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Army Programs

ARMY NATIONAL GUARD INTERNAL CONTROL PROGRAM

HANDBOOK FOR
ARMY NATIONAL GUARD MANAGERS AND
STATE INTERNAL CONTROL PROGRAM ADMINISTRATORS

Summary. This handbook covers the management of the Army National Guard (ARNG) Internal Control Program. It provides managers and administrators with a step-by-step approach to implement and sustain a formal Internal Control Program in their state. This pamphlet is to be used with Army Regulation (AR) 11-2, Internal Control Systems.

Applicability. This pamphlet only applies to the Army National Guard.

Impact of the New Manning System. This pamphlet contains no information which impacts on the New Manning System.

Suggested Improvements. The proponent for this pamphlet is the National Guard Bureau (NGB). Users are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) to NGB-ARC-MA, ARNG Operating Activity Center, Building E-6811, Aberdeen Proving Grounds, MD 21010-5420.

Interim Changes. Interim changes are not official unless authenticated by the Executive, NGB. Users will destroy interim changes when they expire unless sooner rescinded or superseded by a formal change.

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**CHAPTER 1
INTRODUCTION**

1-1. Purpose

This pamphlet has been written to help you meet your responsibility for managing and administering a sound Internal Control Program. It provides you with information in a step-by-step approach covering such areas as conducting internal control reviews, correcting weaknesses when they are detected, and reporting the results of reviews. It explains the procedures required to implement the policies established by the Department of the Army (DA) in AR 11-2, Internal Control Systems.

1-2. References

a. Required Publications.

- (1) AR 11-2, Internal Control Systems.
- (2) DA Circular Series 11-XX-XX, Internal Control Review Checklists.

b. Related Publications.

- (1) Federal Managers' Financial Integrity Act of 1982, Public Law 97-255.
- (2) Office of Management and Budget (OMB) Circular A-123 (Revised), Internal Control Systems.
- (3) Department of Defense (DOD) Directive Number 5010.38, April 14, 1987, subject: Internal Management Control Program.

1-3. Background Information

Before we begin to describe how the ARNG Internal Control Program is executed, we must have an understanding of the background that led up to this formalized program.

a. Within the last decade, the Congress, Government officials and the general public have become increasingly concerned with waste, abuse and mismanagement in Government programs and activities. The Budget and Accounting Practices Act of 1950

requires that each agency head establish and maintain systems of accounting and internal control. Such systems were expected to help prevent fraud, waste, abuse and mismanagement in Federal Government operations.

b. The Office of Management and Budget (OMB) issued a memorandum to the heads of all Federal components stressing the need for adequate internal control systems. The Director of OMB pointed out that despite statutory requirements for adequate systems of internal controls (Budget & Accounting Act of 1950), there continued to be many instances of fraud, waste and abuse of government resources and mismanagement of Government programs. These instances often resulted from weaknesses in internal controls or from breakdowns in compliance with internal controls.

c. Finally, in 1982 the Congress enacted the Federal Managers' Financial Integrity Act. This Act requires each Executive agency not only to have internal accounting and administrative controls but to do evaluations of these controls. It also requires each Executive agency provide an annual statement on the control systems to the President and the Congress.

1-4. General Information

a. The ARNG will follow the policies and guidance for the establishment, surveillance and execution of the Internal Control Program as outlined in AR 11-2.

b. NGB supplementing instructions and guidance to AR 11-2 are in this pamphlet and in memorandums issued on a periodic basis by the NGB Internal Control Administrator. Permanent information issued in future memorandums will be added to this handbook at its next revision.

c. The basic tool used to execute this program is the internal control review checklist. NGB and Headquarter, Department of the Army (HQDA) functional proponents develop the checklists, publish, and distribute them to the field for use by managers. Managers may modify checklists to accommodate local conditions so long as internal controls are not weakened by such changes.

CHAPTER 2 MANAGEMENT'S ROLE

2-1. Responsibility and Accountability

a. All managers within the ARNG structure have some degree of responsibility for either establishing or maintaining effective internal control systems. These systems must provide a reasonable assurance that funds, property and other assets are safeguarded from fraud, waste, abuse and mismanagement.

b. Senior and mid level managers have the responsibility and the authority to correct weaknesses that are discovered by internal control reviews, internal and external audits, inspections, etc. throughout their subordinate elements. These managers are accountable for the success or failure of internal control practices and should be specifically rated on their performance in this area. Those managers at State level are:

- (1) Chief of Staff/CAA.
- (2) Principal members of The Adjutant General's staff (e.g. SPMO, SMO, POTO, MILPO).
- (3) United States Property and Fiscal Officer.
- (4) Principal members of OUSPFO (e.g. Comptroller, Supply Management Officer).
- (5) STARC Headquarters Commander.
- (6) STARC Headquarters principal staff members (e.g. Director of Personnel, Director of Maintenance, Director of Logistics).
- (7) Division Commander(s).
- (8) Brigade Commander(s).

c. Mid level managers may formalize responsibility and accountability for internal control in performance documents of subordinates; however, avoid excessive application which reduces the intended focus of attention. Incorporation of internal control responsibilities into job performance standards below those positions cited above is discretionary.

d. While the Adjutant General is not rated, per se, his (AG's) signature on the Annual Assurance Statement implies that he has the responsibility to ensure that adequate internal controls are in place within the State ARNG structure.

2-2. Manager's Specific Responsibilities

a. Ensure general organizational adherence to the Army Internal Control Standards.

b. Ensure correction of internal control deficiencies, with priority emphasis on material weaknesses, as soon as circumstances and resources permit. Be sure that improved controls or compliance are retested before reporting prior weaknesses as corrected.

c. Use prescribed (HQDA and NGB developed) Internal Control Review Checklists to evaluate applicable subtasks as scheduled by the ARNG Management Control Plan. Add to prescribed checklists to accommodate any State unique circumstances.

d. Verify, through testing or other means, that minimum essential controls are in place and operating.

e. Document, by remarks on the checklist or reference to supporting notes/documents, the basis for each checklist answer.

f. Maintain completed checklists in the work area, with supporting documentation. Keep these records until another review of the same function is done.

**CHAPTER 3
THE STATE INTERNAL CONTROL ADMINISTRATOR'S ROLE**

3-1. Effective Administration

As the Internal Control Administrator you are the Adjutant General's key person for ensuring that this program is operating within your State's ARNG structure. An effective administrator should have:

- a. An in-depth working knowledge of the State ARNG.
- b. Authority to move throughout the organization to provide direction and guidance.
- c. A broad and comprehensive understanding of the general environment and how activities interact.
- d. An appreciation and general understanding of internal control concepts and techniques.
- e. Knowledge of ARNG policies and procedures (including documentation requirements and prescribed forms) for administering the ARNG Internal Control Program.

3-2. State Internal Control Administrator Duties

- a. Ensure that managers at all levels within the State ARNG structure are aware of their responsibility to ensure strong internal control systems and provide training, if necessary.
- b. Ensure that internal control responsibilities are in the job performance standards and ratings for selected military/technician managers.
- c. Maintain an up-to-date inventory of all checklists applicable to the ARNG and ensuring that these checklists reach managers who must use them to conduct reviews.
- d. Distribute checklists for use within the time frame established by the Army National Guard Five Year Management Control Plan.
- e. Ensure, through sampling technique, that answers to test questions on completed checklists are properly supported.
- f. Establish a system for tracking internal control weaknesses so that managers provide feedback on corrective actions.

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g. Prepare annual, mid year and other special reports using accurate information and submitting them to NGB on time.

h. Involve the AG and senior management in the Internal Control Program.

CHAPTER 4 THE INTERNAL CONTROL REVIEW (ICR) PROCESS

4-1. The Groundwork

Before explaining what the ICR process is all about, we must understand a little of the groundwork. Two very important actions were taken:

a. First, every agency and department within the Federal government had to segment its organization into components, programs and functions. The basic goal was to develop the organization's inventory of identifiable tasks and subtasks. NGB, the Active component and the Army Reserve identified all tasks and subtasks within the Department of the Army.

b. Once the inventory was developed, a risk assessment (RA) was done for each task/subtask. The purpose of this assessment was to review the susceptibility of each task/subtask to waste, loss, unauthorized use or misappropriation. The results of the assessment become the basis for any later action required to strengthen internal control systems in a cost-effective manner. Risk assessments were done by HQDA, to include NGB, functional proponents. The Army National Guard Five Year Management Control Plan is the result of the risk assessment process.

c. While NGB assessed its tasks/subtasks, the Active component and the Reserve were doing their own RAs. While not an exact match, many tasks done by the ARNG and the Active Component received similar assessments. A good example is the high susceptibility of Temporary Duty (TDY) travel to waste, loss and unauthorized use of Federal funds.

4-2 The Internal Control Review Process

a. Once the inventories and RAs were complete the internal control review process took over. Functional proponents are the key players in steps 1-5. Listed below are those steps:

(1) Step 1 - PLAN THE REVIEW - What is the scope of the task? Ideally, one checklist is developed for each subtask.

(2) Step 2 - IDENTIFY AND VERIFY EVENT CYCLES - What steps must occur to carry a process from a logical beginning to a logical ending?

(3) Step 3 - REVIEW THE VULNERABILITY AND DETERMINE RISK - The primary purpose of the revisit to the RA is to ensure an understanding of the vulnerability of the subtask and to relate

specific areas of concern to event cycles. This step identifies the nature of the risk involved. Remember, risk is the potential for waste, loss or abuse of resources.

(4) Step 4 - ESTABLISH CONTROL OBJECTIVES - What happens if loss due to waste or mismanagement were successfully controlled?

(5) Step 5 - IDENTIFY AND EVALUATE CONTROL TECHNIQUES - These are the words and phrases that require specific actions to be taken.

4-3 Following steps 1-5 in the ICR Process

a. Let's identify a task/subtask and carry it through the steps above. Since Temporary Duty (TDY) travel came up in the preceding paragraph, we will use that subtask for our example. First, the Deputy Chief of Staff for Personnel, HQDA is the functional proponent for Personnel Activities (TASK) and Military Personnel Functions is a SUBTASK of Personnel Activities.

(1) What is the scope of the task/subtask? Personnel Activities/Military Personnel Functions (the task/subtask) is too broad an area to try to cover in one checklist. Military Personnel Functions could then be broken into components, one being Temporary Duty (TDY) Travel Orders.

(2) What event cycles (processes) take place that have to do with Temporary Duty (TDY) Travel Orders? Cycles could be requesting TDY, approving TDY, and authorizing TDY. For purposes of this example, we will follow the event cycle for requesting TDY.

(3) What areas of concern could there be with requesting TDY? Is any risk (potential for waste, loss or abuse of resources) involved? The risk could be the waste of travel funds because the mission could be accomplished by alternative means such as correspondence, telephone or teleconferencing.

(4) The Control Objective (eliminate risk) would then be that all TDY travel requests are based on essential mission or training needs of the organization.

(5) What actions need to be taken to meet the control objective? It could be to pinpoint responsibility and accountability of requesting officials initiating travel requirements and authorizations.

4-4 Documenting steps 1-5 in the ICR process

The result of following and documenting the steps described above is a checklist which managers will use to review their role as "requesting officials" in the Temporary Duty (TDY) Travel Order process. Appendix A shows a portion of the TDY checklist developed by DCSPER, the Army proponent for military personnel functions. Operating managers would use this checklist to conduct all future reviews of TDY.

4-5 Steps 6-8 in the Internal Control Review - The operating manager's role

Chapters 5 and 6 of this handbook will explain steps 6-8 in the Internal Control Review (ICR) Process. These last steps in the process are taken by operating managers.

CHAPTER 5 COMPLETING THE INTERNAL CONTROL REVIEW (THE OPERATING MANAGER'S ROLE)

5-1. Using the internal control review checklist

a. It is the operating manager's job to complete the internal control review process by using the internal control checklist supplied to him/her by the Internal Control Administrator.

b. There are several options the manager can use to complete the internal control review. They are:

(1) Select a sample of action officers responsible for this function. These action officers use the checklist. Results are summarized by the operating manager.

(2) The operating manager could use the checklist based on his/her knowledge of the area under review.

(3) Delegate use of the checklist to a key subordinate. The operating manager would still be responsible for the conduct of the review and ensuring that the checklist responses are properly supported.

(4) Use the committee approach. The operating manager would serve as chairman and selected action officers serving as committee members. Again, the operating manager is responsible for the completed, signed checklist.

5-2. Retain your paperwork

a. The operating manager should retain all original paperwork and any backup documentation in his/her files. These records will be kept in the "current" files until another review of this function is conducted. This file must be available for audit purposes.

b. Provide the State Internal Control Administrator with a signed statement of reasonable assurance (found on last page of checklist) and an Internal Control Weakness Form, if corrective actions are required.

5-3. Step 6 in the ICR process - Testing the system

a. Testing verifies that control techniques are operational and functioning as intended. Testing, depending on the step and the cycle may be easy or complex. The manager must do enough review to provide himself/herself with a high level of confidence in the answers to the checklist questions.

b. The manager should review the general control environment before testing begins. The results of this review should be documented and used to help determine the amount of testing needed. When elements of the control environment are weak, the manager should take corrective actions if cost-effective. Also, testing should be more thorough when the control environment is weak. (See Chapter 6 which covers the analysis of the general control environment.)

c. Testing involves checking out the controls by answering the questions on the checklist. Testing the controls will allow the manager to have confidence in the control system based on good hard data.

d. Testing is a "labor intensive" exercise - a manager cannot sit at a desk and fill out the checklist in an hour.

e. Managers do not need to be professional auditors, statisticians or mathematicians to satisfactorily test internal controls. Listed below are some methods operating managers may wish to consider using in order to substantiate their answers to the questions on the checklist.

5-4 Methods to test controls

a. Document Analysis: Reviewing existing records, completed forms, or other documentation.

b. Observations: Use observation when testing the controls for an entire event cycle. The observer watches what is being done and the people involved in doing it.

c. Interviews: Eliciting information from the personnel who do the control. Interviews supplement document analysis or observations. Interviews can provide valuable information about the operation of controls under many different situations.

5-5. How much testing is needed?

a. It is unrealistic to observe every time a control is used or to review 100% of the records. Instead, we test controls by observing a selected number of them or by reviewing a portion of the existing records. This selection process is sampling. Testing controls involves selecting a test sample.

b. Your analysis of the general control environment plays a major role. A high score in your analysis, i.e. high risk of

controls not in place would suggest more extensive testing, a low score might suggest minimum risk and fewer tests will be necessary.

c. Selecting a sample. The most straightforward guidance on selecting a sample is to make sure the selected sample is a miniature version of the whole - in other words, it's representative. A representative sample allows you to form conclusions with confidence that your findings are not happening by chance.

(1) Breadth of Sample is making sure that the testing done covers all bases. As an example, breadth of sample observes equal numbers of experienced and inexperienced personnel as opposed to observing only the most experienced personnel. Breadth of sample would review 10% of the requisition forms from a full year as opposed to sampling all requisition forms for December.

(2) Size of Sample should be large enough to allow the manager to conclude that the findings have not happened by chance. On the other hand, the size should not be so large that testing becomes costly. Consider the following when selecting the size of the sample:

- Experience from past reviews - reducing the size of the sample when controls have operated satisfactorily in the past, and no major changes in system/personnel have occurred.

- Allowable margin of error - increasing the size of the sample when only a small margin of error is acceptable.

- Importance of resources at risk - increasing the size of the sample when an important resource is at stake.

- Type of control - increasing the size of the sample when the control requires making judgement calls. Decreasing the size of the sample when the control is routine.

(3) It is helpful to develop a sampling plan before testing, i.e., document the who, what, where and when. Examples are:

Review 10 purchase orders per month for one fiscal year.

Interview 10% of the staff.

Review 10% of all receiving forms for each quarter during the past year.

5-6. Conducting the tests

Once the test sample is selected, the manager is ready to begin conducting the tests. Some tips:

a. Stick with the sampling plan unless there is a need to expand the breadth or size of the sample.

b. Try not to bias the results by your presence or actions.

c. Take good notes during the tests. Review notes and summarize findings while the information is still fresh.

d. Keep good records of all documents reviewed, e.g. document title, number, date, etc., and all persons observed or interviewed and the date.

e. If possible, retain copies of authorizing documents or other physical evidence that controls are working. When the size of the sample prohibits the retention of such copies, then make sure to show where the records are kept.

5-7. Document the test

a. The final step is to document the test. Documentation should include:

(1) WHO: Who conducted the test, who was observed, who was interviewed.

(2) WHAT: What was reviewed or observed, what was collected during the interviews, what were the results.

(3) WHEN: When were the reviews, observations or interviews conducted.

(4) WHERE: Where were the reviews, observations or interviews conducted.

b. The manager must answer each test question with a "YES", "NO", or "NA" and provide reasonable comments showing the basis for each response. In effect, these comments must show that "tests" (e.g. details on the observation, examination, sampling) were made to verify the required internal controls are in place and operating.

c. Annotate comments directly in the "Remarks" space provided for the question (e.g. personally reviewed a random selection of 40 vouchers) or a reference to an attached note, memorandum or document showing the verification action.

d. Since test questions cover minimum essential controls which should be standard for all units doing the task, an adequate explanation is needed for any "NA" response.

5-8. Mandatory testing

"Belief" that an internal control is in place and operating is not adequate. You must show verification supporting confidence in the adequacy of controls.

5-9. Statement of assurance

a. Once testing is complete, the manager must sign the statement at the end of the internal control review checklist. His/her signature attests that the area covered by the checklist was reviewed and that internal controls are in place and operating or that weaknesses discovered have been/will be corrected according to the written Plan of Corrective Action.

b. The statement, which is behind all internal control review checklists, reads as follows: "I have reviewed this subtask within my organization and have supplemented the prescribed internal control review checklist when warranted by unique environmental circumstances. The controls prescribed in this checklist, as amended, are in place and operating for my organization (except for the weaknesses described in the attached plan, which includes schedules for correcting the weaknesses)."

5-10. Step 7 in the ICR Process - Selecting corrective action

a. The manager should take corrective action during the ICR to the extent actions can be taken locally. Such actions could include bringing operations into compliance with prescribed procedures. Other actions may be more complex and require a longer time to carry out. Before taking corrective actions, consider available alternatives and decide which is the most cost-effective.

b. Refer deficiencies that cannot be corrected locally through command channels to the appropriate level for correction.

c. You may decide not to take corrective action if the risk is acceptable in terms of the cost of the corrective action. Whatever course of action is taken, you must document the basis for that decision.

d. Examples of broad corrective actions are as follows:

Update existing organization structure.
Modify systems used to safeguard ADP access.
Automate reporting functions.

Design and conduct training.
Clarify delegation of authority.
Integrate approved budgets into operating plans.
Clarify communications lines.
Improve timeliness, accuracy, usefulness of reports.
Provide clear, measurable performance standards.
Reorganize to provide a more efficient structure.
Modify policies and procedures.
Install appropriate checks and balances.

5-11. Step 8 in the ICR process - Reporting

a. The ability of management at all levels to show it has detected and corrected, or is correcting, serious weaknesses in the efficient and effective use of resources is the underlying goal of the Integrity Act.

b. Absence of or noncompliance with any internal control for accomplishing regulatory requirements constitutes an "internal control weakness". A "weakness" in internal controls becomes a "material weakness" based on the assessable unit manager's judgement about the relative significance of the problem.

c. The weakness is "material" if it requires the attention/awareness of the next higher level of management - from the assessable unit manager through the chain of command up to the AG. Internal Control weaknesses found at any level within the organization and not considered material are not reported to the next higher level. Weaknesses that do not "wash out" through each succeeding level of management will be those that require the AG's attention.

d. Provide the Internal Control Administrator with a summary of the weaknesses detected since the administrator will be tracking weaknesses to ensure corrective actions are taken promptly.

e. Use the internal control review weakness form to report weaknesses. (See Figure 5-1.)

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INTERNAL CONTROL WEAKNESS FORM

Corrective Actions have been taken

Discovered in Prior Year

Requiring Corrective Action

Discovered in Current FY

Reporting Organization _____

Material Weakness ID _____

Date _____

Task/Subtask Code:

Short Title of Weakness

Description of Weakness. (Include estimate of dollar or operational significance of weakness.)

Weakness detected by: (Use Listing)

PLAN OF CORRECTIVE ACTION

Action

Completion Date
(Month/Year)

Point of contact for information:

Name: _____

Office Address _____

Phone Number _____

FIGURE 5-1. INTERNAL CONTROL WEAKNESS FORM

CHAPTER 6 ANALYSIS OF THE GENERAL CONTROL ENVIRONMENT

6-1. What is the general control environment?

a. Simply stated, the general control environment is the work setting. The work setting has a major impact on the success of internal control. The combination of various environmental factors may influence the effectiveness of internal controls.

b. Complete the General Control Environment Review worksheet (Figure 6-1) before beginning any internal control review. In order to analyze each element of the general control environment the manager should answer the questions provided in the paragraphs below. These questions help analyze each element which makes up the general control environment.

c. The answers to the questions below serve as the basis for selecting a score for each element of the general control environment review. As a reminder, when elements of the control environment are weak, corrective actions may be necessary, if cost-effective AND testing during the internal control review needs to be more thorough.

6-2. Management attitude

The way in which management responds to recommendations from oversight groups (e.g. IG, USAAA) and other evaluation groups (e.g. Internal Review, NGB assistance teams) can be an aspect in controlling losses. A lack of responsiveness suggests a higher degree of susceptibility to loss due to waste, abuse or mismanagement of resources. Are managers in the chain of command for this functional area:

a. Responsive to recommendations received from oversight groups and other evaluation groups?

b. Interested in planning and carrying out internal control systems?

6-3. Organizational structure

The organizational structure provides the framework for work performance. An effective and efficient organizational structure supports a system of controls.

a. Is the organizational chart current?

b. Does the organizational structure help rather than hinder work performance?

c. Does the organizational structure provide for proper amounts of supervision?

d. Does the organizational structure support a system of internal controls?

6-4. Personnel practices

Internal controls are highly dependent on the personnel. The personnel practices must ensure the competence and integrity of the organization's personnel. Control systems will fail without competent people. Do personnel practices include:

a. A code of conduct?

b. Provisions for conflict of interest disclosures?

c. Accurate and up-to-date position descriptions?

d. Periodic performance appraisal of all employees?

e. A reward system based on performance?

f. Sufficient training opportunities to improve competency and update employees on new policies and procedures?

6-5. Delegation and communication of authority and responsibility

Appropriate delegation or limitation of authority must exist in order to support a system of internal controls. Does delegation of authority:

a. Exist in writing?

b. Delineates duties and responsibilities?

c. Prevent overlapping, duplication and conflicts of duties and responsibilities?

d. Grant sufficient authority to officials to carry out their responsibilities?

e. Divide responsibility so that no single official controls all phases of a critical transaction?

6-6. Policies and procedures

Clear-cut, understandable and precisely stated policies and procedures are required in order to ensure that established control systems are successfully used. Are policies and procedures:

- a. Current and in writing?
- b. Consistent with statutory authority?
- c. Simple and easy to understand?
- d. Revised and updated as necessary?
- e. Do policies and procedures help rather than hinder work performance?

6-7. Budgeting and reporting

A systematic process for budgeting is necessary for justifying the allocation of personnel, information, and capital resources. It is necessary for carrying out operations effectively, efficiently and economically. Systematic budgeting goes hand in hand with effective internal controls. The process by which data are collected, organized, transmitted and retained must be carefully managed in order to support a system of internal controls. Reporting practices should be done in a cost-effective manner while achieving all mandatory reporting requirements.

- a. Is there a long-range planning process?
- b. Is the budget system integrated with the planning process?
- c. Is the accounting system integrated with the budget system?
- d. Does the approved budget become the operating plan?
- e. Are plans and budgets effectively communicated throughout the organization?
- f. Does the budgeting and planning process support a system of internal controls?
- g. Are reports timely, accurate, useful and distributed to appropriate users?
- h. Do progress or performance reports show comparisons with planned performance, budget allowances, or past performance?
- i. Are reports made in agreement with prescribed directives?

j. Are personnel required to report only on those matters within their control?

k. Are reports made on the internal control system?

6-8. Organizational checks and balances

The establishment of an appropriate level of organizational checks and balances is critical to the success of an organization. Organizational checks and balances include a system of controls, a system of self assessment, and a system for prompt follow-up and resolution of audit/review findings.

a. Are program evaluations/management reviews routinely done?

b. Are audits done routinely?

c. Are audit and review findings corrected as soon as possible?

d. Does the activity have an audit follow-up program?

e. Does the activity have a fraud, waste and abuse awareness program?

f. Are objectives for internal controls identified and developed?

6-9. ADP considerations

When used, automated data processing can greatly enhance an internal control system. Also, ADP systems require that special control features be built into the systems.

a. Are data safeguarded to prevent unauthorized access, improper changes, or loss?

b. Do appropriate controls exist to detect unauthorized use of the system?

c. Are there procedures in place to ensure that data entered are authorized/approved, complete, accurate, and timely?

d. Are there procedures in place to ensure that data outputs are complete, accurate and timely?

e. Are the personnel aware of the control risks in ADP systems?

GENERAL CONTROL ENVIRONMENT REVIEW FORM

This Checklist:

Organization: _____ Date Completed: _____

Action Officer: _____ Reviewer: _____

A review of the General Control Environment was conducted before testing. The assessment of that review is documented below:

CRITERIA	SCORE					
(1) <u>Management Attitude.</u> Management recognizes the importance of and is fully committed to the establishment of a strong system of internal controls as communicated to employees through actions and words.	1	2	3	4	5	_____
(2) <u>Organizational Structure.</u> There are clearly defined units to do the necessary functions and firmly established reporting relationships.	1	2	3	4	5	_____
(3) <u>Personnel.</u> Personnel are highly competent and well trained.	1	2	3	4	5	_____
(4) <u>Delegation and Communication of Authority and Responsibility.</u> Appropriate delegation or limitation of authority is written, well-defined and communicated in a manner that provides assurance that responsibilities are effectively discharged.	1	2	3	4	5	_____
(5) <u>Policies and Procedures.</u> Policies and procedures on how the organization is intended to work in all situations is clearly defined, documented and disseminated to all employees.	1	2	3	4	5	_____
(6) <u>Budgeting and Reporting Practices.</u> Organizational goals are specific and communicated and the extent of their accomplishment is continually monitored.	1	2	3	4	5	_____
(7) <u>Organizational Checks and Balances.</u> A level of financial and other management controls and internal auditing is established and maintained.	1	2	3	4	5	_____
(8) <u>ADP Consideration.</u> Management is fully aware of the strengths and exposures inherent in ADP systems and ensures the existence of appropriate controls.	1	2	3	4	5	_____

LEGEND: 1-Always // 2-Normally // 3-Sometime // 4-Rarely // 5-Never

NA: May be used for item (8)

SCORE: 7-12 = Low Risk // 13-24 = Medium Risk // 25-40 = High Risk

FIGURE 6-1. GENERAL CONTROL ENVIRONMENT FORM

CHAPTER 7 INTERNAL CONTROL PROGRAM REPORTING REQUIREMENTS

7-1. Reporting Background

a. The Department of Defense must provide the President and Congress with a statement on internal control systems. In order to provide this statement the Secretary of each branch of the service provides the Secretary of Defense with an evaluation of internal control systems within his branch.

b. The Chief, National Guard Bureau provides feeder information and an annual assurance statement on the status of internal controls within the ARNG to the Secretary of the Army. The CNGB's statement, along with the statements from HQDA staff principals and MACOM commanders, serve as feeder information to compile the Secretary of the Army's statement to the Secretary of Defense. The CNGB's statement will reflect the status of internal controls within the Bureau and at each State ARNG. It will consider all audit findings, actual losses, and other evidence alleging or suggesting material weaknesses in internal controls.

c. The degree of each AG's reported confidence in the adequacy of internal controls throughout the State ARNG must be:

(1) Traceable to pinpointed responsibility and accountability of managers. (Performance agreements.)

(2) Evidence of adequate compliance with coverage required by the ARNG Management Control Plan. (Using checklists.)

(3) Responsive correction of any internal control weaknesses.

(4) Generally effective adherence to Internal Control Standards. (Chapter 2, AR 11-2.)

7-2. Preparation of the AG's annual assurance statement

a. Each State AG will submit a composite annual feeder statement on the status of internal controls. Submit the statement by the 10th calendar day of September each year. The AG's statement supports the statement prepared for the Secretary of the Army by the CNGB. The Adjutant General must personally sign his statement.

b. Mail the statement to the NGB Internal Control Administrator, ATTN: NGB-ARC-MA, ARNG Operating Activity Center, Building E-6811, Aberdeen Proving Grounds, MD 21010-5420.

c. The NGB Internal Control Administrator will provide any special instructions not covered in this pamphlet.

d. The AG's annual assurance statement will follow the format at figure 7-1. Attach supporting documentation to the statement. This documentation will follow the format at figure 7-2. Report any material weaknesses using the format at figure 5-1.

7-3. Special instructions for preparation of the AG's annual assurance statement (Figure 7-1)

a. Paragraph 1. Fill in your State's name.

b. Paragraph 2. Add or delete subparagraph items as appropriate.

c. Paragraph 3. Use the parenthetical phrase "except as included in this report" if you submit any new or previously reported material weaknesses.

d. Paragraph 4. Use the parenthetical sentence "Enclosure 2-(#) provide details on material weaknesses currently and previously detected." if you submit any new or previously reported material weaknesses.

7-4. Preparation of enclosure 1 to AG's annual assurance statement - How The (State) Internal Control Program Was Conducted in FY XX (Figure 7-2)

a. Enclosure 1 - How The (State) ARNG Internal Control Program Was Conducted in FY 88 must accompany the AG's annual assurance statement. This enclosure serves as the back up documentation to the AG's statement. The ARNG Five Year Management Control Plan (State ARNG Schedule of Reviews for FYXX) must be filled in and returned as part of this enclosure.

b. Figure 7-2 is only a sample so make sure you adjust it to take advantage of specific actions within your state.

c. Certain portions of Figure 7-2 must be used as written. They are:

(1) Paragraphs 1a, 1b and 1d.

(2) Paragraph 4a.

(3) Paragraphs 5a, 5b and 5c - even if you use "0" in the blanks.

7-5. Material Internal Control Weaknesses

a. Absence of or noncompliance with any internal control for accomplishing regulatory requirements constitutes an "internal control weakness". A "weakness" in internal controls becomes a "material weakness" based on the assessable unit manager's judgement about the relative significance of the problem.

b. The weakness is "material" if it requires the attention/awareness of the next higher level of management - from the assessable unit manager through the chain of command up to the AG. Internal Control weaknesses found at any level within the organization and not considered material are not reported to the next higher level. Weaknesses that do not "wash out" through each succeeding level of management will be those that require the AG's attention. If the AG determines that the "material weakness" is of such significance to warrant the attention of the Chief, National Guard Bureau, the "material weakness" is included as part of the AG's Annual Assurance Statement, whether the deficiency was corrected or remains to be corrected.

c. The final determination to categorize an "internal control weakness" as a "material weakness" results from management judgement about the relative impact of the weakness. Reportable material weaknesses are those that have or could create any of the following situations:

Significant actual or potential loss of resources (magnitude of funds, property or other resources involved).

Frequency of actual/potential losses.

Current or probable media interest. (Adverse publicity.)

Current or probable Congressional interest. (Adverse publicity.)

Unreliable information from any source causing/may cause unsound management decisions.

Impair fulfillment of essential mission.

Violation of statutory or regulatory requirements.

Impact on information security.

Deprive the public of needed Government services.

Remember, DOLLAR SIGNIFICANCE IS NOT NECESSARILY THE DECIDING FACTOR.

d. Material weaknesses come from internal control reviews, external audits and inspection reports, internal review findings, etc. Internal Control Administrators must have access to these reports to assure that all material weaknesses are reported through the chain of command to the AG and possibly to the Chief, National Guard Bureau.

7-6. Reporting new material weaknesses

a. Specific instructions for completing material weakness forms.

(1) Use format at Figure 5-1.

(2) Check one block in each set at top of page.

(3) Reporting organization will read: (State abbreviation, e.g. SCARNG).

(4) Material Weakness ID: Use the fiscal year and number each reported weakness sequentially, i.e. 88-1, 88-2, 88-3, etc.

(5) Date: Use 30 Sep XX.

(6) Task/subtask Code: Use the task/subtask designators found in the ARNG Five Year Management Control Plan. This will greatly enhance the consolidation and tracking of actions that must be done when we send our consolidated report forward.

(7) Short Title of Weakness: Self explanatory.

(8) Description of Weakness: Self explanatory.

(9) Weakness detected by: Use the following codes to identify source:

<u>Code</u>	<u>Description</u>
1	Internal Control Review
2	DOD IG
3	US Army Audit Agency
4	GAO
5	Internal Review
6	Army IG inspection
7	Other (Specify)

(10) Plan of Corrective Action: Self explanatory. Completion dates must be in Month/Year format. Terms such as "on going", "FY 89", "in process", are not acceptable.

(11) Point of Contact Information: State Administrator's name, etc. It is the administrator's responsibility to ensure that forms are filled in properly and all information is accurate.

7-7. Previously reported weaknesses

a. Any weaknesses you included in previous year's annual assurance statements as uncorrected must be reported as to the status of corrective actions in the current year's report.

b. Close out any weakness when materiality has been significantly reduced and only "clean up" actions remain. Clean up actions may be writing/updating a State regulation, SOP, etc.; establishing a block of instruction in locally developed classroom training; or continued coordination/emphasis with others.

c. Management must verify results before reporting corrective actions as completed.

d. Update each weakness using the latest copy of the weakness form submitted to NGB. Please be sure that annotations are legible.

e. The following actions may be taken:

(1) If the corrective action has been accomplished, annotate COMPLETED next to the date(s) in the Plan of Corrective Action.

(2) Provide a new date if the corrective action was not or cannot be accomplished by the date previously given.

(3) Add new corrective actions considered necessary to correct the weakness. Completion dates must reflect month and year.

(4) Any weakness which has incurred slippage, which would move the final completion of all corrective actions into a subsequent fiscal year, must be explained.

7-8 Midyear reporting on the status of material weaknesses

a. Mid year reporting on the status of material weaknesses contained in the AG's annual assurance statement will be required.

b. Update and report on all material weaknesses still open, regardless of the year in which they were first reported.

c. Report on material weaknesses that have been corrected and are considered "closed".

d. Use the same reporting criteria and instructions outlined in paragraph 7-7 above.

e. Mail the mid year report to: NGB Internal Control Administrator, ATTN: NGB-ARC-MA, ARNG Operating Activity Center, Building E-6811, Aberdeen Proving Grounds, MD 21010-5420.

f. The due date for mid year reporting will be March 10th, each year.

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(Office Symbol)

MEMORANDUM FOR: Chief, National Guard Bureau

SUBJECT: FY XX Annual Assurance Statement on Internal Controls

1. The internal accounting and administrative control system within the (State) Army National Guard provides reasonable assurance that:

a. Assets are safeguarded against waste, loss, unauthorized use, or misappropriation;

b. Obligations and costs comply with applicable law;

c. Revenues and expenditures applicable to my operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the assets; and,

d. Programs and administrative functions are efficiently and effectively carried out in accordance with applicable law and management policy.

2. My determination is based on a general understanding and adherence to the GAO Standards for Internal Controls, verified by methods I believed necessary to evaluate the adequacy of internal controls. Some of the actions supporting my determination included:

a. Application of Internal Control Review Checklists required to be used this fiscal year in accordance with the Army National Guard Five Year Management Control Plan.

b. Performance of other internal control reviews of subtasks warranted by local circumstances.

c. Consideration of audit, inspection and other independent review reports.

d. Assurances by principals of subordinate elements.

e. Heightened awareness and formal responsibility for the adequacy of internal controls by military and technician managers.

(Add or delete subparagraphs as appropriate.)

FIGURE 7-1 ADJUTANT GENERAL'S ANNUAL ASSURANCE STATEMENT

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3. The application of checklists and other methods of evaluation in my organization have not detected any material weaknesses which require your attention (except as included in this report). All other noted weaknesses have been or are being corrected. I have reviewed these weaknesses and am satisfied that actions taken or scheduled are sufficient to correct the deficiencies within a reasonable period of time.

4. Enclosure 1, How The (State) ARNG Internal Control Program Was Conducted In FY 88, provides narrative data and statistics on specific actions taken this fiscal year. (Enclosure 2 - (#) provide details on material weaknesses currently and previously detected.)

Encl(s)

(Signature)

FIGURE 7-1 ADJUTANT GENERAL'S ANNUAL ASSURANCE STATEMENT

HOW THE (STATE) INTERNAL CONTROL PROGRAM WAS CONDUCTED IN FY XX

This assurance statement is based on a combination of actions taken to ensure there is a reasonable level of confidence that internal controls throughout the (State) ARNG are in place and operating. Action taken included:

1. Established a framework for pinpointed responsibility and accountability to achieve Integrity Act objectives:

a. (Name, rank and title) is the Senior Designated Official who has the responsibility to oversee the (State) ARNG Internal Control Program on my behalf.

b. (Name and rank) is the (State) Internal Control Program Administrator and is the official point of contact for day to day operations.

c. Effective controls are in place to ensure compliance with the provisions of paragraph 4-11, AR 11-2 regarding job performance standards for internal control responsibilities.

d. (#) managers have been identified as being responsible for the adequacy of internal controls; (#) of the incumbents have specific internal control responsibilities in performance agreements.

e. Data on program performance is included in my quarterly review and analysis system and periodically briefed me to ensure detection and correction of any problems.

2. Made widespread distribution of:

a. Revised AR 11-2, 4 December 1987.

b. State Internal Control Systems regulation/pamphlet.

c. Army National Guard Five Year Management Control Plan.

3. Stressed the importance of every manager understanding the GAO Standards for Internal Controls in the Federal Government to ensure a general understanding and application by all managers. These standards are in Chapter 2, AR 11-2.

4. Use of Internal Control Review Checklists.

a. Provided guidance to senior and assessable unit managers regarding Internal Control Review Checklists identified in the ARNG Management Control Plan for formal use in FY 88. All checklists scheduled for use in FY 88 were formally used as intended except for those noted on the attached schedule.

FIGURE 7-2 ENCLOSURE TO AG'S ANNUAL ASSURANCE STATEMENT

b. In addition to the reviews noted on the attached schedule, performed varying degrees of risk assessments, internal control reviews and specialized team reviews. A synopsis of those reviews follows: (Provide short paragraph on each.)

(1)

(2)

(3)

5. Internal Control Weaknesses. Besides the weaknesses detected through internal control reviews, considered results of audits, inspections, and other reviews; media reporting; and Congressionally expressed interest - especially when potential internal control weaknesses were identified within my organization.

a. Detected and corrected about (#) internal control weaknesses during the year.

b. An additional (#) are in the process of correction at year end by subordinate level managers.

c. Subordinate level managers submitted (#) candidate material weaknesses for reporting to the next echelon of management. Of those submitted, (#) will remain in the State and (#) are referred to the National Guard Bureau and are enclosed with this report.

6. Orientation and Training. Reached an estimated (#) senior and assessable unit managers throughout the state with an aggressive internal control training program. Primary emphasis was on explaining program requirements and practical benefits, how the system operates and each manager's responsibilities.

7. In addition, several initiatives were undertaken within the State ARNG to improve internal controls and warrant inclusion in the Chief, National Guard Bureau's statement to the Secretary of the Army. These initiatives are detailed in the following paragraphs.

(1)

(2)

(3)

FIGURE 7-2 ENCLOSURE TO AG'S ANNUAL ASSURANCE STATEMENT

**CHAPTER 8
ARMY NATIONAL GUARD FIVE YEAR MANAGEMENT CONTROL PLAN****8-1. Scheduling reviews**

The Army National Guard will be responsible for conducting internal control reviews using NGB and HQDA published checklists in all functional areas. A plan, based on risk assessment, is developed and will be updated on a continuing basis. This action ensures that reviews are scheduled and conducted.

8-2. ARNG Five Year Management Control Plan

Appendix B to this pamphlet is the ARNG Five Year Management Control Plan. State Internal Control Administrators will receive revisions to the plan throughout the year as functional areas are assessed and corresponding checklists are developed and published.

8-3. How to read the Management Control Plan

The Management Control Plan at appendix B is divided into six columns as follows:

a. Under Task/Subtask - Title of Checklist (column one) are the major ARNG tasks (in upper case, underlined). Under each ARNG task are the subtasks. Subtasks are the assessable unit headings that periodically require risk assessment ratings and ICR checklist evaluations. The entry below the Task and Subtask is the title of published checklists that will be used to evaluate the assessable unit.

b. Column two lists the RAs: H (high), M (medium), and L (low).

c. The third column contains the main regulations related to each subtask. Main regulations are those that contain the minimum essential internal controls and, as such, have been identified as the source document for a related ICR checklist.

d. The fourth column uses codes to denote the principal(s) responsible for ensuring checklists are used by the appropriate assessable unit manager. Appendix B contains the code key.

e. Column five shows the document in which the checklist is published.

f. The last column is further divided into columns for the 5-year fiscal period. An "X" indicates the FY in which the checklist must be used.

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APPENDIX A
INTERNAL CONTROL REVIEW CHECKLIST (AR 310-10)

TASK: Personnel Activities
SUBTASK: Military Personnel Functions
This Checklist: Temporary Duty (TDY) Travel Orders

Organization:
Action Officer:
Review:
Date Completed:

ASSESSABLE UNIT: The specific managers responsible for using this checklists will be designated by the cognizant headquarters' staff functional principal (e.g. at applicable FOA, MACOM, SIO, and TOE division headquarters). The principal and mandatory schedule for using the checklist will be shown in the annually updated Management Control Plan.

EVENT CYCLE 1: Requesting TDY Travel

Step 1: Validate the mission need for TDY travel.

RISK: Waste of travel funds because the mission could be accomplished by alternative means such as correspondence, telephone, or teleconferencing.

CONTROL OBJECTIVE: All TDY travel requests are based on essential mission or training needs of the organization.

CONTROL TECHNIQUE: Responsibility and accountability of requesting officials initiating travel requirements and authorizations is understood.

Test Question:

1. Are individuals designated as TDY travel order requesting officials advised of their responsibility and accountability for protecting government resources under management responsibilities of Public Law 97-255, Federal Managers' Financial Integrity Act (AR11-2?)

Response YES _____ NO _____ NA _____
Remarks

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2. Are guidelines clear on the need to consider alternative before authorizing TDY travel for mission and training accomplishment (teleconference, correspondence, local training, and so forth?

Response YES _____ NO _____ NA _____
Remarks

3. Do the objectives, locations and performance period for the TDY mission warrant the number of travelers?

Response YES _____ NO _____ NA _____
Remarks

4. Are trips planned in advance with due regard to maximizing productive weekdays and minimizing weekend and holiday usage?

Response YES _____ NO _____ NA _____
Remarks

5. Does experience (e.g., necessary reimbursement actions) demonstrate that travel advances are based on realistic cost estimates--including the number of authorized TDY days?

Response YES _____ NO _____ NA _____
Remarks

6. Does adequate justification exist for requesting "Variation Authorized" in block 11 of the DD Form 1610?

Response YES _____ NO _____ NA _____
Remarks

7. Are requests for TDY travel prepared on DD Form 1610, Request and Authorization for TDY Travel of DOD Personnel, and submitted for review and approval at the earliest practicable date?

Response YES _____ NO _____ NA _____
Remarks

**APPENDIX B
FIVE YEAR ARMY NATIONAL GUARD MANAGEMENT CONTROL PLAN**

<u>TASK/SUBTASK TITLE OF CHECKLIST</u>	<u>RA</u>	<u>RELATED DIRECTIVE</u>	<u>RESP OFFL</u>	<u>CHECKLIST CAN BE FOUND IN</u>	<u>INTERNAL CONTROL REVIEW SCHEDULE FY88 FY89 FY90 FY91 FY92</u>
<u>OTHER SERVICE-WIDE SUPPORT</u>					
01.030000 - CASUALTY SERVICES Post Cemetery Services	L	AR 210-190	EE	DA Cir 11-87-4, 4 Dec 87	X
<u>ARMY INFORMATION MANAGEMENT</u>					
02.010000 - INFORMATION MANAGEMENT Information Management Plan	L	AR 25-5	F	DA Cir 11-87-5, 25 Sep 87	X
02.010200 - COMMUNICATIONS Military Affiliate Radio System (MARS)	L	AR 25-6	D	DA Cir 11-86-1, 30 Jul 86	X
<u>BASE SUPPORT SERVICES GENERAL</u>					
03.020000 - TROOP ISSUE SUBSISTENCE ACTIVITIES Accounting and Operations	M	AR 30-18	C(1)	DA Cir 11-87-1, 5 May 87	X
03.020200 - SUBSISTENCE ITEM SURVEY Subsistence Item Survey	L	AR 30-16	C(2)	DA Cir 11-86-3, 17 Dec 86	X
03.040100 - DINING FACILITIES Dining Facility Operations	H	AR 30-1	C(3)	DA Cir 11-86-1, 30 Jul 86	X
03.040200 - MEAL CARD Meal Card Management	L	AR 600-38	C(4)	DA Cir 11-86-1, 30 Jul 86	X
03.040300 - FEEDING STRENGTH Feeding Strengths	H	AR 30-5	C(1)	DA Cir 11-86-3, 17 Dec 86	X

**APPENDIX B
FIVE YEAR ARMY NATIONAL GUARD MANAGEMENT CONTROL PLAN**

TASK/SUBTASK TITLE OF CHECKLIST **RA** **RELATED DIRECTIVE** **RESP OFFL** **CHECKLIST CAN BE FOUND IN** **INTERNAL CONTROL REVIEW SCHEDULE**
 FY88 FY89 FY90 FY91 FY92

03.080200 - FIELD LAUNDRY AND BATH
 Field Laundry and Bath Operations

L AR 700-135 BB,DD DA Cir 11-87-4, 4 Dec 87 X

03.110000 - OPERATION OF MUSEUMS
 Museum Operations

L AR 870-20 EE DA Cir 11-87-5, 15 Dec 87 X

COMBAT FORCES OPERATIONS

05.020200 - OPERATIONAL DEPLOYMENTS
 CAPSTONE Program

L AR 11-30 D w/C DA Cir 11-87-2, 3 Jul 87 X

05.020600 - OPERATIONAL SECURITY
 OPSEC at all Levels of Command

L AR 530-1 D DA Cir 11-87-1, 5 May 87 X

05.021100 - MILITARY SUPPORT

Mil Assistance to Safety and Traffic
 Assessment/Review of Procedures and
 Activities

L AR 500-4 F DA Cir 11-87-1, 5 May 87 X

05.310220 - SUPPORT OF AVIATION SYSTEM

Inspection and Prep of Army Aircraft for
 Transfer to Foreign Gov'ts as Grant Aid
 or Foreign Military Sales

L MGR 500-1 G Transmittal #47, 18 Feb 88 X

MANAGEMENT AND COMMAND ACTIVITIES

06.527350 - LUMBER REQUIREMENTS FOR MOBILIZATION

Mobilization Reserve Requirements for Lumber
 and Allied Products

L AR 700-114 C DA Cir 11-87-4, 4 Dec 87 X

APPENDIX B
FIVE YEAR ARMY NATIONAL GUARD MANAGEMENT CONTROL PLAN

<u>TASK/SUBTASK TITLE OF CHECKLIST</u>	<u>RA</u>	<u>RELATED DIRECTIVE</u>	<u>RESP OFFL</u>	<u>CHECKLIST CAN BE FOUND IN</u>	<u>INTERNAL CONTROL REVIEW SCHEDULE FY88 FY89 FY90 FY91 FY92</u>
<u>FACILITIES SUPPORT</u>					
09.020000 - OPERATION OF UTILITIES Heating, Energy Selection and Fuel Storage Distribution and Dispensing Systems	L	AR 420-49	C	DA Cir 11-87-4, 4 Dec 87	X
09.040200 - REFUSE Solid and Hazardous Waste Management	L	AR 420-47	H w/C	DA Cir 11-87-4, 4 Dec 87	X
09.040300 - PEST CONTROL SERVICES Pest Management Program	L	AR 420-76	H	DA Cir 11-87-1, 5 May 87	X
09.050000 - MISCELLANEOUS ENGINEER ACTIVITIES Food Service and Related Equipment	L	AR 420-55	C w/H	DA Cir 11-87-4, 4 Dec 87	X
<u>FINANCIAL MANAGEMENT</u>					
10.223100 - BUDGET EXECUTION Budget Execution Controls	L	AR 37-49	C	DA Cir 11-86-2, 3 Nov 86	X
10.292000 - QUALITY ASSURANCE ACTIVITIES Quality Assurance Program	L	AR 11-37	C	Regulation	X
10.294121 - RESERVE COMPONENT PAY ACTIVITIES IDT Pay Procedures at the Unit Level IDT Pay Procedures at the Input Station	H H	NGB Pam 37-104-3 NGB Pam 37-104-10	C(5) C	Transmittal #38, 25 Nov 86 Transmittal #38, 25 Nov 86	X X
10.294140 - CIVILIAN PAY ACTIVITIES Time and Attendance Reporting and Administration	M	NGB Pam 37-105-1	C(6)	Transmittal #41, 13 May 87	X

**APPENDIX B
FIVE YEAR ARMY NATIONAL GUARD MANAGEMENT CONTROL PLAN**

TASK/SUBTASK TITLE OF CHECKLIST	RA	RELATED DIRECTIVE	RESP OFFL	CHECKLIST CAN BE FOUND IN	INTERNAL CONTROL REVIEW SCHEDULE					
					FY88	FY89	FY90	FY91	FY92	
10.294150 - TRAVEL PAY ACTIVITIES Travel Advances, Accruals, Settlements	M	AR 37-106	C	Regulation		X				
10.296100 - COMMERCIAL ACCOUNTS ACTIVITIES Commercial Accounts	M	AR 37-107	C	DA Cir 11-86-1, 30 Jul 86		X				
10.297110 - GENERAL ACCOUNTING ACTIVITIES Accounting Operations Billing and Collection of Charges for Billing	H	AR 37-1	C	DA Cir 11-86-2, 3 Nov 86	X	X			X	
Administration of Training Workdays Approval for Official Partic at Mtgs of Private Organizations and Gov't Agencies Outside DOD	L	MGR 37-109	C	Transmittal #39, 12 Jan 87			X		X	
	H	MGR 37-111	D	Transmittal #45, 7 Dec 87	X	X			X	
10.298110 - NONAPPROPRIATED FUND ACCOUNTING Administration of Unit Funds	M	MGR 230-65	C(7)	Transmittal #38, 25 Nov 86		X				
10.396000 - INTERNAL CONTROLS Internal Control Systems	H	AR 11-2	B	DA Cir 11-86-2, 3 Nov 86	X	X			X	
HEALTH CARE										
11.010000 - HEALTH CARE IN DEFENSE FACILITIES Medical, Dental and Veterinary Care Medical Record and Quality Assurance Administration	M	AR 40-3	I w/C&J	DA Cir 11-87-5, 15 Dec 87		X				X
	M	AR 40-66	J,X	DA Cir 11-87-5, 15 Dec 87		X				X
11.010400 - LOGISTICS Medical Logistics Policies and Procedures	L	AR 40-61	C	DA Cir 11-87-6, 28 Dec 87	X					X

APPENDIX B
FIVE YEAR ARMY NATIONAL GUARD MANAGEMENT CONTROL PLAN

TASK/SUBTASK TITLE OF CHECKLIST	RA	RELATED DIRECTIVE	RESP OFFL	CHECKLIST CAN BE FOUND IN	INTERNAL CONTROL REVIEW SCHEDULE				
					FY88	FY89	FY90	FY91	FY92
11.010600 - VETERINARY Veterinary/Medical Wholesomeness Assurance Program	L	AR 40-70	FF,GG	DA Cir 11-86-1, 30 Jul 86				X	
Insistence of Subsistence	L	AR 40-656	FF,GG	DA Cir 11-86-1, 30 Jul 86				X	
Veterinary/Medical Food Inspection	L	AR 40-657	FF,GG	DA Cir 11-86-1, 30 Jul 86				X	
DoD Hazardous Food and Nonprescription Drug Recall	L	AR 40-660	FF,GG	DA Cir 11-86-1, 30 Jul 86				X	
Vet/Med Destin Inspection of Salad-Type Convenience Foods	L	AR 40-661	FF,GG	DA Cir 11-86-1, 30 Jul 86				X	
Veterinary Health Services	L	AR 40-905	FF,GG	DA Cir 11-86-1, 30 Jul 86				X	
Veterinary Laboratory	L	AR 40-920	FF,GG	DA Cir 11-86-1, 30 Jul 86				X	

INSPECTIONS AND AUDITS

14.100000 - INTERNAL REVIEW ACTIVITIES

Internal Review Activities

M NGR 11-7 C Transmittal #49, 22 Apr 88 X

14.210000 - INSPECTIONS

Inspections, Investigations

L AR 20-1 L DA Cir 11-86-1, 30 Jul 86 X

14.260000 - AUDIT REPORT PROCESSING AND FOLLOWUP

Audit Report Processing

L AR 36-2 C DA Cir 11-86-1, 30 Jul 86 X

INTELLIGENCE ACTIVITIES

16.060100 - EMISSIONS SECURITY

Control of Compromising Emanations

M AR 530-4 G DA Cir 11-87-1, 5 May 87 X

APPENDIX B
FIVE YEAR ARMY NATIONAL GUARD MANAGEMENT CONTROL PLAN

TASK/SUBTASK TITLE OF CHECKLIST	RA	RELATED DIRECTIVE	RESP OFFL	CHECKLIST CAN BE FOUND IN	INTERNAL CONTROL REVIEW SCHEDULE				
					FY88	FY89	FY90	FY91	FY92
16.060400 - COMMUNICATIONS SECURITY (COMSEC) Safeguarding COMSEC Material and Information	L	AR 380-40	G	DA Cir 11-87-1, 5 May 87	X				
16.060700 - INFORMATION SECURITY Classification Management	M	AR 380-5	G	DA Cir 11-87-1, 5 May 87	X				
16.060800 - AUTOMATION SECURITY AASP Implementation	L	AR 380-380	E	DA Cir 11-87-1, 5 May 87	X				
<u>MAINTENANCE ACTIVITIES</u>									
18.020100 - PRODUCTION CONTROL/QUALITY CONTROL Production Control/Quality Control	M	AR 750-1	M	DA Cir 11-87-2, 3 Jul 88	X				
18.020200 - INSPECTION/IDENTIFICATION/CLASSIFI- CATION AND COLLECTION Collection, Identification, Inspection and Classification	H	AR 750-1	M	DA Cir 11-86-2, 3 Nov 86	X	X			X
18.020300 - SHOP SUPPLY Shop Supply (Maintenance Operations)	H	AR 710-2	M	DA Cir 11-87-2, 3 Jul 87	X		X		X
18.020400 - MOTOR POOL OPERATIONS Motor Pool Operations	M	AR 750-1	M	DA Cir 11-87-2, 3 Jul 87	X				
18.020500 - MAINTENANCE OF EQUIPMENT Maintenance of Equipment	M	AR 750-1	M	DA Cir 11-86-2, 3 Nov 86	X				
18.050000 - EQUIPMENT READINESS Report of Army A/C, Inventory, Status and Flying Time	L	AR 700-138	F	DA Cir 11-87-3, 25 Sep 87					X

**APPENDIX B
FIVE YEAR ARMY NATIONAL GUARD MANAGEMENT CONTROL PLAN**

<u>TASK/SUBTASK TITLE OF CHECKLIST</u>	<u>RA</u>	<u>RELATED DIRECTIVE</u>	<u>RESP OFFL</u>	<u>CHECKLIST CAN BE FOUND IN</u>	<u>INTERNAL CONTROL REVIEW SCHEDULE FY88 FY89 FY90 FY91 FY92</u>
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PERSONNEL ACTIVITIES

19.040000 - MILITARY PERSONNEL FUNCTIONS

Training, Readiness and Utilization Management of Title 32 USC Full-Time National Guard	L	AR 611-6	J	DA Cir 11-88-1, 9 Mar 88	X
Army Weight Control Program	L	MGR 600-5	I	Transmittal #49, 22 Apr 88	X
Management of Army Divers	L	AR 600-9	J	DA Cir 11-87-5, 15 Dec 87	X
Leave Policies and Programs	L	AR 611-75	J	DA Cir 11-87-3, 25 Sep 87	X
Separation Program Designators	L	AR 630-5	I	DA Cir 11-87-4, 4 Dec 87	X
Temporary Duty (TDY) Travel Orders	L	AR 635-5-1	I,J	DA Cir 11-87-2, 3 Jul 87	X
	L	AR 310-10	Z	DA Cir 11-87-6, 28 Dec 87	X

19.040400 - PROCESSING

Processing of Initial Entry Training Personnel (IET)	M	AR 612-201	J	DA Cir 11-87-4, 4 Dec 87	X
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19.042000 - SOLDIER PROGRAMS

Incentives Programs	L	AR 135-7	J	DA Cir 11-87-6, 28 Dec 87	X
Aviation Service of Rated Army Officers	L	AR 600-105	F	DA Cir 11-87-5, 15 Dec 87	X
Eligibility Determination for Entitlement to Flight Pay	L	AR 600-106	F	DA Cir 11-87-3, 25 Sep 87	X

19.050000 - MANPOWER MANAGEMENT ACTIVITIES

Commissioned Officer Aviation Position Criteria	L	AR 570-1	D w/F,J	Regulation	X
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PUBLIC AFFAIRS ACTIVITIES

21.100000 - COMMUNITY RELATIONS

Community Relations	M	AR 360-61	N	DA Cir 11-87-1, 5 May 87	X
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21.300000 - PUBLIC INFORMATION Public Information	L	AR 360-5	N	DA Cir 11-87-1, 5 May 87	X
<u>REAL ESTATE ADMINISTRATION</u>					
22.030000 - OUTGRANTING Granting Use of Real Property	L	AR 405-80	C	DA Cir 11-88-1, 9 Mar 88	X
22.040000 - DISPOSAL Disposal of Real Property	L	AR 405-90	C	DA Cir 11-88-1, 9 Mar 88	X
<u>SECURITY ACTIVITIES</u>					
24.010000 - MILITARY POLICE OPERATIONS Serious Incident Report (SIR)	L	AR 190-40	D	DA Cir 11-87-6, 28 Dec 87	X
24.020000 - INVESTIGATIONS Acceptance/Accreditation/Release of Investigative Personnel	L	AR 195-3	J w/D	DA Cir 11-87-3, 25 Sep 87	X
<u>SUPPLY ACTIVITIES</u>					
25.020100 - PHYSICAL INVENTORY Inventory at Wholesale Level	H	AR 740-20	C	DA Cir 11-88-1, 9 Mar 88	X
25.020200 - RECEIVING (DEPOT OPERATIONS) Management of the Receiving Operation	M	AR 740-1	C	DA Cir 11-88-1, 9 Mar 88	X

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					FY88	FY89	FY90	FY91	FY92
25.020300 - WAREHOUSING (DEPOT OPERATIONS) Storage and Warehousing (General Supplies)	M	AR 740-1	C	DA Cir 11-88-1, 9 Mar 88	X				
25.030100 - INVENTORY CONTROL (WHOLESALE) Administration of Aviation Intensive Management Items	L	NGB Pam 710-1	F	Transmittal #44, 9 Sep 87					X
25.040100 - RETAIL SUPPLY OPERATIONS (STORAGE) Retail Supply Operations - Storage	M	AR 710-2	C	DA Cir 11-87-2, 3 Jul 87	X				
25.040200 - RETAIL SUPPLY OPERATIONS (SUPPLY MANAGEMENT) Retail Supply Operations - Supply Management	H	AR 710-2	C	DA Cir 11-87-6, 28 Dec 87	X				
25.040300 - RETAIL SUPPLY OPERATIONS (PROPERTY BOOK) Retail Supply Operations - Property Book	H	AR 710-2	C	DA Cir 11-87-4, 4 Dec 87	X				
25.040400 - PRESCRIBED LOAD LIST Retail Supply Operations - Prescribed Load List	L	AR 710-2	M	DA Cir 11-87-2, 3 Jul 87					X
25.050000 - AMMUNITION ACCOUNTABILITY Accountability of Ammunition	H	NGB Pam 350-3	HH	Transmittal #41, 13 May 87	X			X	X
25.090000 - ARMY ENERGY PROGRAM Administering the ARNG Energy Program	M	NGR 11-27	JJ	Transmittal #39, 12 Jan 87				X	
25.100000 - COAL AND PETROLEUM PRODUCTS Petroleum Accountability	L	AR 703-1	C	DA Cir 11-87-3, 25 Sep 87					X

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TASK/SUBTASK TITLE OF CHECKLIST	RA	RELATED DIRECTIVE	RESP OFFL	CHECKLIST CAN BE FOUND IN	INTERNAL CONTROL REVIEW SCHEDULE				
					FY88	FY89	FY90	FY91	FY92
<u>TRAINING AND EDUCATION</u>									
26.010370 - ITEP Individual Training Evaluation Program	L	AR 350-37	D	DA Cir 11-87-2, 3 Jul 87		X			
26.010390 - PT Unit and Individual Physical Fitness Training (PFT)	L	AR 350-15	D	DA Cir 11-87-2, 3 Jul 87		X			
26.010400 - CODE OF CONDUCT/SERE Managing and Conducting SERE Training	L	AR 350-30	D	DA Cir 11-87-2, 3 Jul 87					X
26.010420 - COMPETITIVE MARKSMANSHIP Army-Wide Arms Competitive Marksmanship	L	AR 350-6	KK	DA Cir 11-87-2, 3 Jul 87					X
26.020300 - GENERAL SKILL TRAINING Cryptologic/Signal Intelligence Training Training	L L	AR 350-12 AR 350-17	D AA,BB, CC	DA Cir 11-87-3, 25 Sep 87 DA Cir 11-87-3, 25 Sep 87			X	X	
26.020400 - PROFESSIONAL MILITARY EDUCATION Individual Education and Training	L	AR 351-1	D w/AA, BB,CC	DA Cir 11-87-2, 3 Jul 87			X		
26.030100 - TRAINING SUPPORT TO UNITS Management of Training Ammunition	H	HGB Pam 350-3	II	Transmittal #41, 13 May 87			X	X	X
26.030200 - TRAINING SUPPORT TO ESTABLISHMENT Range and Training Area Plan Development	L	AR 210-21	D	DA Cir 11-87-2, 3 Jul 87					X
26.030300 - TRAINING DEVELOPMENTS Army Modernization Training Managing and Conducting Army Forces Training	L L	AR 350-35 AR 350-41	D D	DA Cir 11-87-2, 3 Jul 87 DA Cir 11-87-2, 3 Jul 87					X X

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					FY88	FY89	FY90	FY91	FY92
26.030400 - TRAINING AND EDUCATION Training Management Control System	L	AR 350-31	D	DA Cir 11-87-2, 3 Jul 87					X
26.060000 - ARMY CONTINUING EDUCATION SYSTEM TRAINING (ACES) Army Continuing Education System	L	AR 621-5	D	DA Cir 11-86-1, 30 Jul 86					X
<u>TRANSPORTATION SERVICES</u>									
27.020100 - FREIGHT (MATERIEL MOVEMENT) Movement of Full Load Shipments Using Commercial Freight Carriers	M	AR 55-355	C	DA Cir 11-87-4, 4 Dec 87				X	
27.020300 - PASSENGERS Providing Travel Services	M	AR 55-355	C	DA Cir 11-88-1, 9 Mar 88				X	
27.050100 - CARGO OPERATIONS Booking and Expediting of Material Movement in the Defense Transportation System	M	AR 55-355	C	DA Cir 11-88-1, 9 Mar 88				X	
27.060000 - ADMINISTRATIVE MOTOR SERVICES Control of Motor Vehicle Use	L	NGR 58-1	J w/C	Transmittal #40, 30 Jan 87					X
27.110000 - CARGO LOSS AND DAMAGE PROGRAM Reporting Transportation Discrepancies	L	AR 55-38	C	DA Cir 11-87-6, 28 Dec 87					X

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FIVE YEAR ARMY NATIONAL GUARD MANAGEMENT CONTROL PLAN**

PRINCIPAL RESPONSIBLE FOR APPLICATION OF CHECKLISTS

<u>CODE</u>	<u>PRINCIPAL</u>	<u>CODE</u>	<u>PRINCIPAL</u>
A	The Adjutant General	AA	Division Commander
B	Chief of Staff/CAA	BB	Brigade Commander
C	United States Property & Fiscal Officer	CC	Battalion Commander
D	Plans, Operations and Plans Officer	DD	Company Commander
E	Director, Information Management	EE	Installation/Camp Superintendent/Commander
F	State Army Aviation Officer	FF	STARC Commander with Veterinary Corps Officer
G	Plans, Operations and Military Support Officer	GG	Veterinary Corps Commander
H	Facilities Management Officer	HH	AAS Manager
I	Support Personnel Management Officer	II	TAMS Manager
J	Military Personnel Officer	JJ	Energy Conservation Manager
K	State Surgeon	KK	State Marksmanship Coordinator
L	State Inspector General		
M	State Maintenance Officer		
N	Public Affairs Officer		
Z	All principals		

- (1) USPFO with TISA Logistics Officer.
- (2) USPFO with TISA participating in Subsistence Item Survey.
- (3) USPFO with units under Army Ration Credit System.
- (4) USPFO with full time dining facilities.
- (5) USPFO with ARNG Troop Units.
- (6) USPFO with TRA Activities.
- (7) USPFO with Unit Fund Administrator

1 July 1988

NGB Pam 11-5

By Order of the Secretary of the Army:

HERBERT R. TEMPLE, Jr.
Lieutenant General, USA
Chief, National Guard Bureau

Official:

HARRY M. LESLEY
Colonel, USAF
Executive, National Guard Bureau

Distribution: C