



Managers' Internal Control Program

“Building a Culture Focused on Accountability Through Continuous Business Process Improvement”

Strategic Planning Workshop



Purpose of Briefing

- MICP - Why and How?
- Plan of Action!
- Appendix



“MICP is Not Optional – Might as Well Leverage It!”

Supported by Statutory Requirements

The Federal Managers' Financial
Integrity Act of 1982 (FMFIA)

- ✓ Requires agencies to establish and maintain and assert to the effectiveness of internal controls over operations and compliance with laws and regulations

Revised OMB Circular A-123

- ✓ Included Management's Responsibility of Internal Controls over financial reporting.

The Federal Financial Management
Improvement Act of
1996/OMB Circular No. A-127

- ✓ Instructs agencies to maintain integrated financial management systems complying with Federal systems requirements, Federal financial accounting standards and USSGL at the transaction level.

The Chief Financial Officers Act
of 1990 (CFO Act)

- ✓ Requires agency CFOs to develop and maintain an integrated agency accounting and financial management system, including financial reporting and internal controls.

End State is Not Auditable Financial Statements But a Culture That Supports Continuous Business Process Improvement --- That Will Result and Sustain Accurate, Timely and Complete Financial Information .



Turning Theory Into Reality

How and Why?

- **Emphasis Upon Auditable Financial Statements!**
- **How do we minimize risk to the Component? – Risk is defined as “the potential that a chosen action or activity will lead to a loss”**
- **Loss: Life, funds, reputation (embarrassment), timeliness, accuracy, security, privacy and completeness**

Past

Review and Reporting of Risk – “Paper Drill”

- Reliance upon auditors
- Impact – Mitigation of risk after the mission negatively impacted

So What?

- ✓ Limited Scope
- ✓ Emphasis on Requirement
- ✓ One point in time

Future

Review and Reporting of Risk – Part of Component’s Culture - Value Added

- Reliance upon internal expertise
- Impact - Identification and mitigation of inefficiencies before Command negatively impacted

- ✓ Coverage of all functions
- ✓ Emphasis on most efficient and effect way to meet requirement
- ✓ Daily review

- **If you rely upon an outside audit service to identify and report on control deficiencies – it is too late (e.g., embarrassment and negative impact to mission).**



Managers' Internal Control Program

Historically – Reactive (What Does Management Want to Hear)

Reliance Upon Outside Audit Agencies

- Reliance upon GAO, DoDIG and Military Audit Services to identify material internal control weaknesses.

Self-Reporting – Punitive Versus Incentivized

- Candor not part of culture – i.e., “group-think.” Threat of retribution for self-reporting “bad news.”
- Filtered communications

Focus on Timelines and Format

- Score received by Component based upon timeliness of SOA submission and adherence to format not substance of content .

“Paper-Drill Exercise”

- Ramp-up of submission of SOA related activities occur several weeks prior to submission deadline versus an ongoing activity year-round.

Current Emphasis – Proactive (What Does Management Need to Hear)

Reliance Upon Resources in Component

- Reliance upon analysis by “resident experts” analysis of assessable units to identify material internal control weaknesses.

Self-Reporting – Incentivize Versus Punish

- Development of a “cost culture”
- Reward self-reporting by all levels of organization regarding potential risks to the mission and recommendations for mitigation.

Focus on Risk

- Based upon documentation of segment of business processes and procedures, identify risk, rank risk and focus upon greatest risks that may impact organization.

Report Supported by Documentation of MICP Process

- Develop SOA content throughout the year based upon documentation internally generated, analyzed and agreed upon .

Plan of Action



Leverage MICP to Obtain and Sustain Auditable Financial Statements

Basic Principles for the Department's Managers' Internal Control Program

- Focus Upon Mission Priorities – Driven By Financial and Operational Risk
- Develop a Culture of Continuous Business Process Operational Improvements – How?
- Tone-at-the-Top – Proactive and Ongoing Support By Leadership
- Coverage of Key Operational, Financial Functions and Information/Financial Systems – Through Assignment of SMEs Embedded in Organization
- Formal Communication Framework That Ties Leadership Mission Requirements with Implementation of Continuous Business Process Improvements Activities
- Reliance Upon SME's Self-Reporting and Candor in Communications of the Identification, Prioritization, Reporting and Mitigation of Financial and Operational Risk
- Development and Implementation of operational and financial risk through "quantifiable" corrective actions.

End State

- Continuous business process improvement
- Identification, prioritization and mitigation of operational and financial risk **before** it negatively impacts the mission of the Organization
 - Assessment of processes and procedures and related information systems at the transaction level
 - Documentation of assessments and corrective actions
 - Ongoing coordination of Component's mission priorities with prioritization and assessment of operational and financial risk.



Component MICP Plan of Action

Overview of the FY 15 Managers' Internal Control Program

Example

- ✓ Components identify Assessable Unit Manager (AUM) – Use organizational charts
- ✓ Provide overview of MICP to AUM
- ✓ Inform of training, communication and documentation responsibilities with AUM and related deliverables
- ✓ Identify functional areas, and command/control responsibilities
 - ✓ Review Commander/Director's priorities and concerns of regarding risk
 - ✓ Obtain initial feedback of additional areas of risk that should be included in prioritization of risk process.
- ✓ Provide functional areas and assessable unit managers assigned to each area
- ✓ Participate on monthly status calls with Component MICP Coordinator
 - ✓ Two-way communications of alignment of risk from the Commander perspective and risk identified by the Regional and Other Commands
 - ✓ Review documentation and "next steps"
 - ✓ Provide mitigation of risk with corrective actions as these issues are identified
- ✓ Provide assessment of risk for each functional area
- ✓ Prioritize risk for each functional area
- ✓ Provide "quick reaction" recommendations that may provide mitigation of risk to the Command due to overall risk and/or systemic in nature
- ✓ Document processes/procedures and controls
- ✓ Determine for high and medium risk levels the evaluation of controls (do controls mitigate risk or do they require remediation)
- ✓ Complete review of assessable units with recommendations for corrective actions
- ✓ Determine material internal control deficiencies that are material
- ✓ Complete the Statement of Assurance



DoDI 5010.40 – MICP Procedures

○ **Instruction Applies to:**

- ☐ OSD
- ☐ Military Departments
- ☐ Joint Chiefs of Staff
- ☐ Combatant Commands
- ☐ DoDIG Defense Agencies
- ☐ DoD Field Activities
- ☐ DoD Components

DoD Component Heads

- **Establish a MICP to:**
 - Assess inherent risks in mission-essential processes
 - Document and design internal controls
 - Test the design and operating effectiveness of existing internal controls
 - Identify and classify control deficiencies and execute corrective actions plans
 - Monitor and report the status of corrective action plans
 - Designate in writing the MICP Coordinator
 - Conduct a formal assessment of the acquisition functions requirements outline
 - Submit the annual statement of assurance to the Sec Def

Procedures

- Each DoD and OSD Component establishes a MICP
- Establish a Senior Management Counsel to oversee operational, financial, and financial systems reporting
- **Appoint a MICP Coordinator**
 - Coordinates with assessable unit managers to ensure proper documenting of end-to-end processes
 - Identifies best practices and develops efficiencies to improve control documentation, enhance controls, eliminate inefficient controls, and implement new controls.
 - Ensures subject matter experts assess risk and may impact mission or operations.
 - Ensures identification of internal control objectives.
 - Assists in testing and classification of internal controls
 - Ensures corrective actions plans are developed
 - Ensures best practices and deficiencies are shared across assessable units.
 - Tracks progress of corrective actions
 - Actively communications with the DoD Component Senior Management Council
 - Maintains MICP documentation



DoDI 5010.40 – MICP Procedures

Assessable Unit Managers (AUMs)

- MICP Coordinator appoints and trains AUM for each assessable units
- Assess risk
- Identifies internal control objectives
- Documents operational, administrative, system and financial internal controls
- Reviews processes and procedures and recommendations
- Tests effectiveness of internal controls
- Identifies and classifies internal control deficiencies
- Develops corrective actions
- Tracks progress of corrective action plans
- Maintains MICP documentation

Assessable Units

- Segments into organizational, functional or other assessable units
- Must ensure entire organization is covered
- Must be large enough to allow managers to evaluate significant portion of the activity being examined
- Must be small enough to be able to document processes and controls

Reporting Categories

- Communications
- Intelligence
- Security
- Comptroller and Resource Management
- Contract Administration
- Force Readiness
- Information Technology
- Acquisition
- Manufacturing, Maintenance, and Repair
- Other
- Personnel and Organizational Management
- Procurement
- Property Management
- Research, Development, Test and Evaluation
- Security Operations
- Support Services
- Business Enterprise Architecture End-to-End Processes
 - Budget-to-Report
 - Hire-to-Retire
 - Order-to-Cash
 - Procure-to-Pay
 - Acquire-to-Retire
 - Plan-to-Stock

Statement of Assurance



Seven Principles of an Effective MICP

- 1. Requires “Tone-At-The-Top”**
- 2. Use of a Communication Framework**
- 3. Candor in Communications**
- 4. Reliance Upon Self-Reporting of Risk Irrespective of Rank or Grade**
- 5. Alignment and Prioritization of Risk**
- 6. Access to Chain-of-Command**
- 7. Be proactive versus reactive.**

If you rely upon an outside auditor to advise on risk it is too late!



DoD's Priority – Establish Tone-At-The-Top

Culture of Continuous Business Process Improvement



Where to Begin? - “*Tone-at-the Top*”

By Military Leadership

What is the “*Tone at the Top*”?

“Tone at the Top” is a term that is used to define management’s leadership and commitment towards openness, honesty, integrity, and ethical behavior. It is the most important component of the control environment. The tone at the top is set by all levels of management and has a trickle-down effect on all employees.

For a Managers’ Internal Control Program to be effective:

Need Senior Management’s Support Thru:

- Communication - Management must clearly communicate its ethics and values throughout the area they manage. These values could be communicated formally through written codes of conduct and policies, staff meetings, memos, etc. or informally during day to day operations.
- Active Participation - Kick-Off and Quarter Meetings – Discussions relevant to internal controls, and associated risks
- Reporting - Create and promote path for employees to self-report and feel safe from retaliation
- Reward Active Participation - Creation of Commander’s Award – Recognition of Successful Internal Control Activity



**HEADQUARTERS
UNITED STATES FORCES-AFGHANISTAN
KABUL, AFGHANISTAN
APO, AE 09356**

USFOR-ACDR

February 2013

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: FY 2013 Managers' Internal Control Program (MICP)

1. References:

- a. Memorandum for Distribution titled, FY 2013 Managers' Internal Control Program, 18 October 2012.
- b. Army Regulation 11-2) Managers' Internal Control Program, 26 March 2012. c. Department of Defense Instruction 5010.40, 29 July 2010.

2. Warfighting is our business, and we must accomplish our mission in an environment where there is ever increasing pressure to effectively manage our resources. It is important that you understand my intent towards reliance upon the identification and implementation of fiscal and operational efficiencies during this critical stage in our long-term commitment to Afghanistan and the region. As Gen Allen communicated in his 18 October 2012 Memorandum titled) FY 2013 Managers' Internal Control Program (MICP), "it is no longer business as usual, in terms of allocation and spending for non-mission essential resources. We need to leverage the USFOR-A MICP to ensure our command maximizes each dollar spent) to execute its plans, set priorities, strengthen management responsibilities, gauge progress against goals and make adjustments as needed." This is a time for continuity, not change, and I intend to proceed on this same azimuth with even greater focus and attention.

3. The DoD MICP has recently undergone a paradigm shift in focus. This new direction takes a risk-based, results-oriented approach. It requires DoD Components ensure all levels within their respective organizations are actively engaged in enhancing operational, financial, program and administrative internal controls, and in the mitigation of potential risk before it occurs, instead of after the mission has been negatively impacted, and reported by outside audit agencies. Our commitment and support aligns with our efforts to apply constant and vigorous effort in validating critical requirements. We will apply the paradigm shift in our spending behavior to include, limitation on new construction projects, drawdown of USFOR-A accompanied by a proportionate reduction of supply requests, limits in the number of civilian and contractor hires to only mission critical requirements, identification and reduction of excess property) supplies) and ammunition and the proper disposition of excess to include retrograde.



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USFOR-A CDR

SUBJECT: FY 2013 Managers' Internal Control Program

4. Through our commitment to doing the right thing and being proactive in our identification of remediation of operational, program, administrative and financial inefficiencies, we will actively support USFOR-A's efforts towards an-expeditionary posture as effectively and efficiently as possible. By being proper stewards of the valuable taxpayers' resources that we have been entrusted with to execute our mission, it is imperative that we use candor in our communications. We need to ensure that the execution of management decisions is based upon information our senior leadership need to hear versus information that is perceived to be desirable to hear.

5. The USFOR-A Deputy Commanding General -Support will continue to meet with the USFOR-A MJCP Coordinator each month to ensure the command's mission priorities are aligned with our internal MICP assessments of risk. I will be kept abreast of the progress with this very important requirement. Your proactive participation with these assessments is essential as we identify potential efficiencies commensurate with the planned drawdown of personnel and other resources.

6. The point of contact for this request is Mr. R. Steven Silverstein, DoD Civilian, GS-15, DSN: 318-449-4027 or via e-mail: Robert.S.Silverstein@afghan.swa.army.mil.

*Commander—
I need your
decisive engagement.
Thanks—*

J. F. Dunford, Jr.
J. F. DUNFORD, JR.

General, U.S. Marine Corps
Commander
International Security Assistance Force/ United States Forces – Afghanistan

DISTRIBUTION:

Deputy Commander, Support -Afghanistan (DCDR-S Afghanistan) United States Forces-Afghanistan Staff (USFOR-A STAFF)
Commander, Combined Security Transition Command-Afghanistan (CSTC-A CDR) Commander, Combined Security Interagency Task Force 435 (CJIATF 435 CDR) Commander, Special Operations Joint Task Force-Afghanistan (SOJTF-A CDR) Commander, United States Forces-Afghanistan (USFOR-A CDR)
Commander, 1st Theater Sustainment Command (1TSC) V Corps Command (V Corps CDR)
Military Information Support Operations (MISTF-A CDR) Deputy Commander, USFOR-A
Commander, ISAF Joint Command (IJC CDR)



GEN Dunford's "Tone-at-the Top" Letter of 19 February 2013

*The DoD MICP has recently undergone a paradigm shift in focus. This new direction takes a risk-based, results-oriented approach. **It requires DoD Components ensure all levels within their respective organizations are actively engaged in enhancing operational, financial, program and administrative internal controls, and in the mitigation of potential risk before it occurs, instead of after the mission has been negatively impacted, and reported by outside audit agencies..... We need to ensure that the execution of management decisions is based upon information our senior leadership need to hear versus information that is perceived to be desirable to hear.***



GEN Allen's "Tone-at-the Top"

Letter of 18 October 2012



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References:

- a. Department of Defense Instruction 5010.40, 29 July 2010
- b. Army Regulation 11-2, "Managers' Internal Control Program," 26 March 2012

1. For those that have previously participated in the MICP, you are aware that often compliance is limited to a cursory review of a checklist. My intent is to move beyond checking the block and conduct detailed analysis and an honest assessment when providing reasonable assurance that financial, operational, and administrative controls are in place. To ensure that our command maximizes each dollar spent, we need to execute its plans, set priorities, strengthen management responsibilities, gauge progress against goals and make adjustments as needed. This paradigm is especially important as we undertake the drawdown of resources and related retrograde of equipment and material. It is "no longer business as usual," in terms of allocation and spending for non mission essential resources. We need to have a "cost culture" when reviewing new construction projects, procurement of goods and services, civilian and contractor overtime hours, hiring to backfill military and civilian reductions, out of country and commercial travel, leases or purchases of assets, and our past dependency upon non essential supplies and services.

2. The MICP requires all federal agencies establish management controls that provide reasonable assurance that obligations and cost are in compliance with applicable laws; funds, property, and other assets are safeguarded against waste, loss, unauthorized use or misappropriations; revenues and expenditures are properly recorded and accounted for; and programs are efficiently and effectively carried out according to applicable law and management policies. The framework provides those who are most familiar with their functional areas, to proactively assess and report their organization's highest risks. This results-oriented approach requires that all levels within their respective organizations are actively engaged throughout the fiscal year in the enhancement of internal controls to mitigate potential risk.

3. I want you to remain proactive in the self-identification of issues and self-reporting of internal control deficiencies. This requires our collective effort to identify the potential risks in our organization and to apply substantive corrective action plans to prevent a problem before it occurs instead of after the mission has been negatively impacted, and



GEN Allen's "Tone-at-the Top"


Letter of 18 October 2012

USFOR-A CDR
SUBJECT: FY 2013 Managers' Internal Control Program

reported by an "outside audit agency." It is imperative that we use candor in our communications to ensure that the execution of management decisions is based upon information our senior leadership need to hear versus information that is perceived to be desirable to hear.

4. The USFOR-A Deputy Commander General – Support will meet with the USFOR-A Comptroller each month to ensure that the command's mission priorities are aligned with our internal MICP assessments of risk. I have requested that he keep me abreast of the progress with this very important requirement. Your proactive participation with these assessments is essential as we identify potential efficiencies commensurate with the planned draw down of personnel and other resources.

5. Point of contact for this request is COL Kenneth Hubbard, USA, DSN 318-449-4800 or via email: kenneth.d.hubbard@afghan.swa.army.mil.


FOR: JOHN R. ALLEN ^{MG, US ARMY}
General, United States Marine Corps
Commander
United States Forces-Afghanistan /
International Security Assistance Force

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Deputy Commander – Support - Afghanistan (DCDR-S Afghanistan)
United States Forces – Afghanistan Staff (USFOR-A STAFF)
Commander, Combined Security Transition Command – Afghanistan (CSTC-A CDR)
Commander, Combined Joint Interagency Task Force 435 (CJIATF 435 CDR)
Commander, Special Operations Joint Task Force – Afghanistan (SOJTF -A CDR)
Commander, United States Forces – Afghanistan (USFOR - A CDR)



GEN Allen's "Tone-at-the Top" Letter of 18 October 2012

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Importance of Organizational Participation

An Effective MICP Is Dependent Upon Communication Through Chain-of-Command

*Top - Down Perspective
and Bottom - Up*

Commander

- Clear, focused communications of the Component's mission, and Commander/Director's priorities and challenges.
- Formal Communication Framework between senior leadership and MICP

Senior Functional Managers

- Full participation with communications. Key participants in execution of Component's mission and MICP Coordinator's input towards potential risks and controls to risk mitigate

MICP Coordinator

- Formal and informal access to Commander/Directors, Senior Managers, Functional Leads and Assessable Unit Managers.
- Provides support towards compliance with laws, regulations and instructions and provides guidance to Component staff on implementation of MICP.

Assessable Unit Managers

- Ongoing communications with MICP Program Manager in confirmation of assessable unit process, controls and related risks. Receiver of feedback from management regarding prior reporting of material risk and changes to requirements towards assessable units.

**Formal
Communication
Framework
Built Upon
Trust and
Empowerment**



Change of Culture

Candor versus Groupthink

Past – “Old School”

Groupthink

Groupthink is a psychological phenomenon that occurs within groups of people. Group members try to minimize conflict and reach a [consensus](#) decision without critical evaluation of alternative ideas or viewpoints. Causes loss of individual creativity, uniqueness, and independent thinking. Also, collective optimism and collective avoidance.”

Status Quo

Status quo, a commonly used form of the original Latin "statu quo" – literally "the state in which" – is a [Latin term](#) meaning the current or existing state of affairs.^[1] To maintain the status quo is to keep the things the way they presently are.

Future – Self
Reporting – Good
News and Bad

Candor

Candor is unstained purity
freedom from [prejudice](#) or malice : [fairness](#)

Change

Change in an organization is shifting/transitioning [individuals](#), [teams](#), and [organizations](#) from a current state to a desired future state. It is an organizational process aimed at [empowering employees](#) to recommend, accept and embrace changes in their current business environment.



Candor versus Groupthink

An effective Managers' Internal Control Program – Empowers those that are involved in the operational, administrative and program processes and procedures to self-report inefficiencies (i.e., risk) - Empowerment = dependency upon candor, and encouragement of self-reporting of risk.

- "The hardest thing you may ever be called upon to do is stand alone among your peers and superior officers," – (leadership is the courage and integrity to do the right thing and to communicate the message – of not what superiors want to hear but rather what they need to hear to in order to effectively lead).
- "To stick out your neck after discussion becomes consensus, and consensus ossifies into group think."

American Forces Press Service, "Gates Urges West Point Graduates to be Great Leaders," May 25 2009

- "Challenge conventional wisdom and call things as you see them to subordinates and superiors alike."
- "As an officer if you blunt truths or create an environment where candor is not encouraged, then you've done yourself and the institution a disservice."

Remarks delivered by Secretary Robert M. Gates to the U.S. Air Force Academy, April 2, 2010

- "In the early days of the surge, Gen. Petraeus's forthright candor with both superiors and subordinates was an important part of the plan's success."
- He never offered unwarranted or sugar-coated optimism. His honesty -- and action -- in the face of uncertainty won the loyalty of those around him".

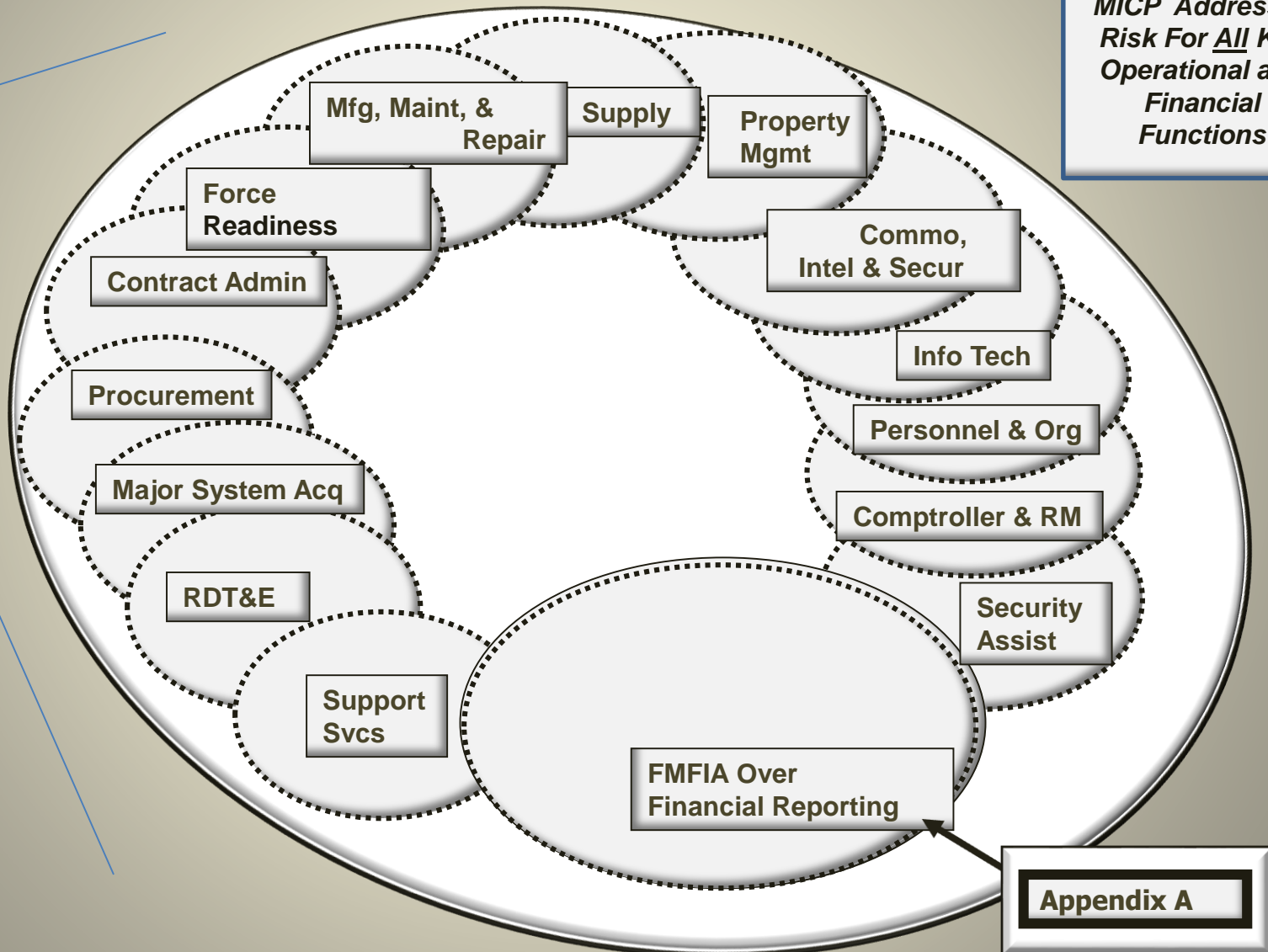
Washington Post, Article titled, "Gen. Petraeus: No Sugar-Coated Optimism", by Col. Michael E. Haith (Ret), United States Army, July 6, 2011



The MICP Assessments Includes Functions of an Organization

MICP Addresses Risk For All Key Operational and Financial Functions

DoDI
5010.40
Provides
Definitions





Reported By An Audit Agency – It Is Too Late!



Next Steps

OSD MICP POC: Steve Silverstein

Email Address: Robert.S.Silverstein.civ@mail.mil

Phone: 571-256 2207/DNS: 312 260 2207

MICP Web Site: osd.pentagon.ousd-c.mbx.micp@mail.mil

Example of MICP Milestones

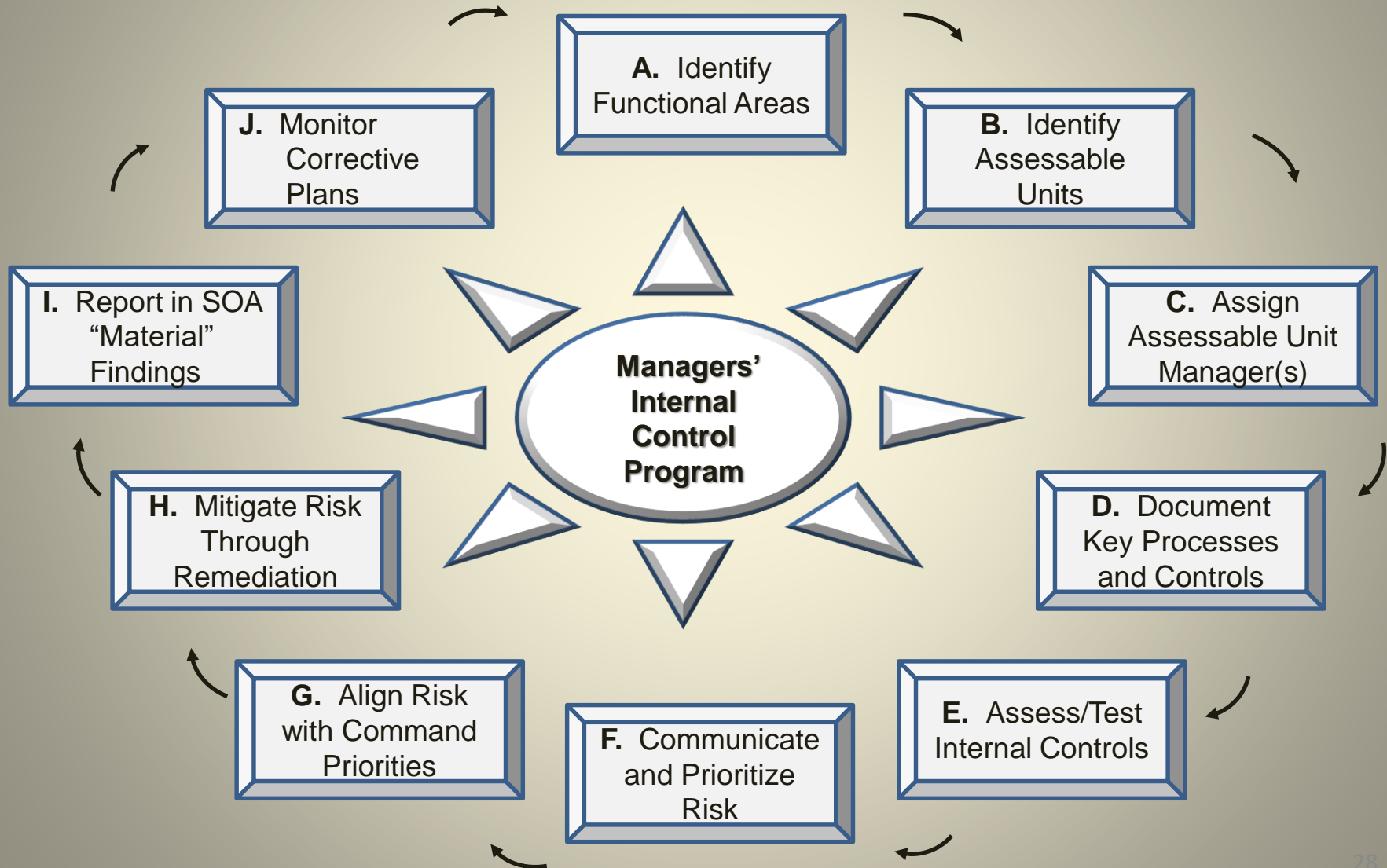
- Finalize Commander's Tone-At-The-Top Memorandum for FY15
- Assign Directorate Assessable Unit Coordinator (AUC)
 - Contact OSD MICP Coordinator to schedule MICP Introductory Training (one hour)
 - Participate in monthly interface (i.e., telephone call and/or face-to-face) with OSD MICP Coordinator
- Review organizational structure and identify assessable units (functional area)
- Assign staff person(s) responsibility for each assessable unit and sub function if required -- Assessable Unit Managers (AUM)
- Have MICP Coordinator and each Assessable Unit Manager sign "appointment letter"
 - Complete computer if necessary –based MICP training (MICP Coordinator and Assessable Unit Managers)
 - Request onsite coaching/training from OSD MICP Coordinator
- Contact OSD MICP Coordinator to schedule one hour MICP Training for Assessable Unit Managers (AUMs)
- Provide list of assessable units to OSD MICP Coordinator
- Provide OSD MICP Coordinator and SOCOM MICP Coordinator Assessable Unit Manager signed "appointment letters"
- Identify and prioritize risk associated with each major process/procedure for each assessable unit
 - Provide documentation/analysis of identified potential risk and recommendation for remediation (i.e., corrective actions)
 - Provide risk and remediation to MICP Coordinator (if "material" then brief through chain of command)
 - Participate in a in-process-review and monthly VTCs.
- ***SOCOM MICP Coordinator meets at least monthly with SOCOM Leadership to identify Component mission requirements and to provide operational and financial risks towards completing mission requirements.***



Appendix

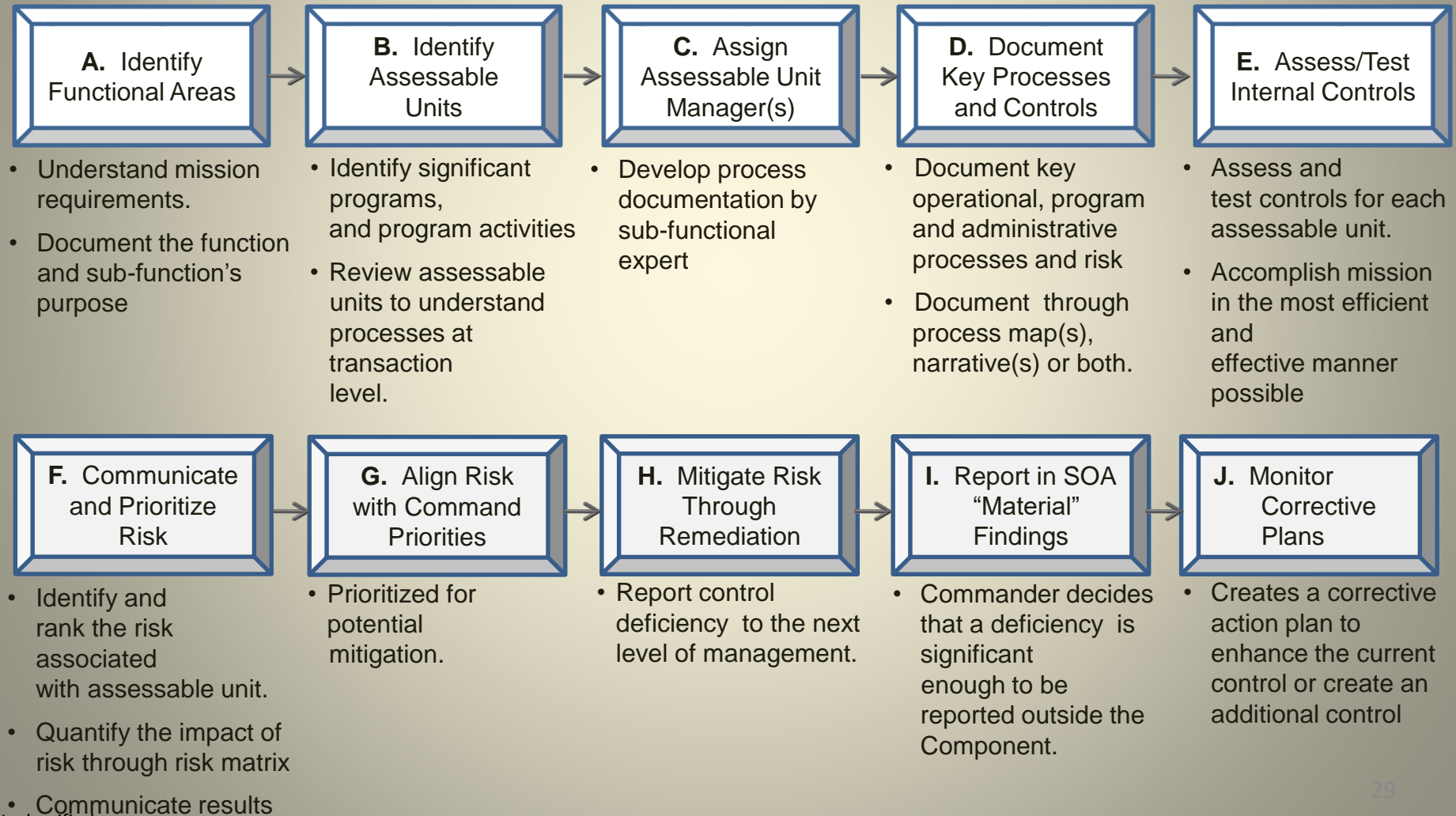


Managers' Internal Control Program Cycle





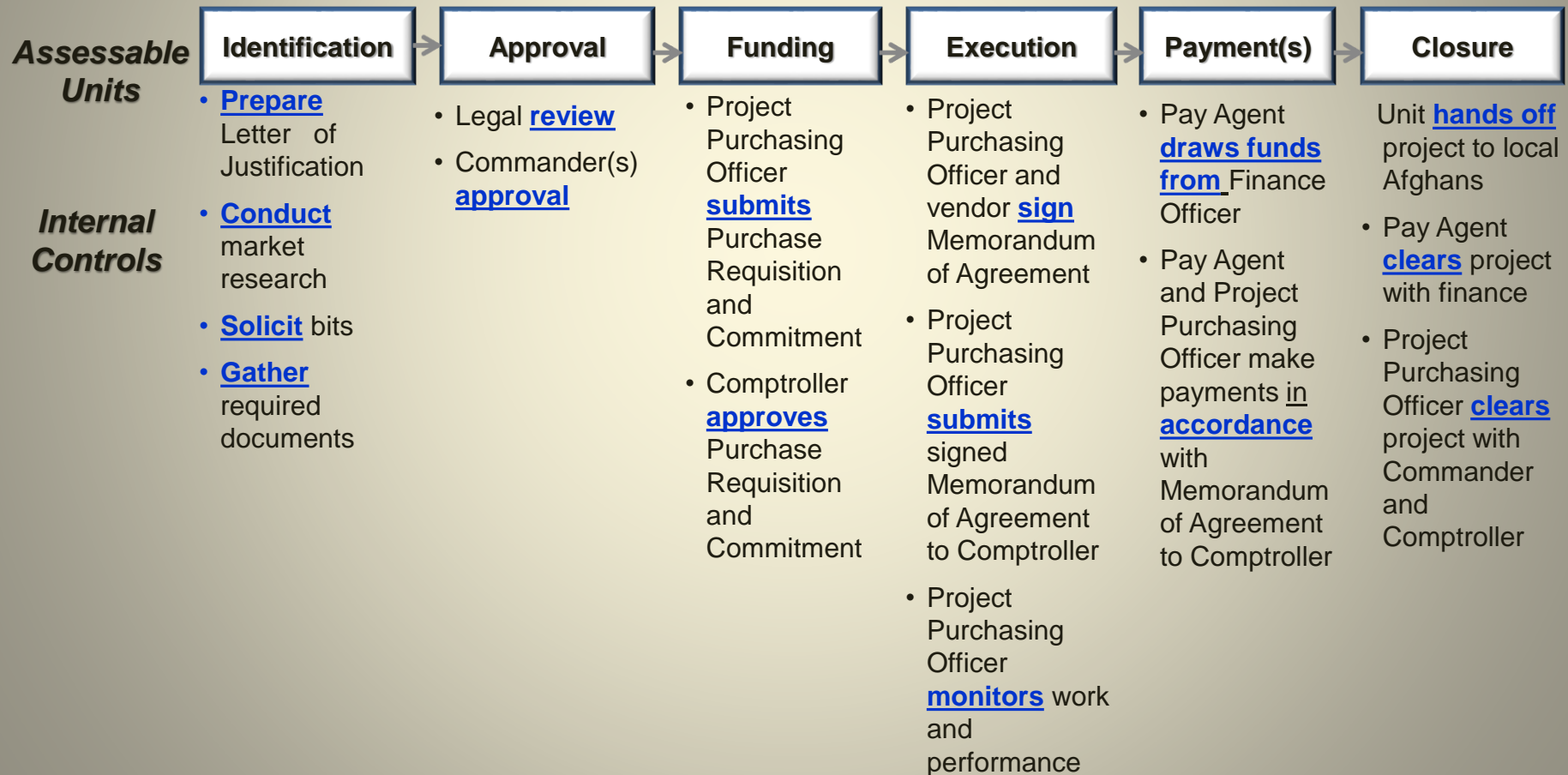
Segment Descriptions for the Managers' Internal Control Program





Documentation of Processes, Controls and Risk

Commander's Emergency Response Program¹

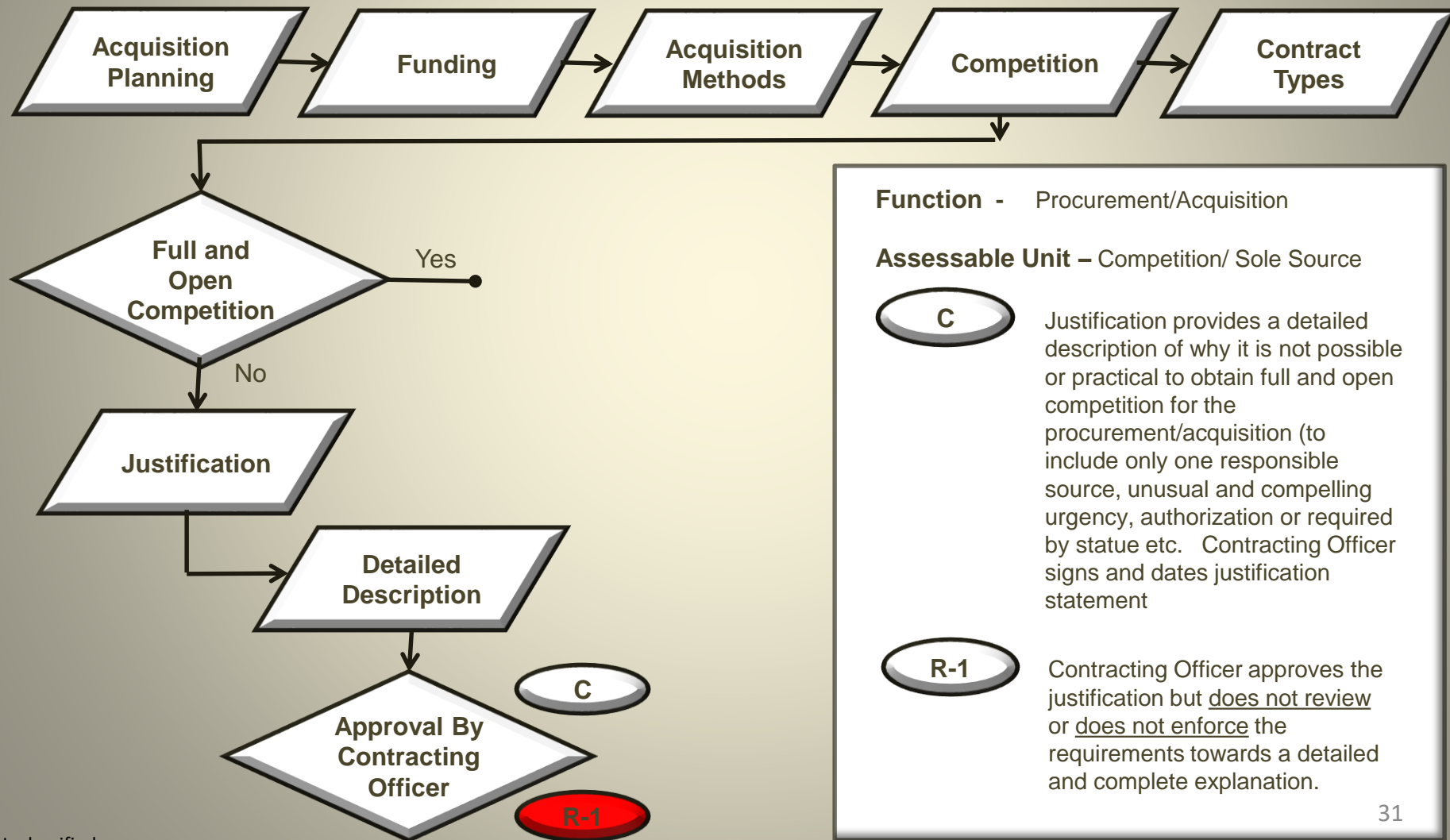


¹ Special Inspector General for Iraq and Afghanistan Reconstruction, Quarterly Report, January 2011



Need to Take *Two Steps Back* – In order To Take *One Step Forward*

Need to Document (at “transaction lever) GRAP Related
Processes, Controls and Risk



An Example – Risk Matrix

CJ1 – Property Accountability

Risk Assessment Results - High RISK

Control Environment:

- Is required to ensure all personnel maintain proper oversight and accountability of U.S. Government property in order to maintain good stewardship of resources and avoid issues of fraud, waste or abuse.

Inherent Risks:

- Loss or destruction of sensitive items
- Loss or destruction of nonexpendable or durable equipment

Existing Management Controls:

- Provide hand receipts at the user level
- Conduct monthly sensitive items inventory by alternating officers
- Provide leadership emphasis on properly securing and using equipment
- Spot checks on property accountability

Level	Likelihood of Occurrence
e	Nearly Certain (15 to 20)
d	Highly Likely (11 to 14)
c	Likely (8 to 10)
b	Unlikely (5 to 7)
a	Remote (4)

Level	Consequence of Occurrence
1	Minimal/No Impact (6)
2	Minor Impact (7 to 14)
3	Moderate Impact (15 to 19)
4	Severe Impact (20 to 24)
5	Unacceptable Impact (25 to 30)

○ Inherent Risk
□ Mitigated Risk

Level	Overall Risk Rating
	Red – High
	Yellow - Medium
	Green – Low

Consequences

	1	2	3	4	5	
	Y	R	R	R	R	e
	G	Y	R	R	R	d
	G	Y	Y	R	R	c
	G	G	Y	Y	R	b
	G	G	G	Y	Y	a

Likelihood



Process Flow

Funds 0510 + 0512

Legend



Key Control/
Risk Area



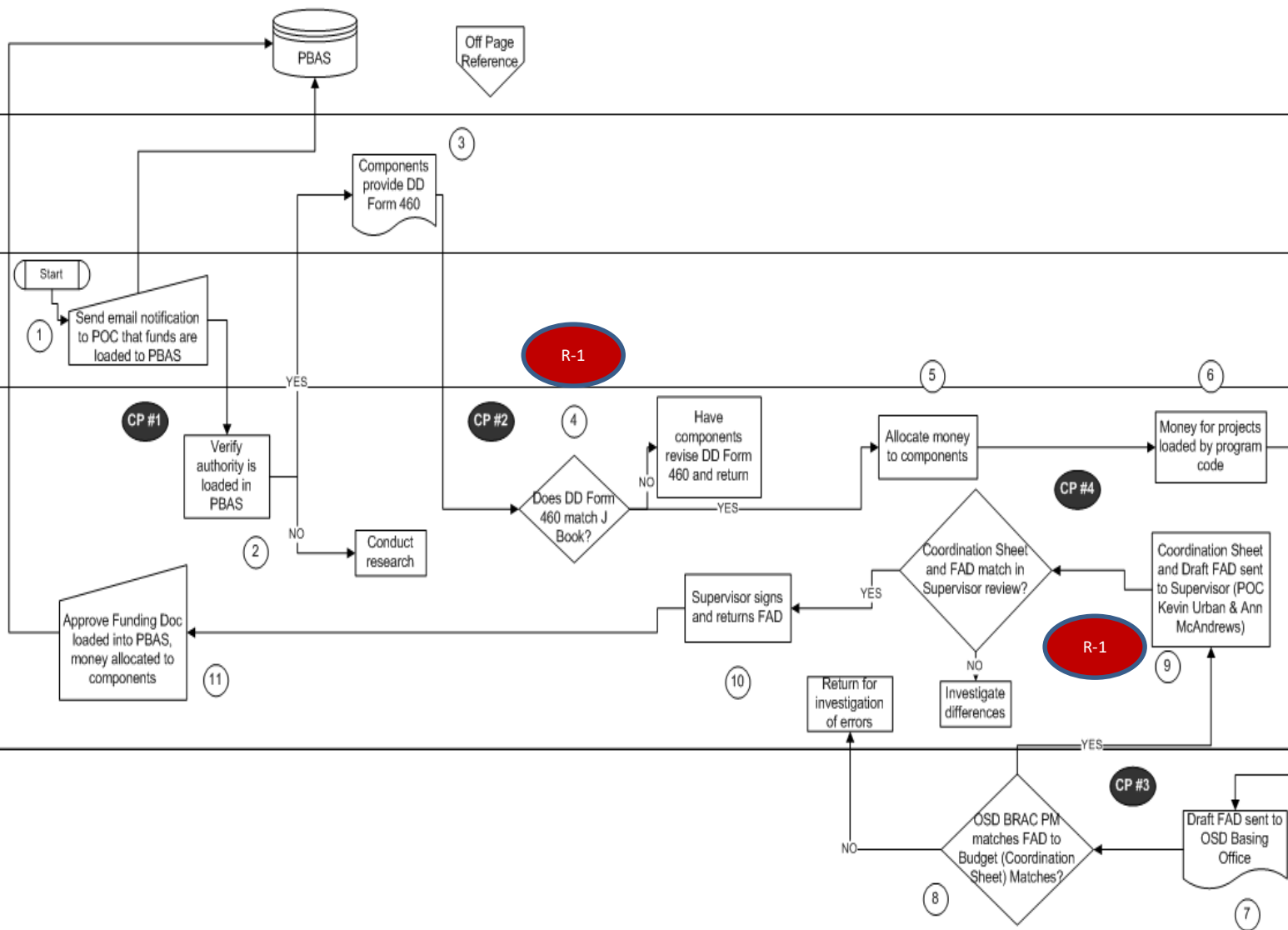
Systems

Components

OSD
Comptroller &
Program &
Financial
Control

OSD Comptroller Program
Budget & Approp Managers
(POC: Steve Weidenkopf)

AT&L





Appointment Letter for Assessable Unit Manager



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USFOR-A J4

July 2014

MEMORANDUM FOR ASSESSABLE UNIT COORDINATOR

SUBJECT: Assessable Unit Coordinators (AUCs), Managers' Internal Control Program (MICP)

1. References.

- a. Army Regulation (AR) 11-2, Managers' Internal Control Program, 4 February 2010.
- b. Department of Defense (DoD) Instruction 5010.40, Managers' Internal Control Program Procedures, 30 May 2013.
- c. Secretary of the Navy (SECNAV) M-5200.35, Department of the Navy Managers' Internal Control Manual, June 2008.

2. Effective immediately, you are designated as the USFOR-A MICP AUCs for the USFOR-A J4 FY 14 MICP.

3. In accordance with requirements noted in the above reference, [REDACTED] is requested to assign individuals as Assessable Unit Managers (AUMs) for each function within the USFOR-A J4. You will meet with your AUMs on a bi-weekly basis to review and comment on risk assessments and internal control reviews for the assessable units assigned in accordance with statutory and regulatory guidelines (e.g. Army Regulation 11-2 and DoD Instruction 5010.40). As part of this responsibility, you will provide guidance towards the prioritization of risk identified and when the risk is deemed "material," you will recommend corrective actions with milestone dates in order to mitigate risk. You and your appointed AUMs are required to participate in a one-hour computer-based training session on MICP and/or a face-to-face one-hour MICP training session led by the USFOR-A MICP Coordinator.

4. You are responsible for meeting with the USFOR-A MICP Coordinator at least once a month to report on risk identified by the AUMs appointed in your component and to make recommendations regarding the significance of the risk and when required, recommendations to correct/mitigate the risk. As part of this responsibility, you will ensure that related documentation, to include process maps, questionnaires, narratives, and rationales for the prioritization of risk have been developed and reviewed in order to substantiate the "as-is" and "to-be" regarding adequacy of controls to minimize risk to the mission.

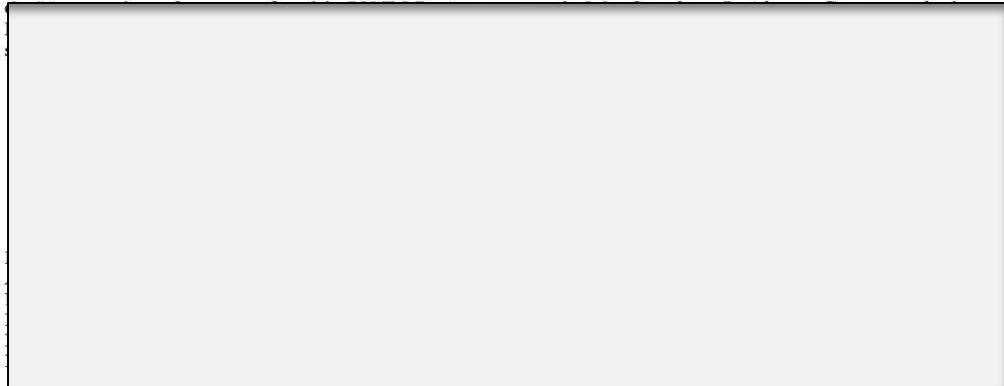


Appointment Letter for Assessable Unit Manager

USFOR-A J

SUBJECT: Memorandum for Assessable Unit Coordinators (AUCs), Managers' Internal Control Program (MCIP)

5. During FY 14, two In-Process-Reviews will be scheduled with the USFOR-A MICP Coordinator to ensure that related documentation has been generated to substantiate the identification, documentation, and reporting of risk. Based upon this analysis and your recommendations towards mitigation strategies, your recommendations will be elevated through the chain of command for resolution. It is imperative that recommendations towards mitigation of risk are documented throughout the fiscal year for potential consideration and inclusion in your unit's Statement of Assurance to be completed no later than 30 July 2014.





Appointment Letter for Assessable Unit Manager



HEADQUARTERS
UNITED STATES FORCES-AFGHANISTAN
BAGRAM, AFGHANISTAN
APO AE 09354

USFOR-A DCDR-S

21 July 2014

MEMORANDUM FOR RECORD

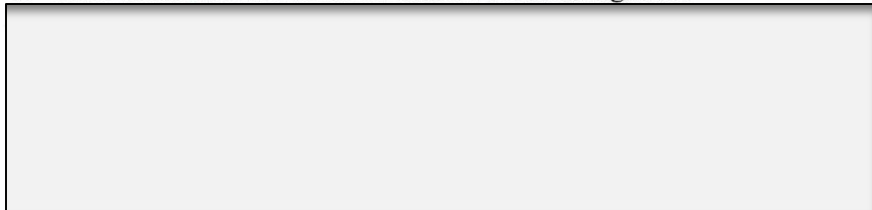
SUBJECT: Appointment of Assessable Unit Manager for J2 Directorate Manager's Internal Control Program Review

1. References.

- a. USFOR-A Memorandum for distribution titled, FY 2014 Manager's Internal Control Program (MICP), 29 October 2013
- b. Army Regulation 11-2, Manager's Internal Control Program, 26 March 2012
- c. DoD Instruction 50.10.40, 30 May 2013

2. In compliance with the Commander's Action Group Directive [REDACTED] is hereby appointed as *Assessable Unit Manager* for the J2 Intelligence Directorate MICP review. This appointment is effective on the date of this memoranda until rescinded, or he is replaced as the representative.

3. Point of contact for this memoranda is the undersigned at



United States Forces-Afghanistan



Appointment Letter for Component's MICP Coordinator



UNITED STATES MARINE CORPS
REGIONAL COMMAND (SOUTHWEST)
MARINE EXPEDITIONARY BRIGADE - AFGHANISTAN
UNIT 16087
FPO-AP 96427-6087

IN REPLY REFER TO:
5200
C8/REA
3 FEB 14

From: AC/S C-8, Regional Command Southwest
To: [REDACTED]
Subj: APPOINTMENT AS MANAGERS' INTERNAL CONTROL PROGRAM (MICP) COORDINATOR
Ref: (a) SECNAVINST 5200.35E of 8 Nov 06
(b) Department of the Navy Managers' Internal Control Manual, SECNAV M-5200.35 of Jun 08
(c) MCO 5200.24D

1. In accordance with reference (a) and (c), each DON Major Assessable Unit (MAU) and their immediate subordinates shall appoint an organizational MICP coordinator and alternate responsible for the administration and coordination of the MICP to align with the reporting requirements of the Federal Managers' Financial Integrity Act (FMFIA).

2. Effective immediately, you are appointed as the MICP coordinator for Regional Command Southwest (RC(SW)). This responsibility includes oversight of MICP efforts throughout RC(SW). You will be guided in the performance of your duties by the provisions of references (a), (b), and (c).

3. As RC(SW) MICP coordinator, you are to facilitate the implementation of a comprehensive system of internal controls to establish and maintain compliance with noted policy and RC(SW) guidance. Your responsibilities will include:

a. Provide compliance oversight and guidance that adheres to applicable laws, regulations, and administrative policies.

b. Develop and sustain a comprehensive internal control environment that supports effective and efficient auditable business processes and procedures.

c. Ensure all MICP reporting and supporting documentation requirements are met in accordance with references (a), (b), and (c).



Appointment Letter for Component's MICP Coordinator

Subj: APPOINTMENT AS MANAGERS' INTERNAL CONTROL PROGRAM (MICP) COORDINATOR

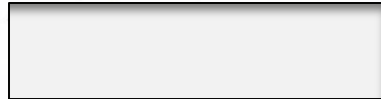
d. Prepare RC(SW) annual MICP certification statement for the FMFIA processes in accordance with references (a) and (b).

e. Maintain an effective tracking and monitoring system to ensure acceptable performance and prompt correction of identified control deficiencies.

f. Obtain MICP training, outlined in reference (b), within 30 calendar days of this appointment and a refresher course every three years thereafter.

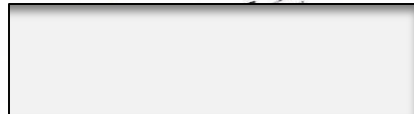
g. Notify the organization of MICP training opportunities and ensure points of contact satisfy and maintain all training requirements.

4. This appointment is valid until rescinded.



ACKNOWLEDGEMENT

By my signature, I acknowledge my appointment as RC(SW) MICP coordinator. I have read and understand my responsibilities, accountability, and duties as described in paragraph 3, (a) through (g). I further understand and acknowledge that this appointment will remain in effect until revoked in writing by you or your successor or until I am transferred, separated for any reason, or retired from federal service.





Sample Form To Document Description of Deficiency and Recommended Corrective Actions

Army
Form
DA 11-2

MANAGEMENT CONTROL EVALUATION CERTIFICATION STATEMENT		1. REGULATION NUMBER
For use of this form, see AR 11-2; the proponent agency is ASA (FM&C).		2. DATE OF REGULATION
3. ASSESSABLE UNIT		
4. FUNCTION		
5. METHOD OF EVALUATION (Check one)		
a. CHECKLIST (Indicate appendix letter)	<input type="checkbox"/>	b. ALTERNATIVE METHOD (Indicate method)
6. EVALUATION CONDUCTED BY		
a. NAME (Last, First, MI)	b. DATE OF EVALUATION	
7. REMARKS (Describe your review process)		
a. Describe how each key management control was tested (e.g., direct observation, file/documentation review, analysis, sampling, simulation, other _____).		
b. Describe the deficiencies detected in these key management controls (if any).		
c. Describe the corrective actions taken (if applicable).		
d. Describe the plan of action to correct deficiencies (if applicable).		
8. CERTIFICATION		
I certify that the key management controls in this function have been evaluated in accordance with provisions of AR 11-2, Management Control. I also certify that corrective action has been initiated to resolve any deficiencies detected. These deficiencies and corrective actions (if any) are described above or in attached documentation. This certification statement and any supporting documentation will be retained on file subject to audit/inspection until superseded by a subsequent management control evaluation.		
a. ASSESSABLE UNIT MANAGER		
(1) TYPED NAME AND TITLE	b. DATE CERTIFIED	
(2) SIGNATURE		