# Supervisor of Shipbuilding

# Managers' Internal

# Control Program (MICP) Manual

**22 June 2015**

# Supervisor of Shipbuilding

# Managers' Internal Control Program (MICP) Manual

## Table of Contents

# References

# Tables

# 1.  Purpose

This operating manual establishes the mandatory policies, procedures, and responsibilities for the implementation and administration of the Managers' Internal Control Program (MICP).

# 2.  Scope

This manual is effective immediately and is applicable to all Supervisors of Shipbuilding, Conversion, and Repair, USN (SUPSHIPs).  All locally issued SUPSHIP instructions establishing a MICP must make reference to this manual as a mandatory use document.

# 3. Background

a.  OMB Circular A-123, Management's Responsibility for Internal Control, reference (a), states that "Management is responsible for establishing and maintaining internal controls to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations. Management shall consistently apply the internal control standards to meet each of the internal control objectives and to assess internal control effectiveness."  It requires that commands implement a system of internal controls to provide reasonable assurance that:

1) Programs achieve their intended results

2) Resource use is consistent with the agency mission

3) Programs and resources are protected from waste, fraud, and mismanagement

4) Laws and regulations are followed

b.  Per NAVSEA 5200.13C, Management Control Program, reference (b), it is NAVSEA policy that all commands establish MICPs to support commanders and managers in meeting these responsibilities.  The MICP is a tool to evaluate and report on the effectiveness of internal controls throughout their organizations and take corrective actions to remedy deficiencies when necessary.  Other tools include, but are not limited to, SUPSHIP Command Evaluation Internal Reviews, external agency audits, and self-assessments.  The establishment and verification of internal control effectiveness is essential for leadership to establish reasonable assurance that operational risks are mitigated and internal control deficiencies are promptly identified for corrective action.  Further MICP guidance is provided by DoDI 5010.4, Managers' Internal Control Program Procedures, reference (c), and SECNAV 5200.35, DoN Managers' Internal Control Program, reference (d).

# 4. MICP Implementation

a.  Each SUPSHIP shall implement a system of internal controls to provide reasonable assurance that the following objectives are met:

1) Effective and efficient operations

2) Reliable financial reporting

3) Compliance with applicable laws and regulations

b.  Each SUPSHIP shall implement an MICP to support commanders and managers in assessing operational risk, identifying internal controls necessary to mitigate these risks, validating the implementation and effectiveness of these internal controls, implementing corrective actions as internal control deficiencies are found, and reporting on the effectiveness of internal controls.

c. Each SUPSHIP MICP shall consist of the following key components:

1)  MICP Plan

2)  Inventory of Assessable Units

3)  Risk Assessment Process

4)  Internal Control Assessment Documentation

5)  Annual Statement of Assurance (SOA)

6)  Program and Performance Metrics

# 5. MICP Plan

a.  The MICP Plan is an executive summary of a command's MICP.  The plan captures the organization's approach to implementing an effective internal control program.  As required by SECNAV M-5200.35, DoN Managers' Internal Control Manual, the MICP plan shall be updated annually and must identify the following key elements:

1)  The organization's senior official overseeing the MICP, the MIC coordinator and the alternate MIC coordinator

2)  An overview of the MICP as related to the GAO standards for internal control

3)  A description of risk assessment methodology

4)  A description of monitoring/internal control assessment methodology

5)  A description of how to develop and track corrective action plans

6)  MIC training efforts

7)  The date the plan was last updated

b.  An MICP Plan development guide is provided in Example 7 of SECNAV M-5200.35.  The guide outlines the key information requirements for each section to provide assistance in developing a robust plan.  This format shall be used by each SUPSHIP MIC Program Coordinator to create the organization's plan, which must be updated at least annually.

# 6. Inventory of Assessable Units

a.  NAVSEAINST 5200.13C requires that each MICP Coordinator establish and maintain an inventory of assessable units (AUs) for the activity's key financial and operational processes,

and defines an assessable unit as "Any organizational, functional, programmatic, or other applicable subdivision capable of being evaluated by management control assessment procedures.  An assessable unit should be a subdivision of an organization that ensures a reasonable span of management control to allow for adequate analysis."  SECNAV M-5200.35 states that "An assessable unit must have clear limits or boundaries and be identifiable to a specific responsible manager.  Further, it must be small enough to provide reasonable assurance of adequate management controls but large enough that any detected material weakness has the potential to impact the mission of the organization.  Assessable units must constitute the entire organization. This means that every part of the organization must be represented by one of the assessable units in the organization's inventory of assessable units."

b.  SUPSHIP MICP Coordinators will collectively develop and maintain an AU Inventory consisting of AU's common to all SUPSHIPs.  Each SUPSHIP MICP must include and account for these common AU's and their associated internal controls in their command's MICP.  SUPSHIP MICP Coordinators must also maintain a separate AU Inventory of additional AU's that are unique to one or more SUPSHIPs (e.g., SUBSAFE Program).  Appendix A provides a current listing of all SUPSHIP common and unique AUs.

c.  AUs must properly reflect the organization and be updated as necessary to reflect changes within the organization and/or its functional managers.  At a minimum, the SUPSHIP Common AU inventory must be reviewed semi-annually to ensure its accuracy.  Each SUPSHIP command unique AU inventory must be reviewed annually to ensure its accuracy.

d.  The SUPSHIP Common AU Inventory and unique AU inventories will contain, at a minimum, the following data:

- AU name

- AU description

- AU risk assessment results

- AU manager name and organization code

- Applicable instruction or guidance documentation

- List of known operational risks

- List of internal controls necessary to mitigate known operational risks

- Reference to management control review or alternative management control review used to validate the implementation and effectiveness of each identified control, as well as the date the effort was performed

- Identification of corrective actions taken to address identified non-compliances or deficiencies

e.  The template provided in enclosure (1) shall be utilized by each SUPSHIP MIC Coordinator to document the command AU inventory.

f.  The above data fields should be populated through ongoing collaboration between MIC Program Coordinators and AU Managers.  MICP Coordinators should meet with AU Managers at least annually to review and update these data fields, including validating that the existing AU Inventory accurately reflects the command's current workload, reviewing and refreshing known risks and internal controls, and identifying ongoing or future efforts which may serve as Alternative Management Control Reviews (AMCRs) as defined in paragraph 8(d) of this manual.

# 7. Risk Assessment Process

a.  The MICP Risk Assessment process is intended to identify the likelihood and consequence of a process control failure that may impact the organization in meeting its objectives.  Designated AU Managers will complete AU Risk Assessments in accordance with paragraph 7(c) and 7(d) of this manual.  When assessing the likelihood of process control failures, AU Managers should take into account the adequacy and accuracy of AU process documentation, personnel and budgetary resources available to execute these processes, the extent to which these processes are reviewed, and the adequacy of corrective action procedures for identified deficiencies.  When assessing the consequence of process control failures, AU Managers should consider the potential visibility of a control failure, resulting work stoppage issues, impact to personnel or equipment safety, disciplinary actions, and the extent to which the impact of the control failure will be known or contained.

b.  When completing AU risk assessments, AU Managers should also consider uncorrected findings from audits, inspections, or internal reviews and their potential effect or impact on the ability of the command to meet its mission.

c.  AU Risk Assessments should be performed at least once annually.  AU Risk Assessments should also be completed in the following circumstances:

- When a new AU Manager is assigned

- When a new AU is added to the command AU inventory

- When the AU experiences a significant change in policies and procedures

- As directed by the commanding officer

d.  All SUPSHIP AU Managers will utilize the template in enclosure (2) to perform the AU Risk Assessment.  AU Managers or designated Subject Matter Experts (SMEs) should complete the Risk Assessment Form.  Risk Assessments performed by someone other than the designated AU Manager must be approved by the designated AU Manager.

e.  MICP Coordinators will utilize AU Risk Assessment results to prioritize the MICP effort, including:

- Coordinating identification of AUs that are at high risk for fraud, waste, abuse, and/or mismanagement

- Identifying AU's where management control improvement is required to reduce process control failure likelihood

- Identifying opportunities for a short-notice Management Control Test (see para 8.g)

- Identify AU candidates for inclusion in the Annual Command Evaluation and Review Plan

f.  AU Managers, in collaboration with MICP Coordinators, will identify the level of inherent risk and control risk associated with each identified risk and management control within their applicable AU's.  The inherent risk and control risk for each identified risk and management control will be subjectively categorized as low, medium, or high.  Inherent risk is defined by SECNAV M-5200.35 as the susceptibility to a potential hazard, assuming there are no related specific control activities.  Control risk is defined by SECNAV M-5200.35 as the risk that a process failure will not be prevented or detected by the management control.  For example, a management control may be designed to prevent or detect the misuse of a government purchase card.  The control risk is that the management control will not prevent or detect misuse of a government purchase card.  Table 1 below should be used as a guide for determining inherent and control risk levels.

### Table 1 – Levels of Inherent Risk and Control Risk

| Risk | Low | Moderate | High |
|------|-----|----------|------|
| Inherent | AU Manager believes the potential risk does not have severe consequences and is unlikely to occur. | AU Manager believes the potential risk has severe consequences or is likely to occur. | AU Manager believes the potential risk has severe consequences and is likely to occur. |
| Control | AU Manager believes the controls in place will prevent or detect a process control failure. | AU Manager believes controls in place will more likely than not prevent or detect a process control failure. | AU Manager believes the controls in place are unlikely to prevent or detect a process control failure. |

## 8. Internal Control Assessment Documentation

a.  In accordance with SECNAV M-5200.35, once internal controls are in place, management shall actively monitor those controls to ensure that they are functioning correctly and effectively mitigating the associated risk.  Control assessment documentation can include either Management Control Review (MCR) results or Alternative Management Control Review (AMCR) results.

b.  An MCR is a documented evaluation on the effectiveness of an internal control in meeting the control objective.

c.  MCRs conducted at SUPSHIPs will be documented using the template provided in enclosure (3) and will include the following information:

- Assessable Unit Name

- Identified Risk

- Management Control in place to mitigate identified risk

- Existing Control Risk Level
  - o  Low, Medium, High

- Control Objective
  - o  What is the purpose of the control?

- Control Type
  - o  Manual or Automated?

- Control Design
  - o  Detective: Detect undesirable events that have occurred.
  - o  Corrective: Restore a system to expected state.
  - o  Preventive: Deter undesirable events from occurring.
  - o  Directive: Cause desirable event to occur.
  - o  Separation of Duties: Restrict authority of one person.

- Control Frequency
  - o  How often is this control function utilized?

- Test Method
  - o  What actions will be taken to determine the effectiveness of the control?

- Testing Period
  - o  Timeframe of information under review

- Criteria for Effectiveness
  - o  What guidelines will be used to determine the effectiveness of the management control under review?

- Test Result Summary
  - o  Explain Review findings.  ***If the criteria for effectiveness was not met, note that a corrective action plan is required.***

- New Control Risk Level
  - o  Low, Medium, High

d. Alternative Management Control Review (AMCR), as defined by NAVSEAINST 5200.13C, is a process developed for other organizational purposes which determines whether or not a management control is operating effectively.  Alternative Management Control reviews may include, but are not limited to, the following:

- SUPSHIP Command Evaluation and Review Office Internal Reviews

- Results of audits performed by external agencies including Government Accountability Office, DOD Inspector General, and Naval Audit Service

- NAVSEA Command Compliance Inspections

- Command Investigations

- Internal audits or self-assessments

e.  Every assessable unit should be subject to at least one MCR annually, unless all identified management controls are reviewed as a function of an Alternative Management Control Review.  An MCR performed by an AU Manager does not need to include all controls each year.  The scope of the MCR is based on management's judgment, and should focus first on areas where control risk is identified as medium or high.

f.  All identified management controls will be rated as having a low, moderate, or high control risk.  Using the results of a MCR or an AMCR, all management control risks should be reclassified.  When MCRs or AMCRs find controls to be effective, the reclassified control risk should be classified as medium or low.  If the results of a MCR or AMCR find the management control to be ineffective, the control should be reclassified as having a high control risk.  In accordance with paragraph 8(i) of this manual, a corrective action plan, found in enclosure (4), should be developed for those controls that are reclassified as having a high control risk.

g.  MICP Coordinators will conduct short-notice MCRs on an ongoing basis.  In addition to assessing the command's compliance with applicable regulations and adequacy of internal controls, short-notice MCRs will indicate the command's level of audit readiness.  Short-notice Management Control Reviews will also be documented using enclosure (3).  A minimum of three short-notice MCRs will be conducted quarterly by each SUPSHIP MICP Coordinator.

h.  All AMCRs and MCRs, whether conducted by the assigned AU Manager or the MIC Program Coordinator, will be identified as a management control validation effort in the Command's AU inventory.  To ensure that all internal control validation efforts are properly accounted for, and to avoid any potential duplicity of control validation efforts, all AMCR documentation, including audit reports and self-assessment results, should be provided by the cognizant AU Manager to the MIC Coordinator as it becomes available.

i.  All Management Control Reviews that identify internal control deficiencies require corrective action implementation by the responsible AU Manager.  Plans for corrective actions will be documented and approved by the applicable AU Manager using the Corrective Action Plan template in enclosure (4).

# 9. Statement of Assurance

a.  The Statement of Assurance (SOA) is a command-wide annual report that certifies the commanding officer's level of reasonable assurance as to the overall adequacy and

effectiveness of internal controls within the command.  The SOA is also used to disclose known management control accomplishments and deficiencies identified using MIC Program processes, and to describe plans and schedules to correct any reported management control deficiencies.  The SOA reporting period begins 1 July and ends 30 June.

b.  The submission of the command's SOA will be coordinated by the command MIC Program Coordinator, and developed using the SOA Tool found at: https://www.fmosystems.navy.mil/soa/login/index.cfm?fuseAction=dspLogin **

c.  The SOA submission will include the following:

1)  Cover Memorandum.  A cover memorandum signed by the SUPSHIP commanding officer shall provide senior management's assessment as to whether there is reasonable assurance that internal controls are in place and operating effectively.  In addition, the SOA must certify to the number of management control reviews that are scheduled for the upcoming MIC year and the number of management control reviews completed during the previous MIC year.  The certification must take one of the following three forms:

(a)  An **unqualified statement of assurance** (reasonable assurance with no material weaknesses reported).  Each unqualified statement shall provide a firm basis for that position, which the Agency Head (or principal deputy) will summarize in the cover memorandum.

(b)  A **qualified statement of assurance** (reasonable assurance with exception of one or more material weaknesses noted).  The cover memorandum must cite the material weaknesses in internal controls that preclude an unqualified statement.

(c)  A **statement of no assurance** (no reasonable assurance because no assessments conducted or the noted material weaknesses are pervasive).  The commanding officer shall provide an extensive rationale for this position.

2)  Accomplishments.  This is a brief summary of the most significant accomplishments and actions taken by the command during the SOA reporting period to strengthen internal controls.  The accomplishments shall be ordered by significance with the most significant accomplishments listed first.  Management control accomplishments may include improved compliance with laws and regulations, improvements in protection of government property, improved efficiency of operations, and increased conservation of command resources.

3)  Listing of all internal control deficiencies.  This will include all uncorrected and corrected Material Weaknesses (MW), Reportable Conditions (RC), and Items to be Revisited (IR).  An MW is a management control deficiency, or collection of management control deficiencies, which is significant enough to report to the next higher level.  The determination is a management judgment as to whether a weakness is material.  An MW impairs or may impair the ability of an organization to fulfill its mission or operational objective.  An RC is a control deficiency, or combination of control deficiencies, that

adversely affects the ability to meet mission objectives but are not deemed by the Head of the Component as serious enough to report as material weaknesses. An IR is a management control deficiency where insufficient data exists to determine whether the deficiency constitutes an MW or RC.

4) Detailed narrative descriptions of all uncorrected MW, RC, and IR including the plans and schedules for corrective actions. This should include those identified during the current year and those disclosed in prior years with updated corrective action information.

5) Detailed narrative descriptions of all corrected MWs, RCs, and IRs identified during prior reporting periods.

d. All AU Managers will provide input to the command SOA by submitting a signed memorandum providing reasonable assurance that the system of internal controls, applicable to their assigned AU's, in place during the current SOA reporting period are adequate and effective. The template to be used by all AU Managers is contained in enclosure (5). Page 2 of enclosure (5) must be completed for all AU's under the cognizance of each AU Manager. Internal Control accomplishments and deficiencies that meet the definition in paragraph 9(C)(2) and 9(c)(3) respectively should be described in detail.

e. MICP Coordinators, through collaboration with AU Managers and the commanding officer, will determine which internal control accomplishments and deficiencies constitute inclusion in the annual SOA submission. MICP Coordinators, using input from AU managers, must complete enclosure (6) for all deficiencies identified in the annual SOA submission.

## 10. Metrics

a. MICP Coordinators will monitor and document MICP Metrics and MICP Performance Metrics. All metrics will be shared among SUPSHIP community MICP Coordinators on a quarterly basis as described by paragraph 11 (d) of this manual.

b. Program metrics will identify the level to which MICP requirements have been deployed and implemented across each command. At a minimum, each MICP Coordinator will document the following program metrics on a quarterly basis:

1) Percentage of AUs in which an AU Manager has been assigned from both the SUPSHIP Common AU Inventory and Unique AU Inventories

2) Percentage of AU Managers who have received current MIC Program training

3) Percentage of risk assessments performed at the AU level and control level

c. MICP performance metrics will provide information on the effectiveness of the MICP in improving the command's level of compliance with applicable regulations and the command's level of audit readiness. Each MICP Coordinator will document the following performance metrics:

1)    Compliance Inspection Results.  MICP Coordinators will document the total number of non-compliances identified by the NAVSEA Compliance Inspection on a triennial basis.

2)    MCR Results.  On a quarterly basis, MICP Coordinators will develop metrics using the results of MCR's conducted by MICP Coordinators on short notice, and those conducted by AU Managers.  This should include the total number of MCRs performed, the percentage of reviews where controls were found to be implemented and effective, and the percentage of reviews where controls were found inadequate and/or ineffective and required corrective action.  Metrics for MCRs conducted by the MICP Coordinator should be maintained separately from those conducted by AU managers.

# 11. SUPSHIP MICP Configuration Control Board (CCB)

a.  This manual establishes the SUPSHIP MICP Configuration Control Board (CCB).  The MICP CCB will be chaired by NAVSEA 04Z and CCB members will include all SUPSHIP MICP Coordinators.  Configuration control is essential to ensuring that policies, procedures, methodologies and forms usage mandated by this manual are not deviated from without prior review and approval by the SUPSHIP MICP CCB.

b.  SUPSHIP MICP CCB concurrence and approval is required for the following:

- Deviation from use of standardized documentation

- Modifications to Common AU Inventory

- Modifications to Common Metrics

- Deviation from any other procedures and methodologies mandated by this manual

c.  Proposed changes to this manual should be submitted to the SUPSHIP MICP CCB Board and all team members for review, discussion, and approval prior to implementation of any proposed changes.  Control of proposed changes is performed under the auspices of SUPSHIP MICP CCB, who will consider all impacts of incorporating the recommended change prior to approval.

d.  The SUPSHIP MICP CCB will conduct quarterly teleconferences to discuss MICP changes which require CCB approval as described in paragraph 11(b) of this manual, to discuss common metrics as described in paragraph 10 of this manual, and to address other related SUPSHIP Community MICP matters.

# Enclosure (1) – Sample AU Inventory

| | | | | | | | Managers Internal Control Program - Assessable Unit (AU) Inventory | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CODE | AU MANAGER | ASSESSABLE UNIT NAME | ASSESSABLE UNIT DEFINITION | RISK LEVEL | INSTRUCTION / GUIDANCE | Risks | Mgt Assigned Inherent Risk Level | Mgt Assigned Control Risk Level | Internal Controls | Validation | Date Conducted | New Control Risk Level | Correcttive Action Needed? |
| | POC | MINOR PROPERTY PROGRAM - ADMINISTRATION AND ACCOUNTING PROCESS | Policies and procedures for the custody, accounting and disposition of United States Government property having a unit acquisition cost of $5,000 or more as well as items that are below $5,000 and are senstative, classified, or meet all of the following criteria: (1) pilferable; (2) critical to the activitues mission; (3) hard to repair or replace.  DPAS Inventory Record Process | L | SUPSHIPGROTINST 7320.2J | Records of property are not created in a timely manner to ensure accountability upon property receipt (not in DPAS in seven days). | Low | Low | In accordance with SUPSHIPGROTINST7320.2K, the PPM will be the designated recipient of all personal property purchases.  This will ensure the PPM obtains the property and associated documentation immeduiaetely upon receipt and is able to create an accountable record in a timely manner. | CER Review 11-16 | 1/12/2012 | High | Yes, followup tracked via CER standards. |
| | | | | | | Physical Property is not adequately marked and cannot be identified as needed to perform inventories. | Low | Low | All items entered into DPAS are required to be tagged as property of the US Government.  The assigned serial number will be used to perform inventories as required. | CER Review 11-16 | 1/12/2012 | High | Yes, followup tracked via CER standards. |
| | | | | | | Property is not signed out to custodian to assign accountability. | Low | Low | All property must be signed out to a custodian by the PPM, and documentation supporting this is maintained on file. | CER Review 11-16 | 1/12/2012 | High | Yes, followup tracked via CER standards. |
| | | | | | | Personal Property spot checks or other routine surveillance is not conducted or conducted without independence, therefore increasing the liklihood that stolen, lost, or misused equipment is not accounted for. | Low | Low | 100% floor:book and book:floor inventory completed triennially and supported by documentation identifiying who conducted the review and the results of review (to include adjsutments made). | CER Review 11-16 | 1/12/2012 | High | Yes, followup tracked via CER standards. |
| | | | | | | Personnel are not assigned and designated to serve as  Personal Property Managers to ensure implementation, execution, and accountability for Personal Property program requirements. | Low | Low | Letters of designation must be maintained on file to assigned Personal Property Managers. | CER Review 11-16 | 1/12/2012 | Low | No |
| | | | | | | Personnel are not assigned and designated to serve as  personal property custodians, as needed to ensure that all personal property has an individual assigned to safeguard from theft, loss, or damage. | Low | Low | Letters of designation must be maintained on file to assigned Personal Property Custodians. | CER Review 11-16 | 1/12/2012 | High | Yes, followup tracked via CER standards. |

# Enclosure (2) – Sample MICP Risk Assessment Form

### SUPSHIP MANAGER'S INTERNAL CONTROL PROGRAM RISK ASSESSMENT FORM

Assesable Unit Title _____

**Risk Assessment Worksheet Part 1: Determine Likelihood of Process Control Failure**

This worksheet helps predict the likelihood of process control failure in five categories of failure causes. For each category, read the table cells and select a whole number which best describes the contribution of that category in predicting failure.

| | Score 1 or 2 | Score 2, 3, or 4 | Score 4 or 5 | Score |
|---|---|---|---|---|
| Documentation | Process is well documented, controls are usable and understandable. | Process is documented and addresses needed controls, but is not current, complete, is confusing or difficult to understand. | Process is not documented. AU is documented but does not provide needed controls. | |
| Responsibilities | Most people know their responsibilities are adequately trained, have needed resources to accomplish responsibilities. | Some key people are unclear about their responsibilities or have received training of questionable value. Resources are barely adequate. | Most people do not know their responsibilities are inadequately trained, or do not have needed resources to accomplish responsibilities. | |
| Internal Reviews | Controls and processes receive frequent review by the process owner. | Some reviews are done, but they are not well understood, and have minimal value. | Controls and processes receive infrequent or no review. | |
| Non-Compliance | Non-compliance instances have been documented, process exists and is used to find them, compliance exists and is used. | Some non-compliance instances are documented, criteria is used but is not clear; process is not well established. | No non-compliance instances have been documented, no process exists or is used to find them, no compliance criteria exists or is used. | |
| Corrective Action | Corrective actions have been identified, action has been taken, validation has been performed. | Some corrective actions have been identified, but follow-up is poor or spotty. | Corrective actions have not been identified, action has not been taken, no validation has been performed. | |

Liklihood :   #DIV/0!

**Risk Assessment Worksheet Part 2: Determine Consequence of Process Control Failure**

This worksheet helps predict the consequence of process control failure by considering five categories of undesirable outcome. For each category, read the table cells and select the rating which best describes the effect of an internal control failure.

| | Score 1 or 2 | Score 2, 3, or 4 | Score 4 or 5 | Score |
|---|---|---|---|---|
| Visibility | A Division-level (or lower) report of corrective action is likely adequate. | A formal Department- or Division level internal critique is likely. | A formal command-level internal critique, or formal external evaluation is likely. | |
| Work Stoppage | Process would be briefly stopped or not stopped with little or no cost impact. | Process would be briefly or partially stopped with limited or minor cost impact. | Process would be completely stopped with broad impact. | |
| Containment | Extent of faulty product or information spill would be known and limited. Costs of containment would be small. | Extent of faulty product or information spill would be moderate or unknown for a short time. Costs of containment would be moderate. | Extent of faulty product or information spill would be broad or unknown for a long time. Costs of containment would be great. | |
| Discipline | Disciplinary action would be limited to few people, or no disciplinary action. | Disciplinary action would be moderate and limited to few people. | Disciplinary action would be serious. Many people would be disciplined. | |
| Safety | Few or no people would incur minor injuries only, little or no equipment/plant damage. | Some people would incur minor injuries, some people could incur moderate injuries, some equipment/plant damage. | Some people would incur serious injury, many people would incur moderate injury, serious equipment/plant damage. | |

Consequence :   #DIV/0!

Performed By: _____

      Print Name          Signature         Date

Approved By: _____

      Print Name          Signature         Date

# Enclosure (3) – Sample Management Control Review

| Management Control Review | |
|---|---|
| Organization: | |
| Department: | |
| Preparer: | |
| Phone: | Email: |
| Assessable Unit: | DAWIA |
| Risk: | DAWIA certification is issued to employee's who have not met all certification requirements. |
| Control: | A two-level DAWIA Certification request review is established.  The SUPSHIP Groton DAWIA Coordinator and the Final Approving Authority for the applicable career field review the employee's educational, experience, and DAU training accomplishments prior to approving DAWIA certification requests. |
| Existing Control Risk Level: | Low |
| Control Objective: | To ensure that employee issued DAWIA Certification have first completed all educational, experience, and training requirements. |
| Control Type: | Manual |
| Control Design: | Detective |
| Control Frequency: | Continuous |
| Test Method: | Review DAU Transcripts for all individuals who have received DAWIA certification in the past six months.  Ensure that 100% of these employees have completed the required experience, educational, and training requirements. |
| Testing Period: | Q3 and Q4 FY 2011 |
| Criteria for Effectiveness: | 100% of employees sampled must have completed all the required educational, experience, and training requirements prior to approval of DAWIA career field certification request. |
| Test Result Summary: | |
| New Control Risk Level: | High |

Testing conducted by:

Name (Print) _____     Signature _____

Results acknowledged by:

Name (Print)     Signature

# Enclosure (4) – Sample Management Control Review Corrective Action Plan

| Management Control Review Corrective Action Plan | |
|---|---|
| Organization: | |
| Department: | |
| Preparer: | |
| Phone: | Email: |
| Assessable Unit: | DAWIA |
| Risk: | DAWIA certification is issued to employee's who have not met all certification requirements. |
| Control: | A two-level DAWIA Certification request review is established.  The SUPSHIP Groton DAWIA Coordinator and the Final Approving Authority for the applicable career field review the employee's educational, experience, and DAU training accomplishments prior to approving DAWIA certification requests. |
| Existing Control Risk Level: | High |
| Control Objective: | To ensure that employee issued DAWIA Certification have first completed all educational, experience, and training requirements. |
| Control Type: | Manual |
| Control Design: | Detective |
| Control Frequency: | Continuous |
| Control Deficiency: | Of the 14 DAWIA Career Field Certifications issued during Q3 and Q4 FY11, only 8 individuals completed the required experience, educational, and training requirements prior to receipt of certification. |
| Root Cause: | The SUPSHIP Groton DAWIA Coordinator and Final Approving Authorities were not revieiwing employee accomplishments prior to approval of career field certification. |
| Plan for Corrective Action | The SUPSHIP Groton Admin Department Head will provide on the job training for the DAWIA Coordinator and Final Approving Authorities to ensure these individual understand all requirements needed prior to approval of certification requests. |
| Estimated Completion Date: | Q2 FY12 |
| Approved by: | |
| Name (Print): | Signature: |

# Enclosure (5) – Sample Statement of Assurance Certification Statement

30 March 2015

MEMORANDUM


From:  AU Manager
To:    Code 100
Via:   *Code 100B*

Subj:  STATEMENT OF ASSURANCE CERTIFICATION STATEMENT

Encl:  (1) Code xxx Assessable Units
       (2) New Code xxx Assessable Unit Deficiencies


1.      I have reviewed the system of internal controls in effect for the period of 1 April 2014 through 30 March 2015 for Code xxx applicable assessable units identified in enclosure (1).  All internal control accomplishments and internal control deficiencies identified between 1 April 2014 and 30 March 2015 are contained in enclosure (1).  Plans for corrective action, where applicable, are also contained in enclosure (1).

2.      With the exception of any deficiencies identified in enclosures (1) and (2), I have reasonable assurance that internal controls are in place and operating effectively, and that the objectives of the Federal Financial Managers' Integrity Act were achieved.

3.      Information to support this certification statement was derived from reviews, audits, inspections, observations, knowledge gained from daily operations of programs, and/or other methods that evaluate internal controls.



J. D. Doe

**Assessable Unit Name**

ACQUISITION STAFFING (DAWIA) TRAINING PROCESS

**Description:** The process of providing for all SUPSHIP acquisition training and employee development.

**Standards:** DON DAWIA Operating Guide

**2012-2013 Internal Control Accomplishments**

(Explain Accomplishments Below)

```



```

**2012-2013 Internal Control Deficiencies**

(Explain Deficiency Below)

```



```

**Plans for Corrective Action**

(Explain plans to correct above deficiencies)

```



```

# Enclosure (6) – New AU Deficiency Form

1.     Title of Deficiency

<br><br>

2.     Description of Deficiency

<br><br><br><br><br>

3.     Year Identified

4.     Original Targeted Correction Date

<br>

5.     Current Target Date

<br><br>

6.     Validation Process

<br><br><br><br>

7.     Results Indicator

8.      Source(s) Identifying Deficiency

9.      Planned Milestones:

        a.      Current Fiscal Year

        b.      Next Fiscal Year

# Appendix A – SUPSHIP Common and Unique Assessable Units

## SUPSHIP Common Assessable Units

|     | PROCUREMENT |
| --- | --- |
| 1 | Small Purchase Program - Purchase Card Process |
|     | **CONTRACT ADMINISTRATION** |
| 2 | Contract Management - Contract Administration Process |
| 3 | Contract Management - Subcontractor Surveillance and Evaluation of Contractor Purchasing Systems |
| 4 | Contractor Performance Assessment Rating System (CPARS) |
| 5 | Earned Value Management |
| 6 | Past Performance Information Retrieval System – Statistical Reporting (PPIRS) |
| 7 | Product Data Reporting and Evaluation Program (PDREP) |
| 8 | Project Management |
| 9 | Quality Assurance (QA) Program |
| 10 | Rate Analysis |
| 11 | Technical Analysis Review |
|     | **MANUFACTURING, MAINTENANCE, AND REPAIR** |
| 12 | Technical Authority |
| 13 | Testing/Certification |
|     | **PROPERTY MANAGEMENT** |
| 14 | Government Property - Program Administration |
| 15 | Minor Property Program - Administration and Accounting Process |

| | COMMUNICATIONS / INTELLIGENCE / SECURITY |
|---|---|
| 16 | Telecommunications |
| 17 | Security Programs - Information/Industrial Security Process |
| 18 | Security Programs - Communications Security Process |
| 19 | Security Programs - Continuity of Operations Planning (COOP) |
| 20 | Security Programs - Force Protection and Physical Security Process |
| 21 | Security Programs - Operational Security Process |
| 22 | Security Programs - Personnel Security Process |
| 23 | Security Programs - Courier Program Administration |
| | **INFORMATION TECHNOLOGY** |
| 24 | Information Technology - Hardware/Software Management Program |
| 25 | Information Technology - Information Assurance Program |
| 26 | Information Technology - Network Management |
| | **PERSONNEL AND/OR ORGANIZATION MANAGEMENT** |
| 27 | Employee Development Program - Acquisition Staffing (DAWIA) Training Process |
| 28 | Employee Development Program - Personnel Management Process |
| 29 | Military Programs |

| | COMPTROLLER AND/OR RESOURCE MANAGEMENT |
|---|---|
| 30 | Financial Management Program - Official Travel Program |
| 31 | Financial Management Program - Civilian Payroll Process (Timekeeping) |

| 32 | Financial Management Program - Certification of Invoices |
|----|----------------------------------------------------------|
| 33 | Financial Management (General) |
| | **SUPPORT SERVICES** |
| 34 | Administrative Support Program - Records Management |
| 35 | Command Evaluation and Review Program - Audit Liaison and Follow-Up Process |
| 36 | Command Evaluation and Review Program - Hotline Reporting Process |
| 37 | Command Evaluation and Review Program - Internal Review Process |
| 38 | Freedom of Information |
| 39 | Managers' Internal Control Program (MICP) - Administration Process |
| 40 | Privacy Act Protection Process |
| 41 | Safety Program - Environmental Safety and Health Process |
| 42 | Standards of Conduct Process |
| | **OTHER (PRIMARILY TRANSPORTATION)** |
| 43 | Government Vehicle Administration |

## SUPSHIP Unique Assessable Units

| | **SUPSHIP BATH** |
|----|----------------------|
| 1 | Small Business Program |
| 2 | Dry Dock Operations |
| 3 | Logistics Support Management |
| 4 | Classified Hardware Control |
| 5 | Military SAPR |

| 6 | Military Command Managed Equal Opportunity |
| 7 | Military Physical Readiness Program |
| 8 | Military Urinalysis Program |
| 9 | Military MWR |
| 10 | Transportation Incentive Program (TIP) |
| 11 | Tech Authority |

| | **SUPSHIP GROTON** |
|---|---|
| 1 | SUBSAFE/Deep Submergence/Fly-by-Wire Ship Control System Programs |
| 2 | Administrative Support Program – Message Usage and Handling Process |
| 3 | Civilian Employee Training and Career Development |
| 4 | Employee Development Program – Award Process |
| 5 | Information Technology Program – Support Services Process |
| 6 | Technical Support Management (TSM) System |
| 7 | Policy and Procedures Relating to Follow-Up on Contract Audit Reports |
| 8 | Transportation Incentive Program (TIP) |

| | **SUPSHIP GULF COAST** |
|---|---|
| 1 | Records Management |
| 2 | Asset Management |
| 3 | Military Personnel Programs |

| | **SUPSHIP NEWPORT NEWS** |
|---|---|
| 1 | Service Contracting |
| 2 | Undefinitized Contract Actions |
| 3 | Asset Management |
| 4 | Information Technology (IT) Security Implementation |
| 5 | Personally Identifiable Information (PII) - Information Assurance |
| 6 | Sexual Assault |
| 7 | Employees Activity Association |
| 8 | Morale, Welfare, and Recreation (MWR) Program |
| 9 | Transportation Incentive Program (TIP) |
| 10 | Policy and Procedures Relating to Follow-Up Contract Audit Reports |
| 11 | SUBSAFE/Deep Submergence/Fly-By-Wire Ship Control System Program |
| 12 | Civilian Employee Training and Career Development |
| 13 | Legal Review and Assistance |