



UNITED STATES MARINE CORPS
MARINE CORPS INSTALLATIONS EAST-MARINE CORPS BASE
PSC BOX 20005
CAMP LEJEUNE NC 28542-0005

MCIEAST-MCB CAMLEJO 5200.1
G-8

AUG 22 2018

MARINE CORPS INSTALLATIONS EAST-MARINE CORPS BASE CAMP LEJEUNE ORDER
5200.1

From: Commanding General
To: Distribution List

Subj: MARINE CORPS MANAGERS' INTERNAL CONTROL PROGRAM

Ref: (a) P.L. 97-255, H.R. 1526 Federal Managers Financial
Integrity Act of 1982
(b) Office of Management and Budget, Circular No. A-123,
Management's Responsibility for Enterprise Risk Management
and Internal Control, July 15, 2016
(c) Office of the Under Secretary of Defense (Comptroller)
Financial Improvement and Audit Readiness Guidance,
April 2016
(d) DoD Instruction 5010.40, "Managers' Internal Control
Program Procedures," May 30, 2013
(e) Government Accountability Office, Standards for Internal
Control in the Federal Government, September 10, 2014
(f) SECNAVINST 5200.35F
(g) SECNAV M-5200.35
(h) MCO 5200.24E

Encl: (1) MCIEAST MICP Organization Structure
(2) MICP Coordinator/Alternate and Assessable Unit Manager
Appointment Letter Templates
(3) Corrective Action Plan Template
(4) Risk and Control Assessment Template
(5) MICP Annual Evaluation Plan Template
(6) Sample Certification Statement
(7) MICP Glossary and General Information

1. Situation. The references set forth the policies, procedures, and standards governing the administration of the Managers' Internal Control Program (MICP). This Order promulgates revised guidance and instructions for commanders, staff members, and individuals involved in the execution of an all-inclusive internal control program.

2. Cancellation. BO 5200.1A.

3. Mission

a. Establish regional policies, procedures, and standards to operate an effective MICP and delineate responsibilities of Marine Corps Installations East-Marine Corps Base Camp Lejeune (MCIEAST-MCB

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CAMLEJ), MCIEAST subordinate commands, MCIEAST-MCB CAMLEJ General and Special Staff departments, and individuals.

b. The policy changes in this Order are intended to strengthen the MICP by emphasizing the new requirement for implementation of an Enterprise Risk Management capability and Agency Risk Profile per reference (b).

c. Summary of Revision. This Order has been updated from a Base Order to a MCIEAST-MCB CAMLEJ Order. It has been revised to update policies and procedures and should be reviewed in its entirety.

4. Execution

a. Commander's Intent and Concept of Operations

(1) Commander's Intent. This Order requires leadership to take responsibility for developing and maintaining effective internal controls (ICs) throughout the entire organization. MCIEAST Commanders and MCIEAST-MCB CAMLEJ General and Special Staff Department Heads are responsible for ensuring compliance with laws and regulations consistent with mission objectives to safeguard against fraud, waste, abuse, and mismanagement.

(2) Concept of Operations

(a) A comprehensive MICP allows Commanders and managers at all levels to report on the level of assurance related to the effectiveness and efficiency of ICs. Leaders will focus on controls associated with the assigned mission(s), tasks, and chartered responsibilities utilizing Certification Statements, which provide the basis for the Marine Corps' Annual Certification Statement submission to the Department of the Navy (DON).

(b) The MICP consists of four assessment and reporting areas outlined below:

1. Internal Controls over Operations (ICO). The United States Marine Corps (USMC) assesses the effectiveness of ICO through a process consistent with the annual MICP Guidance.

2. Internal Controls over Financial Reporting (ICOFR). The USMC assesses the effectiveness of ICOFR utilizing the methodology prescribed in the USMC ICOFR Handbook.

3. Internal Controls over Financial Systems (ICOFS). The USMC assesses the effectiveness of ICOFS through a process consistent with the MICP Guidance.

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4. Internal Controls over Acquisition Functions (ICOAF). Note that USMC's ICOAF assessments are directly managed by the DON. Components are required to summarize the results of its assessment of ICOAF per the Department of Defense Federal Managers Financial Integrity Act Preparation and Submission of the Annual Statement of Assurance Guidance.

(c) Commanders will appoint in writing MICP Coordinators and Alternates at all Assessable Unit (AU) Command levels. The MICP Coordinators and Alternates will provide oversight of the organization's MICP and coordinate requirements in accordance with this Order.

(d) MICP Coordinators and Alternates at all Command levels will review and identify each "Process within an Assessable Unit" (PAU) and maintain a PAU tracker that includes, at a minimum, Assessable Unit Manager (AUM) points of contacts, risk levels, and dates tested.

(e) All AUs will be assessed to the lowest level. All AU MICP Coordinators or Alternates will submit an annual MICP Certification Statement, per the annual MICP Guidance, to the MCIEAST-MCB CAMLEJ MICP Coordinator/Alternate located in the MCIEAST-MCB CAMLEJ G-8, Resource Evaluation and Analysis (REA) Division.

(f) The MCIEAST-MCB CAMLEJ Annual Certification Statement is developed by compiling the Certification Statements from all AUs, as well as findings from other IC assessments conducted. Each AU must submit their Certification Statements by the required due date to enable the compilation of the MCIEAST-MCB CAMLEJ Annual Certification Statement. The Commanding General (CG), MCIEAST-MCB CAMLEJ signs the Annual Certification Statement, which is then submitted to the Commander, Marine Corps Installations Command (MCICOM). The MCIEAST-MCB CAMLEJ MICP Coordinator and Alternate serves as the MCICOM point-of-contact and liaison for the Certification Statement process and provides guidance and assistance to AU MICP Coordinators and Alternates.

b. Tasks

(1) MCIEAST Commanders and MCIEAST-MCB CAMLEJ General and Special Staff Department Heads shall:

(a) Appoint in writing a primary and alternate MICP Coordinator at all AU command levels. See enclosure (1) for the MCIEAST MICP Organizational Structure. See enclosure (2) for the MICP Coordinator, Alternate, and AUM Appointment Letter templates.

(b) Appoint in writing a primary and alternate AUM within each Program Assessable Unit.

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(c) Provide oversight of the effectiveness of the ICO process.

(d) Review deficiencies provided by the Coordinators, AUMs and Subject Matter Experts (SMEs).

(e) Determine and approve which identified deficiencies should be reported in the organization's Certification Statement.

(f) Approve the ICO material weaknesses to be reported in the Certification Statement.

(g) Sign and submit the annual MICP Certification Statement to CG MCIEAST-MCB CAMLEJ via the Assistant Chief of Staff (AC/S) G-8, Resource Evaluation and Analysis (REA) Division.

(h) Consider completion of MICP training and/or refresher training for increased understanding of the program by accessing the "Managers' Internal Control Program for Managers" Course (OASN-MCPTM-1.3) on the My Navy Portal, Navy e-Learning website: (<http://my.navy.mil/>).

(2) MCIEAST-MCB CAMLEJ Installation MICP Coordinators and Alternates shall:

(a) Complete initial MICP training within 30 days of appointment by accessing the "Managers' Internal Control Program Training" Course (OASN-MCPT-1.3) on the My Navy Portal, Navy e-Learning website: <http://my.navy.mil/>.

(b) Complete refresher training every three years to stay abreast of changes and remain up to date on the MICP.

(c) Be appointed in writing by the CG MCIEAST-MCB CAMLEJ as the MCIEAST-MCB CAMLEJ MICP Coordinator and Alternate.

(d) Provide oversight of the organization's MICP and coordinate requirements in accordance with this Order.

(e) Provide guidance to develop and assess the adequacy of each Corrective Action Plan (CAP) and the progress of remediation for identified deficiencies (see enclosure (3)).

(f) Provide direct support to the AU MICP Coordinators and Alternates.

(g) Assist in testing and validating overall risk and control assessment ratings provided by SMEs (see enclosure (4)).

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(h) Ensure CAPs are developed, monitored, completed, and tracked to address control deficiencies within the organization.

(i) Maintain all MICP related documentation (e.g., process flows and narratives, associated risk matrices, control objectives, control activities, appointment memorandums, MICP training records, and Certification Statements for the organization).

(j) Support the Commander by ensuring IC objectives are based on risk and control assessments and develop the organization's MICP Annual Assessment Plan (see enclosure (5)). Specific guidance and instructions for the development of the MICP Annual Assessment plan is provided in the MICP Annual Guidance published at the beginning of each MICP cycle year.

(k) Generate the MCIEAST Annual Certification Statement (see enclosure (6)) for the CG's signature for submission to MCICOM. The Annual Certification Statement is based on the Certification Statement submissions from the AUs.

(3) MCIEAST-MCB CAMLEJ General and Special Staff Departments and Headquarters and Support Battalion AUMs shall:

(a) Complete initial MICP training within 30 days of appointment by accessing the "Managers' Internal Control Program Training" Course (OASN-MCPT-1.3) on the My Navy Portal, Navy e-Learning website: <http://my.navy.mil/>.

(b) Complete refresher training every three years to stay abreast of changes and remain up to date on the MICP.

(c) Ensure training is provided for all subordinate AUM Levels and SMEs for the MICP.

(d) Communicate MICP policy and objectives throughout the organization.

(e) Provide oversight to ensure internal control assessments are conducted thoroughly, effectively, and timely.

(f) Provide guidance to develop and assess the adequacy of each CAP and the progress of remediation for identified deficiencies.

(g) Ensure the following activities are completed: perform risk assessments; identify internal control objectives; test effectiveness (control assessments); identify control deficiencies, significant deficiencies, material weaknesses; and report on the status of CAPs, milestones, and timelines for material weakness remediation. All existing management assessments, evaluations, continuous process improvement project results, established "best

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practices", and recent audit findings, if applicable, must be leveraged as part of the assessment process.

(h) Maintain all MICP related documentation (e.g., process flows and narratives, associated risk matrices, control objectives, control activities, appointment memorandums, MICP training records, and Certification Statements for the organization).

(i) Support the Commander by ensuring IC objectives are based on risk assessments and develop the organization's MICP Annual Assessment Plan. Specific guidance and instructions for the development of the MICP Annual Assessment Plan is provided in the MICP Annual Guidance published at the beginning of each MICP cycle year.

(j) Submit the annual MICP Certification Statement to the next command reporting level AUM, MICP Coordinator or Alternate.

(4) MICP Coordinators and Alternates at all Command levels shall:

(a) Complete initial training within 30 days of appointment. Training is available by accessing the "Managers' Internal Control Program Training" Course (OASN-MCPT-1.3) on the My Navy Portal, Navy e-Learning website: (<http://my.navy.mil/>).

(b) Complete refresher training every three years to stay abreast of changes and remain up to date on the MICP.

(c) Provide training to subordinate MICP personnel responsible for the internal control program and its reporting requirements.

c. Coordinating Instructions

(1) Internal controls must be established and maintained in accordance with references (b) through (h), which set requirements that programs will encompass the Government Accountability Office standards for ICs. These standards are:

(a) Control Environment. A positive and supportive IC environment must be established and maintained. The control environment is the foundation for an internal control system. It provides the discipline and structure to help an entity achieve its objectives.

(b) Risk Assessment/Risk Profile. SMEs in all areas of functionality will identify, assess, and document the risks the organization faces from both internal and external sources. When identifying, analyzing, and responding to risks, leadership will consider the types of risks that impact an organization, to include

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inherent risk, residual risk, and fraud risk. Commands will use previous findings of risk (internal management reviews and audit identified findings) as a resource for the current assessment. For more detail, please refer to references (b) and (e).

(c) Control Activities. Control activities are the actions leadership establishes through policies and procedures to achieve objectives and respond to risks in the internal control system, which includes the entity's information system. Effective and efficient control activities must be established to accomplish the organization's control objectives and help ensure that management's directives, policies, and procedures are carried out. The control objective is the aim or purpose of specified controls; control objectives address the risks related to achieving an entity's objectives.

(d) Information and Communications. Relevant, reliable, and timely information must be communicated to all levels of the activity and to external organizations, as appropriate, within a period that enables them to carry out their responsibilities efficiently and effectively (e.g., information must flow up, down, and across the organization, communications must be relevant, reliable, and timely).

(e) Monitoring. ICs will be continually monitored to assess the quality of performance and ensure audit findings and other internal or external reviews are resolved in a timely and effective manner. Periodic reviews, reconciliations, and comparisons of data will be included as part of the regularly assigned duties for the AUMs and SMEs.

(2) Remediation Process. Effective actions must be taken in a timely manner to remediate all deficiencies, Notification of Findings and Recommendations (NFRs), and material weaknesses identified by internal or external assessments and audits. MCIEAST-MCB CAMLEJ MICP Coordinator and Alternate will centrally manage and monitor the correction of deficiencies reported through the MICP and financial audits for all deficiencies at the enterprise level. The Coordinator will analyze each deficiency to identify the underlying weaknesses and associated stakeholders/process owners. Once the analysis is completed, CAP templates will be utilized by stakeholders/process owners for completion and implementation. Commands must review and analyze deficiencies to identify underlying weaknesses and are encouraged to request assistance from the MCIEAST-MCB CAMLEJ MICP Coordinator as needed. The remediation process is an integral part of leadership responsibility and accountability and must be considered a priority at all levels. The progress for all CAPs must be assessed periodically and reported to higher headquarters. Leadership must also ensure CAPs are consistent with laws, regulations, and policy.

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5. Administration and Logistics. The MICP Annual Guidance provided by MCIEAST-MCB CAMLEJ G-8 REA Division must be followed. The MICP assessment period for USMC organizations is 1 July to 30 June each year. MICP Certification Statement due date will be published in the MICP Guidance.

6. Command and Signal

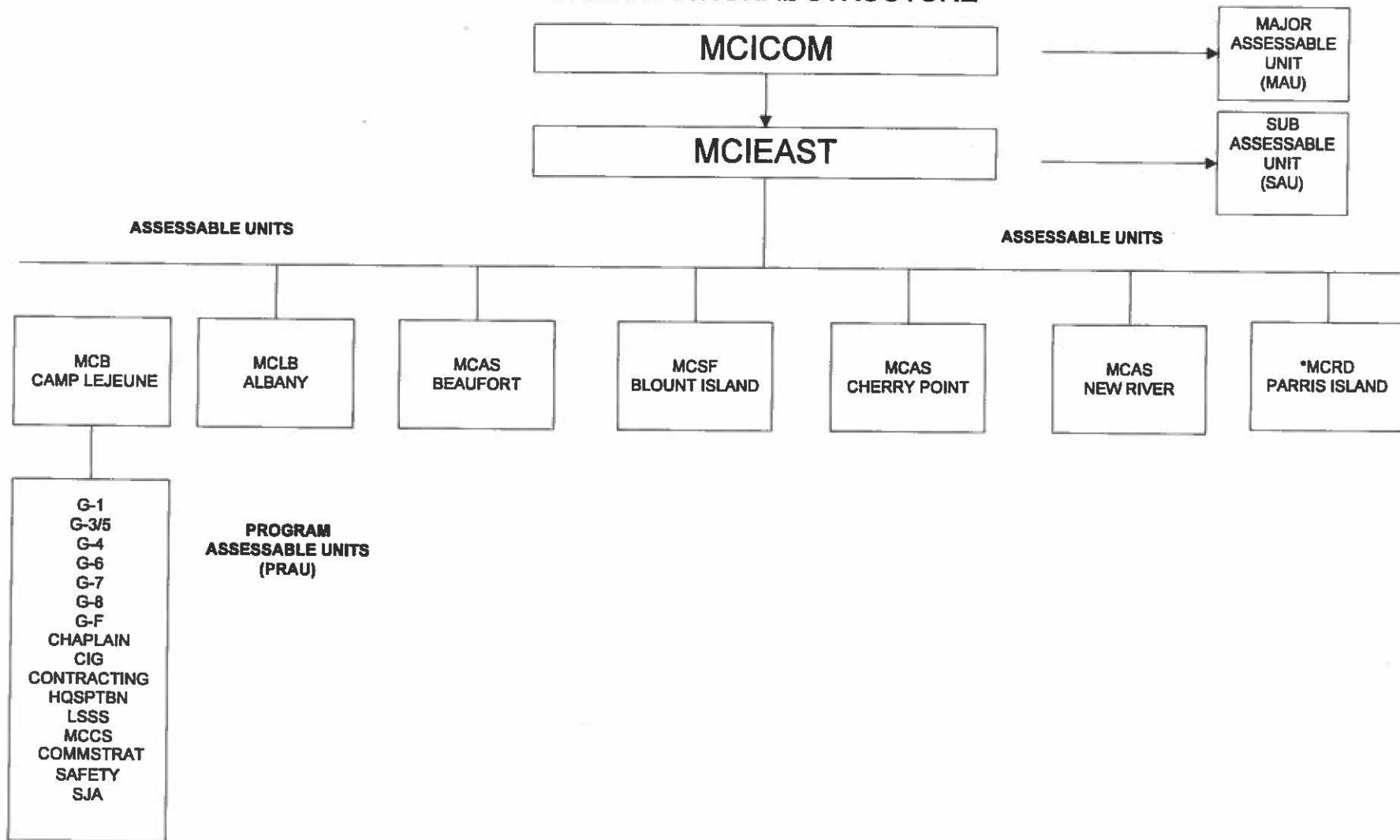
- a. Command. This Order is applicable to the MCIEAST Region.
- b. Signal. This Order is effective the date signed.



M. L. SCALISE
Deputy Commander

DISTRIBUTION: A/B

**MCIEAST MCB CAMP LEJEUNE
MICP
ORGANIZATIONAL STRUCTURE**



*MCRD Parris Island provides
Certification Statements for informational
purposes only per MCICOMBul 5200.

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MICP Coordinator/Alternate and Assessable Unit Manager Appointment
Letter Templates



UNITED STATES MARINE CORPS
MARINE CORPS INSTALLATIONS EAST-MARINE CORPS BASE
PSC BOX 20005
CAMP LEJEUNE NC 28542-0005

5200
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From: Commanding Officer/Assistant Chief of Staff/Director
["Organization/Department Name"]
To: ["Appointee Name, Organization/Department Name"]
Subj: APPOINTMENT AS MANAGERS' INTERNAL CONTROL PROGRAM
PRIMARY/ALTERNATE [CHOOSE ONE] COORDINATOR/ASSESSABLE UNIT
MANAGER FOR [ORGANIZATION/DEPARTMENT NAME]
Ref: (a) OMB Circular A-123, "Management's Responsibility for
Enterprise Risk Management and Internal Control,"
15 July 2016
(b) SECNAVINST 5200.35F
(c) SECNAV M-5200.35
(d) MCO 5200.24E

1. In accordance with references (a) through (d), each Marine Corps Installations East-Marine Corps Base Camp Lejeune (MCIEAST-MCB CAMLEJ) Installation and General and Special Staff Department Head shall appoint a Managers' Internal Control Program (MICP) Coordinator/Assessable Unit Manager (AUM) and Alternate responsible for the administration and coordination of the program to align with the reporting requirements of the Federal Managers' Financial Integrity Act of 1982 (FMFIA).

2. Effective immediately, you are hereby appointed as the MICP Primary/Alternate Coordinator/AUM for ["Organization/Department Name"]. This responsibility includes oversight of MICP efforts throughout ["Organization/Department Name"]. You will be guided in the performance of your duties by the provisions in the references.

3. As the ["Organization/Department Name"] MICP Primary/Alternate Coordinator/AUM, you are to facilitate the implementation of a comprehensive system of internal controls to establish and maintain compliance with noted policy and the ["Organization/Department Name"] guidance. Your responsibilities will include:

Enclosure (2)

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Subj: APPOINTMENT AS MANAGERS' INTERNAL CONTROL PROGRAM
PRIMARY/ALTERNATE [CHOOSE ONE] COORDINATOR/ASSESSABLE UNIT
MANAGER FOR ORGANIZATION/DEPARTMENT NAME]

- 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. Meet all MICP reporting and supporting documentation requirements, in accordance with the references.
- d. Prepare the ["Organization/Department Name"] annual MICP certification statement for the FMFIA processes in accordance with references (a) through (d).
- 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) and (c), 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.
- h. Report assurance and track all Corrective Action Plans in a constant effort to expedite prompt resolution of deficiencies, Control Deficiencies, Significant Deficiencies, or Material Weaknesses identified during an internal or external assessment or audit to the Commander.
- i. Maintain a list of all Assessable Units (AUs), AU Managers, and all related documentation.

4. This appointment is valid until rescinded.

["Director of
Organization/Department
Official's Name"]
["Title"]

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Subj: APPOINTMENT AS MANAGERS' INTERNAL CONTROL PROGRAM
PRIMARY/ALTERNATE [CHOOSE ONE] COORDINATOR/ASSESSABLE UNIT
MANAGER FOR ORGANIZATION/DEPARTMENT NAME]

ACKNOWLEDGEMENT

By my signature, I acknowledge my appointment as the
["Organization/Department Name"] MICP Primary/Alternate
Coordinator/AUM. I have read and understand my duties,
responsibilities, and accountability, as described in paragraph 3,
subsections (a) through (i). 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.

["Appointee Name"]

Copy to:
Files
REA

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Corrective Action Plan
Command/Battalion/Department/Division/Office

OPERATIONAL DEFICIENCIES

Uncorrected Deficiencies Identified During the Period:

Deficiency Type	Internal Control Reporting Category	Description of Deficiency	Targeted Correction Year
(a)	(b)	(c)	(d)
(a)	(b)	(c)	(d)
(a)	(b)	(c)	(d)

Uncorrected Deficiencies Identified During Prior Periods:

Deficiency Type	Internal Control Reporting Category	Description of Deficiency	First Year Reported	Prior Year Targeted Correction Date	Revised Target Correction Date
(a)	(b)	(c)	(e)	(e)	(g)
(a)	(b)	(c)	(e)	(e)	(g)
(a)	(b)	(c)	(e)	(e)	(g)

Deficiencies Corrected During the Period:

Deficiency Type	Internal Control Reporting Category	Description of Deficiency	First Year Reported
(a)	(b)	(c)	(e)
(a)	(b)	(c)	(e)
(a)	(b)	(c)	(e)

Notes On How To Fill Above:

- a. **Deficiency Type:** CD (Control Deficiency), SD (Significant Deficiency) or MW (Material Weakness).
- b. **Internal Control Reporting Category:** Defined in DoDI 5010.40.
- d. **Description of Deficiency:** Provide a brief description of the overall deficiency and its impact to the Assessable Unit and/or on the Component.
- e. **Targeted Correction Year:** Expected date of resolution (Qtr. and FY). Entries of "TBD" ("To Be Determined") or "N/A" ("Not Applicable") are not acceptable.
- f. **First Year Reported:** The FY in which this deficiency was first reported in the Command's prior year Certification Statement. This date will not change once the deficiency has been identified. Entries of "TBD" or "N/A" are not acceptable.

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g. **Prior Year Targeted Correction Date:** Provide the targeted correction date from the Command's prior year Certification Statement. Entries of "TBD" or "N/A" are not acceptable.

h. **Revised Target Correction Date:** If the prior year correction date slipped, provide the revised target correction date of estimated completion (Quarter and FY). Entries of "TBD" or "N/A" are not acceptable.

OPERATIONAL CORRECTIVE ACTION PLANS AND MILESTONES

Detail of Uncorrected and/or Corrected Deficiencies and CAPs

Title of Deficiency: Insert title of the deficiency.

IC Reporting Category: Insert the appropriate category as defined in DoDI 5010.40.

Targeted Correction Date: Insert the expected date of deficiency correction (Qtr. and FY). Must match the date in Enclosure (2). Entries of "TBD" ("To Be Determined") or "N/A" ("Not Applicable") are not acceptable.

Senior Accountability Official: Provide the SAO's name and rank/grade. The SAO must be a member of the Senior Executive Service and/or a General Officer.

Description of Deficiency: Provide a brief description of the overall deficiency and its impact to the assessable unit and/or on the Component. Must match the description in enclosure (2).

Detailed Corrective Action Plan:

For Uncorrected Deficiencies: Provide specific narrative details describing the actions/steps and associated timelines necessary to correct the deficiency. The CAP should include steps to revise or enhance an already existing control or implement a new control.

If system development and deployment is a solution to correcting a deficiency, the CAP must include the following: a schedule for development and fielding to where the deficiency will be corrected and internal controls will be effective; tasks within the schedule demonstrating attention to internal controls which address the system control assertions; and compliance with the Department Enterprise Architecture.

If the target correction date changed for prior period deficiencies, provide a narrative explanation for the date change and planned steps to make progress in accordance with the revised target date.

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For Corrected Deficiencies: Provide clear, actionable, and measurable steps that the organization took to remediate the deficiency. Include milestone dates of each corrective action.

Validation Process: Explain how the organization will validate that the deficiency no longer exists. The validation may be a documented independent audit review or the accomplishment of a pre-established reported metric.

Uncorrected Deficiencies		
Target Date	Corrective Action Plan	Milestone Completion %

*Copy, paste, and complete a new set of headings (above in bold) and table (directly above) for each current period uncorrected deficiency. As applicable, insert additional table rows to report multiple corrective actions and milestones. Entries of "TBD" or "N/A" are not acceptable.

Revised Corrective Action Plan Target Correction Date Change				
Original Target Date	Revised Target Date	Revised Corrective Action Plan Target Correction Date Change	Justification for Date Change	Milestone Completion %

*Copy, paste, and complete a new set of headings (above in bold) and table (directly above) for each prior period uncorrected deficiency. As applicable, insert additional table rows to report multiple corrective actions and milestones. Entries of "TBD" or "N/A" are not acceptable. Justification for change in date is required.

Corrected Deficiencies		
Target Date	Corrective Action Plan	Milestone Completion %

*Copy, paste, and complete a new set of headings (above in bold) and table (directly above) for each corrected deficiency. As applicable, insert additional table rows to report multiple corrective actions and milestones. Entries of "TBD" or "N/A" are not acceptable.

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Report Control Symbol: DD-5200-05

Risk and Control Assessment Template

Marine Corps Installations East-Marine Corps Base Camp Lejeune

RISK ASSESSMENT TEST SCRIPT

Year _____

Name _____

Select you Department Name _____

A. Process Assessable Unit(PAU) Information

PAU _____

PAU Manager _____

PAU
Manager's
Signature _____

Directives _____

B. Risk Assessment

Risk

Control

Date Assessment performed (day/month/year) _____

Risk Assessment

Assessment Results

Inherent Risk: _____

Control Risk: _____

Combined Risk: _____

Overall Risk Assessment for the Control: _____

Comment: _____

Next Required Assessment (YEAR): _____

Control
Assessment
Test Script
Results

Date Performed: _____

Results: _____

Corrective Action: _____

Add Another Risk Assessment

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Report Control Symbol: DD-5200-05

MARINE CORPS INSTALLATIONS EAST- MARINE CORPS BASE CAMP LEJEUNE

CONTROL ASSESSMENT TEST SCRIPT

Year _____

Name: _____

Tester
Tester Signature
PAU

Risk # _____
Control # _____
Control Type (select)
Control Frequency (select)
Testing Frequency (select)
Testing Method (select)
Test Description
Test Results (Provide explanation below)
Unusual factors:
Corrective action taken to improve control
Improved or new control established.
Test Date

Add Risk

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MICP Annual Evaluation Plan Template

1. Introduction.			
a. Purpose:			
2. MICP Plan.			
a. Update frequency.			
b. Reporting Period.			
c. MICP Senior Official.			
Rank/Name		Title	Position
Name	Title	Position	Full or Part Time
Name	Title	Position	Full or Part Time
3. Overview of [Organization/Department]'s MICP Program.			
a. Control Environment.			
Mission.			
Strategic Plan.			

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Organization Structure. [Provide Organization Chart]	
b. Risk Assessment.	
c. Control Activities.	
d. Information and Communication.	
e. Monitoring.	
Control Activities.	
Accomplishments.	
Corrective Action Plans.	
4. Training.	
5. Reporting Requirements Below are the milestones and timeframes necessary for [Command/Department Name] to meet the DON Statement of Assurance requirement:	
Milestone/Requirement	Due Date

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6. Revision History.		
Date	Revision History	Author/Signature

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Description

1. Introduction: Brief summary of the Purpose of the Organization/Department's MICP.

2. MICP Plan:

a. Update Frequency - Indicate frequency, e.g. annually, quarterly, etc, include date last updated.

b. Reporting Period - Beginning and ending dates of period. Should be July-June.

c. MIC Senior Accountable Official - Individual who signs the organization's MICP Certification Statement e.g. Commander, Deputy Commander, Chief of Staff, etc.

d. MICP Coordinator/AUM - Individual who coordinates the program for the Organization. Indicate how the Responsibility is Assigned and How Often the Position Changes Staffing.

e. Alternate MICP Coordinator/AUM - Name of Alternate. Indicate how the Responsibility is Assigned and How Often the Position Changes Staffing.

3. Overview of Organization Internal Control Components - Address all five elements of the Government Accountability Office (GAO) standards: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring, and how they are being addressed within your organization. For each discussion area, if published information already exists, it is unnecessary to repeat it within the document. Instead, attach or reference the location and source of the relevant information, so it can be easily obtained.

a. Control Environment

(1) Mission

Identify your organization's mission - what your organization is working to accomplish. (Mission Essential Tasks [METs]). Attach/Reference: location and/or copy of published mission statement.

(2) Strategic Plan

Identify your organization's strategic plan. Attach/Reference: location and/or copy of the Strategic Plan.

(3) Organizational Structure

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Describe at a high level how your organization is structured--the hierarchy, functional divisions, programs, staffing, etc. Discuss how key areas of authority and responsibility are defined. Identify how lines of reporting are established. Identify the internal control reporting chain of Command within your organization. Identify the funding flow within your organization. Attach/Reference: Organization chart, Department of Navy (DON) organizational manual, chapters, pages, etc. Indicate the date of the chart and the frequency of the update.

b. Risk Assessment - Describe how your organization assesses the risks associated with accomplishing its mission. Is your organization performing risk assessments on operations, programs and administrative functions? (This section is simply a narrative overview of your risk assessment. The results of your risk assessment shall be included in the risk assessment documentation requirement.)

c. Control Activities - Describe the methodology of how control activities are identified and developed, the types of policies and documented procedures that are in place to explain and outline how to ensure the effectiveness of the controls.

d. Information and Communications

Describe how your organization communicates information up and down the chain of command. Include information on the significant channels of communication, such as type of channel: e-mail, website, monthly reports, etc.; the typical subject matter; the target audience; and the frequency of the communication.

e. Monitoring

(1) Control Activities

Describe the major types and methods of monitoring activities/internal control assessment being performed by both internal and external entities. Include self-assessments, evaluations and risk assessments. Reference by assessable units, if different or applicable.

List the total number of scheduled internal control assessments for upcoming MIC year (This information is needed for the annual MIC certification statement).

List the total number of completed internal control assessments for the previous MIC year (This information is needed for the annual MIC certification statement).

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(2) Accomplishments

Describe how management tracks the organization's accomplishments. Include a discussion on the types of performance measures and indicators (i.e., specific metrics) your organization has established to measure progress in accomplishing its objectives and goals. (if applicable).

(3) Corrective Action Plans (CAPs)

Include a brief description of your internal organization process (either manual or automated) for tracking progress against control deficiencies. This may currently be one of the functions of your internal Command Inspector General.

Include the corrective action's process for self-identified issues and deficiencies from external audits and reviews. The process needs to include how to report deficiencies and track the corrective action's status.

4. Training

Provide a high level overview of the training opportunities within your organization. Indicate the minimum annual training requirements and how they are monitored. Reference databases, sources, etc.

5. Reporting Requirements

Indicate the schedule for internal reporting and review times within your organization necessary to meet the DON Statement of Assurance (SOA) requirement.

Plan Action and Milestone

Provide a detailed overview of your organizations Plan of Action and Milestones for this annual MIC Plan, Include milestone completion time table, with projected percentages to measure progress in accomplishing self-assessments, scheduled internal control assessments and. annotate any potential barriers.

6. Revision History

Provide list of this plans revision history.

Note: Always spell out all acronyms when used the first time.



Sample Certification Statement
UNITED STATES MARINE CORPS
 MARINE CORPS INSTALLATIONS EAST-MARINE CORPS BASE
 PSC BOX 20005
 CAMP LEJEUNE NC 28542-0005

AUG 22 2018

5200
 Symbol
 XX XXX XX

From: Name **(Commanding Officer, Base/Station/Facility)**
 To: Commanding General, Marine Corps Installations
 East-Marine Corps Base Camp Lejeune

Subj: MANAGERS' INTERNAL CONTROL CERTIFICATION STATEMENT

Ref: (a) SECNAVINST 5200.35E

Encl: (1) Significant MICP Accomplishments
 (2) Operational Deficiencies
 (3) Operational Corrective Action Plans (CAPs) and
 Milestones

1. As **(Commanding Officer, Base/Station/Facility)**, I recognize that Marine Corps leadership is responsible for establishing and maintaining effective internal controls to meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA -1982) and reference (a). The 2018 Managers' Internal Control Program Guidance provides specific information on how the **(Command or Activity)** conducted the assessment of internal controls, in accordance with OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, and provides a summary of significant accomplishments and actions taken to improve the **(Command or Activity)** internal controls during the past year.

2. **(Command or Activity)** conducted its assessments of internal controls over non-financial operations (ICONO) in accordance with the FFMIA Act of 1982 and the DoDI 50510.40. The 2018 Managers' Internal Control Program Guidance provides specific information on how **(Command/Activity)** conducted this assessment. Based on the results of this assessment **(Command or Activity)** is able to provide a/an (Unmodified/Modified/No) statement of assurance that the ICONO, as of the date of this memorandum, were operating effectively (if modified, "with the exception of # material weaknesses noted in enclosure (3)").

3. Information to support this certification statement was derived from management reviews, audits, inspections, and knowledge gained from daily operations of programs and functions. **(Base/Station/Facility)** completed XX risk and control assessments to determine whether internal controls are or are not working properly. **(Base/Station/Facility)** has XX

Enclosure (6)

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risk and control assessments scheduled for review during the 2019 MICP Reporting period.

4. If there are any significant changes to this status, I will notify the MCIEAST MICP Coordinator and Alternate by June 30, 2018.

5. Significant MICP accomplishments are provided in enclosure (1). As applicable to each SAU, deficiencies and CAPSS for ICONO are provided in enclosure 3.

6. For questions regarding this certification statement, please contact (Command or Activity MICP Coordinator/Alternate) at (phone), email

X.X XXXXXXXXXXXX
Commanding Officer


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MICP Glossary and General Information

This document provides definitions associated with the MICP.

1. Definitions Standardization. The following terms are hereby standardized to avoid confusion and different interpretation among MICP Coordinators/Alternates and leadership:

a. Major Assessable Units (MAUs). The 32 HQMC Agencies, Deputy Commandants (DCs), and Commands that submit a Certification Statement to DC P&R to incorporate into the overall Commandant of the Marine Corps (CMC) Statement of Assurance (SoA). Figure 1 below depicts all Marine Corps MAUs.



USMC Major Assessable Units (MAUs)

MAUs (Command, DC, HQMC Agency)	Location	MAU/MRE Type	Remarks
1	Installations and Logistics (DC, I&L)	HQMC	DC
2	Manpower and Reserve Affairs (DC, M&RA)	HQMC	DC
3	Marine Aviation (DC, AV)	HQMC	DC
4	Plans Policies and Operations (DC, PP&O)	HQMC	DC
5	Programs and Resources (DC, P&R)	HQMC	DC
6	Headquarters and Service Battalion (Henderson Hall)	Arlington, VA	Command
7	MARCENT	Tempe, FL	Command
8	MARFORLOGCOM	Albany, GA	Command
9	MARCORSYSCOM	Quantico, VA	Command
10	MARFORCOM	Norfolk, VA	Command
11	MARFORCYBER	PI Meade, MD	Command
12	MARFORJWAF	Stuttgart, Germany	Command
13	MARFORPAC	Camp Smith, HI	Command
14	MARFORRES	New Orleans, LA	Command
15	MARFORSOUTH	Miami, FL	Command
16	MARFORSTRAT	Offutt AFB, NE	Command
17	MARBOC	Camp Lejeune, NC	Command
18	MCCDC	Quantico, VA	Command Includes DC, CDI
19	MCICOM	Arlington, VA	Command Includes Marine Barracks 8th & 1
20	MCRC	Quantico, VA	Command
21	TBCOM	Quantico, VA	Command
22	Admin and Resources (A&R)	HQMC	Agency Includes HROM
23	Chaplain of the Marine Corps (REL)	HQMC	Agency
24	Command Control Communications and Computers (C4)	HQMC	Agency
25	Counsel for the Commandant (CL)	HQMC	Agency
26	Office of US Marine Corps Communication (OMCC)	HQMC	Agency
27	Health Services (HS)	HQMC	Agency
28	Inspector General of the Marine Corps (IGMC)	HQMC	Agency
29	Intelligence (Intel)	HQMC	Agency
30	Office of Legislative Affairs (OLA)	HQMC	Agency
31	Safety Division (SD)	HQMC	Agency
32	Staff Judge Advocate to the Commandant (SJA)	HQMC	Agency

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Figure 1.--USMC Major Assessable Units (MAUs)

b. Sub-Assessable Units (SAUs). Any subordinate organization that reports to a higher Assessable Unit, typically under the MAU found on an organization chart (i.e. Major Subordinate Commands). The

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head of each SAU (Commanding Generals and Commanders) has responsibility and accountability for establishing and assessing ICs. The SAUs functions include the documentation, identification, and implementation of ICs associated with a specific sub-function in order to mitigate identified risk. The SAU is required to have an appointed and adequately trained MICP Coordinator and Alternate.

c. Assessable Units (AUs). Organizational units or main functional area typically under the SAU found on an organizational chart (i.e. battalions, squadrons, G sections, etc.). The head of each AU (Commanding Officers, Principal Section Heads, Branch Heads, etc.) has responsibility and accountability for establishing and assessing ICs. The Department of Defense Instruction (DoDI) 5010.40, "Managers' Internal Control Program Procedures," dated 30 May 2013 further defines an AU as "any organizational, functional, programmatic or other applicable subdivision of an organization that allows for adequate ICs analysis." The AU's functions include the documentation, identification, and insertion of ICs associated with a specific sub-function in order to identify and mitigate risk. The AU is required to have an appointed and adequately trained Internal Control Coordinator.

d. Program Assessable Units (PRAU). PRAUs shall assign Assessable Unit Managers (AUMs) for accountability and oversight of the functions and processes within purview. As such, Certification Statements may be required by the Higher Headquarters (HHQ).

e. Functional Assessable Unit (FAU)/Process Assessable Unit (PAU). An FAU is a function within the PRAU (e.g. order writing, administrative functions, fiscal, etc.). A PAU is a process identified within the FAU (e.g. certify/approval travel). AUMs shall identify Subject Matter Experts (SMEs) to define functions and processes, perform risk assessments, conduct internal control testing, and assist in the creation of CAPS that support the Certification Statement.

f. Core Functional Categories (Reporting Categories). The seventeen Internal Controls over Non-Financial Operations (ICONO) reporting categories and six Internal Controls over Financial Reporting (ICOFR)/Internal Controls over Financial Systems (ICOFS) end-to-end business processes identified in DoDI 5010.40 are shown in Figure 2 below.

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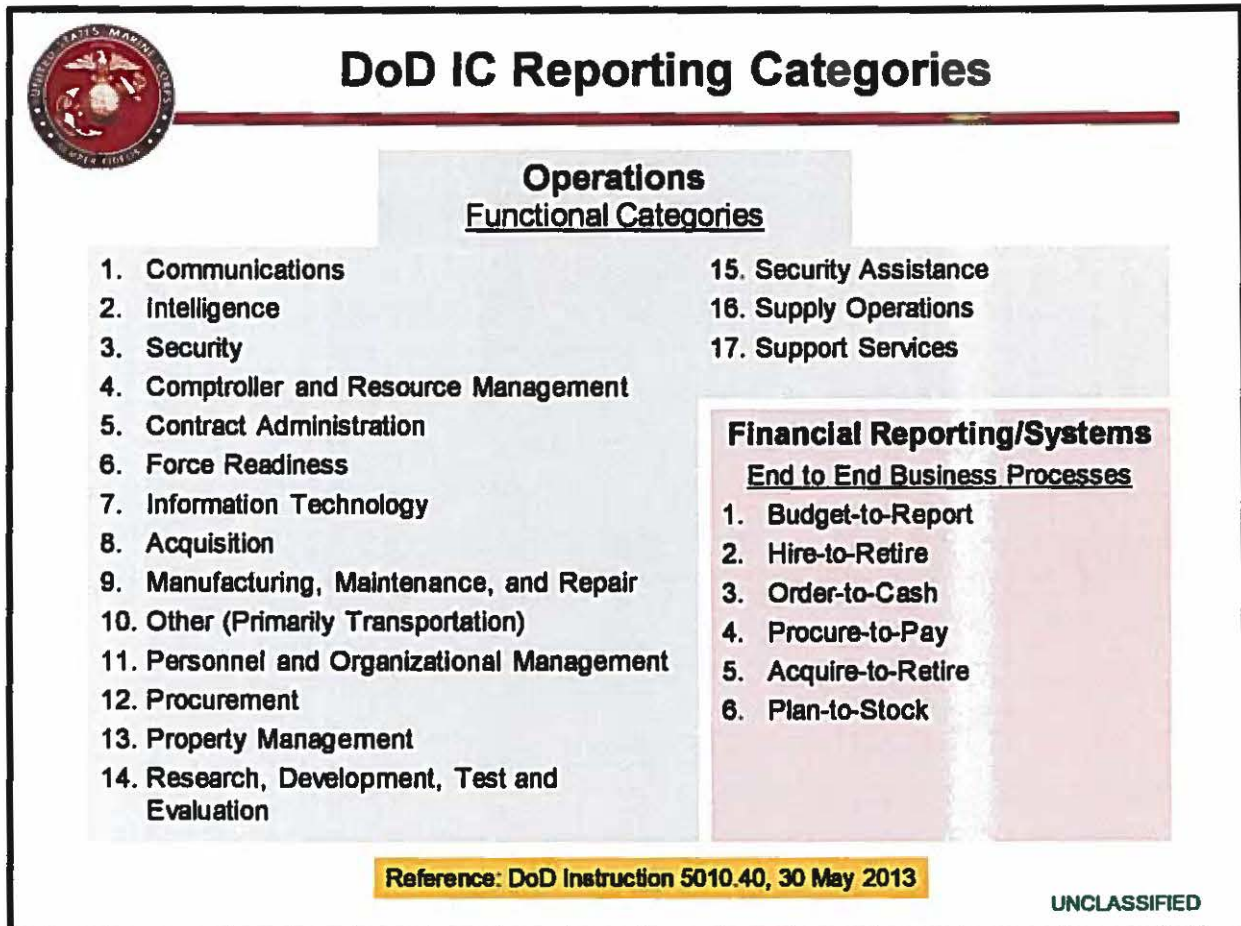


Figure 2.--DoD IC Reporting Categories

g. Core Functional Category Leads or Process Owners. The HQMC Agencies, DCs, and Commands are responsible for providing guidance and higher-level oversight for the applicable Core Functional Categories. Core Functional Categories responsibilities may be shared among multiple HQMC Agencies, DCs, and Commands.

h. Functional Areas. Sub-elements of the Core Functional Categories such as those covered by the Inspector General of the Marine Corps Functional Area (FA) checklists and other assessment checklists as well as programs, processes, and procedures that comprise whole units of effort. FAs may be further broken down into sub-functions as necessary to ensure the proper controls are in place to mitigate risk.

2. Internal Control (IC) Deficiencies

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a. ICs have been established to verify resources are protected from waste, fraud, abuse, and mismanagement. Risk will be minimized through internal recognition and self-reporting of potential control deficiencies (CDs), significant deficiencies (SDs), or material weaknesses (MWs).

b. Types of Internal Control Deficiencies:

(1) CDs: Exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. CDs are internal to the Component and not reported externally.

(2) SDs: A deficiency, or combination of deficiencies, in IC that is less severe than a MW yet important enough to merit attention by those charged with governance. SDs are internal to the Component and not reported externally.

(3) MWs: An SD in which the Agency Head determines to be significant enough to report outside of the Agency as an MW. MWs and a summary of corrective actions are required to be reported in the Component's Annual Certification Statement.

c. ICs are tools that describe military and civilian leaders/managers use to achieve results and safeguard the integrity of programs. They are an integral part of an organization's management that provides reasonable assurance that the organization achieves effectiveness and efficiency of operations, reliability of reporting for internal and external use, and compliance with applicable laws and regulations.

d. ICs must be incorporated into plans, methods, and procedures used to meet missions, goals, and objectives. ICs are the first lines of defense in preventing and detecting fraud and mitigating risks. ICs are not one-time events, but a series of actions and activities that occur throughout an organization's operations on an ongoing basis. All USMC personnel play a critical role in implementing the MICP. The implementation of effective and efficient ICs helps ensure organizational policies and procedures are in place and operating as intended. Implementation of ICs also assists leaders and financial managers in achieving results to safeguard the integrity of their programs by reducing exposure to risk. Leaders/managers should not be burdened by ICs, but rather benefit from them. Leaders/managers must ensure an appropriate balance between meeting program objectives and maintaining the appropriate level of ICs.

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3. The MICP Four Assessing and Reporting Areas

a. Figure 3 depicts the four MICP assessing and reporting elements. The four areas are: ICONO, ICOFR, ICOFS, and Internal Controls over Acquisition Functions (ICOAF).

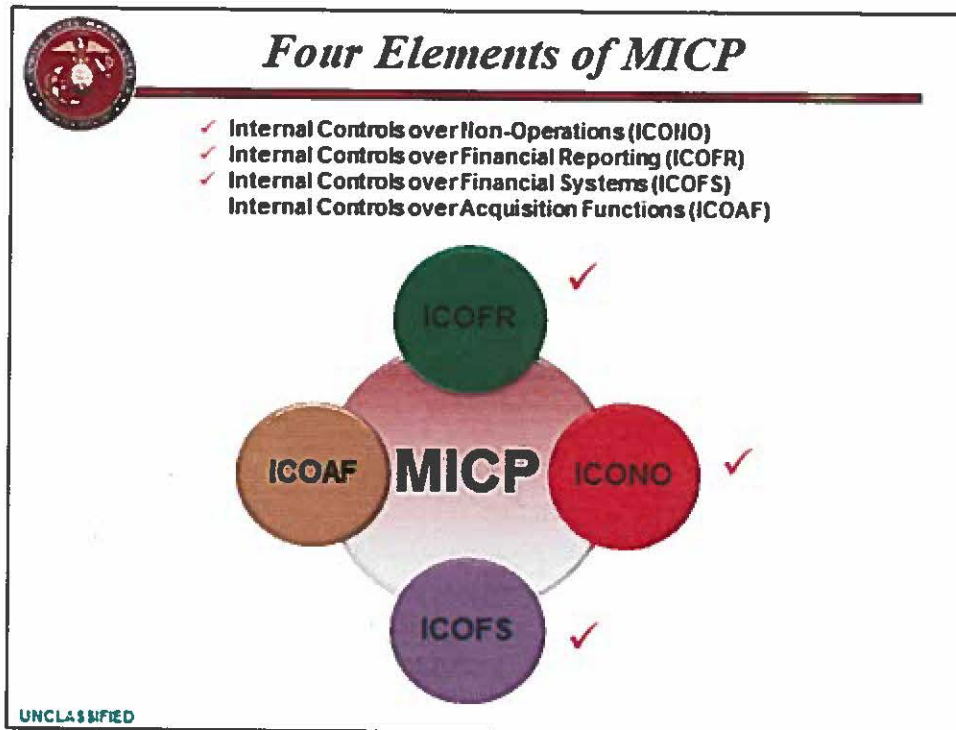


Figure 3.--Four elements of MICP

b. The Department of Defense (DoD) is required to submit a yearly SoA to the White House and Congress, per the FMFIA of 1982, (P.L. 97-255 - (H.R. 1526)), and the Office of Management and Budget (OMB) Circular No. A-123, "Management's Responsibilities for Internal Control." The annual SoA includes the four assessing areas. DoD FMFIA SoA FY Guidance, July 2014, requires the Office of the Secretary of Defense (OSD), Military Departments, Joint Staff, Combatant Commands, DoD, Office of Inspector General, Defense Agencies, and DoD Field Activities to submit a SoA which feeds into DoD's overall statement.

c. For FY17 the USMC is required to submit a consolidated SoA that includes ICONO, ICOFR, and ICOFS. The DON MICP Coordinator and team will centrally manage DON's requirement for ICOAF. Should the DON MICP Coordinator and team require additional input from the USMC regarding ICOAF, RPK will request the information via the DON Tracker in a formal tasker.

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d. The four MICP assessing and reporting elements description follow:

(1) ICONO. The USMC shall assess the effectiveness of ICONO through a process consistent with the MICP Annual Guidance. MAUs, AUMs, SMEs, and others involved in the ICONO assessment process shall perform the following activities: conduct a risk assessment, identify IC objectives, test IC effectiveness, identify CDs, SDs, and MWs, and report on status of CAPs, milestones, and timelines for deficiency remediation. Any and all existing management assessments, evaluations, continuous process improvement project results, established "best practices," and recent audit findings, if applicable, shall be leveraged as part of the assessment process.

(2) ICOFR. The USMC shall assess the effectiveness of ICOFR utilizing the methodology prescribed in the USMC ICOFR Handbook. MAUs, AUMs, SMEs, and others involved in the ICOFR assessment process shall perform the following activities: conduct a risk assessment, identify control IC objectives, test IC effectiveness, identify CDs, SDs, and MWs, and report on status of CAPs, milestones, and timelines for deficiency remediation.

(3) ICOFR testing is accomplished by testing each Triannual Review (TAR) from submissions by all MAUs; Audit findings and recommendations will also receive ICOFR testing as required or requested. MAUs will have samples identified from each TAR with up to forty-five samples per MAU to be tested. All ICOFR test supporting documentation will be required to be uploaded to the ICOFR Testing Portal site. Upon completion of the test each MAU will receive testing results via HQMC P&R Assistant Deputy Commandant, Resources. Specific ICOFR Testing guidance and information will be provided by separate correspondence and the DON Tracker for each testing occurrence by the HQMC P&R, RFK, A-123 Section Internal Review Team.

(4) ICOFS. The USMC shall assess the effectiveness of ICOFS through a process consistent with the MICP Annual Guidance. MAUs, AUMs, SMEs, and others involved in the ICOFS assessment process shall perform the following activities: conduct a risk assessment, identify IC objectives, test IC effectiveness, identify CDs, SDs, and MWs, and report on status of CAPs, milestones, and timelines for deficiency remediation.

(5) ICOAF. Please note that USMC's ICOAF assessments are managed by the DON. Components are required to summarize the results of its assessment of ICOAF. The assessment includes completing a "DoD Assessment of Internal Control over Acquisition Functions" provided in DoD FMFIA SoA FY Guidance, July 2014, to evaluate acquisition functions. The assessment is comprised of four cornerstones: (1) organizational alignment and leadership; (2) policies and processes;

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(3) human capital; and (4) information management and stewardship as it pertains to acquisition functions.

(6) In addition to providing support to the independent public account's (IPAs) analyses of financial systems in FY17, the Marine Corps expects to complete assessments of various financial-related feeder systems using the assessment methodology described in the Government Accountability Office (GAO) Federal Information System Controls Audit Manual (FISCAM). With oversight from Command, Control, Communications and Computers (C4), as well as RFK, the assigned teams will implement the FISCAM methodology to identify, document and test key information technology controls, with emphasis being placed on testing high risk controls within the Interface and Business Process FISCAM control areas.

(7) Furthermore, to ensure that USMC-owned, as well as third-party systems are appropriately assessed, an additional team of testers will be assessing the complementary user entity controls (CUECs) as described within the applicable Statement on Standards for Attestation Engagements No. 16 documents. C4, in coordination with RFK, will prioritize the systems and create a project plan to conduct the FISCAM and CUEC assessments. Currently, the FISCAM teams have completed the testing of controls for Marine Corps Total Force System, Marine Corps Order Resource System, Purchase Request Builder and various Installations and Logistics systems. In addition, CUECs have successfully been assessed for the Stock Control System as well as completed the Playbook for the Defense Travel System.

4. DoD IC Reporting Categories

a. MAU Certification Statements. HQMC Agencies (DCs), and Commands must report Accomplishments, CDs, SDs and MWs using the twenty three DoD Reporting Categories in the Certification Statements. The culmination of self-inspections, internal reviews, and audit findings are the suggested methods to support MICP Certification Statements. Figure 2 depicts the twenty three DoD Reporting categories.

b. DoDI 5010.40 Definitions of IC over Operations Reporting Categories:

(1) Communication. Communication requires a sender, a message, and an intended recipient, although the receiver need not be present or aware of the sender's intent to communicate at the time of communication; thus communication can occur across vast distances in time and space.

(2) Intelligence. The plans, operations, systems, and management activities for accomplishing the collection, analysis,

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processing and dissemination of intelligence in order to provide guidance and direction to commanders in support of their decisions.

(3) Security. The plans, operations, systems, and management activities for safeguarding classified resources (not peripheral assets and support functions covered by other reporting categories). Also covers the DoD programs for protection of classified information.

(4) Comptroller and Resource Management. The budget process, finance and accounting, cost analysis, productivity and management improvement, and the general allocation and continuing evaluation of available resources to accomplish mission objectives. Includes pay and allowances for all DoD personnel and all financial management areas not covered by other reporting categories.

(5) Contract Administration. The fulfillment of contractual requirements including performance and delivery, quality control and testing to meet specifications, performance acceptance, billing and payment controls, justification for contractual amendments, and actions to protect the best interests of the Government.

(6) Force Readiness. The operational readiness capability of combat and combat support (both Active and Reserve) forces which provide the necessary flexibility to deter potential foes and rapidly respond to a broad spectrum of global threats.

(7) Information Technology (IT). Any equipment or interconnected system or subsystem of equipment that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information. IT includes computers, ancillary equipment, software, firmware and similar services and related resources whether performed by in-house, contractor, other intra-agency or intergovernmental agency resources or personnel.

(8) Acquisition. Acquisition applies to all acquisitions, including major acquisitions and items designated as major systems, subject to the procedures of the Defense Acquisition Board, the Military Services Acquisition Review Councils, or the Selected Acquisition Reporting System. When conducting IC reviews and reporting IC MWS, it is required to complete an acquisition assessment template. The purpose of the acquisition template is to assist in the:

(a) Determination of risks related to proper implementation;

(b) Evaluation of existing controls and monitoring activities;

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(c) Consideration of corresponding standards and success factors;

(d) Determination of new MWs.

(9) Manufacturing, Maintenance, and Repair. This is the management and operation of in-house and contractor-operated facilities performing maintenance and repair or installation of modifications to material, equipment, and supplies. Manufacturing, maintenance, and repair include depot and arsenal-type facilities as well as intermediate and unit levels of military organizations.

(10) Other. All functional responsibilities not represented by any other functional category, including management and use of land, sea, and air transportation for movement of personnel, material, supplies, and equipment using military and civilian sources.

(11) Personnel and Organizational Management. Authorizations, recruitment, training, assignment, use, development, and management of military and civilian DoD personnel. Also includes the operations of headquarters' organizations. Contract personnel are not covered by this category.

(12) Procurement. The decisions to purchase items and services with certain actions to award and amend contracts (e.g., contractual provisions, type of contract, invitation to bid, independent government cost estimate, technical specifications, evaluation and selection process, pricing, and reporting).

(13) Property Management. Construction, rehabilitation, modernization, expansion, improvement, management, and control over real property (both military and civil works construction), to include installed equipment and personal property. Also covers disposal actions for all material, equipment, and supplies including the Defense Reutilization and Marketing System.

(14) Research, Development, Test, and Evaluation. The basic project definition, approval, and transition from basic research through development, test, and evaluation and all DoD and contractor operations involved in accomplishing the project work, excluding the support functions covered in separate reporting categories such as Procurement and Contract Administration.

(15) Security Assistance. Management of DoD Foreign Military Sales, Grant Aid, and International Military Education and Training Programs.

(16) Supply Operations. The supply operations at the wholesale (depot and inventory control point) level from the initial

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determination of material requirements through receipt, storage, issue reporting, and inventory control (excluding the procurement of materials and supplies). Covers all supply operations at retail (customer) level, including the accountability and control for supplies and equipment of all commodities in the supply accounts of all units and organizations (excluding the procurement of material, equipment, and supplies).

(17) Support Services. All support service functions financed from appropriated funds not covered by the other reporting categories such as health care, veterinary care, and legal and public affairs services. All non-appropriated fund activities are also covered by this category.

c. DoDI 5010.40 definitions of IC over Financial Reporting and Financial Systems Reporting Categories (End-to-End Business Processes).

(1) Budget-to-Report. Encompasses the business functions necessary to plan, formulate, create, execute, and report on the budget and business activities of the entity. It includes updates to the general ledger. It also includes all activities associated with generating and managing the internal and external financial reporting requirements of the entity, including pre- and post-closing entries related to adjustments, reconciliations, consolidations, eliminations, etc.

(2) Hire-to-Retire. Encompasses the business functions necessary to plan for, hire, develop, assign, sustain, and separate personnel in the DoD and OSD component.

(3) Order-to-Cash. Encompasses the business functions necessary to accept and process customer orders for services or inventory. This includes managing customers, accepting orders, prioritizing and fulfilling orders, distribution, managing receivables, and managing cash collections.


(4) Procure-to-Pay. Encompasses the business functions necessary to obtain goods and services. This includes requirements identification, sourcing, contract management, purchasing, payment management, and receipt and debt management.

(5) Acquire-to-Retire. Encompasses the business functions necessary to obtain, manage, and dispose of accountable and reportable property (capitalized and non-capitalized assets) through their entire life cycle. It includes functions such as requirements identification, sourcing, contract management, purchasing, payment management, general property, plant and equipment management, and retirement.

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(6) Plan-to-Stock. Encompasses the business functions necessary to plan, procure, produce, inventory, and stock materials used both in operations and maintenance as well as for sale.

5. Reporting Categories Crosswalk. Figures 4a through 4e, below, provide a crosswalk from DoD Reporting Categories to G-Staff Functional Relationship and Category Leads or Process Owners.



Reporting Categories Cross Walk

Internal Controls over Operations
Slide 1 of 3

Reporting Category Functional Category	G-Staff Functional Relationship	Category Lead
1. Communications	6	Command, Control, Communications, & Computers (C4)
2. Intelligence	2/6	Intelligence Division (INTEL) Command, Control, Communications, & Computers (C4)
3. Security	2/3/6	Intelligence Division (INTEL) Plans, Policies and Operations (PP&O) Command, Control, Communications, & Computers (C4)
4. Comptroller and Resource Management	8	Programs and Resources (P&R)
5. Contract Administration	4	Installations and Logistics (I&L) Marine Corps Systems Command (MARCORSYSCOM)
6. Force Readiness	3/5/7	Plans, Policies and Operations (PP&O)
7. Information Technology	6	Command, Control, Communications, & Computers (C4)
8. Acquisition	4	Installations and Logistics (I&L) Marine Corps Systems Command (MARCORSYSCOM)

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Figure 4a.--Reporting Categories Cross Walk

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Reporting Categories Cross Walk

Internal Controls over Operations

Slide 2 of 3

Reporting Category Functional Category	G-Staff Functional Relationship	Category Lead
9. Manufacturing, Maintenance, and Repair	3/4	Installations and Logistics (I&L) Aviation (AVN) Marine Corps Logistics Command (MARCORLOGCOM)
10. *Other		As Applicable
11. Personnel and Organizational Management	1	Manpower and Reserve Affairs (M&RA)
12. Procurement	4	Installations and Logistics (I&L) Marine Corps Systems Command (MARCORSSCOM)
13. Property Management	4	Installations and Logistics (I&L)

* Other: All functional responsibilities not represented by any other functional category, including management and use of land, sea, and air transportation for movement of personnel, materiel, supplies, and equipment using military and civilian sources, etc.

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Figure 4b.--Reporting Categories Cross Walk-Continued

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Reporting Categories Cross Walk

Internal Controls over Operations
Slide 3 of 3

Reporting Category <small>Functional Category</small>	G-Staff Functional Relationship	Category Lead
14. Research, Development, Test, and Evaluation	N/A	Marine Corps Systems Command (MARCORSYSCOM)
15. Security Assistance	3/5/7	Plans, Policies and Operations (PP&O)
16. Supply Operations	3/4	Installations and Logistics (I&L) Aviation (AVN)
17. Support Services	Special Staff	Health Services (HS) Public Affairs Office (PAO) Staff Judge Advocate (SJA) Chaplain of the Marine Corps (REL) Etc...

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Figure 4c.--Reporting Categories Cross Walk-Continued

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Reporting Categories Cross Walk

Internal Controls over Financial Reporting and Systems
Slide 1 of 2

Category	Reporting Categories End-to-End Business Processes (FIAR)	Business Processes Functional Areas	Process Owner(s) Category Lead(s)
1	Budget-to-Report	Budgetary Funding	P&R
		FBWT, Cash & Equivalents	P&R
		Financial Reporting	P&R
2	Hire-to-Retire	Military Pay – Active Duty	M&RA
		Military Pay – Reserve Duty	M&RA
		Civilian Pay	M&RA
		Travel – Temporarily Assigned Duty	M&RA
		Travel – Permanent Changes of Station	M&RA
3	Order-to-Cash	Revenue and Collections ¹	I&L

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Figure 4d.--Reporting Categories Cross Walk-Continued

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Reporting Categories Cross Walk

Internal Controls over **Financial Reporting** and **Systems**
Slide 2 of 2

Category	Reporting Categories End-to-End Business Processes (FIAR)	Business Processes Functional Areas	Process Owner(s) Category Lead(s)
4	Procure to Pay	Procurement – Contracts	I&L/MCSC
		Procurement – GCPC	I&L
		Procurement – Reimbursable Work Orders (Grantor)	I&L
		Transportation – Things	I&L
		Transportation – People	I&L
		MILSTRIP	I&L
		Miscellaneous Payments	I&L
5	Acquire to Retire	Military Equipment	I&L
		General Equipment	I&L
		Real Property	I&L
		Environmental Liabilities	I&L
6	Plan to Stock	Inventory	I&L
		Operating Materials & Supplies ^{2,3} (Appropriated Procurement Account) (Ammunition)	I&L MCSC

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Figure 4e.--Reporting Categories Cross Walk-Continued

6. Remediation Process. HQMC Agencies, DCs, and Commands are responsible for ensuring effective actions are taken in a timely manner to remediate all reported deficiencies. Deficiencies include Notification of Findings and Recommendations (NFRs) resulting from audits and CDs, SDs, and MWs identified to HQMC during the MICP annual reporting. The Remediation Section within RFK centrally manages and monitors the correction of all deficiencies. For NFRs, the Remediation Section will analyze each deficiency to identify the underlying weaknesses and associated stakeholders/process owners. Once the analysis is completed, CAP templates shall be provided to stakeholders/process owners for completion and implementation if not previously provided. HQMC Agencies, DCs, and Commands must review and analyze deficiencies to identify underlying weaknesses and are encouraged to request assistance from HQMC as needed. Periodically the Remediation Section will task stakeholders/process owners via the DON Tracker to provide CAP updates and the status of progress made to correct deficiencies. The remediation process is an integral part of

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leadership/management responsibility and accountability and must be considered a priority at all levels. Remediation CAPs must be developed and progress assessed periodically, and reported to HQMC accordingly to track results. Leadership/management must also ensure that CAPs are consistent with laws, regulations, and policy. Figure 5 depicts the Remediation Process Cycle.

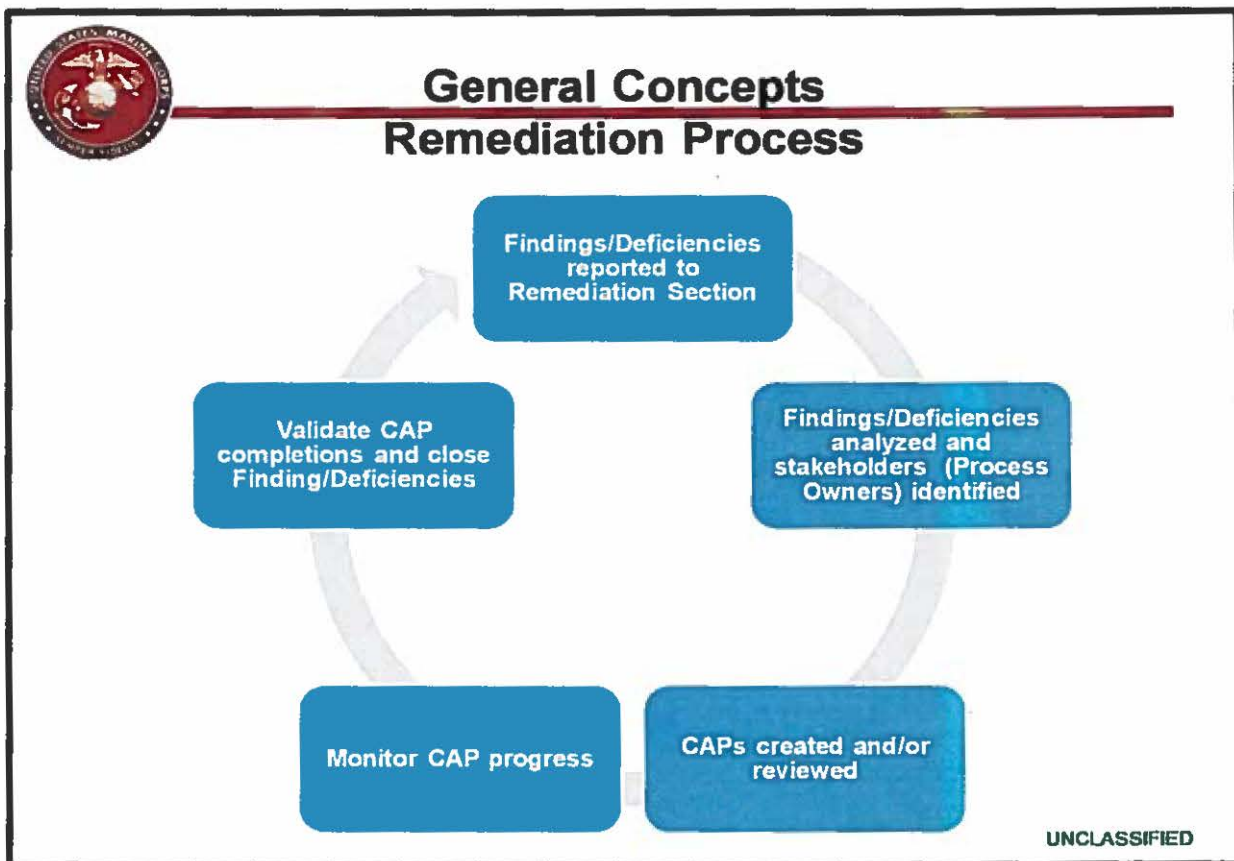


Figure 5.--General Concepts/Remediation Process

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7. MICP Process Cycle. Figure 6 displays the MICP Process Cycle.

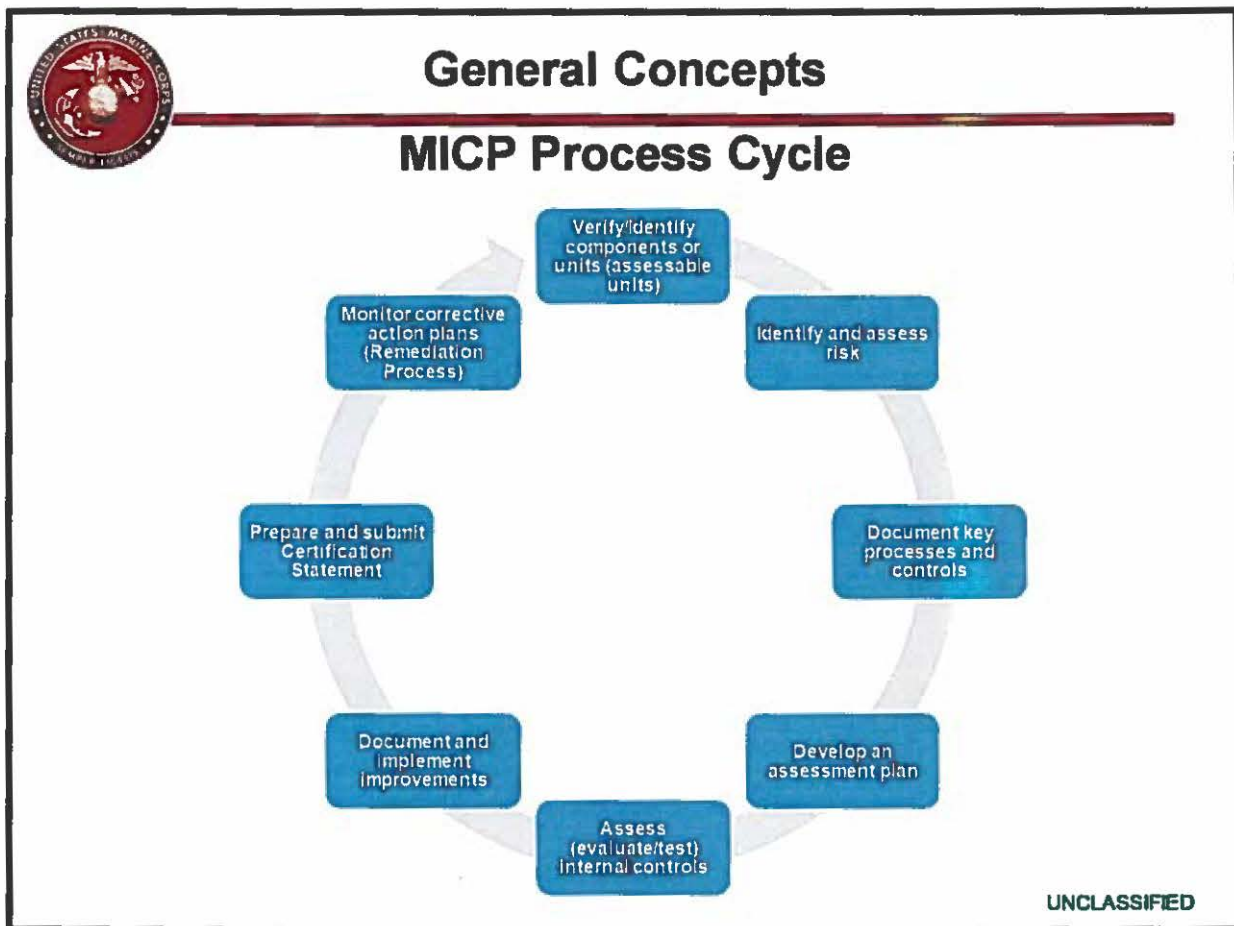


Figure 6.--General Concepts/MICP Process Cycle

8. The MICP Coordinator and Alternate Roles and Responsibilities

- a. Serve as the coordinator for all MICP related actions and liaison with HQMC MICP Team.
- b. Ensure the organizations assess risks that may adversely affect the Component's mission or operation.
- c. Work with HQMC Agencies, DCs, and Commands to ensure the commander, director, or AUM identifies IC objectives based on risk assessments.
- d. Assist in testing, as needed, and validates conclusions provided by SMEs.

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e. Assist in identifying and classifying IC deficiencies based on evaluations conducted.

f. Ensure CAPs are developed and monitor to address control deficiencies within the organization.

g. Compile and submit the annual Certification Statement to HQMC MICP Team at HQMC P&R.

h. Maintains MICP related documentation (e.g. process flows and narratives, associated risk matrices, control objectives, control activities, appointment memorandums, MICP training records, and Certification Statement for the organization).

9. MICP Annual Evaluation Plan. An IC evaluation is a systematic examination of the key ICs to determine whether they are in place, being used as intended, and effective in achieving their purpose including ICs related to non-financial operation, financial reporting (OMB Circular A-123, Appendix A) and financial systems (OMB Circular A-127). The MICP Annual Evaluation Plan must be based on the actual testing of these key ICs using one of several methods (e.g. direct observation, file and document analysis, sampling, or simulation). The evaluation of key ICs must result in a specific determination of their effectiveness. Finally, the evaluation must be supported by documentation that clearly indicates who conducted the evaluation and when, what methods were used to test the key controls, evaluation results, what IC deficiencies (if any) were detected, and what corrective actions are to be taken. Formal evaluations of key ICs must be conducted at least once every year. Commanders and/or managers may require more frequent evaluations based on leadership emphasis, personnel turnover, audit and/or inspection findings, change in mission, and so on. HQMC Agencies, DCs, and Commands, or their respective MAUs and SAUs must certify the results of these internal assessments that took place. Refer to enclosure (3) for the MICP Annual Evaluation Plan template. The MICP does not attempt to evaluate ICs for every requirement imposed on managers. It recognizes that the cost of ICs must not exceed the benefit derived. This constraint is captured in the concept of reasonable assurance.

10. Process Cycle Narratives (PCNs). HQMC P&R will contact certain Senior Assessment Team (SAT) identified SMEs, and certain MAUs to perform process walkthroughs and document key ICs to provide an accurate representation of how processes and controls are performed from beginning to end. The culmination of these activities will result in PCNs and process flows that will be designed to assist the analysis of processing risks and related controls within business processes. The HQMC P&R Internal Review Team will perform an independent review of business processes to assist with the

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identification and assessment of key ICs highlighted in the MICP Annual Evaluation Plan. Although these documents do not test the effectiveness of controls, they should promote an agreed upon understanding of how a process is performed, who performs specific duties (roles and responsibilities), and assertions about control activities. Once the PCNs and process flows are confirmed accurate, they will provide a baseline for performing risk analysis, ICs testing, and implementing process improvements, as necessary at HQMC. For FY17 RFK will continue the implementation of initiatives introduced in FY16 as well as incorporate new initiatives.

a. Establishing Enterprise Risk Management (ERM) in Management Practices. Recent revisions to the OMB Circular A-123 address the concept of ERM, and the importance of integration into existing government management practices. Risk management is a series of coordinated activities to direct and control challenges or threats to achieving an organization's goals and objectives. ERM is an effective Agency-wide approach to addressing the full spectrum of the organization's external and internal risks by understanding the combined impact of risks as an interrelated portfolio, rather than addressing risks only within silos. Integration of risk management practice and IC functions will enable the USMC to effectively and efficiently identify, assess, manage, and report on risks. All HQMC Agencies, DCs, and Commands are required to conduct a risk assessment, the outputs of which will enable the development of a Risk Profile. Consideration needs to be made towards a variety of risks, to include fraud risk. Fraud is defined as obtaining something of value through willful misrepresentation. The potential for fraud must be considered throughout the risk assessment process.

b. Top-Down Bottom-Up Approach. All HQMC Agencies, DCs, and Commands shall continue to report in the annual Certification Statements those accomplishments, CDs, SDs, and MWs as applicable to HQMC P&R for inclusion in the USMC SoA. For the FY17 MICP cycle, in addition to continuing to provide the MICP Annual Evaluation Plan ("Bottom-Up" report), MAUs will participate in a "Top-Down" approach. The SAT may direct MAUs to assess and report on specific processes or functional areas that affect the Marine Corps enterprise as a whole. The ACMC may also direct specific areas for review. The HQMC MICP Team, located within HQMC P&R will centrally manage the reporting process and monitor the testing of ICONO, ICOFR and ICOFS. The HQMC P&R RFK Remediation Section will centrally facilitate and track remediation plans intended to correct deficiencies reported by MAUs and external audits. Figure 7 depicts the general MICP process at the HHQ level. Figure 8 depicts the general MICP process at the subordinate level.

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USMC MICP Process

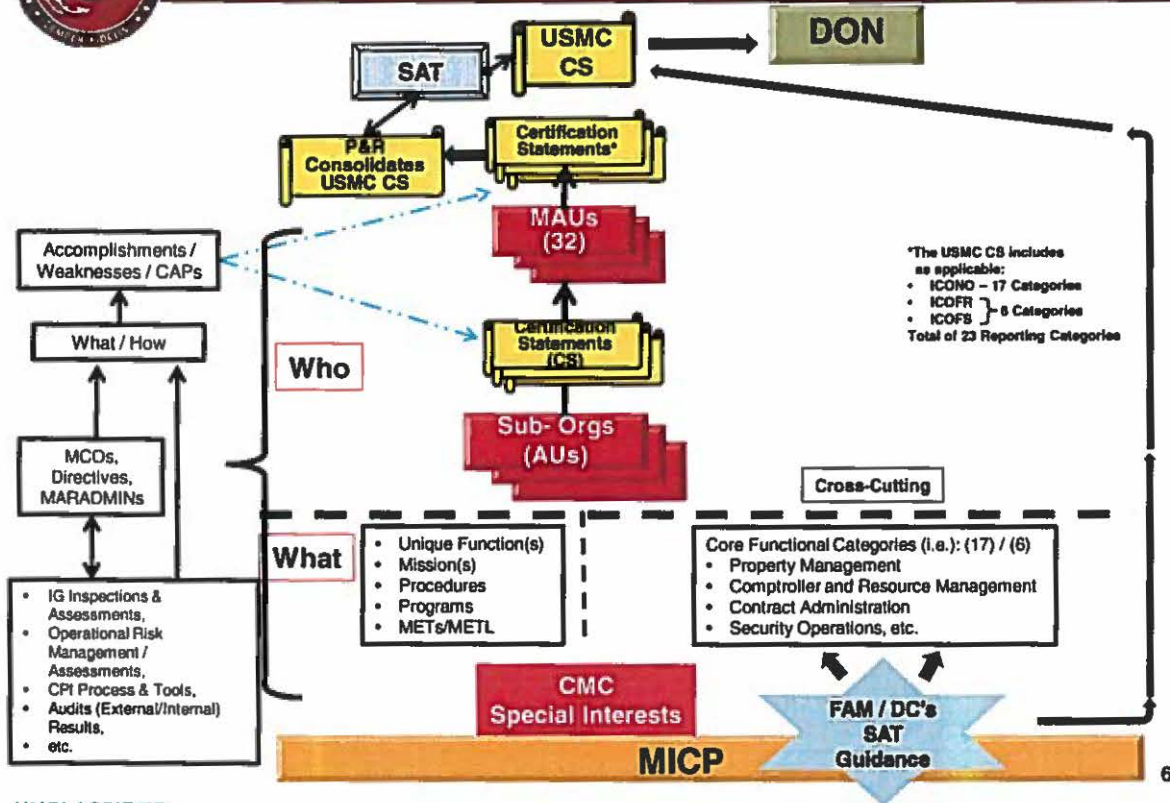


Figure 7.--USMC MICP Process

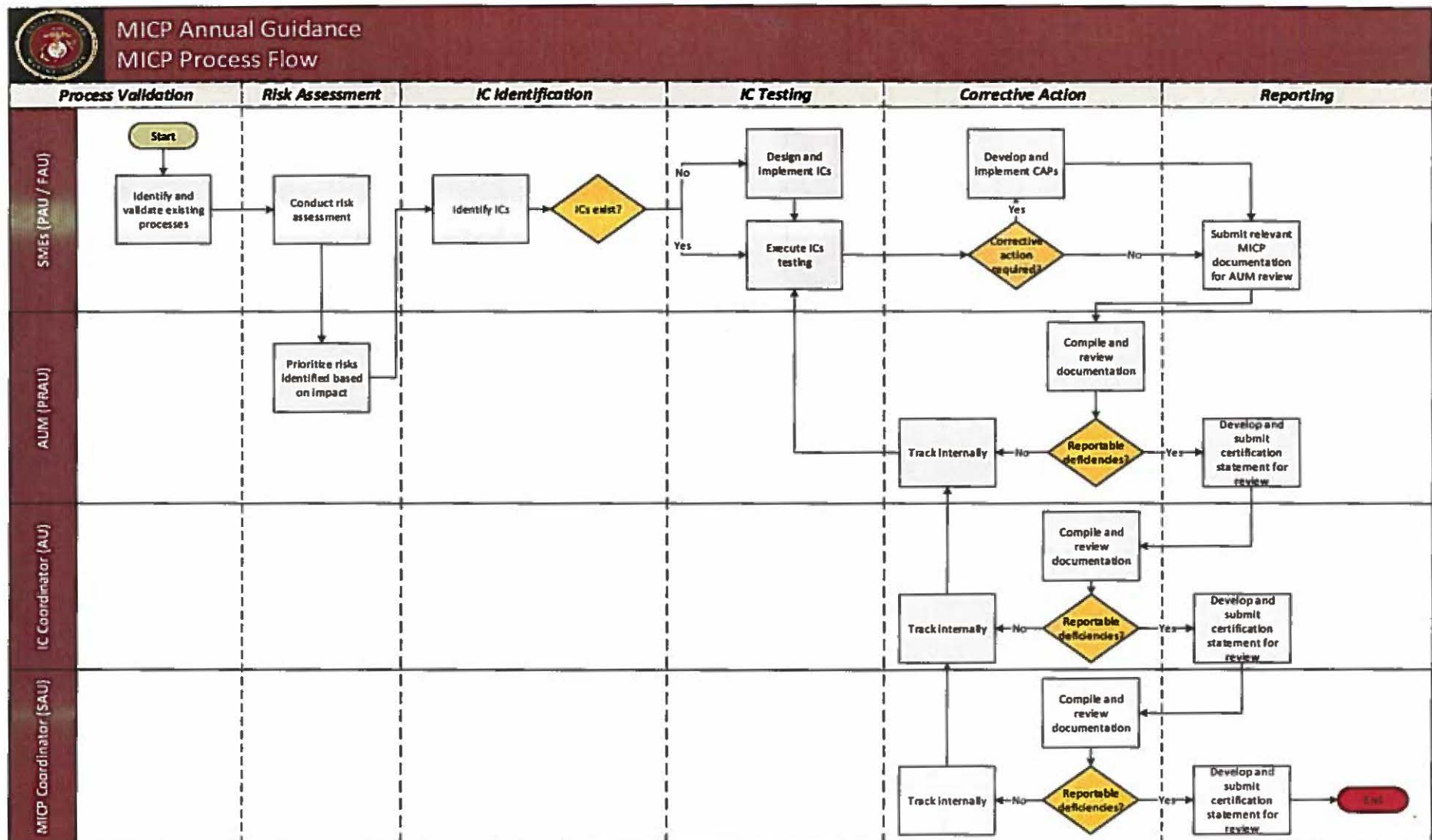


Figure 8.--MICP Annual Guidance/MICP Process Flow

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11. MICP References and Notes

a. MICP is mandated by the FMFIA of 1982.

b. MICP is implemented throughout the Marine Corps by:

(1) OMB Circular A-123, "Managers' Responsibility for Enterprise Risk Management and Internal Control," July 15, 2016

(2) DoDI 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013

(3) SECNAVINST 5200.35F, DON MICP of 21 Jul 14

(4) SECNAV Manual M-5200.35 (Final Draft) April 2014

(5) MCO 5200.24F (DRAFT) USMC MICP

12. MICP-Related Supporting Websites. Additional MICP related information can be found at the following web sites:

a. [HQMC P&R MICP](#) SharePoint site.

b. Management's Responsibility for IC at [OMB Circular A-123](#)

c. Standards for IC in the Federal Government at [GAO website](#)

d. DON MICP website at [DON MICP](#)

e. DoD MICP at [DoD MICP](#)

f. FISCAM at [ICOFR FISCAM](#)

g. FIAR at OSD FIAR Plan