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U.S. Department of Defense

MHS MILITARY HEALTH SYSTEM

OCIO Office of the Chief Information Officer

Assessable Unit Manager Training

Chief Information Officer Manager's Internal Control Program

Assessable Unit Manager Training

Purpose:

- To provide training on the roles and responsibilities of the Assessable Unit Manager.

Assessable Unit Manager Training

- **Assessable Unit Manager:** The Assessable Unit (AU) Manager is responsible for managing all internal control activities for all AUs within their Division/Office.

- **Assessable Unit (AU):** Any organizational, functional, programmatic or other applicable subdivision of an organization that allows for adequate internal control analysis.

Assessable Unit Manager Training

AU Manager Supporting Documentation:

- DoDI 5010.40, "Managers' Internal Control Program **(MICP)** Procedures," July 29, 2010. "Each DoD Component shall segment into organizational, functional, or other AUs, so that all subcomponents, task forces, or organizations under the direct authority, supervision, and/or responsibility of each DoD Component are identified as a separate and distinct AU or are included as a part of another AU." DoDI 5010.40 specifically defines an Assessable Unit Manager as "The head or principal deputy of an assessable unit."

- All OCIO Directors/Program Managers are designated, in writing, by the MHS CIO to serve as the Assessable Unit Manager for their Division/Office. The responsibility for the performance of MICP activities will be considered in the evaluation of AU Managers' annual performance.

Assessable Unit Manager Training

- All AU Managers within the OCIO have an important role in the MIC Program. They provide leadership of the program and demonstrate a positive and supportive attitude towards internal control.

Internal Controls:

- Are the policies, guidance, instructions, regulations, procedures, rules, devices, or other organizational methods used to ensure the organization's mission is achieved and to mitigate identified risks in the most effective and efficient manner.
- Are the first line of defense against fraud, waste, and mismanagement.

✵ **Internal controls help ensure that what should happen does happen!**

Assessable Unit Manager Training

AU Manager Roles & Responsibilities:

1) Ensure all mission areas are covered by an AU;
2) Ensure risk assessments are conducted/reviewed annually;
3) Ensure internal controls are in place to mitigate risks and provide reasonable assurance that government assets are protected from fraud, waste, and mismanagement;
4) Ensure internal controls are documented and communicated to appropriate personnel;
5) Ensure internal control reviews and testing are conducted properly and in a timely manner;
6) Oversee and monitor corrective action plans for all weaknesses; Ensure input for the Annual Statement of Assurance is comprehensive, timely, and accurate for their mission area;
7) Ensure input for the Annual Statement of Assurance is comprehensive, timely, and accurate for their mission area; and
8) Appoint MICP Representative(s).

Assessable Unit Manager Training

1) *Ensure all mission areas are covered by an AU:*

An AU is a subdivision of the organization's mission (organizational, programmatic, or functional). AUs are further broken down into functions and then into activities.

AU Managers should:

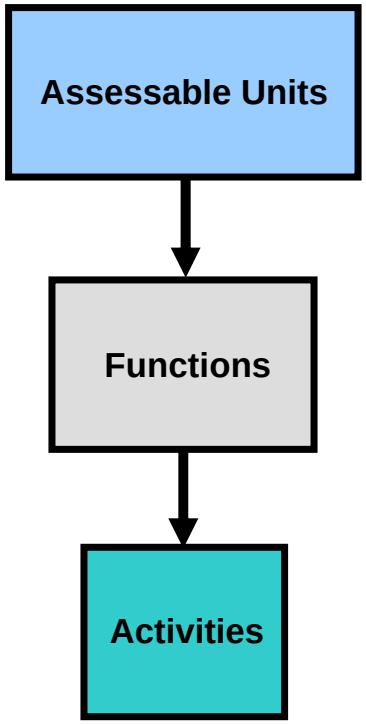
- Ensure mission areas are assessed and documented;
- Ensure all functions and activities are covered by an AU; and
- Ensure AUs, functions, and activities are reassessed/documented if missions are added or changed.

You can't manage what you don't see.

Assessable Unit Manager Training

Benefits:

- Documenting mission areas (AUs, functions, and activities) helps:
  - Ensure mission areas are appropriately managed; and
  - Ensure responsibilities for mission areas have been appropriately designated.
- Dividing mission area into AUs, functions, and activities allows for appropriate size to permit effective evaluation of internal controls.



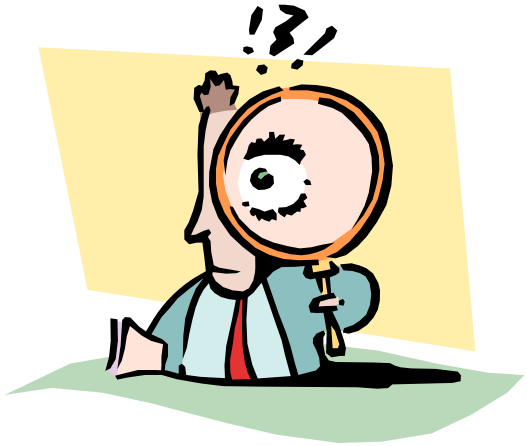
Assessable Unit Manager Training

2) Ensure risk assessments are conducted/ reviewed annually:

A risk assessment is an evaluation of the susceptibility of an activity to fraud, waste, and mismanagement.

AU Managers should:

- Ensure all appropriate risks are identified/documented;
- Ensure risk priority is appropriately identified/documented; and
- Ensure controls are in place to mitigate risks.



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Benefits:

Conducting risk assessments on an annual basis:

- Helps management identify new risks;
- Allows management to anticipate risk and implement a mitigation strategy (internal controls); and
- Allows management to take a proactive approach versus a reactive approach to risk.

Risk is continually evolving.

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3) Ensure internal controls are in place to mitigate risks and provide reasonable assurance that government assets are protected from fraud, waste, and mismanagement:

AU Managers should:

- Ensure that the cost of controls does not exceed the benefits likely to be derived;
- Ensure that resources are used consistent with agency mission; and
- Ensure that applicable laws and regulations are followed.

Remember- It's <u>not more controls</u>, but <u>better controls</u>!

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Benefits:

Implementing internal controls help ensure:

- Necessary controls are in place to govern the organization's activities;
- Resources are used consistent with the organization's mission;
- Agency is compliant with laws, regulations, and other external controls;
- Management's directives are carried out; and
- Actions are taken to address risks.

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4) *Ensure internal controls are documented and communicated to appropriate personnel:*

AU Managers should:

- Ensure that internal controls are documented;

  - Examples include: internal policies; user manuals; memorandums; flowcharts; standard operating procedures; check lists; databases; operational checks and balances; separation of duties; and delegations of authority.

- Ensure documentation is current, complete, accurate, and communicated to all personnel; and
- Ensure responsibilities and authority for accomplishing functions and activities are identified.

Internal controls should be viewed as an interrelated and coordinated network of checks and balances.

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Benefits:

Documentation and communication of internal controls help ensure:

- Continuity of operations during emergency situations or in dealing with staff turnover;
- Risks are mitigated and adverse effects are minimized;
- Greater control over operations;
- Goals for accountability and effective/efficient use of resources are met; and
- Internal control and other organizational responsibilities are effectively carried out.

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5) Ensure internal control reviews and testing are conducted properly and in a timely manner:

An Internal Control Review (ICR) is an evaluation and testing of internal controls to determine whether necessary controls are in place and producing the intended results.

The ICR type utilized by the MIC Program Office is the Self Assessment Review (SAR). A SAR is an ICR that is performed internally by individuals within the office that are responsible for the activities associated with an AU.

<u>AU Managers should</u>:

- Ensure a minimum of three people participate in the review;
- Upon completion of the SAR, review and sign the AU Manager Statement (page 1 of the SAR); and
- Ensure the SAR is submitted to the MIC Program Office on time and error-free.

Internal controls are not self-correcting.

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Benefits:

Internal control reviews and testing help ensure:

- Internal control weaknesses are properly identified;
- Internal controls are effective and efficient in preventing fraud, waste, and mismanagement; and
- Potential problems are avoided:
  - **Identify and correct problems at the lowest levels; and**
  - **Identify problems before someone else points them out.**

Internal control reviews provide supporting documentation for the Annual Statement of Assurance.

Assessable Unit Manager Training

6) *Oversee and monitor corrective action plans for all weaknesses:*

A corrective action plan is a tool used to document the strategy/actions to correct identified weaknesses.

<u>AU Managers should</u>:

- Ensure corrective action plans:
  - Are developed for weaknesses identified during risk assessments, ICRs (SARs), purchase card reviews, external reviews, etc.;
  - Contain *appropriate* milestones and identifiable deliverables so that progress can be adequately monitored; and
  - Specify testing type that will be used to ensure corrective actions accomplish their intended results.
- Ensure corrective action plans are reviewed and submitted on time.

✵ The original review must be retained in your official internal control files for a minimum of 4 years for audit purposes, per DoD AI 15.

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Benefits:

Corrective action plans:

- Allow management to ensure that the appropriate steps are taken to correct identified weaknesses promptly; and
- Allow management to monitor and ensure that the corrective actions taken have produced the desired results.

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7) Ensure input for the Annual Statement of Assurance (ASA) is comprehensive, timely, and accurate for your mission area:

The ASA is an annual report stating that an evaluation of the OCIO's internal controls was conducted and taken as a whole, it provides reasonable assurance that controls are in place and operating effectively.

AU Managers should:

- Ensure all appropriate ASA questions are addressed;
- Ensure ASA input identifies internal control weaknesses and corrective actions;
- Ensure ASA input covers the current fiscal year or data not previously reported; and
- Ensure ASA input is submitted to the CIO MIC Program Office on time and free of grammatical errors.

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Benefits:

Annual Statement of Assurance:

- Ensures the organization is compliant with applicable laws and regulations.
- Provides AU Managers an opportunity to identify progress made with internal controls for their office.

The AU Managers' input provides the basis for the CIO's statement of reasonable assurance that the organization's internal controls are in place and operating effectively.

Assessable Unit Manager Training

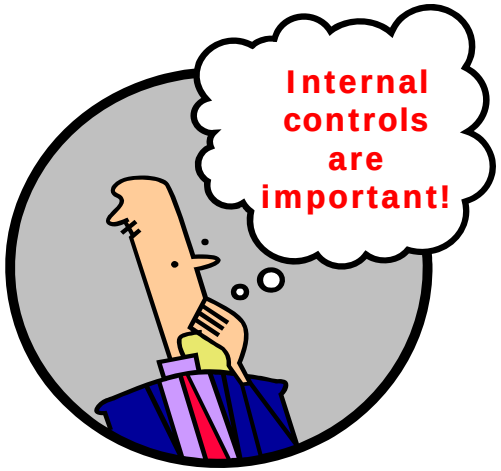
8) Appoint MICP Representatives

MIC Program Representatives:

- Assist AU Managers in carrying out their responsibilities.
- Serve as a liaison between the MIC Program Office and their respective office.

- **All OCIO Divisions/Offices have at least one MIC Program representative.**

Assessable Unit Manager Training



- Internal controls assist AU Managers to answer the question: "How can I effectively, efficiently, and economically carry out my responsibilities for the proper stewardship of the public resources for which I am ACCOUNTABLE?"

- **Internal controls are how management demonstrates its accountability.**