



DEPARTMENT OF THE NAVY

OFFICE OF THE CHIEF OF NAVAL OPERATIONS

2000 NAVY PENTAGON

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OPNAVINST 5200.25D

DNS-3

03 October 2011

OPNAV INSTRUCTION 5200.25D

From: Chief of Naval Operations

Subj: MANAGERS' INTERNAL CONTROL PROGRAM

Ref: (a) 31 U.S.C. §3512
(b) OMB Circular A-123, Management's Responsibility for Internal Control), 21 Dec 2004
(c) DoD Instruction 5010.40 of 29 July 2010
(d) SECNAVINST 5200.35E
(e) SECNAV M-5200.35, Department of the Navy Managers' Internal Control Manual, June 2008

Encl: (1) Sample MICP Coordinator Appointment Letter
(2) Sample Certification Statement

1. Purpose. To implement references (a) through (e) within the Chief of Naval Operations (CNO) organization.

2. Cancellation. OPNAVINST 5200.25C.

3. Background

a. Reference (a) 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 Department of the Navy (DON) mission;

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

(4) Laws and regulations are followed; and

(5) Reliable and timely information is obtained, maintained, and used for decision-making and reporting.

b. Reference (b) provides guidance for conducting evaluations and requires that all managers be involved in the

Managers' Internal Control (MIC) Program. References (c) and (d) implement the MIC Program in the Department of Defense (DoD) and the DON respectively. Reference (e) reflects current DON guidance and is provided to assist commands in complying with this instruction.

c. The MIC Program is not intended to be a stand-alone program or duplicate existing control efforts within the organization. Implementation of this program should complement and build upon existing efforts such as: Command Evaluation Program, Financial Improvement Program, Naval Safety Program, Operational Risk Management Program, time and attendance, government purchase card and travel card programs, etc.). These programs provide leadership with a means to assess program integrity and control effectiveness throughout the organization, and their results contribute directly to the annual certification statement.

4. MIC Program Organizational Structure

a. Reference (d) identifies CNO as a major assessable unit of the Office of the Secretary of the Navy (SECNAV). As such, CNO has the responsibility and accountability for establishing and assessing internal controls for Navy functions assigned to CNO.

b. Per reference (b), to perform an orderly, systematic evaluation of an organization's system of internal controls, the organization should be segmented into "assessable units." An assessable unit is an organizational segment, program or function with a defined purpose that aids in the accomplishment of the organization's mission. The following organizations are CNO assessable units:

(1) Director of Tests and Evaluation and Technology Requirements (N091)

(2) Surgeon General of the Navy (N093)/Chief, Bureau of Medicine and Surgery

(3) Chief of Naval Reserve (N095)/Commander, Navy Reserve Force

- (4) Chief of Navy Chaplains/Director of Religious Ministries (N097)
- (5) Deputy CNO for Manpower, Personnel, Education, and Training (N1)/Chief of Naval Personnel
- (6) Deputy CNO for Information Dominance (N2/N6)
- (7) Deputy CNO for Fleet Readiness and Logistics (N4)
- (8) Deputy CNO for Operations, Plans, and Strategy (N3/N5)
- (9) Deputy CNO for Integration of Capabilities and Resources (N8)
- (10) Commander, U.S. Fleet Forces Command
- (11) Commander, U.S. Pacific Fleet
- (12) Commander, U.S. Naval Forces Europe
- (13) Commander, U.S. Naval Forces Central Command
- (14) Commander, U.S. Naval Forces Southern Command
- (15) Commander, Operational Test and Evaluation Force
- (16) Commander, Naval Special Warfare Command
- (17) Commander, U.S. Fleet Cyber Command
- (18) Superintendent, United States Naval Academy
- (19) Commander, Naval Air Systems Command
- (20) Commander, Naval Education and Training Command
- (21) Commander, Naval Facilities Engineering Command
- (22) Director, Field Support Activity
- (23) Director, Naval History and Heritage Command

- (24) Commander, Navy Installations Command
- (25) Commander, Office of Naval Intelligence
- (26) Commander, Naval Legal Service Command
- (27) President, Naval Postgraduate School
- (28) Commander, Naval Safety Center
- (29) Commander, Naval Sea Systems Command
- (30) Commander, Space & Naval Warfare Systems Command
- (31) Director, Strategic Systems Programs
- (32) Commander, Naval Supply Systems Command
- (33) President, Naval War College
- (34) Commanding Officer, U. S. Navy Band

c. The head of each organization identified in paragraph 4b is the assessable unit manager, and is responsible for ensuring effective internal controls for functional and administrative responsibilities under his or her organization's purview.

5. Responsibilities, Training, and Reporting Requirements

a. Responsibilities. The Vice Chief of Naval Operations (VCNO) is the MIC program senior management official for the CNO. To support the VCNO, the following responsibilities are assigned:

(1) The Director, Navy Staff is responsible for CNO MIC Program management and administration and shall:

(a) Act as the CNO focal point, disseminating guidance and procedures to fulfill the intent of the MIC program.

(b) Publish annual MIC program reporting guidance.

(c) Prepare the annual CNO internal control certification statement.

(2) CNO assessable unit managers shall:

(a) Establish a positive control environment by involving managers at all levels throughout the organization and advocate accountability for establishing, evaluating, and improving controls in all areas of practice;

(b) Oversee the performance of risk assessments within their organization;

(c) Appoint, in writing, a MIC program coordinator and alternate responsible for the administration and coordination of the MIC program and its reporting requirements. A sample appointment letter is provided at enclosure (1). The MIC program coordinator and alternate shall obtain MIC training, outlined in reference (d), upon assignment of the duty as the MIC program coordinator or alternate. After initial training, MIC program coordinators and alternates shall take refresher training every 3 years.

(d) Maintain documentation requirements outlined in reference (b).

b. Reporting Cycle. The MIC program reporting cycle runs 1 July through 30 June.

c. Training. All CNO assessable unit managers will complete the "Managers' Internal Control Program Training for Managers" course, available from Navy Knowledge Online.

d. Reporting Requirements. The following CNO organizations have MIC reporting requirements:

(1) CNO

(a) CNO will sign an Internal Control Certification Statement to the Secretary of the Navy by 1 July each year, attesting to the adequacy of internal controls in the organization. The statement must be signed by CNO or VCNO and cannot be delegated lower per reference (b).

(b) The attestation will be based on inputs from the CNO assessable unit managers identified in paragraph 4b.

(2) CNO Assessable Unit Managers. By 25 May each year, each assessable unit manager must use the DON Statement of Assurance Automated Tool (<https://www.fmosystems.navy.mil/soa>) to generate an Internal Control Certification Statement attesting to the adequacy of internal controls within his or her respective organization. The certification statement must:

(a) Be addressed to CNO;

(b) Identify the period of the report (1 July through 30 June of the current year);

(c) Identify the number of internal control assessments conducted during the period of the report;

(d) Identify the number of internal control assessments planned for the next cycle, i.e., 1 July through 30 June of the following year;

(e) State (certify) whether the assessable unit manager has reasonable assurance that internal controls are in place and operating effectively. The certification must take one of the following forms:

1. An unqualified statement of assurance (reasonable assurance with no material weaknesses (MWs) reported). An unqualified statement must be accompanied by a firm basis for this position.

2. A qualified statement of assurance (reasonable assurance with exception of one or more MW(s) noted). The certification statement must cite the MW(s) in internal controls that precluded an unqualified statement.

3. A statement of no assurance (no reasonable assurance either because no assessments were conducted or MWs are pervasive).

(f) Include a description of internal control related accomplishments identified during the reporting cycle.

An internal control accomplishment is any improvement or enhancement of internal control procedures that result in mitigation of risk, cost savings, cost avoidance, decreased processing time, increased effectiveness, increased responsiveness, or other similar achievement;

(g) Include a description of new uncorrected MWs, reportable conditions (RCs), and items to be revisited (IRs) identified during the current reporting cycle. MWs and RCs must include a plan of action and milestones that identifies the steps, actions and timeline required to correct the internal control deficiency;

(h) Include an update to the status of MWs, RCs, and IRs that were reported in prior year(s) and are still in process of being corrected;

(i) An assessment of materiality of any Naval Audit Service, Naval Inspector General, or Naval Criminal Investigative Service findings identified for during the MIC reporting cycle; and

(j) Beginning with the fiscal year 2012 reporting cycle, assessable units with budget submitting offices must include a separate paragraph certifying reasonable assurance of internal controls over financial reporting. The assertion will follow the same format as described in paragraph 5d(2)(e) above.

e. Director, Navy Staff, Director of Management (DNS-3) will compile inputs from CNO assessable unit managers into the annual CNO Internal Control Certification Statement.

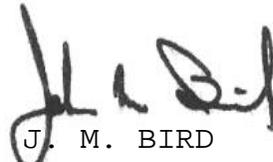
f. Sample Certification Statements are provided at enclosure (2).

6. Action. Addressees may issue specific implementation guidance to their commands to facilitate compliance with the provisions of this instruction.

7. Records Management. Records created as a result of this instruction, regardless of format and media, shall be managed per SECNAV Manual (M-)5210.1 of November 2007.

OPNAVINST 5200.25D
03 October 2011

8. Reports Control. Reporting requirements contained within this instruction are exempt from reports control per SECNAV M-5214.1 of December 2055.



J. M. BIRD
Vice Admiral, U.S. Navy
Director, Navy Staff

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OPNAVINST 5200.25D
03 October 2011

SAMPLE MICP COORDINATOR APPOINTMENT LETTER

5200
Ser
Date

From: [Head of Activity]
To: [Coordinator, Activity/Code]
Subj: APPOINTMENT AS [ACTIVITY] MANAGERS' INTERNAL CONTROL
PROGRAM (MICP) COORDINATOR/ALTERNATE
Ref: (a) SECNAVINST 5200.35E
(b) Department of the Navy Managers' Internal Control
Manual, SECNAV M-5200.35 dtd June 2008
(c) OPNAVINST 5200.25D

1. Effective this date you are hereby appointed Coordinator/
Alternate of the [Activity] MICP. You will be guided in the
performance of your duties by the provisions of references (a)
through (c). Your responsibilities will include:

- a. Advocating the MICP and internal controls oversight
throughout [Activity].
- b. Providing program support and guidance to subordinate
activities.
- c. Ensuring all MICP reporting and documentation
requirements are met in accordance with references (a) through
(c).
- d. Preparing the [Activity] annual MICP certification
statement for the Federal Managers' Financial Integrity Act
(FMFIA) Processes in accordance with references (a) through (c).
- e. Monitoring completion of corrective actions on all
Material Weaknesses, Reportable Conditions, and Items to be
Revisited reported to Chief of Naval Operations by [Activity].
- f. Completing the "Managers' Internal Control Program
Training for Coordinators," accessible through Navy Knowledge
Online (<https://www.nko.navy.mil>), within 30 calendar days of
this appointment and every 3 years thereafter.

Enclosure (1)

OPNAVINST 5200.25D
03 October 2011

g. Notifying the organization of MICP training opportunities and ensuring subordinate MICP Coordinators meet and maintain all training requirements.

2. This appointment is valid until rescinded.

[CO Signature block]

SAMPLE CERTIFICATION STATEMENT

MEMORANDUM

From: [Head of Activity]
To: Chief of Naval Operations (DNS-3)
Subj: MANAGERS' INTERNAL CONTROL CERTIFICATION STATEMENT
Ref: (a) SECNAVINST 5200.35E
Encl: (1) [As appropriate]

1. As the Director, [Assessable Unit Name], I recognize that Department of the Navy(DON) managers are responsible for establishing and maintaining effective internal controls to meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA). In accordance with reference (a), the [Assessable Unit Name] evaluated the system of internal controls in effect during the 12-month period ending 30 June [current year] by completing [number] internal control assessments. For the 12-month period ending 30 June [following year] the [Assessable Unit Name] plans to complete [number] internal control assessments.

2. As of the date of this memorandum, I am able to provide [select one of three options: "an unqualified statement of reasonable assurance" [i.e., reasonable assurance with no material weaknesses reported]; "a qualified statement of assurance" [i.e., reasonable assurance with the exception of one or more material weakness(es) reported]; or "a statement of no assurance" [because either no assessments were done or material weaknesses are pervasive throughout] that [Assessable Unit Name]'s system of internal controls meets the FMFIA administrative and operational objectives.

3. [Discuss enclosures]

4. Information to support the certification statement was derived from [select all that apply: management reviews, inspections, audits, other management information including knowledge gained from daily operations and functions].

OPNAVINST 5200.25D
03 October 2011

5. My point of contact is [name and contact information for Assessable Unit MIC Coordinator].

[CO Signature block]