resource management plans, including activities to coordinate current and future multiple uses of Indian forest lands.

(10) Improve and maintain extended season primary and secondary Indian forest road systems.

(11) Research activities to improve the basis for determining appropriate management measures to apply to Indian forest lands.

**B. Justifiable Forestry Program Activity Expenses.** The following items are types of obligations and expenses which may be included in the Expenditure Plan for Forest Management Deductions, but are not all inclusive. Other items may be acceptable to the Bureau and may be incorporated in the Expenditure Plan with adequate justification.

- (1) Personnel services for salary and fringe benefits.
- (2) Travel and training (employee travel, motor vehicles, etc.)
- (3) Contractual services.
- (4) Shipping costs.
- (5) Rents and utilities.
- (6) Printing costs.
- (7) Supplies and materials.
- (8) Equipment (itemize equipment purchases).
- (9) Other (itemize).

#### **2.4 Accounting for Forest Management Deductions.**

**A. Forest Management Deductions (FM) Account.** A separate forest management deductions holding account (FM account) will be established for each reservation under the Agency's jurisdiction for which forest management deductions were collected. See the FM section of the *BIA Forestry Collections and Distribution Handbook* (Illustration 21). One FM account will also be established for all public domain or homestead allotments under an Agency's jurisdiction and for all Alaskan native allotments on an Alaskan management unit that does not contain any tribal lands or have a reservation designation.

#### **B. Earned Forest Management Deductions.**

(1) Forest management deductions are considered earned whenever stumpage, penalties, and liquidated damages are received by the Bureau or Tribe. Forest management deductions are deposited into the FM account whenever sale or trespass proceeds are disbursed to the landowners or when FMD funds are paid directly to the Bureau. Funds are deposited into the FM account at the same time as the disbursement to the landowners is processed. This timing eliminates confusion and complications of determining appropriate interest accrual for the transfer of forest management deduction funds. (Note: interest follows principal from all trust accounts (primarily AP and AD accounts) into the FM Account and becomes part of the FMD principal. Interest is not added to the disbursement of funds from the forest management deductions account.) Forest Management Deductions are earned from:

a. Estimated Volume Sales; when advance payments are received and disbursed, when the value of forest products scaled exceed the value of the advance payment(s), and when penalties, damages, or fines are received.

b. Predetermined Volume Sales; when any payment for timber is received [installment payment(s) or total sale value] and when penalties, damages, or fines are received.

c. Trespass; when the approving officer accepts payment(s) of damages in settlement of a trespass case in which the “highest single stumpage value” has been recovered. The following guidelines apply to the collection of Forest Management Deductions for trespass:

(i) Forest Management Deductions are to be withheld in a similar manner to a “normal” harvest operation. In cases where treble stumpage or another amount greater than the highest single stumpage value is collected, Forest Management Deductions are to be withheld only on the single stumpage portion of the recovery as would be the case under a “normal” harvest operation. Forest Management Deductions are not collected on restoration or enforcement costs recovered in trespass settlements.

(ii) In trespass settlements involving installment payments, there is no way of knowing whether the “highest stumpage value” will be fully recovered until the final payment is received. In these cases, if the settlement is for the highest stumpage value or greater, the assumption will be that the highest stumpage value is fully recovered, even though it is based on installment payments. In these cases, the FMD will be collected with each installment. (53 IAM Chapter 11, 11.5 C.)

(iii) In the case of trespass by Indian Beneficial Owners upon their own land, or undivided land in which such owners have a partial interest, these owners shall not receive their beneficial share of any civil penalties and damages collected in consequence of the trespass. Any civil penalties and damages defaulted in consequence of this provision instead shall be distributed first toward restoration of the land subject of the trespass and second toward costs of the enforcement agency in consequence of the trespass, **with any remainder to the forest management deduction account** of the reservation in which the trespass took place. (25 CFR §163.29 (c))

d. Forfeiture of Deposit of Successful Bidder; when the Bureau confiscates all or part of the deposit of the successful bidder as liquidated damages for failure of the purchaser to:

(i) Furnish the required performance bond within the time stipulated in the advertisement for sale of forest products.

(ii) Execute the sale. If the successful bidder, after receiving notice of bid acceptance, fails to execute the sale within the stipulated period.

(iii) Perform the sale.

(2) Forest management deductions earned from reservation trust lands shall be credited to tribal accounts to the extent of tribal obligations made from these accounts in accordance with approved expenditure plans. Amounts so credited shall be transferred from the trust holding account(s).

(3) Forest management deductions earned from public domain or homestead allotment lands shall be applied based upon obligations incurred consistent with the approved expenditure plan.

**C. Transferring FM Funds to Tribes.**

(1) Transfers of forest management deductions from FM special deposit holding accounts to tribal or other approved accounts shall be accomplished in accordance with the approved FMD Expenditure Plan and in conformance with established BIA/OST procedures.

(2) No transfers to tribes shall be made for reimbursable projects until the Bureau has received documentation supporting the amount of the transfer. Such documentation may consist of cost reports, invoices, payroll reports or other transactional evidence acceptable to the Bureau.

**CHAPTER 3 – Expenditure Plans & Annual Reports****3.1 Expenditure Plan for Forest Management Deductions (Illustration 22).**

A. **Regulatory requirements.** Refer to 25 CFR § 163.25 and § 163.26 for regulations.

(1) Expenditure plan elements [per 25 CFR §163.25(f)]:

(a). A description of the forest land management activities anticipated to be undertaken.

(b). A time period for the completion of the activities.

(c). A summary of anticipated obligations and expenditures.

(d). A description of the method that will be used to transfer or credit funds to tribal accounts from special accounts established to hold amounts withheld as forest management deductions.

(2) Preparation Frequency

(a). Indian forest lands on and outside the boundaries of Indian reservations - A written expenditure plan for Indian forest lands located on Indian reservations or located outside the boundaries of an Indian reservation **shall be prepared annually** and approved by the authorized tribal representative(s) and the Secretary. [25 CFR§163.25(f)(1)&(2)]

(b). Public Domain, homestead, and Alaska native allotments – A written expenditure plan for such lands **shall be prepared annually** by the Bureau, on behalf of the Indian owners, and approved by the Secretary. [25 CFR §163.25(f)(3)]

(3) Availability of funds –

(a). Approved plan - Forest management deductions incorporated into an expenditure plan approved by the Secretary are available until expended.

(b). No approved plan – Forest management deductions that have not been incorporated into an approved expenditure plan by the end of the fiscal year following the fiscal year in which the deductions are withheld, **shall be collected** into the general funds of the U.S. Treasury pursuant to 25 USC 413. (25 CFR §163.25(f). If they are deposited in the U.S. Treasury, the funds **shall not** be credited to any Federal appropriation. [25 CFR §163.25(j)].

**(Note: Every effort should be made to incorporate all forest management deduction funds into an approved annual expenditure plan. The only way to insure that all funds are obligated within the timeframe is to prepare annual plans for all carry-over and future estimated funds.)**

**B. Completion of Expenditure Plan for Forest Management Deductions.** The expenditure plan should contain sufficient detail so that the tribal and Bureau approval authorities understand what work is proposed, how monitoring can be accomplished, and how the actual expenditures and accomplishments reported on the Annual Expenditure Report for Forest Management Deductions can be tied back to the Expenditure Plan.

(1) Completion of Part I – Total Available Forest Management Deductions.



**a.** Text Box. Complete the text box to include a brief description of the source and computation for determining the total of available funds. The account number, account balance, and date of the balance can be inserted for the amount of carry-over in a trust account. A copy of the account statement could be attached to help verify the balance. Sale information, including projected harvest levels by sale, could be used to help calculate the anticipated volume and value of harvest for the year.

**b.** Item A - Anticipated Volume and Value of Timber Cut in this Fiscal Year. Enter the total estimated volume of timber to be harvested in the projected fiscal year in Volume (MBF) on line (1) and the estimated value of the timber to be harvested on line (2).

**c.** Item B(1) - Deductions Anticipated this Fiscal Year. Enter the anticipated deductions based on the value on line A(2). This is calculated by multiplying the total value on line A(2) by the FMD percentage for the reservation or species (if different). (i.e. \$2,000,000 X .10 = \$200,000).

**d.** Item B(2) – Estimated Deductions Carried-Over from Previous Years. This is the balance of forest management deductions unspent at the end of the fiscal year, including the accrued interest. As long as they are obligated in an approved expenditure plan, they will not be lost and moved to the U. S. Treasury; however, they must be re-obligated in a new approved expenditure plan. In the past, some have extended existing plans, but the same approval is required for extensions or new plans, so it is recommended that new annual plans be developed to obligate all carry-over and anticipated forest management deduction funds.

**e.** Item C. Total Available Forest Management Deductions. This is the sum of the anticipated future deductions B(1) and the carry-over funds (B(2)). This value is also entered on the Summary page for PART I.

**(2)** Complete PART II – Forest Land Management Activities Covered by this Plan. Referred to as pages 3 through 6 on the Summary or Expenditure Plan page.

25 CFR §163.1 defines “Forest Land Management Activities” which provides the basis for the type of work and associated expenses that are normally contained in the expenditure plan. These activities can be summarized in four main categories – and are shown on four separate pages of the Plan, which are considered the backup pages for the Plan and are not usually provided to the Trust Officer or OST. The four categories include Forest Product Sale Administration, Forest Protection, Forest Development, and Forest Management Inventories and Plans. Each of these categories has the same nine specific budget line items on its’ respective page. Each category/page includes space for a narrative to articulate what will be accomplished with the line item expenses on the page.

If there are no anticipated expenses for the forestry activity category, then the page can either be left blank or N/A can be entered on the Subtotal line for the page and on the corresponding line under PART II on the Summary or Plan page.

**a.** Narrative – Provide sufficient detail to explain the complexity and the amount of work to be accomplished. Measurable benchmarks; such as, numbers of sales or plans, volume to be harvested, acres to be treated, and actual work to be completed will make it easier to approve, verify accomplishments, and to report on the Actual Expenditure Report. General statements; such as, “Administer timber sales” at a cost of \$100,000 or “Monitor forest development projects” at a cost of \$50,000 do not provide sufficient detail to understand the work to be accomplished. Justification and explanation of the anticipated obligations/expenditures listed on the page is accomplished in the narrative section. Specific detail may be contained in other documents, which can – and should be provided as an attachment to the plan. It is not necessary to spend time entering information that can simply be identified in an attached document.

**b.** Summary of Anticipated Obligations/Expenditures. The same line items are

provided for each of the four forest activity categories or pages. Planned expenses are entered for all applicable lines. If no expenses anticipated, then the \$ lines are left blank. Each line is self explanatory.

- (i) Personal Services (Salaries & EBC) \_\_\_\_\_ FTE. (Employee Benefit Cost – EBC)
- (ii) Travel and Training (employee travel, vehicles, etc.)
- (iii) Contractual Services.
- (iv) Shipping Costs.
- (v) Rents and Utilities.
- (vi) Printing Costs.
- (vii) Supplies and Materials.
- (viii) Equipment. (itemize major equipment purchases)
- (ix) Other (itemize).

**c.** SUBTOTAL. This is the sum of all expenditures listed in Section 2 for the forest activity/category/page. This amount is also entered on the appropriate line in PART II on the Summary or Plan page. If there are no anticipated expenses for any of the forestry activity categories, then the page can either be left blank or N/A can be entered on the Subtotal line for the page and on the corresponding line under PART II on the Summary or Plan page.

**(3) Complete PART III. Cost of Accounting for Forestry Activities.**

**a.** Narrative. Describe the type and extent of costs incurred by the tribe to manage, administer, and account for activities funded under Part II. These costs shall be a percentage as agreed to between the Bureau and the tribe, but in no event shall the percentage exceed the Indirect Cost percentage established for contracts and grants on the reservation.

**b.** Accounting Cost. This is the estimated dollar amount, which is determined by multiplying the estimated Total Plan Expenses in PART II by the agreed upon percentage. (For example, if PART II is \$100,000 and the agreed upon percentage is 20%, then the estimated accounting cost is \$20,000.) The dollar amount is also entered in PART III and is also entered on the corresponding line for PART III on the Summary or Plan page.

**(4) Complete the GRAND TOTAL line on the Summary or Plan Page.** Add the dollar amounts for PARTS II and III together and enter the total amount on the Summary or Plan page. This will be the maximum amount authorized to be paid to the tribe under the Expenditure Plan. If the actual expenditures will exceed the authorized amount, then a new Expenditure Plan must be prepared and approved or an Expenditure Plan Modification or Amendment must be prepared and approved to cover all approved forest management activities.

**(5) Complete PART IV. Transfer of funds from Trust Funds to Tribal Account.** This is a narrative explanation of how and when payments will be made to the Tribe. Describe if payments will be requested in advance of project expenditures or if payments will be requested after project completion (cost reimbursement). What format will be required to request payment and to whom the payment request will be submitted? What tribal account will the funds be deposited into? Enter the amount of the planned expenditures to be charged against the available FMD funds.

**(6) Complete Part V. Describe future projects and/or activities to be funded with the balance of available FMD funds.** Enter the balance of available funds not obligated by the plan and that are deferred for future use.

**(7) Completing the Plan Summary Page.**

a. PARTS I through V. These lines were completed as the appropriate supporting worksheets/pages were completed.

b. Approval. Approval of the Plan is the final step in Plan preparation process.

(i) Tribal Approval. The number for the Tribal Resolution approving the Plan is inserted and the authorized tribal representative must sign and date the Plan before submitting it to the Bureau. If the Tribe has contracted/compacted the Forestry program, the Tribal Forest Manager should also sign and date the "Recommended" line before submitting the Plan to the Bureau.

(ii) Bureau Approval. For Forestry Programs managed by the Bureau, the Bureau Forest Manager should sign and date the "Recommended" line before submitting the Plan to the Bureau Line Officer authorized to approve the Plan. The Superintendent is usually the Bureau official delegated to approve the Plan, although the Regional Director may be the authorized official for programs contracted/compacted by the tribe. Once the Plan is approved, the Tribe may begin requesting funds in accordance with the terms of the Plan.

### 3.2 Annual Report for Forest Management Deductions Expenditures (Sample - Illustration 23).

#### A. Regulatory Requirements.

(1) Reporting Expenditures. – Within 120 days after the close of the tribal fiscal year, **tribes shall** submit to the Secretary a written report detailing the actual expenditure of forest management deductions during the past fiscal year. [25 CFR §163.25(h)] (5). This report is normally completed by the tribes that prepared the FMD Expenditure Plan; however, since the Bureau prepares the expenditure plans for public domain, homestead, and Alaska native allotments, the Bureau will also prepare the Annual Report for Forest Management Deductions Expenditures.

**(Note: Failure of the tribe to report annual expenditures may provide "cause" for the Bureau to withhold approval on any new expenditure plans, which would jeopardize forest management deductions held in the FM special holding account for the tribe.)**

(2) The Secretary has the right to inspect accounts, books, and other tribal records supporting the report. [25 CFR §163.25(h)]

(3) All reports, records, and supporting documents shall be available for audit for three years after the end of the fiscal year.

**B. Report Format.** There is no established report format, but it is recommended that the report resemble the expenditure plan format to make the comparison between the planned activities and actual accomplishments easier. An example of an Annual Expenditure Report for Forest Management Deductions is included as Illustration 23. Supporting documentation in the form of maps, acreage summaries, pictures, invoices, payroll, surveys, etc. may be attached to the report to provide a full accounting of the expenditures and accomplishments.

### 3.3 Miscellaneous Actions.

**A. Disputes and Appeals.** Refer to 25 CFR Part 2. Not all disputes can be appealed and each level of authority handling a dispute should consider this in their action and recommendation to the higher level. When a matter proceeds to appeal, the appealing party must be given notice of the right to appeal and must be furnished appeal notices (see Illustration 24) and provided with basic advice on how to proceed with the appeal. The

appropriate solicitor should be advised as early in the dispute process as possible to obtain guidance and assistance. This guidance may help keep the dispute from escalating into an appeal situation.

**B. Expenditure Plan Modifications.** This action would be used if the approving officer determines that a formalized procedure should be completed to increase the funding level or substantially change the line item amounts. Modifications should normally be for the original plan period, unless the original plan period is less than the tribal fiscal year, in which case the plan period can be extended to incorporate the entire fiscal year. The expenditure plans that encompass the entire tribal fiscal year should not be extended. At the end of the plan period a new plan should be prepared and approved for the next year.

**C. Expenditure Plan Cancellation or Revocation.** This action should be a rare occurrence. Plans should only be cancelled or revoked with the approval of the original approving authorities. This action could jeopardize the protection of the funds provided by an approved plan. Cancellation or revocation should only occur when changes in the plan could not be accomplished with a modification.

**CHAPTER 4 - FMD RECORDS**

**4.1 General.** This chapter on FMD records combines and replaces parts of the *Timber Sale Records Handbook*, Supplement 1 to 53 IAM, Release 53-18, April 21, 1966; the 53 BIAM; and any revisions to both documents. This chapter interrelates with numerous other chapters contained in the *Indian Forest Management Handbook* and the *BIA Forestry Collections and Distribution Handbook*.

The Bureau needs to document the FMD collections, disbursements, fund transfers, project planning, and project accomplishments.

There are many money record computerized systems currently in use. Local and national agencies may be contacted to determine what systems they have developed and are using. Those with similar land ownership patterns may have accountability systems established, available, and documented.

**4.2 Timber Money Record Book or Ledger Setup.**

The accounting records provide data on the volume and value of timber reported, purchaser payments, balance of funds, and disbursements. There are two forms that are basic to the accounting record; they are the Controlling Account (Form 5-503, Illustration 25) and Scaling Unit (Form 5-504 or 5-5322, Illustration 26). These forms are usually maintained in a ledger, which is known as the timber money record book.

Scaling Unit (5-504 or 5-5322) and Controlling Unit (5-503) forms are both printed with the timber money record on one side and the timber scale record on the other side. The timber money record is the financial record and the timber scale record documents the volume and value of species and products scaled. The timber money record book or ledger is arranged so when it is opened, the financial page is on the left side and the scale page is on the right side.

Forms can be maintained in electronic format, but must be printed in hard copy at the end of the sale. It is recommended that a hard copy of the completed monthly ledger also be inserted into the sale folder. A copy of the final sale ledger should be placed in the office timber money record book or ledger and sale folder after the sale is closed.

**A. Accounting Records Forms.**

(1) For estimated volume sales with more than one scaling unit, the Timber Account Index (Form 5-503a, Illustration 27); Scaling Unit (Form 5-504 or 5-5322); and Controlling Account (Form 5-503) are used and arranged in the following order in the ledger:

Timber Account Index (Form 5-503a)  
Controlling Account, Timber Sale Area (Form 5-503)  
Controlling Account, Allotted Land (Form 5-503)\*  
Scaling Unit, Allotted Land (Form 5-504 or 5-5322)  
Controlling Account, Tribal Land (Form 5-503)\*  
Scaling Unit, Tribal Land (Form 5-504 5-5322)

\*Required only when there are multiple allotments and multiple scaling units of tribal land in the same sale.

For predetermined volume sales, the Predetermined Volume Timber Account (Form 5-1485, Illustration 28) and the Timber Account Index (Form 5-503a) are used when two or more allotments (scaling units) are included in the sale. The forms are arranged in the ledger in the following order:

Timber Account Index (Form 5-503a)\*  
Predetermined Volume Timber Account (Form 5-1485)  
Controlling Account (Form 5-503)  
Scaling Unit (Form 5-504 or 5-5322)

\*Required only when there are multiple allotments (scaling units) in the same sale.

(2) Timber Money Record - Scaling Unit (Form 5-5322, Illustration 26) and Timber Scale Record – Scaling Unit (Form 5-5322, Illustration 29). These forms are used for sales of forest products from several scaling units. Separate form should be maintained for each scaling unit. Instructions for completing these respective forms are provided in Illustrations 30 and 31. The information for the scaling units is consolidated on the Controlling Account forms.

(3) Timber Money Record - Controlling Account (Form 5-503, Illustration 25) and Timber Scale Record – Controlling Account (Form 5-503, Illustration 32). Instructions for completing these respective forms are provided in illustrations 33 and 34. These are the summary forms for sales with multiple scaling units and are also used for sales with only one scaling unit. These forms are also used as a sub-controlling account for each type of ownership on a sale with several allotment scaling units and several tribal scaling units. The two sub-controlling accounts would then be combined into a single controlling account for the sale, which is used for completing a master controlling account record.

(4) Totaling the Accounts. At the close of each month of account activity, the total-to-date and monthly totals and/or balances for both the controlling and scaling unit accounts are computed and recorded immediately following the last entry for the month. At the close of each fiscal year, the total volume and value by species/product reported during that year, and the forest management deductions earned are computed and recorded immediately following the “Total-to-Date” totals and/or balances.

(5) Master Controlling Account. This account uses the controlling account pages (Form 5-503). The timber money record and the timber scale record pages are used to summarize monthly transactions of timber sales on a reservation or a group of reservations administered by one agency. The pages are identified as the master account by inserting the word “Master” above the formal page heading. The name of the reservation(s) is shown immediately under the heading.

The month and year for which the account is prepared are shown in the “Date” column. When information relating to a single timber sale is posted to the account, the designating sale number is recorded under the proper classification in the “Item” column. When monthly transactions are summarized by classification for posting to this account, the word “Total” is recorded in the “Item” column.

a. Only data pertaining to the following columns are posted to this account:

Scale Report – Value Cut.  
Disposition of Money\* – Dep. Cr. Ind., Treas. U.S., Administrative Deductions,  
Forestry Projects.  
Volume and Value – Species/Product and Value.  
Total – Volume and Value.

(\*Note – not applicable for unrestricted interests)

b. Types of sales. The account is divided into five different types of sales. The headings used to designate the different types of sales are as follows:

Contract Sales of Estimated Volumes  
Contract Sales of Predetermined Volumes  
Paid Permit Sales – Estimated Volumes  
Paid Permit Sales – Predetermined Volume  
Special Allotment Timber Harvest Permit

Leave space below each classification heading to record the total transactions for one month for each active timber sale, group of timber sales, each permit, or group of permits. The account also shows the total transactions by classification for the month and the cumulative totals during each six-month period ending March 31 and September 30.

At the close of the fiscal year, the cumulative totals for the previous twelve months are added together to obtain total fiscal year transactions by classifications.

**B. Reporting Errors and Corrections.** When audits reveal an error in a report, the correction cannot be made on the previously approved report unless it was the final report for the scaling unit. Trying to correct a previous report would require corrections on every subsequent report of timber cut for the sale. Since the reports of timber cut would have already been provided to the purchaser, any corrected reports for the same periods would cause confusion. Corrections should occur on the next report prepared after the audit, adjusting the volumes and values as necessary. Any distribution of funds based on an erroneous report (scale or report of timber cut) of too much value, including forest management deduction funds, must be corrected. If an overpayment is made to the FM account, a transfer of the overpayment (plus interest) must be made back to the advance deposit (AD) account for the respective sale. The corrections must be made in the appropriate ledgers and/or accounting forms.

**C. Advance Payments (AP) Exceeding the Value of Timber Scaled.** When the advance payment on an allotment exceeds the total value of forest products scaled, the amount of the advance payments is declared to be the value of forest products scaled. A scale report is prepared which shows the value of the forest products scaled equal to the advance payment amount. No adjustment is made for the volume. An explanation is made on the scale report and in the ledger to show the reason for the increased value. When more than one species is reported, the difference is apportioned to each species by using the same percentage that each species bears to the total value of all species reported to date. Forest management deductions are based on the total advance payment.

**4.3 Basic Accounting Information For FMD Funds.** Refer to the *BIA Forestry Collections and Distribution Handbook* for instructions on all facets of money collections, deposits, and disbursements for FMD funds. All monies are accountable by forestry from initial deposit into the advance payment (AP), advance deposit (AD), and trespass (TR) accounts; transfers to the forest management deductions (FM) account; and final disbursement from the FM account to the tribe according to the expenditure plan.

#### **4.4 Miscellaneous Considerations.**

**A. Forestry Project (FP) Deductions.** Monies collected for specific timber sale funded activities, must be included in the accounting records if the costs are included in the sale stumpage rates. **FP expenses must be deducted from gross proceeds before calculating the FMD amount and disbursing funds to the landowners and the forest management deductions account.** To eliminate this deduction, it is recommended that FP monies be collected independent from stumpage, which would simplify the accounting and tracking.

**B. Other Sale Expenses.** Collections and distributions for road use fees, road maintenance fees, road access fees, right-of-way timber, gravel, reforestation fees, log scaling services, etc. not included in the stumpage rates are accountable, but should be recorded separate from the basic money and scale report. These payments/expenses are not subjected to forest management deductions and it is recommended that they are not included in the reporting of sale monies collected for the sale. Despite this recommendation, there is no prohibition

to reporting the payments and there may be some advantage in identifying all of these other collections/disbursements within a ledger log scale and timber money record system. There would be a total accounting for every dollar collected and disbursed for each sale, but accounting procedures must be in place to insure that forest management deductions are not assessed against these funds.



## **ILLUSTRATIONS**

1. - 25 USC Chapter 12, Section 406
2. - 25 USC Chapter 12, Section 407
3. - 25 USC Chapter 12, Section 407a to 407c
4. - 25 USC Chapter 12, Section 407d
5. - 25 USC Chapter 12, Section 413
6. - 25 USC Chapter 33, Section 3105
7. - 25 USC Chapter 33, Section 3107
8. Memorandum dated July 9, 1959 from the Assistant Secretary for Public Land Management.
9. Federal Register dated September 30, 1959 - §141.18.
10. Memorandum dated July 9, 1964 from the Assistant Commissioner of Indian Affairs.
11. Memorandum dated June 15, 1972 from the Assistant Secretary, Public Land Management.
12. Memorandum dated June 23, 1972 from the Deputy Commissioner of Indian Affairs.
13. Memorandum dated August 10, 1972 from the Commissioner of Indian Affairs.
14. Memorandum dated December 12, 1972 from the Assistant Secretary of the Interior.
15. Memorandum dated January 24, 1973 from the Assistant Secretary of the Interior.
16. Memorandum dated May 22, 1975 from the Commissioner of Indian Affairs.
17. Memorandum dated May 25, 1979 from the Assistant Secretary of Indian Affairs.
18. Memorandum dated February 17, 1999 from the Acting Director, Office of Trust Responsibilities.
19. Memorandum dated February 24, 2003 from the Acting Deputy Commissioner of Indian Affairs.
20. Forestry Business Process for Removal of Forest Products.
21. FM Section of the BIA Forestry Collections and Distribution Handbook.
22. Expenditure Plan for Forest Management Deductions.
23. Sample - Annual Expenditure Report for Forest Management Deductions.
24. Appeal Notices.
25. Timber Money Record – Controlling Account (Form 5-503).
26. Timber Money Record - Scaling Unit (Form 5-5322).
27. Timber Account Index (Form 5-503a)
28. Predetermined Volume Timber Account (Form 5-1485).
29. Timber Scale Record - Scaling Unit (Form 5-5322).
30. Instructions for Completing Timber Money Record – Scaling Unit.
31. Instructions for Completing Timber Scale Record – Scaling Unit.
32. Timber Scale Record – Controlling Account (Form 5-503).
33. Instructions for Completing Timber Money Record – Controlling Account.
34. Instructions for Completing Timber Scale Record – Controlling Account.

TITLE 25--INDIANS

CHAPTER 12--LEASE, SALE, OR SURRENDER OF ALLOTTED OR UNALLOTTED LANDS

Sec. 406. Sale of timber on lands held under trust

(a) Deductions for administrative expenses; standards guiding sales

The timber on any Indian land held under a trust or other patent containing restrictions on alienations may be sold by the owner or owners with the consent of the Secretary of the Interior, and the proceeds from such sales, after deductions for administrative expenses to the extent permissible under section 413 of this title, shall be paid to the owner or owners or disposed of for their benefit under regulations to be prescribed by the Secretary of the Interior. It is the intention of Congress that a deduction for administrative expenses may be made in any case unless the deduction would violate a treaty obligation or amount to a taking of private property for public use without just compensation in violation of the fifth amendment to the Constitution. Sales of timber under this subsection shall be based upon a consideration of the needs and best interests of the Indian owner and his heirs. The Secretary shall take into consideration, among other things, (1) the state of growth of the timber and the need for maintaining the productive capacity of the land for the benefit of the owner and his heirs, (2) the highest and best use of the land, including the advisability and practicality of devoting it to other uses for the benefit of the owner and his heirs, and (3) the present and future financial needs of the owner and his heirs.

(b) Undivided interests

Upon the request of the owners of a majority Indian interest in land in which any undivided interest is held under a trust or other patent containing restrictions on alienations, the Secretary of the Interior is authorized to sell all undivided Indian trust or restricted interests in any part of the timber on such land.

(c) Unrestricted interests

Upon the request of the owner of an undivided but unrestricted interest in land in which there are trust or restricted Indian interests, the Secretary of the Interior is authorized to include such unrestricted interest in a sale of the trust or restricted Indian interests in timber sold pursuant to this section, and to perform any functions required of him by the contract of sale for both the restricted and the unrestricted interests, including the collection and disbursement of payments for timber and the deduction from such payments

of sums in lieu of administrative expenses.

(d) Representation of minors and others

For the purposes of this Act, the Secretary of the Interior is authorized to represent any Indian owner (1) who is a minor, (2) who has been adjudicated non compos mentis, (3) whose ownership interest in a decedent's estate has not been determined, or (4) who cannot be located by the Secretary after a reasonable and diligent search and the giving of notice by publication.

(e) Emergency sales

The timber on any Indian land held under a trust or other patent containing restrictions on alienations may be sold by the Secretary of the Interior without the consent of the owners when in his judgment such action is necessary to prevent loss of values resulting from fire, insects, disease, windthrow, or other natural catastrophes.

(f) Change in status without affecting contractual obligations

A change from a trust or restricted status to an unrestricted status of any interest in timber that has been sold pursuant to this section shall not affect the obligations of the Secretary of the Interior under any contract of sale that is in effect at the time such change in status occurs.

(June 25, 1910, ch. 431, Sec. 8, 36 Stat. 857; Pub. L. 88-301, Apr. 30, 1964, 78 Stat. 187.)

#### References in Text

This Act, referred to in subsec. (d), is act June 25, 1910, ch. 431, 36 Stat. 855, as amended, which enacted sections 47, 93, 151, 202, 337, 344a, 351, 352, 353, 372, 403, 406, 407, and 408 of this title, sections 6a-1 and 16a of Title 41, Public Contracts, and section 148 of Title 43, Public Lands, and amended sections 191, 312, 331, 333, and 336 of this title and sections 104 and 107 of former Title 18, Criminal Code and Criminal Procedure. Sections 104 and 107 of former Title 18 were repealed and reenacted as sections 1853 and 1856 of Title 18, Crimes and Criminal Procedure, by act June 25, 1948, ch. 645, 62 Stat. 683. For complete classification of this Act to the Code, see Tables.

#### Amendments

1964--Pub. L. 88-301 designated existing provisions as subsec. (a), substituted ``land'' for ``allotment'', ``owner or owners'' for ``allottee'' in two places, and ``their benefit'' for ``his benefit'',

and provided for deductions for administrative expenses from proceeds of sales without violation of treaty obligations or Constitutional compensation provision, for consideration of needs and best interests of owners and heirs, and for standards guiding sales, and added subsecs. (b) to (f).

Section Referred to in Other Sections

This section is referred to in sections 353, 564h, 697, 747 of this title; title 43 section 1617.

TITLE 25--INDIANS

CHAPTER 12--LEASE, SALE, OR SURRENDER OF ALLOTTED OR UNALLOTTED LANDS

Sec. 407. Sale of timber on unallotted lands

Under regulations prescribed by the Secretary of the Interior, the timber on unallotted trust land in Indian reservations or on other land held in trust for tribes may be sold in accordance with the principles of sustained-yield management or to convert the land to a more desirable

use. After deduction, if any, for administrative expenses under section 413 of this title, the proceeds of the sale shall be used--

(1) as determined by the governing bodies of the tribes concerned and approved by the Secretary, or

(2) in the absence of such a governing body, as determined by the Secretary for the tribe concerned.

(June 25, 1910, ch. 431, Sec. 7, 36 Stat. 857; Pub. L. 88-301, Apr. 30, 1964, 78 Stat. 186; Pub. L. 100-580, Sec. 13, Oct. 31, 1988, 102 Stat. 2936.)

Amendments

1988--Pub. L. 100-580 amended section generally. Prior to amendment, section read as follows: ``The timber on unallotted lands of any Indian reservation may be sold in accordance with the principles of sustained yield, or in order to convert the land to a more desirable use, under regulations to be prescribed by the Secretary of the Interior, and the proceeds from such sales, after deductions for administrative expenses pursuant to section 413 of this title, shall be used for the benefit of the Indians who are members of the tribe or tribes concerned in such manner as he may direct.''

1964--Pub. L. 88-301 substituted ``timber'' for ``mature living and dead and down timber'', provided for sale of timber in accordance with principles of sustained yield or in order to convert the land to a more desirable use, provided for deductions for administrative expenses from proceeds of sales, made the Indians who were tribal members the beneficiaries instead of the Indians of the reservation, and struck out proviso which made section inapplicable to Minnesota and Wisconsin.

Section Referred to in Other Sections

This section is referred to in sections 353, 564h, 697, 747, 1724 of this title; title 43 section 1617.

TITLE 25--INDIANS

CHAPTER 12--LEASE, SALE, OR SURRENDER OF ALLOTTED OR UNALLOTTED LANDS

Secs. 407a to 407c. Omitted

Codification

Section 407a, acts Mar. 4, 1933, ch. 275, Sec. 1, 47 Stat. 1568; June 16, 1933, ch. 104, 48 Stat. 311; Mar. 5, 1934, ch. 46, 48 Stat. 397; May 6, 1936, ch. 340, 49 Stat. 1266, which related to modification of existing contracts for sale of tribal timber, was omitted on authority of act May 6, 1936, which provided that authority to modify existing contracts for sale of tribal timber expire on Sept. 4, 1936.

Section 407b, act Mar. 4, 1933, ch. 275, Sec. 2, 47 Stat. 1569, which related to modification of contracts for sale of timber to individual allottee, was omitted in view of the expiration of section 407a of this title.

Section 407c, act Mar. 4, 1933, ch. 275, Sec. 3, 47 Stat. 1569, which related to preference to Indian labor in modified contracts, was omitted in view of the expiration of section 407a of this title.

TITLE 25--INDIANS

CHAPTER 12--LEASE, SALE, OR SURRENDER OF ALLOTTED OR UNALLOTTED LANDS

Sec. 407d. Charges for special services to purchasers of timber

The Secretary of the Interior is authorized to charge purchasers of timber on Indian lands that are held by the United States in trust, or that are subject to restrictions against alienation or encumbrance imposed by the United States, for special services requested by the purchasers in connection with scaling, timber marking, or other activities under the contract of purchase that are in addition to the services otherwise provided by the Secretary, and the proceeds derived therefrom shall be deposited to the credit of the appropriation from which the special services were or will be provided.

(July 30, 1956, ch. 781, 70 Stat. 721.)

TITLE 25--INDIANS

CHAPTER 12--LEASE, SALE, OR SURRENDER OF ALLOTTED OR UNALLOTTED LANDS

Sec. 413. Fees to cover cost of work performed for Indians

The Secretary of the Interior is hereby authorized, in his discretion, and under such rules and regulations as he may prescribe, to collect reasonable fees to cover the cost of any and all work performed for Indian tribes or for individual Indians, to be paid by vendees, lessees, or assignees, or deducted from the proceeds of sale, leases, or other sources of revenue: Provided, That the amounts so collected shall be covered into the Treasury as miscellaneous receipts, except when the expenses of the work are paid from Indian tribal funds, in which event they shall be credited to such funds.

(Feb. 14, 1920, ch. 75, Sec. 1, 41 Stat. 415; Mar. 1, 1933, ch. 158, 47 Stat. 1417.)

Amendments

1933--Act Mar. 1, 1933, substituted ``to collect reasonable fees to cover the cost of any and all work performed for Indian tribes or individual Indians'' for ``to charge a reasonable fee for the work incident to the sale, leasing, or assigning of such lands, or in the sale of the timber, or in the administration of Indian forests'' and ``deducted from the proceeds of sale, leases, or other sources of revenue'' for ``from the proceeds of sales'', struck out introductory text ``In the sale of all Indian allotments, or in leases, or assignment of leases covering, tribal or allotted lands for mineral, farming, grazing, business or other purposes, or in the sale of timber thereon'' and provided for the use of discretion and the crediting of Indian tribal funds.

Section Referred to in Other Sections

This section is referred to in sections 406, 407, 3105 of this title.



TITLE 25--INDIANS

CHAPTER 33--NATIONAL INDIAN FOREST RESOURCES MANAGEMENT

Sec. 3105. Forest management deduction

(a) Withholding of deduction

Pursuant to the authority of section 413 of this title, the Secretary shall withhold a reasonable deduction from the gross proceeds of sales of forest products harvested from Indian forest land under a timber sale contract, permit, or other harvest sale document, which has been approved by the Secretary, to cover in whole or part the cost of managing and protecting such Indian forest land.

(b) Amount of deduction

Deductions made pursuant to subsection (a) of this section shall not exceed the lesser amount of--

- (1) 10 percent of gross proceeds, or
- (2) the percentage of gross proceeds collected on November 28, 1990, as forest management deductions by the Secretary on such sales of Indian forest products,

unless the appropriate Indian tribe consents to an increase in the deductions.

(c) Use of deduction

The full amount of any deduction collected by the Secretary shall be expended according to an approved expenditure plan, approved by the Secretary and the appropriate Indian tribe, for the performance of forest land management activities on the reservation from which such deductions are collected and shall be made available to the tribe, upon its request, by contract or agreement for the performance of such activities.

(d) Limitations

(1) Forest management deductions withheld pursuant to this section shall not be available to--

- (A) cover the costs that are paid from funds appropriated specifically for fire suppression or pest control, or
- (B) otherwise offset Federal appropriations for meeting the Federal trust responsibility for management of Indian forest lands.

(2) No other forest management deductions derived from Indian forest lands shall be collected to be covered into the general funds of the United States Treasury.

(Pub. L. 101-630, title III, Sec. 306, Nov. 28, 1990, 104 Stat. 4536.)

Section Referred to in Other Sections

This section is referred to in section 3107 of this title.

TITLE 25--INDIANS

CHAPTER 33--NATIONAL INDIAN FOREST RESOURCES MANAGEMENT

Sec. 3107. Direct payment of forest products receipts

(a) Regulations

Notwithstanding any other law, the Secretary shall, within 1 year from November 28, 1990, promulgate regulations providing for the payment of the receipts from the sale of Indian forest products as provided in this section.

(b) Payment into a bank depository

Upon the request of an Indian tribe, the Secretary shall provide that the purchaser of the forest products of such tribe, which are harvested under a timber sale contract, permit or other harvest sale document which has been approved by the Secretary, shall make prompt direct payments of the gross proceeds of sales of such forest products, less any amounts segregated as forest management deductions pursuant to section 3105 of this title, into a bank depository account designated by such Indian tribe.

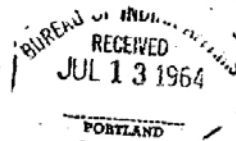
(Pub. L. 101-630, title III, Sec. 308, Nov. 28, 1990, 104 Stat. 4537.)

Section Referred to in Other Sections

This section is referred to in section 715c of this title.

COPY

14



July 9, 1959

## Memorandum

To: Commissioner--Bureau of Indian Affairs

From: Assistant Secretary--Public Land Management

Subject: Department's position with respect to Recommendation No. 6, Senate Report 971, 85th Congress, 1st Session

At the request of Senator Richard L. Neuberger a further review of this Department's position with respect to Recommendation No. 6, Senate Report No. 971, 85th Congress, 1st Session, has been conducted at the Secretarial level. As a result, the following instructions are appropriate and necessary for clarity and accountability of actions governing timber sale deductions.

To accomplish these ends the following directive shall be complied with as promptly as possible by the Bureau of Indian Affairs:

1. Section 50, General Timber Sale Regulations, shall be revised to remove the percentage limitation imposed upon deductions from timber sale receipts. The present regulations prevent the collection of reasonable fees for administrative services exceeding 10 percent of gross timber sale receipts even when such a fee is desirable and within Indian means. I am informed that this action is being accomplished in connection with the preparation of a set of Standard Contract Provisions, to replace the present General Timber Sale Regulations.
2. The following general policy is to be observed in establishing the fees to be collected for services rendered in forest management and timber sale administration:
  - (a) If forest administrative funds were expended at an Agency in years prior to the beginning of a timber sale program, no attempt will be made to recoup such expenditures through deductions from timber sale receipts in later years.
  - (b) The expenses for which reimbursement is to be made are expenditures at the Agency level from funds appropriated for Branch of Forestry (previously

Branch of Forest and Range Management) activities, except funds appropriated specifically for fire suppression or pest control. Funds appropriated specifically for fire suppression and pest control are in the nature of disaster expenditures, similar to Federal appropriations for protection of State and private lands, and reimbursement therefor through timber sale deductions should not be required.

- (c) No attempt should be made to obtain a balance between expenditures and deductions in any one year, nor should an exact balance be expected over more extensive periods of time. An approximate and reasonable balance is all that can be anticipated. If an annual balance were expected, the deductions might absorb all or a major portion of timber sale income in the first years of a timber sale program. It is, therefore, of advantage to the tribe to strike a balance over longer periods.
- (d) At Agencies where timber species have low stumpage values, or where the volume of timber sales will remain at a relatively low level, no attempt should be made to balance expenditures and deductions. A deduction of 10 percent of gross income is currently the maximum that should be exacted.
- (e) Expenditures at the Central and Area Offices from funds appropriated for Branch of Forestry activities are not to be offset by deductions from timber sale receipts. Nor are expenditures from other funds at Agency, Area or Central Office levels to be offset by such deductions. It is not reasonable to make such offsets because these activities are in the nature of general overhead expenditures by the Federal Government as trustee of the Indian estate. It would be practically impossible to determine what portions of such expenditures are properly chargeable to forest administration at a particular Agency.

3. A revision of 25 CFR 141.25 to comply with the foregoing directives should be made. I understand that such a revision is contained in the proposed general revision of 25 CFR 141, now under consideration.

4. If not already accomplished, records shall be set up promptly for each reservation having a substantial timber sale program to provide cumulative comparative statements of expenditures and administrative deductions. The desired reasonable balance should be maintained through appropriate changes in the percent of deductions from timber sale receipts at the several reservations. At consolidated Agencies a separate record shall be maintained for each reservation, unless it is impractical to do so or unless there is reasonable evidence that the Indian interest on individual reservations will not be unduly affected by a consolidated accounting.

5. An analysis shall be made of Bureau costs involved in coding the present forest expense operating subactivity accounts (1801 and 1802) at the Agency level. Such analysis shall include the extent of costs and workload increases to the Branch of Finance that would be chargeable to the Branch of Forestry, and the extent of costs and workload reductions that would be effected in the Branch of Forestry by transfer of present informal accounting procedures to the Branch of Finance.

(Sgd) Roger Ernst

Roger Ernst  
Assistant Secretary

From Federal Register September 30, 1959  
Part 141- General Forest Regulations - Revision  
RULES AND REGULATIONS

§ 141.16 Advance payments for allotment timber.

Unless otherwise authorized by the Secretary, and except in the case of lump sum sales, contracts for the sale of timber from trust allotments shall provide for the payment of 15 percent of the stumpage value, calculated at the bid price, within 30 days of contract approval, and for additional payments of 15 percent and 20 percent of the same total value within 3 years and 6 years respectively of approval if the contract extends beyond those periods; except, that no advance payment will be required that would make the sum of such payment and of advance deposits and advance payments previously applied against timber cut from the allotment exceed 50 percent of the bid stumpage value. The advance payments shall be credited against the allotment timber as it is cut and scaled, at the stumpage rates governing at the time of scaling.

§ 141.17 Time for cutting timber.

Unless otherwise authorized by the Secretary, the maximum period which shall be allowed, after the effective date of a timber contract, for cutting of the estimated volume of timber purchased shall be 5 years.

§ 141.18 Deductions for administrative expenses.

In sales of timber from either allotted or unallotted lands a reasonable deduction shall be made from the gross proceeds to cover in whole or in part the cost of managing and protecting the forest lands, including the cost of timber sale administration, but not including the costs that are paid from funds appropriated specifically for fire suppression or forest pest control. Unless special instructions have been given by the Secretary as to the amount of the deduction, or the manner in which it is to be made, there shall be deducted 10 percent of the gross amount received for timber sold under regular supervision, and 5 percent when the timber is sold in such a manner that little administrative expense by the Indian Bureau is required.

§ 141.19 Timber cutting permits.

Except as provided in § 141.20, all timber cutting that is not done under formal contract, pursuant to § 141.12, shall be done under the regular timber cutting permit forms. Permits to be valid must be approved by the Secretary. Permits will be issued only with the consent of authorized representatives of the tribe for unallotted lands, and for allotted lands with the consent of the Indian owner or the Superintendent as authorized in §§ 141.13(b) and 141.13(c). The stumpage value which may be cut in 1 year by any individual under authority of paragraphs (a) and (b) of this section shall not exceed \$200, but this limitation shall not apply to cutting under authority of paragraph (c) of this section.

(a) Such consents to the issuance of cutting permits shall stipulate the minimum stumpage rates at which timber may be sold under permit.

(b) Free-use cutting permits may be issued for specified species and types of

forest products by persons authorized under § 141.13 to execute timber contracts. Timber cut under this authority may be limited as to sale or exchange for other goods or services.

(c) An Indian having sole beneficial interest in an allotment may be issued an approved form of special permit to cut and sell designated timber from such allotment. The special permit shall include provision for payment by the Indian of administrative expenses pursuant to § 141.18. The permit shall also require the Indian to make a deposit with the Secretary to be returned to the Indian upon satisfactory completion of the permit or to be used by the Secretary in his discretion for planting or other work to offset damage to the land or the timber caused by the Indian's failure to comply with the provisions of the permit. As a condition to granting a special permit under authority of this paragraph, the Indian may be required to provide evidence acceptable to the Secretary that he has arranged a bona fide sale of the timber to be cut, on terms that will protect the Indian's interests.

§ 141.20 Free-use cutting without permits.

(a) Timber may be cut by an Indian for his personal use from an allotment in which he holds the sole beneficial interest, without a permit or contract; but timber cut under this authority shall not be sold, or exchanged for other goods or services. Such cutting shall conform to the principles of conservative use as contemplated by § 141.4.

(b) With the consent of the authorized tribal representatives and the Secretary, Indians may cut designated types of forest products from unallotted lands without a permit or contract, and without charge. Timber cut under this authority shall be for the Indian's personal use, and shall not be sold or exchanged for other goods or services. Such cutting shall conform to the principles of conservative use as contemplated by § 141.4.

§ 141.21 Fire protective measures.

The Secretary is authorized to hire temporary labor, rent fire fighting equipment, purchase tools and supplies, and pay for their transportation to, extinguish forest or range fires. No expense for fighting a fire outside a reservation may be incurred unless the fire threatens the reservation, or unless such expense is incurred pursuant to an approved cooperative agreement with another forest protection agency. The rates of pay for fire fighters and for equipment rental shall be the rates for such fire fighting services that are currently in use by public and private forest fire protection agencies adjacent to Indian reservations on which a fire occurs, unless there are in effect at the time different rates that have been approved by the Secretary. The Secretary may enter into reciprocal agreements with any fire organizations, maintaining fire protection facilities in the vicinity of Indian reservations, for mutual aid in fire protection. This section does not apply to

the rendering of emergency aid, or agreements for mutual aid, in fire protection pursuant to the act of May 27, 1955 (69 Stat. 66).

§ 141.22 Trespass.

Federal statutes provide that: (a) Willful and unauthorized setting fire to timber, underbrush, or grass or other inflammable material upon any Indian reservation or lands belonging to or occupied by any tribe or group of Indians, under authority of the United States, or upon any Indian allotment while the title to the same shall be held in trust by the Government, or while the same shall remain inalienable by the allottee without the consent of the United States, is punishable by fine of not more than \$3,000 or imprisonment of not more than 5 years, or both; (b) whoever, having kindled or caused to be kindled, a fire in or near any forest, timber, or other inflammable material on such lands, leaves said fire without totally extinguishing it, or permits such fire to spread beyond his control, or leaves such fire unattended, shall be fined not more than \$500 or imprisoned not more than 6 months, or both; (c) the unlawful cutting or wanton injury or destruction of trees standing, growing, or being upon such lands is punishable by fine of not more than \$1,000 or imprisonment of not more than 1 year, or both; (d) section 1 of the act of June 25, 1948 (62 Stat. 787; 18 U.S.C. 1853) provides penalties for the unlawful cutting of timber on Government lands and on Indian lands under Government supervision. The Secretary may seize timber which he has reason to believe was unlawfully cut from restricted or trust Indian lands, mark the same and forbid its removal from the land or direct its removal to a point of safe keeping. When any such timber is found to be removed to land not under Government supervision the owner of the land should be notified that such timber is Indian trust property. The Secretary may accept payment of damages in full in settlement of civil trespass cases without resort to court action.

§ 141.23 Appeals under timber contracts.

Any action taken by an approving officer exercising delegated authority from the Secretary of the Interior or by a subordinate official of the Department of the Interior exercising an authority by the terms of the contract may be appealed to the Secretary of the Interior. Such appeal shall not stay any action under the contract unless otherwise directed by the Secretary of the Interior. Appeals will be filed in accordance with any applicable general regulations covering appeals. The Secretary shall notify the appropriate Indian tribal representatives upon receipt of an appeal by the purchaser, and shall notify the purchaser upon receipt of an appeal by the seller.

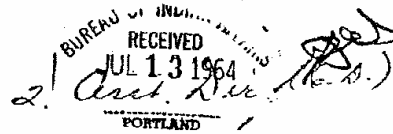
ELMER F. BENNETT,  
Acting Secretary of the Interior.

SEPTEMBER 23, 1959.

[P.R. Doc. 59-8149; Filed, Sept. 29, 1959; 8:47 a.m.]

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF INDIAN AFFAIRS  
WASHINGTON, D.C. 20240

Forestry  
3882-61



AIRMAIL

July 9, 1964

Memorandum

To: Area Directors, Billings, Gallup, Minneapolis, Phoenix,  
Portland and Sacramento

From: Commissioner of Indian Affairs

Subject: Administrative deductions from proceeds of timber sales

This refers to our memorandum of July 5, 1956, on the same subject. It directed that cumulative records of forest management expenditures and timber sale deductions were to be set up for each reservation where you believed such a record was warranted. The records were to show, separately, the expenditures of gratuity and tribal funds, and the administrative deductions credited to such funds.

In recent years new timber inventories have been obtained for practically all of the commercially important reservation forests. The cutting budgets have been revised, generally upwards, and the volume and value of timber sales are approaching the maximum permissible under sustained-yield management.

In these circumstances, the following procedure is to be followed:

Beginning with the fiscal year 1965, the policy of maintaining cumulative records, now in force at some reservations, will be extended to all reservations where both Federal and tribal funds are used to finance the Branch of Forestry program. However, if there are any reservations where both Federal and tribal funds are used, but there is no regular program of timber sales, the maintenance of such records is not required.

Where such records are to be initiated, they should start with fiscal year 1959. No attempt should be made (as was done pursuant to the 1956 instructions) to develop a record dating back to the start of a timber sale program on the reservation.

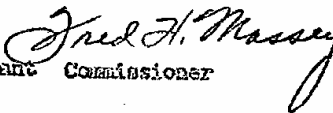
Records should be maintained on Cumulative Comparative Statement of Expenditures and Administrative Deductions, Form 5-614, and reports should be submitted for each fiscal year on Annual Comparative Statement of Expenditures and Administrative Deductions, Form 5-614-1.



Beginning with fiscal year 1955, deductions from timber sale receipts pursuant to 25 CFR 141.18 are to be distributed, each year, to the Treasury as Miscellaneous Receipts and to the appropriate tribal funds in proportion to the amount of Federal and tribal funds expended during the year in managing the reservation forest. Exceptions will be where there are written agreements with tribes which provide for some other method of distributing the deductions.

There is enclosed a copy of the Assistant Secretary's memorandum of July 9, 1959, to the Commissioner, subject: "Department's position with respect to Recommendation No. 6, Senate Report 971, 85th Congress, 1st Session." Items 2(b) and 2(e) of the memorandum define the limitation on Federal fund expenditures for which reimbursement is sought. It should, of course, be the basis for calculating the pro-ration of administrative deductions.

Please inform us of the reservations to which this procedure will apply.

  
Assistant Commissioner

Enclosure



# United States Department of the Interior

OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20240

JUN 15 1972

Memorandum

To: Commissioner of Indian Affairs

From: Assistant Secretary, Public Land Management

Subject: Amendment to Special Instructions for Reductions for Timber Sale Administrative Expenses

Pursuant to the discretionary authority provided by the Act of February 14, 1920 (41 Stat. 415; 25 U.S.C. 413), as amended by the Act of March 1, 1933 (47 Stat. 1417), the following procedures for collection of and accounting for Indian timber sale fees shall become effective July 1, 1972:

1. Ten percent of the gross income from the sales of timber shall be the maximum that shall be deducted as an administrative fee in the sales of Indian timber.

2. When Indian tribes contribute toward paying the cost of the forestry program on their respective reservations by authorizing expenditures from their existing tribal accounts, the amount of the administrative fee deduction that is to be collected from receipts from the sale of such tribal timber that is paid for, cut and scaled during the fiscal year in which such expenditures from such tribal account are made, shall be determined by reducing the administrative fee deduction that would otherwise be collectible under these instructions in the absence of any tribal contribution, by the actual amount of the tribal contribution.

3. No attempt will be made to obtain a balance between cumulative expenditures and administrative deductions, but records of such cumulative data will be continued until otherwise notified.

4. In no event shall the total amount deducted from the proceeds of timber sales on a reservation during any fiscal year exceed the total cost of the forestry program on the respective reservation during the respective fiscal year.

These special instructions supersede the Secretarial Instructions of July 9, 1959.

*Harrison Soerch*

Assistant Secretary  
Public Land Management



## United States Department of the Interior

BUREAU OF INDIAN AFFAIRS  
WASHINGTON, D.C. 20242

IN REPLY REFER TO:  
Forestry

Memorandum

JUN 23 1972

To: All Area Directors(except Anadarko)

From: Commissioner of Indian Affairs

Subject: Amendment to Secretary's Special Instructions for  
Handling Timber Sale Administrative Fees

Enclosed is a copy of an amendment to the Secretarial special instructions for collecting and accounting for the timber sale administrative fees. These instructions, which become effective July 1, 1972, represent a substantial departure from the procedures now in effect.

The specified intent of this amendment is to provide a means whereby Indian tribes can divert timber sale fees, which otherwise would be returned to the Federal government, into paying for the intensified utilization, management and protection of the Indian-owned forest lands now under trust management. The specific activities which need intensification are: (1) timber sale administration, (2) timber stand development, (3) modernized management planning, and (4) protection from wildfires.

The anticipated increase in funds that will be available for the forestry program should make it possible not only to harvest the full existing allowable cut, but also, within the next 20 years, to increase the nation-wide production potential of Indian-owned forest lands by almost 400 million board feet above the average production during the past five years. Converted to stumpage value alone, the increased production represents an estimated 10 million dollars of additional annual income that would be available for the development of other tribal programs.

Since the new instructions represent a sweeping change from the present procedures, we have asked Forestry Branch Chief, Earle R. Wilcox to meet with the Area Foresters to discuss and to recommend guidelines for using and accounting for the additional funds that will become available for forest management under the amended instructions. We have arranged for the meeting to be held in Portland, Oregon on July 13 and 14. It would also be desirable for the forest managers from the principal timber producing reservations to attend the meeting, since they have more intimate knowledge concerning the views of their respective tribal leaders.

Mr. Wilcox will provide you with further information concerning the meeting arrangements by telephone.

In conclusion, we emphasize that the amended instructions provide the basis for a long-needed impetus in the Indian forestry program. We must assure that the manner in which the additional funds are used does not jeopardize the tremendous advantages that have been made possible by the administrative action of the Assistant Secretary.

  
DEPUTY Commissioner

Enclosure



## United States Department of the Interior

BUREAU OF INDIAN AFFAIRS  
WASHINGTON, D.C. 20242

IN REPLY REFER TO:

AUG 10 1972

Memorandum

To: All Area Directors (except Anadarko)

From: Commissioner of Indian Affairs

Subject: Amendment to Secretary's Special Instructions for  
Handling Timber Sale Administrative Fees

With our memorandum of June 23, 1972, under the above subject heading, we transmitted a copy of an amendment to the Secretary's special instructions for collecting and accounting for timber sale administrative fees. In our memorandum we specified the four general types of forestry activities which were intended to be funded by using timber sale fees which, if not used for the intended purpose, would be returned to Federal accounts in the Treasury. We have been requested to designate, more specifically, the types of expenditures for which the various tribes could claim credit.

At the time that the Assistant Secretary signed the new instructions, he stated that the purpose of his action was to provide needed increases in funds for the forestry program which the Department had been unable to obtain through the normal budgetary processes. The types of forestry program activities that are insufficiently funded vary between Agencies. Accordingly, the following list of forestry activities which need strengthening on a Bureau-wide basis does not imply that all such activities need strengthening on all reservations.

This list is subdivided into the four primary subactivities of the forestry program as follows:

1. Timber Sale Administrative Functions (consisting of presale cruises, timber appraisals, and administration of on-going sales). Justifiable costs include:
  - a. Payment for "needed additional" services (salaries)
  - b. Cost of transportation

- (1) Vehicle purchase (tribal)
  - (2) Cost of motor fuel and servicing
  - (3) Increases in GSA rental charges
  - c. Contracts for supplemental help from consultants  
(to offset lack of additional personnel ceiling)
2. Protection from Fire
- a. Preparation of Normal Fire Year Plans
  - b. Transportation  
(subdivided as under Timber Sale Administration)
  - c. Heavy equipment purchase and repair
  - d. Hazard reduction
  - e. Cost of contract protection
  - f. Maintenance of secondary roads where necessary  
to assure access for suppression efforts (only when  
roads funds are not available)
3. Forest Development
- a. Timber stand improvement
    - (1) Thinning
    - (2) Mistletoe eradication
    - (3) Pruning
    - (4) Brush or "trash" tree removal; or eradication  
by spraying.
  - b. Reforestation
    - (1) Seed collection
    - (2) Seed orchard establishment and maintenance  
(genetic improvement)
    - (3) Nursery supplement
    - (4) Site preparation
    - (5) Planting
    - (6) Seeding
  - c. Fertilization
  - d. Measuring and evaluating the results of developmental  
work.
4. Modernized Forest Management Inventories and Planning

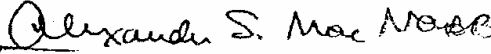
- a. Continuous forest inventories
  - (1) Field collection of data
  - (2) Analyses of data
- b. Forest land use planning, such as, selection of areas to be reserved for recreation use or other special use only (as opposed to timber production). Also designation of areas where "modified" timber harvest is compatible with recreation and other uses; and determination of how cutting is to be "modified."
- c. Intensified inventories and analyses of "in-place" data. (This is detailed information concerning exact location of areas needing various types of forest development and/or opportunities for utilization. It includes the determination of priorities for accomplishing the needed development and utilization.)
- d. Determination of allowable cut alternatives (Must be compatible with reservation wide plan for economic development.)
- e. Forest management planning
- f. Feasibility studies
  - (1) Utilization of waste materials
  - (2) Sawmills or other primary utilization industries

Although the foregoing lists most of the activities intended to be covered by the diversion of administrative fees, there will of necessity be additional costs that can likewise be included. The costs incurred in accounting for the funds spent on intensified forest management are included. Forest recreation development may also be justified where funds for such development are not available elsewhere.

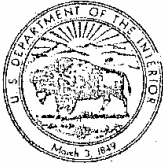
The new special instructions will require an amendment to the portion of the Timber Sale Records Handbook that relates to accounting for the administrative fees collected. Pending such revision, each Area should establish an accounting system that will provide a record of tribal costs incurred, at least by each type of activity presently in the Analysis of Obligation Report, with more detailed breakdown as you think necessary. The record should also show the corresponding

offsets against the fees earned. One such system of accounting was discussed during the Forestry meeting held in Portland, Oregon, on July 19 and 20. It was recognized then that the proposed system, which had been developed by Portland Area Finance and Accounting personnel, would not work as well in some Areas or on some reservations as it would on most reservations in the Portland Area. Accordingly, a request was made for each Area Director to submit a written statement or explanation of the accounting procedures which would be best suited for reservations within his Area. Please submit such a statement so that we will receive it by COB on August 25.

Following review of those statements, we plan to revise the handbook to provide for suitable alternative accounting procedures.

  
Acting Commissioner





C O P Y

# United States Department of the Interior

OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20240

December 12, 1972

Memorandum

To: Commissioner of Indian Affairs

From: Assistant Secretary of the Interior

Subject: Addendum to Special Instructions for Timber Sale  
Administrative Expenses dated June 15, 1972

Pursuant to the discretionary authority provided by the Act of February 14, 1920 (41 Stat. 415; 25 U.S.C. 413) as amended by the Act of March 1, 1933 (47 Stat. 1417), our June 15, 1972 memorandum under subject heading: "Amendment to Special Instructions for Deductions for Timber Sale Administrative Expenses" is amended by adding the following paragraph:

5. When the owners of individual Indian allotments authorize the Bureau of Indian Affairs to use a specified portion of the timber sale receipts from their respective allotments for intensifying the management of the forest lands within their respective reservations, the fees which otherwise would be collectible under these instructions will be reduced by the actual amount of the receipts which are authorized to be used for such intensified forest management.

(Sgd.) Richard S. Bodman

Assistant Secretary of the Interior

C O P Y



## United States Department of the Interior

OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20240

JAN 24 1973

### Memorandum

To: All Area Directors (except Anadarko)  
Bureau of Indian Affairs

From: Assistant Secretary of the Interior

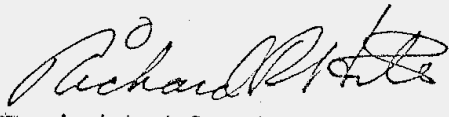
Subject: Amendment to special instructions for handling timber  
sale fees charged for timber sold from allotments

The special instructions issued by the Assistant Secretary, Public Land Management, on June 15, 1972, provided a procedure whereby Indian tribes can invest timber sale fees, which otherwise would be deposited in Federal accounts, in the intensified management of their forest properties. Those instructions, however, did not extend the same opportunity to the owners of individual allotments. The enclosed addendum to the June 15 instructions, dated December 12, 1972, overcomes this inequity. It provides a procedure whereby allotment owners can invest all or a portion of the administrative fees charged against their allotments in the intensification of the forestry programs on their respective reservations.

You will note that the addendum has purposely avoided a requirement for the funds to be used on the respective allotment on which the fees are generated. Such a requirement would superimpose a near-impossible accounting burden on the existing extremely complicated accounting requirements on reservations with large numbers of allotments. Also, in many instances, specific allotments will not need as much effort to obtain satisfactory regeneration following cutting, or as much timber stand improvement work as other nearby allotted or tribal forest lands. Nevertheless, all allotments and tribal lands within a general area of the forest are mutually benefitted by the overall improvement of management within the respective general area.

You should note that the types of intensified forest management activities that are authorized to be financed by the use of these funds are those outlined in the Acting Commissioner's memorandum of August 10, 1972. All such activities relate to the improvement in management or utilization of timber on the existing Indian-owned land base. Land acquisition cannot be considered an item of intensified forest management under either the amended instructions of June 15, 1972, or the addendum of December 12, 1972.

Although the addendum authorizes the Bureau to use the funds, in actual practice we anticipate that a large part of the work will be accomplished under contracts with the tribes on the respective reservations.



Deputy Assistant Secretary of the Interior

Enclosure



Trust Services  
Forestry

United States Department of the Interior  
BUREAU OF INDIAN AFFAIRS  
WASHINGTON, D. C. 20245

APPENDIX 2



MAY 22 1975

Memorandum

To: Aberdeen Area Director  
Albuquerque Area Director  
Billings Area Director  
Juneau Area Director  
Minneapolis Area Director  
Navajo Area Director  
Phoenix Area Director  
Portland Area Director  
~~Sacramento Area Director~~

Attention: Area Foresters

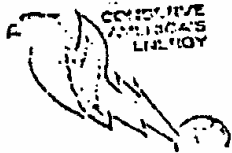
From: Commissioner of Indian Affairs

Subject: Tribal Expenditures Offsets Administrative  
Timber Sale Fees Covered by Assistant Secretary's  
Memorandum of June 15, 1972

The following delineates procedures facilitating planning and programming of tribal money to reduce the administrative fee deduction generated by Sale of Indian timber.

A. Item 2 of the Assistant Secretary's memorandum of June 15 1972, provides:

"When Indian tribes contribute toward paying the cost of the forestry program on their respective reservations by authorizing expenditures from their existing tribal accounts, the amount of the administrative fee deduction that is to be collected from receipts from the sale of such tribal timber that is paid for, cut and scaled during the fiscal year in which such expenditures from such tribal accounts are made, shall be determined by reducing the administrative fee deduction that would otherwise be collectible under these instructions in the absence of any tribal contribution by the actual amount of the tribal contribution."



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At the close of the fiscal year ending June 30, neither the tribes nor the Bureau knows the actual income from stumpage for that year. In many cases, the actual income is not known until late in August. This situation makes it impossible to assure proper and efficient planning and obligation of funds.

In order to provide for the better use of funds, the tribes should have the opportunity to incur cost and make obligations throughout the following fiscal year before the Bureau determines administrative fee deductions collectable for deposit to the U.S. Treasury. For accounting purposes this procedure will be adopted starting with the current fiscal year.

This account procedure will provide that any balance of administrative fees collectable at the closing of accounts, June 30, 1975, will be retained in a separate holding account, with reimbursements made to the tribe for subsequent expenditures from their accounts, for its forestry programs in accordance with such provisions in the Commissioner's memorandum to Area Directors dated August 10, 1972. Any balance remaining in this account on September 30, 1976, will then be transferred to miscellaneous receipts in the U.S. Treasury. The same procedure will then be followed in F.Y. 1977 and subsequent years.

B. The Assistant Secretary's addendum of December 12, 1972, provides:

"When the owners of individual Indian allotments authorize the Bureau of Indian Affairs to use a specified portion of timber sale receipts from their respective allotments for intensifying the management of forest lands within their own respective reservations, the fees which otherwise would be collectable under these instructions will be reduced by the actual amount of receipts which are authorized to be used for such intensified forest management."

(underlining supplied)

A strict interpretation of the above provision might appear to preclude the use of such contributed funds in Alaska and certain other states where public domain allotments are located and are not within an Indian reservation.

On many of the public domain allotments in Alaska, Washington and Oregon, clear-cutting is the common means of harvesting the timber stands. Under these conditions, income from the forest product harvested from the allotment may occur at 50 years or greater intervals. Intensive management practices might require that planting be performed one or two years following the year in which income was produced, thinning 15 to 30 year intervals following harvest and fertilization or other cultural practices conducted at various other intervals following harvest. Other administrative expenses such as protection, etc., might be of an annually recurring nature. Henceforth, in authorizing a specified portion of the timber sale receipts from their respective homestead allotments should provide for the use of such funds for intensifying the management of individual homestead allotments under the jurisdiction of the agency administering the particular allotment. This will more reasonably provide for future cultural treatment of the timber stands involved as the needs arise and as funds become available. This is identical to the present practice regarding allotments located within a specific reservation.

Morris Thompson



# United States Department of the Interior

OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20240

MAY 25 1979

Memorandum

To: All Area Directors

From: Assistant Secretary - Indian Affairs

Subject: Revision of the Addendum to Special Instructions for Timber Sale Administrative Expenses dated December 12, 1972

On June 15, 1972, the Assistant Secretary, Public Land Management issued an amendment to the special instructions for deductions for timber sale administrative expenses. An addendum to this amendment, which provided specific instructions for allotment timber sale fees, was also issued by the Assistant Secretary, Public Land Management on December 12, 1972. After several years of operating under these revised instructions, it has been determined that further revision of the procedures for allotment timber sale fees is desirable to achieve maximum benefit from utilization of these fees for intensifying reservation forest management. Accordingly, the instructions contained in Paragraph 5 of the Assistant Secretary's memorandum of December 12, 1972 are amended as follows:

5. The deduction for administrative expense which ordinarily would be taken into the U.S. Treasury under 25 CFR 141.18 from the proceeds of sale of timber from allotted lands shall instead be deposited into an appropriate account to be available to the support of forest management on the lands of the respective reservations. The expenditure of such funds shall be in accordance with a budget and use plan supportive to the forestry program, approved by the Bureau of Indian Affairs and concurred upon by the tribe. The types of expenditures to be funded by using these fees shall be in accordance with the forestry program activities specified in the Acting Deputy Commissioner's memorandum dated August 10, 1972. Such funds shall be available for expenditure through the fiscal year following the fiscal year that they accrue, and thereafter shall be withdrawn and deposited as miscellaneous receipts of the United States Treasury.

*Forrest J. Leonard*





# United States Department of the Interior

Bureau of Indian Affairs  
1849 C Street, N.W., MS-4513-MIB  
Washington, DC 20240

IN REPLY REFER TO:

FEB 17 1999

Memorandum

To: All Area Directors  
From: <sup>ACTING</sup> Director, Office of Trust Responsibilities  
Subject: Forest Management Deductions

On September 18, 1998 the Interior Board of Indian Appeals (IBIA) issued a decision (IBIA 98-84-A, Quinault Indian Nation vs. Portland Area Director) concerning the use of Forest Management Deductions (FMD) for construction of "office space." As stated in the decision, the only question in this appeal, was whether FMD funds may be expended for the construction of an office building to be used for purposes related to forest management.

Accordingly, you are advised that under current statutory and regulatory authorities, FMD funds are not to be used for the construction of "office space." This restriction is limited to office construction and does not apply to other needed facility or (road) construction and/or maintenance necessary for forest management activities. You are encouraged to work with appropriate Bureau and Tribal programs to develop plans for the expenditure of FMD funds that are consistent with all applicable requirements.

It is our opinion, as stated above, that appropriate expenditure items include, in part, facility (or road) construction and/or maintenance requirements. These activities must reasonably fall into one of the categories of activities listed in 25 CFR Part 163.1 under the definition of forest land management activities, and be used for the performance of forest land management activities on the reservation from which the funds are collected.

Attached is a copy of the IBIA decision. If you have any questions on this subject, please contact the Division of Forestry at 202-208-4439.

Attachment





# United States Department of the Interior

BUREAU OF INDIAN AFFAIRS  
Washington, D.C. 20240

IN REPLY REFER TO:  
Division of Forestry

FEB 24 2003

## Memorandum

To: All Regional Directors

From: ~~Acting~~ Deputy Commissioner of Indian Affairs

Subject: Forest Management Deductions - Direct Collection by Tribes

There is concern that some tribes are collecting Forest Management Deductions (FMD) directly from timber sale contractors and are depositing the funds into tribal accounts without Bureau of Indian Affairs (BIA) or Office of Trust Funds Management (OTFM) involvement. FMD monies are trust funds and these funds shall be controlled and restricted according to the laws that govern their collection and use.

All FMD monies must be collected solely by the BIA:

Pursuant to the authority of 25 U.S.C. §413, the Secretary shall withhold a reasonable deduction from the gross proceeds of sales of forest products harvested from Indian forest land under a timber sale contract, permit, or other harvest sale document, which has been approved by the Secretary, to cover in whole or in part the cost of managing and protecting such Indian forest land. 25 U.S.C. §3105

In some cases, proceeds of the sale of forest products may be directly deposited into an account designated by a tribe. However, under no circumstances may FMD monies be deposited into such an account:

Upon the request of the Indian tribe, the Secretary shall provide that the purchaser of the forest products of such tribe, which are harvested under a timber sale contract, permit or other harvest sale document which has been approved by the Secretary, shall make prompt direct payments of the gross proceeds of sales of such forest products, less any amounts segregated as forest management deductions pursuant to 25 U.S.C. §3105, into a bank depository account designated by such Indian tribe. 25 U.S.C. §3107 (emphasis added)

The only situations where FMD are not collected by the Secretary are when the gross proceeds from a sale are less than \$5,001.00, or when the requirement for the collection of FMD is waived as requested by the tribe and approved by the Secretary. 25 CFR §163.25(c) and §163.25(e)

The Secretary shall withhold FMD monies which cannot be paid directly to the tribe by the purchaser. It is your responsibility to ensure that all FMD monies are collected and deposited with the OTFM, and that expenditure plans are completed prior to release of those funds into tribal accounts.

## Forestry Business Process for Removal of Forest Products (9/16/03)

Forestry Business Process for Removal of Forest Products <small>(9/16/03)</small>				
BIA PROCESS			OTFM PROCESS	Basic Rules
	FORMS/REPORTS	COLLECTION/DISTRIBUTION	COLLECTION/PAYMENT	
<b>----- PRE-SALE -----</b>				
Identify tracts and stands needing treatment - through owner request, FMP, GIS, Aerial Photos, etc.				
Verify legal description and ownership status through maps, plat books, Realty records for all tracts.	TSR			A contract must contain one or more tracts of trust land.
Determine Feasibility - preliminary recon, preliminary economic and environmental analysis				
Secure approval from landowners - Tribal resolution or 50+% of restricted interest required. Acquired through contact with Tribal Council or preparing and sending out POA's and cover letters to tract owners. Forestry secures ownership name, address, percent interest, tract name, and tract number for each tract from Realty, Tribal Operations, or OTFM. May also secure from IRMS, MADD, or other local software program. Without approval, process ends (except in cases to prevent loss of values from natural catastrophies)	Power-of-Attorney for Sale of Allotment Timber (Form 5-5315), free form letter			
Complete environmental analysis (Environmental Assessment-EA, FONSI, NOA, EIS)				
Complete field work (cruise, marking, cutting boundaries, road/landing locations, boundary location, etc.)				
Complete document preparation (appraisal, Forest Officer Report-FOR, contract/permit package, advertisement - if applicable). Complete all pertinent information on all sale documents and add Timber Contract Standard Provisions Part B (Form 5-5323) to the Contract documents (do not add to the Permit documents)	Paid Permit (Form 5-5331), Free Use Permit (Form 5-5331), Special Allotment Timber Cutting Permit (SATCP Form 5-5328), Timber Contract for the Sale of Predetermined Volumes (Form 5-5327), or Timber Contract for the Sale of Estimated Volumes (Form 5-5324), Revocable Road Use and Construction Permit, Road Use Permit, Sand and Gravel Permit			Special Allotment Timber Cutting Permit (SATCP) only collect FM, FP, & PB. Paid Permits are limited to a total value of \$25,000/per fiscal year/per individual. Free Use permits are limited to \$5,000/per fiscal year/individual. All forest product harvesting activities requiring a sale document must be approved by the Secretary or delegated authority.
<i>NEGOTIATED</i>	<i>ADVERTISED *</i>			
	Advertise sale as authorized	Free Form Advertisement, Advertising order (SF-1143), Public Voucher for Advertising (SF-1144).		Sales cannot be advertized for less than the appraised value.
	Issue Request for Bids	Bid Proposal Packages: Bid Form (XBBIA-5318), Prospectus, Advertisement, map		Bid Deposit (BD) for sales of less than \$100,000 will be 10% but not less than \$1,000 or full value (whichever is less). BD for sales of \$100,000-\$250,000 will be 5%, but not less than \$10,000. BD for sales greater than \$250,000 will be 3%, but not less than \$12,500. Bid deposits may be in the form of guaranteed payment, including an irrevokable letter-of-credit.
	Receive Bid Proposal Forms from bidders within allotted timeframe			
	Conduct bidding or open bids			
	Prepare abstract of bids	Abstract of Bids (Form BIA-4321)		
	Approve Abstract of Bid and identify successful bidder			
Assign Contract ID				
Initiate Timber Money Record Book (TMRB)	Controlling Account Form 5-503, Scaling Unit Record Form No. 5-504	Setup the timber money record book with sale number, name, etc.		
	Collect Deposit with Bid of successful bidder. Also collect deposit with bid of bidders providing written request to hold pending bid acceptance or for administrative appeal	Bill For Collection (BFC DI-1040), Schedule of Collections (BIA-4284), and Deposit Ticket (SF-215).	Authorized Collector receipts on bottom of BFC, prepares the Schedule of Collections (BIA-4284), and sends the forms and check(s) to Division of Accounting Management (DAM) for deposit into Federal Finance System (FFS). DAM prepares SF-215 and deposits funds in bank.	Deposit with Bid usually becomes a portion of the contract required advance deposit in estimated volume contracts or an installment payment in predetermined volume contracts.
	Make entry in TMRB	Controlling Account Form 5-503	Enter deposit of the BD	
	Administrative Appeal resolved			
	Return Bid Deposits of unsuccessful bidders			
Complete sale documents (including Subsidiary Allotment Timber Contracts if applicable)	Timber Contract for the Sale of Estimated Volumes (BIA-5324), or Timber Contract for the Sale of Predetermined Volumes (BIA-5327), and Subsidiary Allotment Timber Contract (BIA-5326).			
Calculate advance payment. 25% for allotments, advance payments are not required on tribal sales, but can occur.				

Send sale document and performance bond form to successful bidder for signature.	Form Letter, Performance Bond (SF-25)			Performance Bond will be at least 20% for sales up to \$15,000, at least 15% (but not less than \$3,000) for sales \$15,001-\$150,000, at least 10% (but not less than \$22,500) for sales of \$150,001-\$350,000, and at least 5% (but not less than \$35,000) for sales over \$350,000.
Failure of successful bidder to execute sale document (sign and return sale document or provide performance bond - if applicable)	Free form letter			
Successful bidder forfeits deposit with bid, funds are distributed as damages to landowners	Voucher and Schedule of Withdrawals and Credits (SF-1081), Intra Bureau Cash Transaction Authorization (BIA-4285/BF-349).	Forestry prepares SF-1081 to IPAC funds from FFS to AP account in TFAS. Forestry prepares BIA-4285 to distribute funds from AP account to FM account and landowners PL or IIM accounts.	Receive funds through IPAC from FFS to TFAS. Receive documents, calculate interest earned, deposit principle and interest to identified accounts (FM, PL, IIM).	
Make entry in TMRB	Controlling Account (5-503),	Enter debit for BD		
Renegotiate sale	Readvertise sale			
Receive signed sale document and performance bond, and bond form from successful bidder	Performance Bond (SF-25)			
Cash Bond Option: Non-trust funds are deposited in the Federal Finance System (FFS).	Bill For Collection (BFC DI-1040), Schedule of Collections (BIA-4284), and Deposit Ticket (SF-215).	Authorized Collector receipts on bottom of BFC, prepares the Schedule of Collections (BIA-4284), and sends the forms and check(s) to Division of Accounting Management (DAM) for deposit into Federal Finance System (FFS). DAM prepares SF-215 and deposits funds in bank.		
Make entry in TMRB	Controlling Account (5-503)	Enter collection of the PB		
Non-Cash Bond Option: Corporate surety bond, irrevocable letter of credit, or negotiable gov't securities	Performance Bond (SF-25)	Held in safe by Collection Officer.		
Approve sale document		Provide sale document first page and approval page to OTFM		Contract approval date initiates 30 day due date for advance payment. Distribution cannot occur without an approved sale document (except on defaulted bid).
End of advertised/negotiated path)				

-----Sale Administration-----					
Prepare logging plan detailing production rate (Estimates)		Free form document			
Return approved sale document to Purchaser and request payment of additional Advance Deposit (AD) and/or Advance Payment (AP) and other required collections (FMD and FP) within stipulated timeframe.		BFC DI-1040			
Transfer non-trust deposit with bid from FFS to trust AD or AP account in TFAS		Voucher and Schedule of Withdrawals and Credits (SF-1081).	Forestry prepares SF-1081 to IPAC funds from FFS to AD or AP account in TFAS and provides to Regional finance/Accounting Officer.	Regional OTFM Office faxes package to Albuquerque OTFM office.	
Receive Advance Deposit (AD)		BFC DI-1040	Deposit in Agency AD account	Authorized Collector receipts on bottom of BFC, deposits in AD account in TFAS, and issues collection Ticket (CT) number and date.	
Make entry in TMRB		Controlling Account (5-503)	Enter collection of the AD		
Verify monetary ownership prior to distribution (ongoing)			Contact Realty to verify ownership		
Receive Advance Payment (AP) or installment payment (for immediate distribution) Option 1:		BFC DI-1040	Collect money and deposit into FP account, FM Account, and landowner account from BFC. Continue with Scale Report.	Receipt on BFC and deposit to identified accounts.	
Receive Advance Payment (AP) or installment payment (for distribution through AP account) Option 2:					
	Deposit payment into AP account	BFC DI-1040	Make sure Reservation AP account set up. If not, contact OTFM to setup account and asset.	Setup account and asset as requested. Authorized Collector receipts on bottom of BFC, deposits in AP account in TFAS, and issues collection Ticket (CT) number and date.	
	Deduct Forestry Projects funds if required, and deposit in special FP account.	BF-349/BIA-4285	Transfer \$ to Reservation FP account as an asset under the account. If no account, then contact OTFM to setup account and/or asset.	Setup account and/or asset as requested. Process BF-349/BIA-4285, calculate interest, and transfer funds between accounts.	Forestry Projects funds are deducted before assessing Forest Management Deductions.
	Deduct Forest Management Deduction %.	BF-349/BIA-4285	Transfer \$ to Reservation FM account as an asset under the account. If no account, then contact OTFM to setup account and/or asset.	Setup account and/or asset as requested. Process BF-349/BIA-4285, calculate interest, and transfer funds between accounts.	Default to 10%, but can be from 0-100%. Forest Management Deductions only on sales of \$5,001 or more.
	Distribute balance of Advance Payment to landowners	BF-349/BIA-4285, JV, or SF-1034 (PV)	Transfer AP to tribe's PL account or to IIM accounts for individual Indians (may include fee interest as "X" accounts). For known fee owners, use PV to distribute directly.	Process BF-349/BIA-4285, calculate interest, and transfer funds between accounts.	
Receive FMD and FP payment under Tribal Direct Pay or SATCP.		BFC DI-1040	Collect money and deposit into FP account and FM Account from BFC.	Authorized Collector receipts on bottom of BFC, deposits in identified accounts in TFAS, and issues collection Ticket (CT) number and date.	
Make entries in TMRB		Controlling Account (5-503), Scaling Unit (5-504)	Make individual line entries based on each form utilized (BFC, BIA-4285, JV, PV).		
Adjust sale product rates at sale designated intervals (ongoing)		Paid Permit (Form 5-5331), Free Use Permit (Form 5-5331), Special Allotment Timber Cutting Permit (SATCP Form 5-5328), Timber Contract for the Sale of Predetermined Volumes (Form 5-5327), or Timber Contract for the Sale of Estimated Volumes (Form 5-5324), Revocable Road Use and Construction Permit, Road Use Permit, Sand and Gravel Permit.			
Document harvested forest products by ownership (ongoing)		Scale Report (SR) Form 5-473	Prepares SR and enters into timber money record book.		
Make entries in TMRB		Controlling Account (5-503), Scaling Unit (5-504)	Make individual line entry for the scale report.		
Perform Sale Inspection (ongoing)		Sale Inspection form			
Invoice for payments as required		BFC DI-1040	Sale requires minimum advance deposit.		
Receive Payment (invoiced or not)		Field Receipt, BFC DI-1040	Issue receipt (field receipt, Bill For Collection), if applicable.	Receipt on BFC and authorized collector insures entry on Schedule of Collections, deposits in identified TFAS account(s), and issues CT number and date.	
Make entries in TMRB		Controlling Account (5-503), Scaling Unit (5-504)	Make individual line entry for the collection.		
Prepare monthly Report of Timber Cut by sale (includes summary of collections and deductions)		Report of Timber Cut (ROTC) Form 5-486	Enter into timber money record book.		

Make entries in TMRB	Controlling Account (5-503), Scaling Unit (5-504)	Make individual line entry for the ROTC.		
Verify monetary ownership prior to distribution (ongoing)		Contact Realty to verify ownership.		
Distribute revenue to landowners as the sale progresses (less Forestry Projects funds and Forest Management Deductions)	BF-349/BIA-4285, Journal Voucher, PV SF-1034	Transfer AP and AD to tribe's PL account or to IIM accounts for individual Indians (may include fee interest as "X" accounts). For known fee owners, use PV to distribute directly.	Process BF-349/BIA-4285, calculate interest, and transfer funds between accounts and issue check for PV.	
Make entries in TMRB	Controlling Account (5-503), Scaling Unit (5-504)	Make individual line entries based on each form utilized (BFC, BIA-4285, JV, PV).		
Determine modification necessary (change date(s), acres, rates, etc.)				
Prepare Sale Document Modification	Free form Modification document			
Send Modification to purchaser				
Received signed Modification				
Approve and return copy to purchaser (all parties to the sale)				

<b>-----Sale Closeout-----</b>				
Inspect total sale area and verify all sale requirements met and prepare final reports	Statement of Completion of Timber Contract and Summary of Operations Report (BIA-5319)			
Send Statement of Completion(s) to Purchaser for signature				
Receive and approve Statement(s) of Completion				
Return approved Statement(s) of Completion to Purchaser				
Refund unobligated advance deposits or payments to purchaser.	Public Voucher SF-1034	Prepare PV to refund any balances (with interest) and submit to OTFM.	Receive documents, calculate interest earned, issue check for principle and interest.	
Make entries in TMRB	Controlling Account (5-503), Scaling Unit (5-504)	Make individual line entry for the reimbursement (PV).		
Close AP and AD assets for the sale			Close assets.	
Refund cash Performance Bond, return non-cash Performance Bonds		Forestry notifies DAM of disbursement need and DAM processes payment by EFT or Treasury check.		
Make entries in TMRB	Controlling Account (5-503), Scaling Unit (5-504)	Make individual line entry for the reimbursement		

-----SALE REVOCATION-----				
Breach of of sale as determined by the approving officer	Free form official notice with appeal rules			
Determine monetary damages	Free form damages assessment report			
Use Advance Deposits (AD) and Performance Bond (PB) and other purchaser assets to satisfy damages	SF-1081, BFC DI-1040,BF-349/BIA-4285, or SF-1034 (PV)	PB to be transferred from FFS to AD TFAS account first using SF-1081 to DAM. (Any funds back to the purchaser will be processed by DAM after notification by Forestry).	For AD, Process BF-349/BIA-4285, calculate interest, transfer funds to appropriate accounts, and close asset. (Any funds back to the purchaser will be by SF-1034.	
Make entries in TMRB	Controlling Account (5-503), Scaling Unit (5-504)	Make individual line entries based on each form utilized (BFC, BIA-4285, JV, PV)		

-----Forestry Projects-----				
Identify projects and specifications				
Develop project agreement				
Award the project to vendor				
BIA/Tribe inspects project and verifies completion				
Invoice submitted by vendor				
Pay invoice to vendor	Public Voucher for Refund (PV) SF-1034, BF-349/BIA-4285, SF-1081	Prepare appropriate form PV( to pay out), BF-349/BIA-4285 to transfer from FP to PL account, and SF-1081 to reimburse program funds in FFS and submit to OTFM.	Process BF-349/BIA-4285, calculate interest, and transfer funds between accounts and issue check for PV. Receipt on BFC and authorized collector insures entry on Schedule of Collections, deposits in identified account(s), and issues CT number and date.	
Close FP asset when all funds distributed and when asset no longer needed			Close asset.	



<b>-----Forest Management Deductions-----</b>				
Tribe completes and submits an annual Expenditure Plan (except on Public Domain/homestead allotments - BIA completes Expenditure Plan).	Expenditure Plan for Forest Management Deductions			
BIA approves expenditure plan		Send copy of the Expenditure Plan to OTFM		
Pay Tribe according to expenditure plan to tribal account or transfer to PL Account. Payment can be in advance or a reimbursement based on an invoice	Public Voucher (PV) for Refund (SF-1034) or BF-349/BIA-4285	If tribe requests direct payment, then prepare PV in the amount to be paid from FM account. If tribe requests deposit to their PL account, then prepare a BF-349/BIA-4285 to transfer \$ from the FM account to their PL account.	Process BF-349/BIA-4285, calculate interest, and transfer funds between accounts and issue check for PV	Interest is not added to the amount paid to the tribe. Can only pay or reimburse up to the amount authorized in the expenditure plan.

-----Trespass-----					
Verify trespass location		Title Status Report			
Investigate to determine responsible parties and the species, volume, value, and location of trespass and prepare forest products trespass report		Free form report			
Complete an Appraisal of the forest products and value of damages					Full value is considered to be triple damages.
Prepare Notice of Trespass and send to all affected parties		Free form letter			
Send demand letter and Bill for Collection		BFC DI-1040			
Receive Payment					
	Receive from highest stumpage value to full value (either all at once or through scheduled payments) Option 1:	BFC DI-1040	Collect money and deposit pro-rata into FP account, FM Account based on single product value, program FFS account (if applicable), and landowner account from BFC.	Receipt on BFC and deposit to identified accounts.	
	Receive from highest stumpage value to full value (either all at once or through scheduled payments) Option 2:				
	Deposit payment into TR account	BFC DI-1040	Make sure Reservation TR account set up. If not, setup the account by sending information to OTFM.	Setup TR account in TFAS. Authorized Collector receipts on bottom of BFC, deposits in TR account in TFAS, and issues collection Ticket (CT) number and date.	Each trespass has it's own account.
	Deduct pro-rata land restoration costs if required, and deposit in FP account.	BF-349/BIA-4285	Transfer \$ to Reservation FP account as an asset under the account. If no account, then contact OTFM.	Setup FP account as needed. Process BF-349/BIA-4285, calculate interest, and transfer funds between accounts.	
	Deduct pro-rata law enforcement cost	SF-1081, Public Voucher (PV) for Refund (SF-1034)	Transfer \$ to BIA Law Enforcement Program FFS account, or PV or direct pay to Tribal Law Enforcement.	Process PV and issue check to tribe or transfer funds to FFS.	
	Deduct Forest Management Deduction % based on gross proceeds.	BF-349/BIA-4285	Transfer \$ to Reservation FM account as an asset under the account. If no account, then contact OTFM to setup account.	Setup FM account as requested. Process BF-349/BIA-4285, calculate interest, and transfer funds between accounts.	Default to 10% (can include from 0-100%). Forest Management Deductions only on sales of \$5,001 or more.
	Distribute pro-rata share of full value to landowners	BF-349/BIA-4285, JV, or SF-1034 (PV)	Transfer TR to tribe's PL account or to IIM accounts for individual Indians (may include fee interest as "X" accounts). For known fee owners, use PV to distribute directly.	Process BF-349/BIA-4285, calculate interest, and transfer funds between accounts and issue check for PV.	
Received settlement up to highest stumpage value Option 1		BFC DI-1040		Collect money and deposit pro-rata into FP account, FM Account based on single product value, program FFS account (if applicable), and landowner account from BFC.	Receipt on BFC and deposit to identified accounts.
Receive settlement up to highest stumpage value (either all at once or through scheduled payments) Option 2:					
	Deposit payment into TR account	BFC DI-1040	Make sure Reservation TR account set up. If not, contact OTFM to setup account.	Setup account as requested. Authorized Collector receipts on bottom of BFC, deposits in TR account in TFAS, and issues collection Ticket (CT) number and date.	Each trespass has it's own account.
	Deduct pro-rata land restoration costs if required, and deposit in FP account.	BF-349/BIA-4285	Transfer \$ to Reservation FP account as an asset under the account. If no account, then contact OTFM to setup account.	Setup account as requested. Process BF-349/BIA-4285, calculate interest, and transfer funds between accounts.	
	Distribute pro-rata share of full value to landowners	BF-349/BIA-4285, JV, or SF-1034 (PV)	Transfer TR to tribe's PL account or to IIM accounts for individual Indians (may include fee interest as "X" accounts). For known fee owners, use PV to distribute directly.	Process BF-349/BIA-4285, calculate interest, and transfer funds between accounts and issue check for PV.	
Prepare Scale Report		Scale Report Form 5-473		Prepare Scale Report showing species, products, volumes, stumpage rates, and value. Will also include a line for the penalty value of double damages.	
Closeout TR Account				Close account.	

-----REPORTS-----				
Timber Money Record Book		Controlling Account (5-503), Scaling Unit (5-504)	Official accounting set of books using the double entry accounting method where entries are made chronologically as each volume and value form is completed. (NOTE: A set of books should be completed for every individual sale and trespass.)	
Annual Report		Free form	Annual summary of volume and value cut by sale, by ownership, by product, by trespass.	

**X. FOREST MANAGEMENT DEDUCTIONS (FM) – Trust Funds**

- A. FM COLLECTIONS** - See Flow Chart (*FM-8*). Also known as FMD funds are deposited in a “FM\_\_\_\_\_FR\_” account for use by the respective tribe in their forestry program. This is a single cash account, so interest becomes part of the principal and there is no distinction between the two. These funds can be in the form of cash payments or can be transferred from other TFAS accounts. Funds would not normally be transferred to an FM TFAS account from an FFS account.

These funds are usually collected at the time that stumpage is being distributed to the beneficial landowners, although they can be collected independent of other monies (i.e. Special Allotment Timber Harvest Permit - SATHP). FMD funds are paid directly to the BIA and are independent of stumpage when a tribe is authorized to collect stumpage payments directly from the timber sale purchasers on their reservation. The tribe pays the FMD funds to the BIA for deposit in the FM account either by check or by Electronic Fund Transfer (EFT).

When the stumpage rate includes an allowance for forestry project (FP) costs, the forestry project funds are deducted from payments to the landowners before the Forest Management Deductions are applied to the distribution.

The forest management deduction percentage is a fixed rate, but this fixed rate varies around the country and cannot be lower than 1% unless the requirement for collection has been waived altogether. The FMD percentage may also be different for different forest products – as is the case on the Quinault Reservation.

Forest management deductions are only collected on timber sales with total stumpage values of more than \$5,000.00 and for other activities described in 53 IAM.

**1. Cash Collections**

- a. **Direct deposit of FMD funds into FM Account** - not included with other funds (i.e. Payment on SATHP or from tribe who collects stumpage). This is the same for tribal or allotment lands. [NOTE: Payment could also be made by Electronic Funds Transfer (EFT).]

(Note: If there is no Agency OTFM office, then the Regional OTFM office also performs Agency OTFM functions.)

- 1). The Collection Officer receives the payment with the cover sheet of the Bill for Collection (BFC) (DI-1040) and advises Forestry of the payment. (If the BFC had not

previously been completed and sent to the payer in advance of the payment, then forestry would prepare a BFC.)

- 2). Forestry determines if there is a Forest Management Deductions (FM) account setup for the respective Tribe. If no FM account, then Forestry requests a new account from OTFM by providing the information contained in Section II.A.3 of this handbook by email or hard copy.
  - 3). Forestry identifies the money to be deposited in the FM account and adds this disbursement information to the Accounting Classification section of the BFC and submits it to the OTFM Collection Officer.
  - 4). The OTFM Collection Officer completes the payment information, dates and signs the BFC, and provides a copy to the payer and a copy to Forestry. The Collection Officer also prepares the Schedule of Collections (BIA-4284) (*Appendix 5*) and sends the forms and check(s) to the Region OTFM Authorized Collector.
  - 5). The Region OTFM Authorized Collector prepares a Deposit Ticket and deposits the funds in the bank. A copy of the signed Schedule of Collections is returned to the Agency OTFM Collection Officer with an assigned CT number.
  - 6). Agency OTFM prepares a Work Ticket and forwards it through the Area Supervisory Trust Accountant to Albuquerque OTFM for processing.
  - 7). Local OTFM and Forestry should check the posted transaction screens on the computer system to verify the accuracy of the deposits.
- b. **Direct payment (deposit) when included with other funds -** Usually combined with funds to be paid out directly without deposit into the AD, AP, or ES accounts. The process only applies to tribal lands because direct disbursements cannot be made to allotment owners. FM funds from allotment activities will usually be transferred to the FM account from another TFAS account (i.e. AP, AD, or ES). (Note: This is also covered in the respective account sections of this handbook).

(Note: If there is no Agency OTFM office, then the Regional OTFM office also performs Agency OTFM functions.)

- 1). The Collection Officer receives the payment with the cover sheet of the Bill for Collection (BFC) (DI-1040) and advises Forestry of the payment. (If the BFC had not previously been completed and sent to the payer in advance of the payment, then forestry would prepare a BFC.)
  - 2). Forestry identifies the amount of money to be deposited in the Forestry Projects (FP) account and the Tribal FM account for the Forest Management Deductions portion of the payment. The remaining portion of the payment will be deposited directly into the Tribal PL account (all deposits to be accomplished without going through another TFAS account). Forestry adds this disbursement information to the Accounting Classification section of the BFC and submits it to the OTFM Collection Officer.
  - 3). The OTFM Collection Officer completes the payment information, dates and signs the BFC, and provides a copy to the payer and a copy to Forestry. The Collection Officer also prepares the Schedule of Collections (BIA-4284) (*Appendix 5*) and sends the forms and check(s) to the Region OTFM Authorized Collector.
  - 4). The Region OTFM Authorized Collector prepares a Deposit Ticket and deposits the funds in the bank. A copy of the signed Schedule of Collections is returned to the Agency OTFM Collection Officer with an assigned CT number.
  - 5). Agency OTFM prepares a Work Ticket and forwards it through the Region OTFM Supervisory Trust Accountant to Albuquerque OTFM for processing.
  - 6). Local OTFM and Forestry should check the posted transaction screens on the computer system to verify the accuracy of deposits.
2. **Transfer funds into an FM account from other TFAS accounts** – Forestry determines if funds should be transferred into the FM account for each transfer of funds from the other forestry accounts. This usually

occurs at the same time that stumpage or damages are distributed to the beneficial landowners. The same procedures are used for tribal trust and allotment lands. As funds are distributed to the landowners from the AP, AD, or ES accounts; deposits are made with interest to the FM account.

(Note: If there is no Agency OTFM office, then the Regional OTFM office also performs Agency OTFM functions.)

- a. Forestry determines the principal amount of funds to be transferred to the FM account.
- b. Forestry prepares the Intra Bureau Cash Transaction Authorization form (BIA-4285/BF-349) (*Appendix 6*). The completed form is signed by the line officer and is provided to Agency OTFM along with copies of the Transaction Record (TR) and Holding (HO) screens from TFAS. If the account or asset is not to be closed, then the transaction description under the Information section must include instructions to, “**Include overnight interest to payment date.**”

[NOTE: If it is the final distribution from an asset or account, then the transaction description under the Information section must include instructions to, “**Include overnight interest to payment date and close asset (or account).**”]

(Note: The BB number may be assigned by either the Agency or Regional Office – depending on established procedures.)

- c. Agency OTFM checks CT #'s, balances, and calculations. If all in order, then submits the BIA-4285 to the Region OTFM Supervisory Trust Accountant. (If not correct, package is returned to forestry for correction).
- d. Region OTFM certifies the form by signature and faxes the form back to the Agency OTFM Office.
- e. Agency OTFM prepares work tickets and faxes the form and work ticket to Albuquerque OTFM.
- f. Albuquerque OTFM adds interest, processes the disbursements, and closes the account (if applicable).

- g. Region or Agency OTFM verifies the interest amounts for the transactions, adds them to the copies of the certified BIA- 4285 and provides copies to Forestry.

**B. FM DISTRIBUTIONS** - See Flow Chart (*FM-9*). An approved Forest Management Deductions Expenditure Plan must be approved by the BIA Line Officer before distributions can be made from the FM account. A copy of the plan should be provided to OTFM. Payment to the tribe is authorized in accordance with the expenditure plan. Payment can be direct to the tribes (either check or EFT) or funds could be transferred to the tribe's Proceeds of Labor (PL) account, depending on the payment method(s) approved in the Expenditure Plan. The FM account is a single cash account – Interest is not added to the distribution.

(NOTE: It is recommended that an annual expenditure plan be developed and approved at the beginning of each Fiscal Year (either BIA or Tribal) to obligate all funds accrued to that date. 25 CFR 163.25(f) states in part, "Any forest management deductions that have not been incorporated into an approved expenditure plan by the end of the fiscal year following the fiscal year in which the deductions are withheld, shall be collected into the general funds of the United States Treasury pursuant to 25 U.S.C. 413." Forestry should encourage, if not assist, the Tribes in development of the annual Plans to insure their completion.)

**1. Payment to Tribe (Check or Electronic Funds Transfer)**

(Note: If there is no Agency OTFM office, then the Regional OTFM office also performs Agency OTFM functions.)

- a. Upon receipt of a Tribal invoice or request to withdraw FM account funds, Forestry verifies that the invoice complies with the Expenditure Plan. Forestry completes the Public Voucher for Purchases and Services other than Personal form (SF-1034) (*Appendix 7*) for the amount to be paid (no interest is added to the payment) to the tribe. The completed form is signed by the BIA line officer and forester and provided to Agency OTFM along with copies of the Transaction Record (TR) and Holding (HO) screens from TFAS. Forestry keeps a copy for their records. Forestry also provides a copy of the approved Expenditure Plan to OTFM if a copy had not already been provided to them.

(NOTE: If it is the final payment from the account and the account is not expected to be used again for at least six months, then the Transaction description under the Information section must include instructions to, "**Close account.**")



- b. Agency OTFM checks the CT #'s and balance. If all in order, then submits the SF-1034 to the Region OTFM Supervisory Trust Accountant. If not in order then it is returned to forestry for correction.
- c. Region OTFM certifies the form by signature and faxes the form back to the Agency OTFM Office.
- d. Agency OTFM prepares the work ticket and faxes the form and work ticket to Albuquerque OTFM.
- e. Albuquerque OTFM encodes for payment.

**2. Transfer to Tribal PL account.**

(Note: If there is no Agency OTFM office, then the Regional OTFM office also performs Agency OTFM functions.)

- a. Upon receipt of a Tribal invoice or request to withdraw FM account funds, Forestry verifies that the invoice complies with the Expenditure Plan. Forestry prepares the Intra Bureau Cash Transaction Authorization form (BIA-4285/BF-349) (**Appendix 6**). The completed form is signed by the BIA line officer and forester and provided to Agency OTFM along with copies of the Transaction Record (TR) and Holding (HO) screens from TFAS. Forestry also provides a copy of the approved Expenditure Plan to OTFM if a copy had not already been provided to them

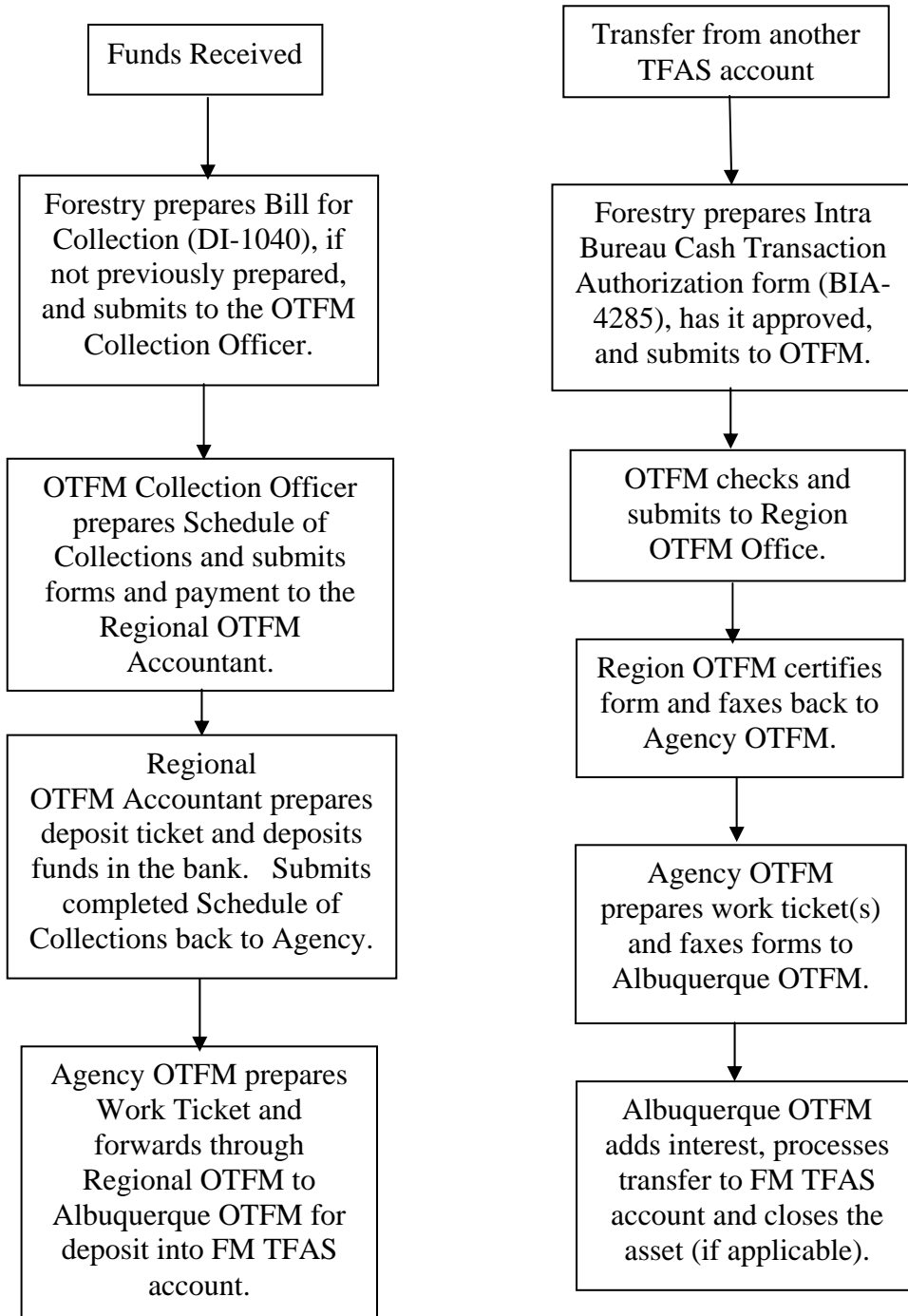
(NOTE: The account is not usually closed although if it is the final payment from the account and the account is not expected to be used again for at least six months, then it should be closed. The Transaction description under the Information section must include instructions to, “**Close account**”)

(Note: The BB number may be assigned by either the Agency or Regional Office – depending on established procedures.)

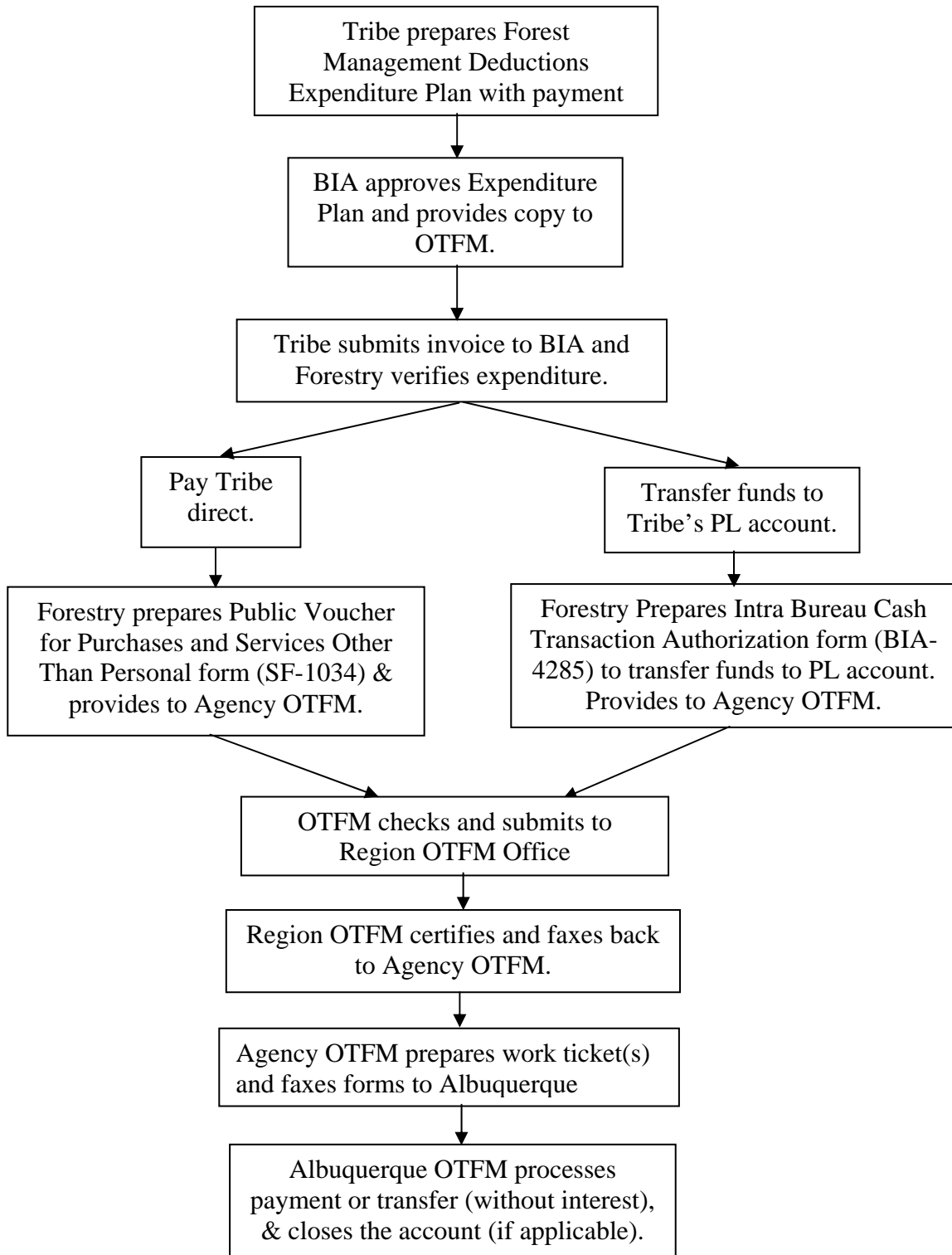
- b. Agency OTFM checks CT #'s, balances, and calculations. If all in order, then submits the BIA-4285 to the Region OTFM Supervisory Trust Accountant. (If not correct, package is returned to forestry for correction).

- c. Region OTFM certifies the form by signature and faxes the form back to the Agency OTFM Office.
- d. Agency OTFM prepares work tickets and faxes the form and work ticket to Albuquerque OTFM.
- e. Albuquerque OTFM processes the disbursements.

## Forest Management Deductions (FM) Collections



## Forest Management Deductions (FM) Distributions



**EXPENDITURE PLAN FOR  
FOREST MANAGEMENT DEDUCTIONS**

Reservation: \_\_\_\_\_ Agency or Region: \_\_\_\_\_

Fiscal Year: \_\_\_\_\_ Effective Period: From: \_\_\_\_\_ To: \_\_\_\_\_

Page 1 of 7

**SUMMARY**

**NOTE: Pursuant to policy concerning the handling of forest management deductions, it is intended that the tribe and BIA work together to determine the requirements of the reservation forestry program and develop the following expenditure plan for the use of the deductions to meet these requirements. The approval of this plan by the authorized tribal representatives constitutes allocation of tribal funds for Indian forest land management activities. Approval of the expenditure plan by the Secretary shall constitute authority for crediting of forest management deductions to tribal account(s) as provided in 25 CFR §163.25(f)(1). This page is the expenditure plan. Pages 2 through 7 are worksheets used to develop the plan and aid in the review of activities planned.**

**PART I – Total Available Forest Management Deductions (Page 2) \$ \_\_\_\_\_.**

**PART II – Forestry Activities Covered by this Plan**

- A. Forest Product Sale Administration (Page 3) \$ \_\_\_\_\_.
- B. Forest Protection (Page 4) \$ \_\_\_\_\_.
- C. Forest Development (Page 5) \$ \_\_\_\_\_.
- D. Forest Management Inventories and Plans (Page 6) \$ \_\_\_\_\_.

TOTAL – PART II \$ \_\_\_\_\_.

**PART III – Cost of Accounting for Forestry Activities (Page 7) \$ \_\_\_\_\_.**

**GRAND TOTAL – PARTS II AND III \$ \_\_\_\_\_.**

**PART IV – Transfer of Funds from BIA to Tribal Account (Page 7) \$ \_\_\_\_\_.**

**PART V – Funds not Transferred – Deferred for Future Use (Page 7) \$ \_\_\_\_\_.**

**APPROVAL**

**TRIBAL APPROVAL:**

**BIA APPROVAL:**

Adopted by Tribal  
Council Resolution No. \_\_\_\_\_.

\_\_\_\_\_  
Forest Manager Date

\_\_\_\_\_  
Tribal Official/Title Date

\_\_\_\_\_  
Superintendent/Trust Officer Date

**EXPENDITURE PLAN FOR  
FOREST MANAGEMENT DEDUCTIONS**

Reservation: \_\_\_\_\_ Agency or Region: \_\_\_\_\_

Fiscal Year: \_\_\_\_\_ Effective Period: From: \_\_\_\_\_ To: \_\_\_\_\_

Page 2 of 7

**PART I – Total Available Forest Management Deductions**

Briefly detail source and computation of total Forest Management Deductions for this expenditure plan. Include volume and value by sale for anticipated deductions, the total is recorded in A(1) and (2). Note account number, account balance, and balance date for amount entered in B(2).

A. Anticipated Volume and Value of Timber Cut in this Fiscal Year.

(1) Volume (MBF): \_\_\_\_\_.

(2) Value (\$): \_\_\_\_\_.

B. Forest Management Deductions.

(1) Deductions Anticipated this Fiscal Year. \$ \_\_\_\_\_.

(2) Estimated Deductions (include interest) Carried-Over from Previous Years. \$ \_\_\_\_\_.

C. Total Available Forest Management Deductions. \$ \_\_\_\_\_.

**EXPENDITURE PLAN FOR  
FOREST MANAGEMENT DEDUCTIONS**

Reservation: \_\_\_\_\_ Agency or Region: \_\_\_\_\_

Fiscal Year: \_\_\_\_\_ Effective Period: From: \_\_\_\_\_ To: \_\_\_\_\_

Page 3 of 7

**PART II – Forest Land Management Activities Covered by this Plan**

**A. Forest Product Sale Administration.**

(1) Narrative (Briefly describe those activities to be performed by tribal employees or contractors funded from this category. Identify actual or proposed sales by name when known. See 25 CFR §163.1, the definition of forest land management activities.)

(2)	<u>Summary of Anticipated Obligations/Expenditures</u>	
	(a) Personal Services (salaries & EBC) _____ FTE	\$ _____.
	(b) Travel and Training (employee travel, vehicles, etc.)	\$ _____.
	(c) Contractual Services	\$ _____.
	(d) Shipping Costs	\$ _____.
	(e) Rents and Utilities	\$ _____.
	(f) Printing Costs	\$ _____.
	(g) Supplies and Materials	\$ _____.
	(h) Equipment (itemize major equipment purchases)	\$ _____.
	(i) Other (itemize)	\$ _____.
(3)	<u>SUBTOTAL</u> – Forest Product Sale Administration	\$ _____.

**EXPENDITURE PLAN FOR  
FOREST MANAGEMENT DEDUCTIONS**

Reservation: \_\_\_\_\_ Agency or Region: \_\_\_\_\_

Fiscal Year: \_\_\_\_\_ Effective Period: From: \_\_\_\_\_ To: \_\_\_\_\_

Page 4 of 7

**B. Forest Protection**

- (1) Narrative (Activities to be funded from this category. See 25 CFR §163.1, the definition of forest land management activities.

(2)	<u>Summary of Anticipated Obligations/Expenditures</u>	
	(a) Personal Services (salaries & EBC) _____ FTE	\$ _____.
	(b) Travel and Training (employee travel, vehicles, etc.)	\$ _____.
	(c) Contractual Services	\$ _____.
	(d) Shipping Costs	\$ _____.
	(e) Rents and Utilities	\$ _____.
	(f) Printing Costs	\$ _____.
	(g) Supplies and Materials	\$ _____.
	(h) Equipment (itemize major equipment purchases)	\$ _____.
	(i) Other (itemize)	\$ _____.
(3)	<u>SUBTOTAL</u> – Forest Protection	\$ _____.



**EXPENDITURE PLAN FOR  
FOREST MANAGEMENT DEDUCTIONS**

Reservation: \_\_\_\_\_ Agency or Region: \_\_\_\_\_

Fiscal Year: \_\_\_\_\_ Effective Period: From: \_\_\_\_\_ To: \_\_\_\_\_

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**C. Forest Development**

- (1) Narrative (Activities to be funded from this category. See 25 CFR §163.1, the definition of forest land management activities.

(2) Summary of Anticipated Obligations/Expenditures

(a) Personal Services (salaries & EBC) _____ FTE	\$ _____.
(b) Travel and Training (employee travel, vehicles, etc.)	\$ _____.
(c) Contractual Services	\$ _____.
(d) Shipping Costs	\$ _____.
(e) Rents and Utilities	\$ _____.
(f) Printing Costs	\$ _____.
(g) Supplies and Materials	\$ _____.
(h) Equipment (itemize major equipment purchases)	\$ _____.
(i) Other (itemize)	\$ _____.
(3) <u>SUBTOTAL</u> – Forest Development	\$ _____.

**EXPENDITURE PLAN FOR  
FOREST MANAGEMENT DEDUCTIONS**

Reservation: \_\_\_\_\_ Agency or Region: \_\_\_\_\_

Fiscal Year: \_\_\_\_\_ Effective Period: From: \_\_\_\_\_ To: \_\_\_\_\_

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**D. Forest Management Inventories and Plans**

- (1) Narrative (Activities to be funded from this category. See 25 CFR §163.1, the definition of forest land management activities.

(2) Summary of Anticipated Obligations/Expenditures

(a) Personal Services (salaries & EBC) _____ FTE	\$ _____.
(b) Travel and Training (employee travel, vehicles, etc.)	\$ _____.
(c) Contractual Services	\$ _____.
(d) Shipping Costs	\$ _____.
(e) Rents and Utilities	\$ _____.
(f) Printing Costs	\$ _____.
(g) Supplies and Materials	\$ _____.
(h) Equipment (itemize major equipment purchases)	\$ _____.
(i) Other (itemize)	\$ _____.
(3) <u>SUBTOTAL</u> – Forest Management Inventories and Plans	\$ _____.

**EXPENDITURE PLAN FOR  
FOREST MANAGEMENT DEDUCTIONS**

Reservation: \_\_\_\_\_ Agency or Region: \_\_\_\_\_

Fiscal Year: \_\_\_\_\_ Effective Period: From: \_\_\_\_\_ To: \_\_\_\_\_

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**PART III – Cost of Accounting for Forestry Activities**

A. Narrative: Describe the type and extent of anticipated costs to be incurred by the tribe to manage, administer and account for activities funded under Part II. These costs shall be a negotiated amount as agreed to between the Bureau and the Tribe, but in no event shall they exceed the amount established through audit for contracts and grants on the reservation.

B. Accounting Cost \$ \_\_\_\_\_.

**PART IV – Transfer of Funds from BIA to Tribal Account**

Use this section to describe the mechanism for transferring funds from BIA/OST holding account to tribal account(s). Include a description and frequency of tribal reports and frequency and method of transferring funds. How much of the planned expenditures will be charged against the available forest management deductions.

\$ \_\_\_\_\_.

**PART V – Funds Not Transferred – Deferred for Future Use**

Briefly describe future projects and/or activities that the deferred funds are reserved for if known. Justification is not required to defer funds for future use.

\$ \_\_\_\_\_.

# ANNUAL REPORT FOR FOREST MANAGEMENT DEDUCTIONS EXPENDITURES

Reservation: \_\_\_\_\_ Agency or Region: \_\_\_\_\_

Fiscal Year: \_\_\_\_\_ Effective Period: From: \_\_\_\_\_ To: \_\_\_\_\_

Page 1 of 6

## SUMMARY PAGE

**NOTE: 25 CFR §163.25(h) States, “Within 120 days after the close of the tribal fiscal year, tribes shall submit to the Secretary a written report detailing the actual expenditures of forest management deductions during the past fiscal year. The Secretary shall have the right to inspect accounts, books, or other tribal records supporting the report.” Supporting documentation for the reported expenditures and accomplishments may be attached to this report. Failure to provide this report may delay the approval of the next Expenditure Plan for Forest Management deductions.**

- A. Total Funds in Expenditure Plan** (Approved: \_\_\_\_\_ ). \$ \_\_\_\_\_.
- B. Forestry Expenditures.**
- |                               | <u>Planned</u> | <u>Actual</u> |
|-------------------------------|----------------|---------------|
| 1. Forest Product Sale Admin. | \$ _____       | \$ _____.     |
| 2. Forest Protection          | \$ _____       | \$ _____.     |
| 3. Forest Development         | \$ _____       | \$ _____.     |
| 4. FMI & P                    | \$ _____       | \$ _____.     |
| SUBTOTAL                      | \$ _____       | \$ _____.     |
| 5. Cost of Accounting         | \$ _____       | \$ _____.     |
| GRAND TOTAL                   | \$ _____       | \$ _____.     |
- C. Carry-Over Funds.** (Subtract Grand Total of B from A) \$ \_\_\_\_\_.  
 (These funds are available until spent, but should still be incorporated in the next Expenditure Plan to simplify accountability). If this amount is negative, either the actual expenditures should be reduced or a new Plan should be prepared and approved to cover total actual expenditures.
- D. Funds Received from Bureau for Reporting Period.** (Page 6) \$ \_\_\_\_\_.
- E. Balance of Funds Owed the Tribe.** (Subtract D Grand Total of Actual B) \$ \_\_\_\_\_.

**TRIBAL REPRESENTATIVE:**

\_\_\_\_\_  
 Tribal Official/Title                      Date

# ANNUAL REPORT FOR FOREST MANAGEMENT DEDUCTIONS EXPENDITURES

Reservation: \_\_\_\_\_ Agency or Region: \_\_\_\_\_

Fiscal Year: \_\_\_\_\_ Effective Period: From: \_\_\_\_\_ To: \_\_\_\_\_

Page 2 of 6

**B. Forestry Expenditures for this Report**

1. Forest Product Sale Administration.

- a. Narrative (Briefly describe those activities performed by tribal employees or contractors funded from this category and the accomplishments. Identify actual or proposed sales by name when known. See 25 CFR §163.1, the definition of forest land management activities.)

b. Summary of Obligations/Expenditures

(1). Personal Services (salaries & EBC) _____ <b>FTE</b>	\$ _____.
(2). Travel and Training (employee travel, vehicles, etc.)	\$ _____.
(3) Contractual Services	\$ _____.
(4) Shipping Costs	\$ _____.
(5) Rents and Utilities	\$ _____.
(6) Printing Costs	\$ _____.
(7) Supplies and Materials	\$ _____.
(8) Equipment (itemize major equipment purchases)	\$ _____.
(9) Other (itemize)	\$ _____.
c. <u>SUBTOTAL</u> – Forest Product Sale Administration	\$ _____.

**ANNUAL REPORT FOR FOREST  
MANAGEMENT DEDUCTIONS EXPENDITURES**

Reservation: \_\_\_\_\_ Agency or Region: \_\_\_\_\_

Fiscal Year: \_\_\_\_\_ Effective Period: From: \_\_\_\_\_ To: \_\_\_\_\_

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2. Forest Protection

- a. Narrative (Briefly describe the activities funded from this category and the accomplishments. See 25 CFR §163.1, the definition of forest land management activities.)

b. Summary of Obligations/Expenditures

(1) Personal Services (salaries & EBC) _____ <u>FTE</u>	\$ _____.
(2) Travel and Training (employee travel, vehicles, etc.)	\$ _____.
(3) Contractual Services	\$ _____.
(4) Shipping Costs	\$ _____.
(5) Rents and Utilities	\$ _____.
(6) Printing Costs	\$ _____.
(7) Supplies and Materials	\$ _____.
(8) Equipment (itemize major equipment purchases)	\$ _____.
(9) Other (itemize)	\$ _____.
c. <u>SUBTOTAL</u> – Forest Protection	\$ _____.

**ANNUAL REPORT FOR FOREST  
MANAGEMENT DEDUCTIONS EXPENDITURES**

Reservation: \_\_\_\_\_ Agency or Region: \_\_\_\_\_

Fiscal Year: \_\_\_\_\_ Effective Period: From: \_\_\_\_\_ To: \_\_\_\_\_

Page 4 of 6

3. Forest Development

- a. Narrative (Briefly describe activities funded from this category and the accomplishments. See 25 CFR §163.1, the definition of forest land management activities.)

b. Summary of Obligations/Expenditures

(1). Personal Services (salaries & EBC) _____ FTE	\$ _____.
(2). Travel and Training (employee travel, vehicles, etc.)	\$ _____.
(3) Contractual Services	\$ _____.
(4) Shipping Costs	\$ _____.
(5) Rents and Utilities	\$ _____.
(6) Printing Costs	\$ _____.
(7) Supplies and Materials	\$ _____.
(8) Equipment (itemize major equipment purchases)	\$ _____.
(9) Other (itemize)	\$ _____.
c. <u>SUBTOTAL</u> – Forest Development	\$ _____.

**ANNUAL REPORT FOR FOREST  
MANAGEMENT DEDUCTIONS EXPENDITURES**

Reservation: \_\_\_\_\_ Agency or Region: \_\_\_\_\_

Fiscal Year: \_\_\_\_\_ Effective Period: From: \_\_\_\_\_ To: \_\_\_\_\_

Page 5 of 6

4. Forest Management Inventories and Plans

- a. Narrative (Briefly describe activities funded from this category and the accomplishments. See 25 CFR §163.1, the definition of forest land management activities.)

b. Summary of Obligations/Expenditures

(1) Personal Services (salaries & EBC) _____ <u>FTE</u>	\$ _____.
(2) Travel and Training (employee travel, vehicles, etc.)	\$ _____.
(3) Contractual Services	\$ _____.
(4) Shipping Costs	\$ _____.
(5) Rents and Utilities	\$ _____.
(6) Printing Costs	\$ _____.
(7) Supplies and Materials	\$ _____.
(8) Equipment (itemize major equipment purchases)	\$ _____.
(9) Other (itemize)	\$ _____.
c. <u>SUBTOTAL</u> – Forest Management Inventories and Plans	\$ _____.



**ANNUAL REPORT FOR FOREST  
MANAGEMENT DEDUCTIONS EXPENDITURES**

Reservation: \_\_\_\_\_ Agency or Region: \_\_\_\_\_

Fiscal Year: \_\_\_\_\_ Effective Period: From: \_\_\_\_\_ To: \_\_\_\_\_

Page 6 of 6

**5. Cost of Accounting for Forestry Activities**

a. Narrative: Show the calculations used to determine the tribal accounting cost associated with the reported expenditures and accomplishments. This cost is the negotiated rate (percent), as agreed to between the Bureau and the Tribe, multiplied by the total reported expenditure for this reporting period.

b. Accounting Cost \$ \_\_\_\_\_.

**Grand Total of Section B** \$ \_\_\_\_\_.

**C. Carry-Over Funds. (Subtract Grand Total of B from Planned Cost in A).** \$ \_\_\_\_\_.

**D. Funds received from the Bureau for this Reporting period.** Use this section to detail the number of forest management deduction payments and payment amounts received by the tribe during this reporting period.

TOTAL \$ \_\_\_\_\_.

**E. Balance of Funds Owed the Tribe.** (Subtract Total of D from Grand Total of B) \$ \_\_\_\_\_.

## APPEAL PARAGRAPH FOR SUPERINTENDENT'S DECISIONS

This decision may be appealed to the Regional Director, \_\_\_\_\_ (address) \_\_\_\_\_, in accordance with the regulations in 25 CFR Part 2 (copy enclosed). Your notice of appeal must be filed in this office within 30 days of the date you receive this decision. The date of filing your notice of appeal is the date it is postmarked or the date it is personally delivered to this office. Your notice of appeal must include your name, address, and telephone number. It should clearly identify the decision being appealed. If possible, attach a copy of the decision. The notice and the envelope in which it is mailed should be clearly labeled "Notice of Appeal." Your notice of appeal must list the names and the addresses of the interested parties known to you and certify that you have sent them copies of the notice. You must also send a copy of your notice of appeal to the Regional Director, at the above address. (Insert this additional sentence when affected party is an Indian or Indian tribe: If you are not represented by an attorney, you may request assistance from this office in the preparation of your appeal.)

You may include a statement of reasons with your notice of appeal, explaining why you believe the decision being appealed is in error. If you do not include your statement of reasons with your notice of appeal, you must mail or deliver it to this office within 30 days after you file your notice of appeal. The statement of reasons and the envelope in which it is mailed should be clearly labeled, "Statement of Reasons." It must be accompanied by or otherwise incorporate all supporting documents. You must send copies of your statement of reasons to all interested parties.

If no appeal is timely filed, this decision will become final for the department of the Interior at the expiration of the appeal period. No extension of time may be granted for filing a notice of appeal.

**NOTICE OF RIGHT TO FURTHER APPEAL**  
**(Add to all Regional Director's Decisions)**

This decision may be appealed to the Interior Board of Indian Appeals, 4015 Wilson Boulevard, Arlington, Virginia 22203, in accordance with regulations in 43 CFR 4.310-4.340. Your Notice of Appeal to the Board must be signed by you or your attorney and must be mailed within 30 days of the date you received this decision. It should clearly identify the decision being appealed and if possible, attach a copy of that decision. You must send copies of your Notice of Appeal to (1) the Assistant Secretary – Indian Affairs, 4140 MIB, U.S. Department of the Interior, 18<sup>th</sup> and C Streets, NW, Washington D.C. 20240, (2) each Interested Party known to you, and (3) this office. Your Notice of Appeal sent to the Board of Indian Appeals must certify that you have sent copies to these parties. If you file a notice of appeal, the Board of Indian Appeals will notify you of the further appeal procedures.

If no appeal is timely files, this decision will become final for the Interior Department at the expiration of the appeal period. No extension of time may be granted for filing a Notice of Appeal.







**PREDETERMINED VOLUME TIMBER SALES**

- Controlling Account
- Scaling Unit Account

Agency		Reservation		Timber Sale Area	
Scaling Unit (Allot. No. or Tribal)		Allottee's Name		Contract Number	
Purchaser	Contract Approved	Contract Expires	Extension Approved	Extension Expires	
Method of Volume Determination <input type="checkbox"/> Tree Measurement; <input type="checkbox"/> Log Scale; <input type="checkbox"/> Other (Specify)			Advance Payment \$	Date Advance Payment Due	

**SCALE RECORD**

Species and Product <sup>1</sup>	Unit of Measure <sup>2</sup>	Designated Timber Provided in Contract <sup>3</sup>			Additional Timber Provided in Contract <sup>4</sup>			Total <sup>5</sup>			Remarks <sup>6</sup>
		Volume	Rate	Value	Volume	Rate	Value	Volume	Rate	Value	
Total											

**MONEY RECORD**

Posting Reference		Contract Value <sup>9</sup>	Collections <sup>10</sup>				Admin. Deduct. <sup>11</sup>	Balance Due from Contractor <sup>12</sup>	Disposition of Money <sup>3</sup>			
Date <sup>7</sup>	Number <sup>8</sup>		Advance Payment	Installment Payment	Single Payment	Total			IIM <sup>14</sup>	Tribal <sup>15</sup>	Adm. Ded. <sup>16</sup>	Total <sup>17</sup>
Total												

Illustration 28 (Page 1 of 2)

PREDETERMINED VOLUME TIMBER SALES  
FORM 5-1485  
INSTRUCTIONS

- <sup>1</sup> Enter the name of each species, and/or type of forest product included in the timber sale contract.
- <sup>2</sup> Enter the unit of measure which is to determine the value of forest products.
- <sup>3</sup> Enter in these columns the volume, rate and value, by species, and/or type of forest product for which volumes have been determined prior to the sale. Obtain this information from the timber sale contract.
- <sup>4</sup> Enter in these columns the volume, rate and value, by species and/or type of forest product for volumes which are in addition to those determined prior to the sale. Obtain this information from the scale reports.
- <sup>5</sup> Summaries in these columns the volume, average rate, and value of the species and/or type of forest products sold under the contract. (Entries here are necessary only when there are entries in the "additional timber" columns.)
- <sup>6</sup> Use for explanatory purposes.
- <sup>7</sup> Enter the date of the document which is the source of the information posted to this ledger.
- <sup>8</sup> Use letter symbols here, designating the type of document, and the reference number of the document. Letter symbols are: SR-Scale Report, CV-Collection Voucher (Bill for Collection), JV-Journal Voucher, RV- Public Voucher for Refund (Refund Voucher).
- <sup>9</sup> Record here: 1. The value of timber and/or type of forest product as defined in the contract; 2. The value of timber and/or other forest products sold under provisions of the "Payment for Additional Timber" section of the contract.
- <sup>10</sup> Enter in these columns, payments received from the purchaser.
- <sup>11</sup> Enter administrative deductions applicable to each payment.
- <sup>12</sup> Enter the current balance of funds due from the purchaser. This is the difference between the sum of values in the "Contract value" column, less the sum of collections received from purchaser.
- <sup>13</sup> Show in these columns, the disposition of the gross amount received for forest products.
- <sup>14</sup> Record proceeds of forest products from allotted lands, after administrative deductions are made.
- <sup>15</sup> Record proceeds of forest products from tribal timber after administrative deductions are made.
- <sup>16</sup> Record administrative deductions deposited to the "Fees, Sale of timber" account.
- <sup>17</sup> Enter the total distribution in this column.



	A	B	C	D	E	F	G	H	I	J	K	L	N	O	P	Q	R
1	5-5322																
2	(April 1949)																
3	UNITED STATES										SHEET NO. _____						
4	DEPARTMENT OF INTERIOR										<b>TIMBER SCALE RECORD</b>						
5	BUREAU OF INDIAN AFFAIRS										<b>SCALING UNIT</b>						
6											ADVANCE PAYMENTS						
7	Scaling Unit No. _____										NO.	PERCENT	DATE DUE	AMOUNT			
8	Scaling Unit name _____										_____	_____	_____	_____			
9	Scaling Unit area _____										_____	_____	_____	_____			
10	Within _____ Sale Unit										Indian Office file No. _____						
11	Contractor _____										Stumpage estimate, volume _____						
12	Successor _____										Stumpage estimate, value _____						
13																	
14	SPECIES													TOTAL			
17	SCALER	VOLUME	VALUE	VOLUME	VALUE	VOLUME	VALUE	VOLUME	VALUE	VOLUME	VALUE	VOLUME	VALUE	VOLUME	VALUE		
18																	
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45	Illustration 29																

## **Instructions for Completing Timber Money Record – Scaling Unit (Form 5-5322)**

HEADER INFORMATION. Entries are self-explanatory and completed as appropriate.

DATE and ITEM. These columns show the source of information posted to the accounts. The date of each document from which information is posted to the account is recorded in the “Date” column, and “Item” is the type of document used to support the collection, transfer or disbursement of money, or the reporting of volume and value. The document could use the abbreviations SR (Scale Report), CV (Collection Voucher), JV (Journal Voucher), and PV (Public Voucher). The document reference number is included in the “Item” column.

SCALE REPORT. Record the total value reported on the scale report, and record the associated forest management deduction based on the appropriate percentage in effect.

COLLECTED FROM CONTRACTOR. Record the advance payments applied to the scaling unit and the advance deposits collected from the purchaser.

DEDUCTIONS FOR TIMBER CUT. Forest product values charged to advance payments are recorded in the “Advance Payment” column, and advance deposits are recorded in the “Advance Deposit” column. (The value of forest products cut from allotted lands, as shown on scale reports, is first recorded in the Scaling Unit accounts and is deducted from the advance payment made on that unit, until the value of the advance payment has been exhausted. Further deductions are then made from advance deposits.) Similar entries in the Controlling account are made after the items have been entered in the Scaling Unit accounts. These postings readily show when the advance payments have been exhausted and that deductions should be made from advance deposits. In the case of forest products from tribal land, all values are deducted from advance deposits, unless a tribe has purchased an allotment which has an unearned advance payment in its account. Care must be taken to ensure that transactions of this nature are properly recorded and that the value of timber cut is deducted from the advance payment before making deductions from advance deposits.

BALANCES. Record the balance of Advance Payments and Advance Deposits after applying the values reported. The “Total to Date” amounts are the differences between the respective “Collected from the Contractor” and “Deductions for Timber Cut” columns. In some instances, the balances in the Controlling Account will show when the purchaser must make additional advance deposits.

DISPOSITION OF MONEY. These columns contain the distribution of advance payments and advance deposit funds received from the purchaser. Forestry prepares the Intra Bureau Cash Transaction Authorization Form (BIA-4285/BF-349) and Public Voucher (SF-1034) to distribute funds from the Advance Payment and Advance Deposit accounts. The principal amounts (not including interest) are reported in the following columns.

1. DEP. CR. IND. This means, “Deposit to the Credit of Individuals.” Record the principal amount of each distribution transferred to the allotment owner’s IIM accounts for trust interest and “X” Special Deposit Accounts for the “Whereabouts Unknown” fee interest owners and the amount paid directly to known fee owners. The amount must already reflect the deductions for forestry projects assessments and forest management deductions.
2. TREAS. US. Record the principal amounts transferred to the tribe’s Proceeds of Labor (PL) Account from the sale of forest products from Tribal trust lands. The amount must already reflect the deductions for forestry projects assessments and forest management deductions.
3. ADMINISTRATIVE DEDUCTIONS. Record the principal amount of forest management deductions transferred to the trust “FM” account at the time that funds are distributed to the

landowners from the advance payment and advance deposit accounts. Forestry projects assessments included in the stumpage rates must be deducted before the determination of the forest management deductions amount.

4. FORESTRY PROJECTS (Proposed). A column should be added next to the “Administrative Deductions” column or in the “Remarks” column to record the principal funds transferred to the “FP” account at the time advance payments and advance deposits are distributed to the landowners. This column is usually only used to record “FP” funds included in the stumpage rates for the sale (i.e. \$10/MBF for road maintenance included in \$100/MBF stumpage rate). Forestry Project funds collected separately would usually not be recorded in this column. Forestry projects funds are deducted before the forest management deductions are determined.

REMARKS. Record interest paid. Also provide concise comments to help explain unique actions recorded.

**Instructions for Completing Timber Scale Record –  
Scaling Unit (Form 5-5322)**

Header information. Entries are self-explanatory and completed as appropriate.

Species. Entries are made across the page indicating the species or species/products for each pair of volume and value columns used.

Scaler. No entry required.

Volume and Value. The twelve columns are alternately named, with five pairs of volume and value columns used to record the volume and value by species/product for each scale report. The last two columns represent the total volume and value for the line of data. Insert the unit of measure at the top of each Volume column used. When additional species/products columns are needed, attach a portion of the new sheet to the original page. Waste and Penalty Scale is also reported on this form.



## **Instructions for Completing Timber Money Record – Controlling Account Form (Form 5-503)**

HEADER INFORMATION. Entries are self-explanatory and completed as appropriate.

PAGE. As appropriate, enter the Sheet Number from the Scaling Unit form to identify where the information came from for the line entry.

DATE and ITEM. These columns show the source of information posted to the accounts. The date of each document from which information is posted to the account is recorded in the “Date” column, and “Item” is the type of document used to support the collection, transfer or disbursement of money, or the reporting of volume and value. The document could use the abbreviations SR (Scale Report), CV (Collection Voucher), JV (Journal Voucher), and PV (Public Voucher). The document reference number is included in the “Item” column.

SCALE REPORT. Record the total value reported on the scale report, and record the associated forest management deduction based on the appropriate percentage in effect.

COLLECTED FROM CONTRACTOR. Record the total advance payments (sum of the payments for each scaling unit) and advance deposits collected from the purchaser.

DEDUCTIONS FOR TIMBER CUT. Forest product values charged to advance payments are recorded in the “Advance Payment” column, and advance deposits are recorded in the “Advance Deposit” column. (The value of forest products cut from allotted lands, as shown on scale reports, is first recorded in the Scaling Unit accounts and is deducted from the advance payment made on that unit, until the value of the advance payment has been exhausted. Further deductions are then made from advance deposits.) Similar entries in the Controlling account are made after the items have been entered in the Scaling Unit accounts. These postings readily show when the advance payments have been exhausted and that deductions should be made from advance deposits. In the case of forest products from tribal land, all values are deducted from advance deposits, unless a tribe has purchased an allotment which has an unearned advance payment in its account. Care must be taken to ensure that transactions of this nature are properly recorded and that the value of timber cut is deducted from the advance payment before making deductions from advance deposits.

BALANCES. Record the balance of Advance Payments and Advance Deposits after applying the values reported. The “Total to Date” amounts are the differences between the respective “Collected from the Contractor” and “Deductions for Timber Cut” columns. In some instances, the balances in the Controlling Account will show when the purchaser must make additional advance deposits.

DISPOSITION OF MONEY. These columns contain the distribution of advance payments and advance deposit funds received from the purchaser. Forestry prepares the Intra Bureau Cash Transaction Authorization Form (BIA-4285/BF-349) and Public Voucher (SF-1034) to distribute funds from the Advance Payment and Advance Deposit accounts. The principal amounts (not including interest) are reported in the following columns.

1. DEP. CR. IND. This means, “Deposit to the Credit of Individuals.” Record the principal amount of each distribution transferred to the allotment owner’s IIM accounts for trust interest and “X” Special Deposit Accounts for the “Whereabouts Unknown” fee interest owners and the amount paid directly to known fee owners. The amount must already reflect the deductions for forestry projects assessments and forest management deductions.
2. TREAS. US. Record the principal amounts transferred to the tribe’s Proceeds of Labor (PL) Account from the sale of forest products from Tribal trust lands. The amount must already reflect the deductions for forestry projects assessments and forest management deductions.

3. ADMINISTRATIVE DEDUCTIONS. Record the principal amount of forest management deductions transferred to the trust “FM” account at the time that funds are distributed to the landowners from the advance payment and advance deposit accounts. Forestry projects assessments included in the stumpage rates must be deducted before the determination of the forest management deductions amount.

4. FORESTRY PROJECTS (Proposed). A column should be added next to the “Administrative Deductions” column or in the “Remarks” column to record the principal funds transferred to the “FP” account at the time advance payments and advance deposits are distributed to the landowners. This column is usually only used to record “FP” funds included in the stumpage rates for the sale (i.e. \$10/MBF for road maintenance included in \$100/MBF stumpage rate). Forestry Project funds collected separately would usually not be recorded in this column. Forestry projects funds are deducted before the forest management deductions are determined.

REMARKS. Provide concise comments to help explain unique actions recorded.

**Instructions for Completing Timber Scale Record –  
Controlling Account (Form 5-503)**

Header information. Entries are self-explanatory and completed as appropriate.

Timber Sale Record – Page. As appropriate, enter the Sheet Number from the Scaling Unit form to identify where the information came from for the line entry.

Species. Entries are made across the page indicating the species or species/products for each pair of volume and value columns used.

Scaler. No entry required.

Volume and Value. The twelve columns are alternately named, with five pairs of volume and value columns used to record the volume and value by species/product for each scale report. The last two columns represent the total volume and value for the line of data. Insert the unit of measure at the top of each Volume column used. When additional species/products columns are needed, attach a portion of the new sheet to the original page. Waste and Penalty Scale is also reported on this form.



**CLASSIFICATION**  
(Modified DI-228)

**1. TYPE OF DOCUMENT** (Refer to 1 IAM-H)  
Intranet Handbook

**2. DEPARTMENT**  
53

**3. SUBJECT TITLE**  
Handbook Volume 1 - Forest Management Deductions

**4. SUBJECT TITLE CHANGE CONTROLS** (if a revision, give rationale for change)

The subject document is Volume 1 of the Intranet Handbook of Forest Management Deductions which corresponds with Chapter 1 of the Forest Management Deductions. This is the completion of the fourth of the five volumes mentioned in the eleven chapters of the 53 Intranet Handbook.

**5. OFFICE USE**

<b>ORGANIZATION</b> Office of Trust Services, Division of Forestry	<b>NAME AND TITLE</b> John Vitello, Senior Director, Division of Forestry	<b>TELEPHONE NUMBER</b> 202-208-1068	<b>DATE</b> 1/27/06
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**6. APPROVALS**

OFFICE LETTER CODES	ORGANIZATION AND TITLE	PRINT NAME	SIGNATURE	DATE	TERMINAL STATE
					CLEARANCE - PLEASE SIGN AS APPROVED
					SURNAME
					DATE
TRUST	Chief, Division of Forestry	F. J. Downes	<i>[Signature]</i>		JVitello 1-27-06
TRUST	Deputy Bureau Director, Office of Trust Services	Archibald	<i>[Signature]</i>		

**7. FOR USE BY FINAL ACTION OFFICE**

AFTER SIGNATURE, RETURN TO Director, Office of Planning and Policy Analysis

RELEASE NUMBER

# INDIAN AFFAIRS DIRECTIVES TRANSMITTAL SHEET

(modified DJI-416)

DOCUMENT IDENTIFICATION NUMBER 53 IAM 11-H	SUBJECT Indian Forest Management Handbook Volume 11 - Forest Management Deductions.	RELEASE NUMBER
FOR FURTHER INFORMATION Division of Forestry, Office of Trust Services		DATE

**EXPLANATION OF MATERIAL TRANSMITTED:**

The subject document is Volume 11 of the Indian Forest Management Handbook - *Forest Management Deductions*. The subject document corresponds with Chapter 11 in Part 53 of the IAM, Forest Management Deductions. This is the completion of the fourth of eleven Handbook volumes that are tiered to the eleven chapters of the 53 IAM Forestry Manual.



Arch Wells  
Acting Deputy Director,  
Office of Trust Services

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**FILING INSTRUCTIONS:**

Remove: None

Insert: 53 IAM 11-H (New)