NETC NOTICE 5200

From: Commander, Naval Education and Training Command

Subj: MANAGERS' INTERNAL CONTROL PROGRAM

Ref: (a) SECNAVINST 5200.35F
(b) SECNAV M-5200.35 of Jun 2008
(c) OPNAVINST 5200.25E
(d) NETCINST 5200.1
(e) Federal Managers' Financial Integrity Act (FMFIA) of 1982
(f) NETCINST 5040.1B

1. Purpose. This notice gives the Naval Education and Training Command (NETC) methodology for meeting the Secretary of the Navy (SECNAV)/Chief of Naval Operations (CNO) Managers' Internal Control Program (MICP) reporting requirements and due dates for the period 1 July 2017 to 30 June 2018. References (a) through (f) provide all the particulars for achieving compliance with SECNAV/CNO taskings.

2. Background. Office of the Secretary of Defense requires compliance with reference (e). CNO is in the process of revising reference (c). Due to minimal changes to the CNO MICP reporting guidelines, only minor revisions to reference (d) are anticipated. To make things easier for all concerned, reference (d) reporting guidance will be in effect for NETC MICP during the 1 July 2018 to 30 June 2019 cycle. The inventory listed in enclosure (3) of reference (d) continues to be updated to include some additional processes and programs that are receiving increased attention within the Navy. A recently revised list of these processes has been passed electronically by NETC N00GR to NETC echelon III command MICP coordinators.

3. Discussion

   a. The Department of the Navy MICP is the Navy's method for demonstrating and documenting compliance with reference (e). SECNAV expects all managers to be actively involved in the MICP. During all audits and inspections, external agencies (Government
Accountability Office, Department of Defense Inspector General, Naval Inspector General, and Naval Audit Service) review command adherence to this program.

b. The MICP stresses using a variety of existing methods to gauge the effectiveness, efficiency, and economy of work processes. A process is defined as the manner in which resources are employed in generating a product, performing a responsibility, or rendering a service in support of the Navy’s mission. It consists of starting and ending points that are connected by a series of decision points, and includes metrics/controls and various work-related steps.

4. Requirements for the period 1 July 2017 to 30 June 2018. To demonstrate compliance with reference (e), commands must complete the below requirements. NETC N00GR has previously passed to NETC echelon III command MICP coordinators materials to facilitate meeting the below reporting requirements. Use of these materials is intended to make it easier to complete the following:

a. Evaluate the Work Process/Assessable Unit Inventory

(1) The inventory must show processes that are actually performed within the command. Further, the processes need to reflect the command’s organizational manual. See enclosure (3) of reference (d) for samples of potential command work processes (WPs)/Assessable Units. Pay particular attention to the discussion regarding universal processes. Also, see enclosure (3) of reference (f). A command’s inventory should consist of a combination of mission critical, associated support, and universal processes.

(2) Managers need to review and make adjustments to previously developed MICP work process flowcharts or create flowcharts for all WPs in the command’s MICP inventory list. At a minimum, a one-page linear flowchart is needed to display a process. Enclosure (4) of reference (d) provides a sample of the preferred method for developing a flowchart. Ensure each flowchart is annotated with “For Official Use Only.” Indicate where possible the pertinent governing instruction(s). If the process includes Personally Identifiable Information (PII), please annotate this on each flowchart. Documentation shall be retained in-house for turnover and audit/inspection/area visit
purposes. These efforts establish a perpetual state of readiness for any type of audit or inspection/area visit. It also provides the basis for performing quick process self-assessments as to the effectiveness and health of internal controls.

(3) When evaluating processes, determine if the process is susceptible to potential internal control breakdowns in protecting Information Assurance (IA) and PII. Due to high visibility, pay close attention to: antiterrorism plan, audit readiness of processes requiring financial accountability, civilian timekeeping, contract management, Defense Property Accountability System, emergency action planning, Government Commercial Purchase Card Program, Government Travel Charge Card Program, MICP, IA, network security, Operational Security Program, physical security, Privacy Act Program, safety issues associated with a process, Sexual Assault Prevention and Response Program, strategic planning, Suicide Prevention Program, Urinalysis Program, and Voting Assistance Program.

b. Strategic Goals, Key Metrics, Internal Control System Test (ICST), and Operational Risk Management (ORM) Assessment

(1) Each process shall be examined for efficiency, effectiveness, and economy. Use enclosure (5) of reference (d) to document the test. Each process should be tied to a command strategic goal or objective. Identify two to three key metrics/controls used to measure performance. These key metrics should provide a quick look as to how well a process is performing in terms of achieving its intended purpose. Ensure the locations of the metrics are clearly annotated on the flowchart. Enclosure (4) of reference (d) provides a sample flowchart with metrics. Again, make every effort to annotate on the flowchart the primary reference(s) governing the process.

(2) Ensure an ICST and ORM assessment are completed for all command processes. Follow the directions of reference (d), paragraph 11c, when completing the forms to document an ICST (see enclosure (5)) and an ORM assessment (see enclosure (6)). Ensure the forms are properly attested to, signed, and dated.

(3) To fully understand the relationship of ORM to the MICP, note the ORM discussion in paragraph (8) of reference (d).
c. Annual MICP Certification Statement (Statement of Assurance (SOA)). Use the certification statement and forms displayed in enclosure (7) of reference (d).

(1) To demonstrate the existence of a clear audit trail of accountability at the activity level, department heads must submit a signed annual certification statement to the commander, commanding officer, director, or officer-in-charge.

(2) As appropriate, use the form(s) discussed below. See enclosure (2) of reference (d), for an explanation of the criteria used in identifying a Major Accomplishment (MA) and Material Weakness (MW). To facilitate the reporting of NETC issues to CNO, be prepared to provide the form as a WORD document.

(a) In reporting, an organization should include MAs related to the command’s MICP processes and/or in consideration of the following NAVY initiatives to meet the Navy’s “A Design for Maintaining Maritime Superiority: (1) Strengthen Naval Power at and from Sea, (2) Achieve High Velocity Learning at every Level, (3) Strengthen our Navy Team for the Future, (4) Expand and Strengthen our Network of Partners.”

(b) Use NETC 5200/3 form for an MA. An MA should not report on normal day to day accomplishments in performing a command’s mission. SECNAV requests an MA to reflect what internal control was strengthened or what potential material deficiency was resolved. All reported MAs must be supported by clearly discussed quantifiable results. If an MA cannot be linked to action taken to improve the areas discussed in paragraph 4c(2)(a) above do not include it in the certification statement.

(c) Use NETC 5200/4 form for an MW. An MW is an internal control weakness not correctable at the local level. In reporting an MW, discuss the seriousness of the internal control breakdown and its likely impact on the command and Navy. Ask the question, “Does the weakness warrant reporting up the chain of command?” If in doubt, report! NETC will evaluate and determine what reporting action is required via the certification statement.
(d) Use NETC 5200/4 form for status of corrective actions on a weakness not previously reported as closed.

5. Action

a. NETC domain. Complete the requirements as described above.

b. Echelon III commands. Pursuant to reference (a) guidelines, the echelon III command MICP coordinator and alternate coordinator are to be appointed in writing. Provide a copy of appointment letters to NETC (NOOGR). Both the coordinator and alternate must have completed MICP training (complete Navy Knowledge Online (NKO) MICP Training (OASN-MCPT-1.3)). In completing this training, please be aware that the SOA online tool, which was once used for submitting the annual SOA, has been discontinued. This training is being updated to reflect the change. The coordinator or alternate also needs to ensure appropriate command process owners receive training. This particular training can either be via presentation(s) by the coordinator or alternate or completing the NKO MICP for Managers (OASN-MCPTM-1.3) course. Proof of the completed training must be retained on file. Documented refresher training is required every three years for the coordinator and alternate. If any command coordinator or alternate encounters difficulties in completing training, contact NETC (NOOGR) to discuss other possible training venues. Request echelon III commands confirm names and phone numbers of your coordinator and alternate by Email to the NETC (NOOGR) MICP Coordinator, Ms. Tisa Slupski, tisa.slupski@navy.mil, DSN 459-4865, or the NETC MICP Alternate Coordinator, Mr. Charles Gimbel, charles.gimbel@navy.mil, DSN 459-4864, by 2 April 2018.

c. Echelon III commands. Provide your consolidated MICP certification statement that also reflects chain of command SOA submissions by subordinates. To meet the CNO deadline, request all heads of echelon III commands provide a signed certification statement along with the appropriate enclosures to NETC, via the NETC Inspector General (N00G) for compilation. Use the MA and MW forms discussed above. Submit your official command statement to NETC (NOOGR) via Email no earlier than 20 April 2018, but no later than 27 April 2018.
d. NETC Staff Division Directors and Special Assistants (DD/SAs). Request all NETC Staff points of contact pick up MICP work process binders from NETC MICP coordinator, Ms. Slupski, Room 1-77, 0800-1600, by 3 April 2018. Submit your signed MICP certification statement (along with any appropriate enclosures) and documentation of staff work process reviews (to include: MICP process inventory, flowcharts, ICSTs, and ORM assessments) to NOOGR no earlier than 20 April 2018, but no later than 27 April 2018.

6. Records Management. Records created as a result of this notice, regardless of media and format, must be managed per SECNAV Manual 5210.1 of January 2012.

7. Forms. The following forms are available for download on Naval Forms Online (https://navalformsdocumentservices.dla.mil/web/public/forms):
   a. NETC 5200/3 (Major Accomplishments)
   b. NETC 5200/4 (Material Weakness or Status of Corrective Actions)

8. Cancellation Contingency. This notice is cancelled upon receipt of the next notice on this subject and for record purposes on 31 March 2019.

M. A. WHITT
Chief of Staff

Releasability and distribution:
This notice is cleared for public release and is available electronically via the NETC public web site, https://www.netc.navy.mil/directives.htm, or via Total Records Information Management (TRIM).