



Financial Management

MANAGERS' INTERNAL CONTROL PROGRAM

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This instruction prescribes the policies for establishing, executing, and reporting on United States Transportation Command's (USTRANSCOM) Managers' Internal Control Program (MICP), as required by Department of Defense (DOD) Instruction 5010.40, *Managers' Internal Control Program Procedures*. It is applicable to all personnel assigned to USTRANSCOM Directorates and the Command Support Group (CSG). Send comments and suggested improvements to this instruction on Air Force Form 847, *Recommendation for Change of Publication*, to TCJ8-A. The use of a name or mark of any specific manufacturer, commercial product, commodity, or service in this publication does not imply endorsement by USTRANSCOM. Ensure that all records created as a result of processes prescribed in this publication are maintained in accordance with USTRANSCOM Instruction 33-32, *USTRANSCOM Records Management Program*.

SUMMARY OF REVISIONS

Administrative revisions include changing all references from Managers' Internal Control to MICP. This revision removes restatements of guidance that are contained in DODI 5010.40. *Note:* This instruction was revised in its entirety, asterisks will not be used to identify revised material.

1. References, Abbreviations, Acronyms, and Terms. References, related publications, abbreviations, acronyms, and terms used in this instruction are listed in Attachment 1.

2. Purpose. This instruction implements DOD policy to establish a MICP, in accordance with the Federal Managers' Financial Integrity Act (FMFIA) of 1982 (Public Law 97-255) and Office of Management and Budget Circular No. A-123, *Management's Responsibility for Internal Control*. Specifically, USTRANSCOM will:

2.1. Review, assess, and report on the effectiveness of internal controls.

2.2. Identify and promptly correct ineffective internal controls and establish new internal controls, when warranted.

2.3. Safeguard against loss, waste, unauthorized use, or misappropriation of resources, funds, property, and other assets. Integrate the MICP into daily operating and management practices and utilize existing evaluative processes.

2.4. Properly record and account for revenues and expenditures applicable to DOD operations, including non-appropriated fund activities, to permit the preparation of reliable financial and statistical reports.

3. Scope. The USTRANSCOM MICP is limited to Directorates and CSG offices. USTRANSCOM's Transportation Component Commands (TCC): Military Surface Deployment and Distribution Command, Military Sealift Command, and Air Mobility Command each respond to their respective Service MICP. The TCCs must submit a copy of their respective Statement of Assurance (SOA) to USTRANSCOM.

4. Limitations. USTRANSCOM's MICP is limited to only those resources managed by USTRANSCOM. Resources used by USTRANSCOM personnel who are managed by a TCC are evaluated under that TCC's Service MICP.

5. Program Analysis and Financial Management (TCJ8) Responsibilities:

5.1. TCJ8 is the senior management official responsible for establishing and implementing USTRANSCOM's MICP. TCJ8 appoints the command MICP Administrator, who is a government employee, due to the inherently governmental nature of the work.

5.2. TCJ8's Accounting Division (TCJ8-A) functions as the command office of primary responsibility and focal point for administering the MICP.

6. MICP Administrator Responsibilities:

6.1. Lead the MICP Functional Managers in the design and implementation of Directorate/CSG MICP to identify and rank risks and report any material weaknesses.

6.2. Task Directorates/CSG to provide quarterly MICP templates. Review templates to ensure all functions are evaluated and risks ranked by Directorate/CSG. TCJ8-A may periodically schedule staff assistance type visits with Directorates to provide feedback, as necessary, to improve MICP procedures.

6.3. Track status of material weaknesses to ensure prompt corrective action is completed.

6.4. Brief USTRANSCOM Chief of Staff monthly (or as required) to rank risks and discuss command material weaknesses.

6.5. Host annual MICP conference for Directorate/CSG MICP Functional Managers. Provide training on new MICP procedures and guidelines for the annual SOA, according to guidance provided by Office of Secretary of Defense (OSD).

6.6. Create online MICP training course for MICP Functional Managers. Monitor completion to ensure 100% compliance and maintain course completion list.

6.7. Select one quarterly MICP excellence winner and recognize the Assessable Unit Manager (AUM) for outstanding performance with a USTRANSCOM Quality Award in accordance with USTRANSCOMPD 36-25, *Quality Recognition Program*, Para 5.4.

6.7.1 Directorate MICP functional points of contact will provide nominations on an AF IMT 1206, *Nomination for Award*, to TCJ8-A on a quarterly basis (10 days after the end of each quarter). AF IMT 1206 must be restricted to 15 lines (Including category heading: “self-reporting”) 14 Lines plus category heading equal 15 lines, one page, bullet format. TCJ8 will approve one quarterly winner and provide to the Awards and Recognition Division of USTRANSCOM Manpower and Personnel Directorate for processing.

6.7.2 The MICP excellence award is open to any military or DOD civilian who works on MICP. The criteria would include a self-reporting opportunity such as identifying a weakness or developing controls to prevent weaknesses.

6.7.3 The MICP award winner will be announced on USTRANSCOM SharePoint.

6.8. Task Directorates/CSG to provide director/CSG Chief-approved SOA annually.

6.9. Consolidate Directorate/CSG SOA input and submit the draft SOA to Directorates/CSG for coordination and to the Command Section for approval.

6.10. Submit the USTRANSCOM SOA, signed by the Commander or Deputy Commander, to the Secretary of Defense each fiscal year. Mail copies of the SOA to the Under Secretary of Defense (Comptroller) and the Chairman of the Joint Chiefs of Staff.

7. USTRANSCOM Directors/CSG Chiefs Responsibilities:

7.1. Annually appoint MICP Functional Managers (primary and alternate), who are responsible for executing the MICP and evaluating management internal controls.

7.2. Annually appoint AUMs to assess risk of functional tasks within the directorate. AUMs will be government employees (military or DOD civilian), due to the inherently governmental nature of the work. Ensure MICP functions are part of the performance plans for senior accountable officials.

7.3. Each Directorate/CSG Chief will forward annual appointment memorandum that contains the names/contact information for MICP Functional Managers (primary and alternate) and AUMs/tasks to TCJ8-A.

7.4. Ensure management controls are integrated into daily operating and management practices.

7.5. Ensure the MICP Functional Managers and AUMs conduct monthly risk assessments, rank risks, and take appropriate management action to ensure compliance, prevention, and remediation of fraud, waste, and mismanagement of resources within their organization.

7.6. Managers are encouraged to utilize the following sources of information for alternative management control reviews: management and oversight reviews, computer security reviews, Service audit agency reviews or audits, DOD Inspector General and General Accountability Office audits, inspections or investigations, financial system reviews, program evaluations, self-inspection program, quality assessments, and management knowledge gained from daily operations.

7.7. Ensure that material weakness identified through risk assessment are reported to TCJ8-A and provide annual updates until the material weakness is closed.

7.7.1. A material weakness is a determination by management that a condition exists, of sufficient importance, to be reported to the next higher level of command, where the designated control procedures or the degree of operational compliance does not provide reasonable assurance that the objectives of the MICP are met. Such weakness significantly impairs the fulfillment of mission; deprives the public of needed services; violates statutory or regulatory requirements; significantly weakens safeguards against loss, waste, or mismanagement of funds, property, or other assets; or results in conflict of interest.

7.8. Provide Director/CSG Chief-approved annual SOA to TCJ8-A for consolidation into the annual USTRANSCOM SOA. The SOA must follow the format provided in OSD guidance and report open/closed material weaknesses.

8. Directorate/CSG MICP Functional Manager Responsibilities:

8.1. Establish and manage Directorate/CSG MICP by segmenting directorate responsibilities into Assessable Units (AU) and serve as head of the AUs. The individual AUs should be appropriate size and nature to facilitate a meaningful risk assessment. An AU may be an organization, program, function, system, or any other applicable division of activities capable of being evaluated by management control.

8.2. Assess vulnerability of directorate functions to determine necessary controls, design and documentation of controls, placement of controls in operation, continuous monitoring, testing, identification of weakness, and improvement of the effectiveness of controls, as well as tracking progress on corrective action.

8.3. Develop and execute Directorate/CSG quarterly MICP assessment template. AUMs will provide the completed template to TCJ8-A quarterly. The template should identify all directorate functions, sub-processes, control objectives, risks, internal controls, and risk level.

8.4. Participate in monthly active communication with TCJ8-A MICP Administrator/Coordinator. Provide monthly progress report; more frequently as necessary when new tasks/risks are identified or risk levels increase.

8.5. Annually, solicit input from the Directorate/CSG AUMs, per OSD MICP and SOA guidance. Consolidate, coordinate, and submit the Directorate/CSG-approved annual SOA to TCJ8-A by the required due date. The SOA should report the highest risks identified and/or material weaknesses found during the assessment, along with a schedule of corrective actions to resolve those risks/weaknesses.

9. Directorate AUM Responsibilities:

9.1. Coordinate with Directorate MICP Functional Managers to ensure all tasks are included on the MICP assessment template.

9.2. Conduct monthly risk assessments and report results to MICP Functional Managers using MICP assessment template. Maintain documentation of risk assessments, ranking of risks and any material weaknesses identified.

10. Adopted Form: Air Force IMT 1206, *Nomination for Award*

ROBERT W. FOLEN
Acting Director, Program Analysis and
Financial Management

Attachment 1

GLOSSARY OF REFERENCES, ABBREVIATIONS, ACRONYMS, AND TERMS

References

Federal Managers' Financial Integrity Act of 1982 (Public Law 97-255)
Title 31, United States Code, Section 3512 (also referenced as Public Law 97-255 and the
Federal Managers' Financial Integrity Act of 1982)
Office of Management and Budget Circular A-123, *Management Accountability and Control*
DOD Instruction 5010.40, *Managers' Internal Control Program (MICP) Procedures*
USTRANSCOMPD 36-25, *Quality Recognition Program*

Abbreviations and Acronyms

AU – Assessable Unit
AUM – Assessable Unit Manager
CSG - Command Support Group
DOD - Department of Defense
FMFIA - Federal Managers' Financial Integrity Act
MICP - Managers' Internal Control Program
OSD - Office of the Secretary of Defense
SOA - Statement of Assurance
TCC - Transportation Component Command
TCJ8 - Program Analysis and Financial Management Directorate
TCJ8-A - Program Analysis and Financial Management Directorate, Accounting Division
USTRANSCOM - United States Transportation Command

Terms

Internal Controls - The organization, policies, and procedures that help program and financial managers to achieve results and safeguard the integrity of their programs by reducing the risk of adverse activities.

Statement of Assurance - An annual statement in memorandum format that provides a leader's explicit level of assurance on whether internal controls are effective. The SOA is based on self-assessments conducted for mission-essential functions relative to risk and identifies any material weaknesses, along with a plan with prescribed milestones to promptly correct those weaknesses.