



DEPARTMENT OF THE NAVY
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
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WASHINGTON, DC 20350-2000

Canc frp: Apr 2016

OPNAVNOTE 5200
Ser DNS-33/15U102237
1 May 2015

OPNAV NOTICE 5200

From: Chief of Naval Operations

Subj: FISCAL YEAR 2015 MANAGERS' INTERNAL CONTROL PROGRAM
REPORTING REQUIREMENTS

Ref: (a) SECNAVINST 5200.35E
(b) SECNAV M-5200.35 of Jun 2008
(c) OPNAVINST 5200.25E
(d) ASN (FM&C) FMO memo 5200 of 15 April 2015
(e) ASN (FM&C) FMO memo 5200 of 25 Feb 2015

Encl: (1) CNO Assessable Units
(2) Submission Requirements and Procedures for FY15
Certification Statement

1. Purpose. To establish the Fiscal Year 2015 (FY15) Managers' Internal Control Program (MICP) reporting requirements and procedures for Office of the Chief of Naval Operations (OPNAV) principal officials (OPO) and Chief of Naval Operations (CNO) echelon 2 commands.

2. Background. References (a), (b) and (c) provide policy and guidance for the establishment and proper maintenance of the MICP. Reference (d) is guidance from the Assistant Secretary of the Navy (Financial Management and Comptroller) for submission of the FY15 Managers' Internal Control Certification Statement (CS). Reference (e) outlines additional responsibilities for CNO claimants with regards to issues addressed in the Fiscal Year 2014 Department of the Navy's (DON) Statement of Assurance (SOA).

3. Policy

a. All CNO echelon 2 commands and OPOs (less CNO special assistants) are required to submit a CS signed by the head of the organization or principal deputy. Enclosure (1) provides a list of CNO assessable units required to submit a CS to CNO. The CS, along with supporting enclosures, provides an assessment as to whether there is reasonable assurance that:

- (1) programs are achieving their intended results;
- (2) resources are being used consistent with the DON mission;
- (3) programs and resources are protected from waste, fraud, and mismanagement;
- (4) laws and regulations are being followed;
- (5) reliable and timely information has been obtained, maintained, reported and used for decision making.

b. All echelon 2 commands and OPOs should review the material weaknesses (MW), reportable conditions (RC), and items to be revisited (IR) (appendices A, B, and C, respectively, of enclosure (2)), with a view towards assessing the internal controls in place at their respective organizations for any subject that pertains to them.

4. Submission Requirements. Enclosure (2) contains specific procedures for submission of the CS.
5. Due Date. CSs are due to CNO (Director, Navy Staff (Director of Management (DNS-3))) by 22 May 2015 as mandated by reference (c). It is important that this deadline be met in order to allow for adequate OPNAV staff review by resource sponsors, command assist officials, and other appropriate OPNAV organizations, and to ensure submission is among the number reported to Secretary of the Navy (SECNAV).
6. Reports Control. OPNAV Report Control Symbol (RCS) 5200-6 has been assigned to the reporting requirements contained in this notice.
7. Records Management. Records created as a result of this notice, regardless of media or format, must be managed per SECNAV Manual 5210.1 of January 2012.

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8. Cancellation Contingency. This notice will remain in effect for 1 year or until superseded, whichever occurs first.



S. H. SWIFT
Director, Navy Staff

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CNO ASSESSABLE UNITS

OPNAV PRINCIPAL OFFICIALS (Less Special Assistants):

Surgeon General of the Navy (N093)¹
Chief of Naval Reserve (N095)²
Chief of Navy Chaplains/Director of Religious Ministries (N097)
Deputy CNO for Manpower, Personnel, Education, and Training (N1)³
Deputy CNO for Information Dominance (N2/N6)
Deputy CNO for Fleet Readiness and Logistics (N4)
Deputy CNO for Operations, Plans, and Strategy (N3/N5)
Deputy CNO for Integration of Capabilities and Resources (N8)
Deputy CNO for Warfare Systems (N9)

OPERATING FORCES:

Commander, U.S. Fleet Forces Command (USFLTFORCOM)
Commander, U.S. Pacific Fleet
Commander, U.S. Naval Forces Europe
Commander, U.S. Naval Forces Central Command
Commander, U.S. Naval Forces Southern Command
Commander, Operational Test and Evaluation Force
Commander, Navy Reserve Force (NAVRESFOR)
Commander, Naval Special Warfare Command
Commander, U.S. Fleet Cyber Command (COMFLTCYBERCOM)

HEADQUARTERS/SHORE COMMANDS:

Superintendent, United States Naval Academy (USNA)
Commander, Naval Air Systems Command
Commander, Naval Education and Training Command
Commander, Naval Facilities Engineering Command (NAVFACENGCOM)
Director, Field Support Activity
Director, Naval History and Heritage Command
Commander, Navy Installations Command (CNIC)
Director, Naval Intelligence Activity
Commander, Naval Legal Service Command
Chief, Bureau of Medicine and Surgery (BUMED)
Chief of Naval Personnel (BUPERS)
President, Naval Postgraduate School
Commander, Naval Safety Center
Commander, Naval Sea Systems Command
Commander, Space & Naval Warfare Systems Command
Director, Strategic Systems Programs
Commander, Naval Supply Systems Command (NAVSUPSYSCOM)
President, Naval War College
Commanding Officer, U. S. Navy Band

¹ Surgeon General of the Navy is dual-hatted as Chief, BUMED and provides a consolidated annual CS submission to CNO.

² Chief of Naval Reserve is dual-hatted as Commander, NAVRESFOR and provides a consolidated annual CS submission to CNO.

³ Deputy CNO for Manpower, Personnel, Training and Education is dual-hatted as Chief, BUPERS and provides a consolidated annual CS submission to CNO.

SUBMISSION REQUIREMENTS AND PROCEDURES FOR FY15 CERTIFICATION
STATEMENT

Appendix: A - Material Weaknesses

B - Reportable Conditions

C - Item to be Revisited

1. Required Responders

a. All echelon 2 commands and OPOs (less CNO special assistants) are required to submit a CS signed by the head of the organization or the principal deputy by 22 May 2015.

b. For echelon 2 commands, the signed CS will represent certification for both the echelon 2 staff and its subordinate chain of command. It is the echelon 2 command's prerogative as to whether subordinate commands submit signed CSs to the echelon 2; however, all Navy commands are responsible for assessing adequate internal controls are in place and operating effectively.

c. OPOs, when requested, will provide staff level advice regarding MWs, RCs, and other issues reported by echelon 2 commands. This advice will assist DNS and the Vice Chief of Naval Operations in evaluating reported MWs and RCs.

2. Reporting Period and Milestone Reporting

a. The CS will report on the period covering 1 July 2014 through 30 June 2015. In the case where an MW or RC is identified after 22 May 2015, either by the owning command or a higher authority, an updated CS will not be required; however, additional information may be requested to better frame the issue for potential reporting in the CNO CS or DON SOA.

b. When stating milestone dates, include the quarter in which it is scheduled to be completed or was completed.

(1) Since the preparation of the DON SOA occurs during the fourth quarter of the FY, it is recommended that milestones not be assigned to the fourth quarter (July through September)

as it is difficult to report on and update fourth quarter milestones once the preparation of the DON SOA begins.

(2) Milestones scheduled to be completed during the fourth quarter should be reported as the first quarter of the next FY. Similarly, if a weakness is scheduled to be completed in FY15, but after 30 June 2014, it will be rolled over to the first quarter of 2015 and will not be considered corrected for FY15.

3. CS Elements

a. Cover Memorandum. All echelon 2 commands and OPOs will provide a memorandum addressed to the CNO and signed by the head of the command or principal deputy. The memorandum must contain either an unqualified or qualified SOA, or a statement of no assurance. Descriptions of these statements are provided on page 9 of reference (b).

b. Supporting enclosures. The number of enclosures will vary depending upon each command's CS (qualified, unqualified, or no assurance), MWs, RCs, and IRs discovered during the reporting period, as well as those reported previously. Enclosures may include:

(1) Accomplishments

(a) All commands and OPOs are encouraged to provide an accomplishments enclosure that addresses efforts to strengthen internal controls. MWs and RCs identified and corrected during the reporting period may be reported as accomplishments.

(b) Other accomplishments might include instances related directly to the protection of government property, efficiency of operations, conservation of resources, improvements in processes, enforcement of regulations, or successful Lean Six Sigma initiatives.

(c) Efforts to improve the MICP at organizations should also be reported as an accomplishment.

(d) Write-ups must state the control issue solved and have adequate information to clearly demonstrate how the initiative was of benefit to the command or the Navy.

(e) Accomplishments must be listed in order of significance with the most significant one listed first.

(2) New MWs Identified During the Current Period. Reference (a) provides the definition of an MW; reference (b) provides guidance on determining materiality.

(a) Newly reported MWs must identify actions already taken and or actions planned to be taken and milestone dates to correct the weakness.

(b) Planned actions will include a validation milestone that describes how the corrective action will be evaluated and how its effectiveness will be certified.

(c) If the solution to the control deficiency is outside of the command, include a comment and justification on where the solution lies (e.g., OPNAV, SECNAV office, another CNO command).

(3) New RCs, IRs, and Other Items of Interest. RCs and IRs are defined in reference (a).

(a) Discuss any issues that have emerged during FY15 audits or management reviews that are not determined to be MWs, but are of concern or notable.

(b) Other items of interest may include management control issues identified during FY15 audits that remain unresolved, or other issues that have risen due to specific requests or inquiries.

(c) RCs and IRs reported must include plans and schedules for corrective action(s) or management review.

(d) If the solution to an RC is outside the command, include a comment on where the solution lies.

(4) Update on Status of MWs, RCs, and IRs from FY14 CNO CS. Appendices A, B and C of this enclosure contain MWs, RCs, and IRs, respectively, reported in the FY14 CNO CS. For each issue under a cognizance:

(a) review the write-up and the audits referenced, and provide updated information regarding an assessment of the issue/program;

(b) provide current status of the recommendations identified in the audit(s), as applicable;

(c) identify other efforts made or planned milestones to correct the situation or deficiency; and

(d) present a recommendation as to whether the weakness or condition should be upgraded, downgraded, remain the same, or closed. This information will assist the CNO and SECNAV in categorizing the issue.

4. CS Submission Requirements. The SOA tool's purpose is to provide an official electronic archive as well as a means of reporting. Echelon 2 commands and OPOs will report their respective CSs and enclosures via the SOA automated Web-based tool (<https://www.fmosystems.navy.mil/SOA>). Also, a signed copy of the CS is required by the CNO to ensure that the head or principal deputy has certified the effectiveness of internal controls. Therefore, a copy of the signed CS and enclosures must be submitted via HQ Web Taskers Version 5. Questions regarding the tasker can be directed to LT Sara Tassan, sara.tassan@navy.mil, (202) 685-6550.

APPENDIX A
MATERIAL WEAKNESSES

From FY14 CNO CS

<u>Title</u>	<u>Command Name</u>
1. Attenuating Hazardous Noise in Acquisition and Weapon System Design	BUMED
2. Real Property Inventory Reporting	NAVFACENGCOM
3. Stand-alone Navy Operational Support Center Physical Security	CNIC
4. Husbanding Contract Execution	NAVSUPSYSCOM

From FY14 DON SOA

<u>Title</u>	<u>Command Name</u>
1. Attenuating Hazardous Noise in Acquisition and Weapon System Design	BUMED
2. Contracting Officer's Representative Execution	NAVSUPSYSCOM

APPENDIX B
REPORTABLE CONDITIONS

From FY14 CNO CS

<u>Title</u>	<u>Command Name</u>
1. Limited Duty Population in the Navy	BUMED
2. Naval Academy Preparatory School MICP	USNA
3. Safeguarding Personally Identifiable Information/Privacy Act Programs	USNA
4. Shore Manpower Requirements Determination	USFLTFORCOM/COMFLTCYBERCOM
5. Lead in Drinking Water	NAVFACENCOM

From FY14 DON SOA

<u>Title</u>	<u>Command Name</u>
1. Real Property Inventory Reporting	NAVFACENCOM
2. DON Energy	NAVFACENCOM
3. Fuel Storage Facilities	CNIC
4. Equipment Accountability	BUMED
5. Limited Duty Population in the Navy	BUMED
6. Lead in Drinking Water	NAVFACENCOM
7. Stand-alone Navy Operational Support Center Physical Security	CNIC
8. Husbanding Contract Execution	NAVSUPSYSCOM

APPENDIX C
ITEMS TO BE REVISITED

From FY14 CNO CS

<u>Title</u>	<u>Command Name</u>
1. Display Ship Barry Maintenance	CNIC
2. New Single Hull Tankers	USFLTFORCOM