



CHIEF NATIONAL GUARD BUREAU INSTRUCTION

NG-J8
DISTRIBUTION: A

CNGBI 9500.01
09 August 2016

NATIONAL GUARD FISCAL STEWARDSHIP

References: See Enclosure B.

1. Purpose. This instruction establishes policy and assigns responsibilities for the National Guard (NG) Fiscal Stewardship Comprehensive Plan (FSCP), to strengthen the accountability and effectiveness of Federal programs and operations in accordance with (IAW) references a through g.
2. Cancellation. This instruction replaces CNGB Notice 8102, 31 December 2015, "Fiscal Stewardship Comprehensive Plan."
3. Applicability. This instruction applies to all NG elements. Nothing in this instruction will be construed as a limitation on the authority of a Governor of a State to employ any NG unit of that State to perform functions authorized by the laws of the State concerned.
4. Policy. It is NG policy to promote Fiscal Stewardship by assessing the fiscal state of the NG, also referred to as the National Guard Enterprise (NGE), maintaining situational awareness, and strengthening Internal Controls (IC) and audit readiness.
 - a. FSCP Framework. National Guard Bureau (NGB) operational, programmatic, and policy issues identified through management ICs, audits, and inspection reviews will receive guidance from a top-down enterprise framework under the direction of the Chief of the National Guard Bureau (CNGB). This NGB framework is comprised of four groups that assist the CNGB in carrying out Fiscal Stewardship oversight responsibilities: the National Guard Enterprise Management Council (NGEMC), Senior Assessment Team(s) (SAT), Senior Management Council(s) (SMC), and the Fiscal Stewardship Fusion Cell (FSFC).
 - b. NGEMC. The members of the NGEMC will provide situational awareness and advice to the CNGB regarding oversight of Federal resources and guidance to other framework bodies. Membership consists of the CNGB, Vice CNGB (VCNGB), Director of the Army National Guard (DARNG), Director of the Air National Guard (DANG),

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Director of the National Guard Bureau Joint Staff (DNGBJS), the NGB Senior Enlisted Advisor (SEA), and nine Adjutants General (TAG) selected by the CNGB. The Director of Resource Management and Comptroller (NG-J8), the Office of the Principal Assistant Responsible for Contracting (NGB-OPARC), NGB Chief Counsel (NGB-JA), and the Inspector General (NGB-IG) will serve as advisors to the NGEMC. As required, the NGEMC may invite additional participants to provide situational awareness and advise the CNGB on specific topics or issues.

c. SAT. NGB SATs support the NGEMC, actively overseeing the processes of: assessing ICs, including non-financial as well as financial reporting objectives; recommending to the NGEMC which control deficiencies are material; and providing input for the level and priority of resources needed to correct deficiencies.

(1) There will be three SATs: Joint Staff Senior Assessment Team (J-SAT) for NGJS operations, Army Guard Senior Assessment Team (G-SAT) for Army National Guard (ARNG) staff operations, and Air Guard Senior Assessment Team (A-SAT) for Air National Guard (ANG) staff operations.

(2) SATs will be comprised of personnel from the NG Joint Staff (NGJS), the ARNG, and the ANG.

(3) Membership will be established by the DNGBJS/NG-J8 for the J-SAT, DARNG for the G-SAT, and DANG for the A-SAT.

d. SMC. The SMCs will address State NG activities by identifying IC weaknesses, highlighting and promoting best practices, monitoring unimplemented findings, and ensuring the Annual Statements of Assurance (ASOA) are comprehensive and accurate. Membership is at the discretion of TAGs.

e. FSFC. The FSFC provides information sharing and risk trends and data analysis. Membership includes representation from: the NG-J8, NGB-OPARC, NGB-JA, NGB-IG, select United States Property and Fiscal Officers (USPFOs), representatives from NG Joint Force Headquarters-State (NG JFHQs-State), comprised of two Chiefs of Staff, two Directors of Staff, and two Wing Commanders.

5. Definitions. See Glossary.

6. Responsibilities. See Enclosure A.

7. Summary of Changes. This is the initial publication of CNGBI 9500.01.

8. Releasability. This instruction is approved for public release; distribution is unlimited. Obtain copies through <<http://www.ngbpdc.ngb.army.mil>>.

9. Effective Date. This instruction is effective upon publication and must be reissued, cancelled, or certified as current every five years.



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Enclosures:

- A -- Responsibilities
- B -- References
- GL -- Glossary

ENCLOSURE A
RESPONSIBILITIES

1. CNGB. The CNGB will:
 - a. Direct the NGEMC and appoint members.
 - b. Establish policy and prescribe administrative and operational functions for the NGEMC.
 - c. Maintain situational awareness through FSFC briefings.
 - d. Provide policy and strategic guidance on reportable conditions.
 - e. Review and address corrective actions arising from IC programs, as appropriate.
 - f. Provide guidance to the FSFC.
2. VCNGB. The VCNGB will:
 - a. Serve as a member of the NGEMC.
 - b. Chair the NGEMC when directed by the CNGB, or in his or her absence.
3. SEA. The SEA will serve as a member of the NGEMC.
4. DARNG. The DARNG will:
 - a. Serve as a member of the NGEMC.
 - b. Establish the G-SAT and appoint members, including a general officer or member of the Senior Executive Service (SES) to act as chairman.
 - c. Establish policy and prescribe administrative and operational functions for the G-SAT.
 - d. Provide a representative with a financial background to participate in Fiscal Stewardship training, planning, and implementation, as appropriate.
 - e. Oversee the proper use of resources, i.e., funds, equipment and personnel, and confirm the Managers' Internal Control Program (MICP) is executed IAW Federal laws and regulations.
 - f. Support the Fiscal Stewardship awards program within FSCP processes.

5. DANG. The DANG will:

- a. Serve as a member of the NGEMC.
- b. Establish the A-SAT and appoint members, including a general officer or SES to act as chairman.
- c. Establish policy and prescribe administrative and operational functions for the A-SAT.
- d. Provide a representative with a financial background to participate in Fiscal Stewardship training, planning, and implementation, as appropriate.
- e. Oversee the proper use of resources, i.e., funds, equipment and personnel, and confirm the MICP is executed IAW Federal laws and regulations.
- f. Support the Fiscal Stewardship awards program within FSCP processes.

6. TAGs. TAGs will:

- a. Establish an SMC and appoint members.
- b. Establish policy and prescribe administrative and operational functions for the SMC, IAW guidance in this instruction.
 - (a) Select TAGs will be requested to participate in NGEMC activities, as required.
 - (b) Select State Chiefs of Staff, Directors of Staff, and Wing Commanders will be requested to participate as members of the FSFC.
- c. Support the Fiscal Stewardship awards program within FSCP processes.

7. DNGBJS. The DNGBJS will:

- a. Serve as a member of the NGEMC.
- b. Establish the J-SAT and appoint members.
- c. Act as the J-SAT Co-Chairman.
- d. Establish policy and prescribe administrative and operational functions for the J-SAT.
- e. Oversee the proper use of resources, i.e., funds, equipment and personnel, and confirm the MICP is executed IAW applicable Federal laws and regulations.

- f. Provide support to the Fiscal Stewardship awards program.
8. NGB-JA. NGB-JA will serve as an advisor on the NGEMC. The NGB Chief Counsel will appoint a representative to participate as a member of the FSFC.
9. NGB Public Affairs (NGB-PA). NGB-PA will develop and implement a communications plan in coordination with the NG-J8.
10. NGB-IG. NGB-IG will:
- a. Serve as an advisor on the NGEMC.
 - b. Appoint a representative to participate as a member of the FSFC.
11. NGB-OPARC. NGB-OPARC will:
- a. Serve as an advisor on the NGEMC.
 - b. Appoint a representative to the FSFC.
12. NG-J8. NG-J8 will:
- a. Serve as the proponent for FSCP and related processes to ensure understanding, process continuity, and situational awareness for the NGE.
 - b. Establish the FSFC and appoint members.
 - c. Acquire, field, and manage Computer-Aided Audit Tools (CAATs) for the NGE.
 - d. Act as the J-SAT Co-Chairman.
 - e. Establish a Fiscal Stewardship training program and assist in its implementation.
 - f. Establish an excellence in Fiscal Stewardship awards program and support the program within the FSFC processes.
 - g. Provide representation on the G/A-SATs to address NGJS input requirements.
 - h. Provide organizational, planning, and facilitation support to the NGEMC.
13. Appointing Authorities. As designated above, for each specified framework body in this instruction, the Appointing Authorities will:

- a. Appoint members by memorandum for a specified term or an indefinite period.
- b. Designate, or establish a process to select, a Chairperson or Co-Chairpersons, if desired.
- c. Document processes, procedures, structures, and products for their body.
- d. Replace body members at their discretion. Only an Appointing Authority may replace members of a framework body.
- e. Assess each body at least once every two years to ensure relevancy and productivity.
- f. Terminate the body that has fulfilled its objectives, reached its predetermined termination date, or become irrelevant, unproductive, or inappropriate.

14. NGEMC. The NGEMC will:

- a. Receive briefings from the FSFC to ensure situational awareness of areas rated as high-risk, based on input from ASOAs and analysis performed by the SATs and SMCs.
- b. Monitor and assess ICs, reportable material weaknesses, and corrective actions within the NGE.
- c. Select three States annually to receive the State Excellence in Fiscal Stewardship Award.

15. SAT. SATs will:

- a. Support senior leadership oversight of manager's internal controls, policy, and risk assessment in all operations with a focus on resources and readiness.
- b. Evaluate ICs, risk assessments, and output from the Internal Review Annual Program, specific ARNG Five-Year Managers' Internal Control Evaluation Plan (ICEP), any unimplemented audit findings, and Financial Improvement and Audit Readiness (FIAR) matters.
- c. Promote solutions to the ARNG, ANG, OCNGB, and DNGBJS reported by Major Assessable Units or the States on NGE issues.
- d. Coordinate with the Army, Air Force, and Department of Defense for assistance in resolving deficiencies, as required.

- e. Review and approve the ASOA memorandum and final report, IAW reference b for Internal Control over Operations (ICOO), Internal Controls over Financial Reporting (ICOFR), and Internal Controls over Financial Systems (ICOFS).
- f. Review and recommend performance metrics and related risk reporting based on CNGB directives, NGEMC guidance, and FSFC input.
- g. Review the ARNG, ANG, and OCNGB/NGJS consolidated ASOAs.

16. SMC. SMCs will:

- a. Assist TAG and USPFO in identifying and assessing risks within programs and organizations of the State.
- b. Communicate and provide input into the TAGs' MICP, ASOA, and Risk Assessment File to ensure senior leader oversight. Additional options for consideration include: review and discussion of the Internal Review Annual Program, specific ARNG Five-Year Managers' ICEP and ANG Management Control Plan, unimplemented audit findings, and FIAR matters.
- c. Discuss and address MICP priorities, timelines, and risks.
- d. Establish with a satisfactory level of management confidence - reasonable assurance - that internal controls are adequate (absolute control would exceed benefits derived) and operating as intended, and risks are managed.
- e. Review potential audit topics for inclusion into the Internal Review Annual Program.
- f. Identify and develop recommended actions for statutory areas of concern.
- g. Promote continuous awareness of internal controls at the State level.
- h. Improve program efficiencies and effectiveness while enhancing operations within State NGs.
- i. Develop plans to reduce risks of fraud, waste, and abuse.
- j. Develop additional audit areas and identify other areas of improvement and corrective action plans for staff planning, as directed.
- k. Provide input to FSFC on risks, policy impacts, and best practices.

17. FSFC. The FSFC will:

- a. Support the NGEMC, and other framework bodies, by providing analysis products that identify risks.
- b. Establish a framework for risk assessment of new and existing programs.
- c. Recommend new controls or changes to unbalanced controls.
- d. Review and recommend new performance metrics or changes to existing metrics.
- e. Communicate the CNGB's prioritized risk list and share successful practices and common issues within the NGE.

ENCLOSURE B

REFERENCES

- a. DoD Directive 5105.77, 30 October 2015, “National Guard Bureau”
- b. OMB Circular A-123, 21 December 2004, “Management’s Responsibility for Internal Control”
- c. GAO Report GAO-14-704G, 10 September 2014, “Standards for Internal Control in the Federal Government”
- d. GAO Report GAO-16-480R, 25 April 2016, “Key Actions to Make Progress Addressing High-Risk Issues”
- e. DoD Instruction 5010.40, 30 May 2013, “Managers’ Internal Control Program Procedures”
- f. Army Regulation AR 11-2, 04 January 2010, Rapid Action Revision: 26 March 2012, “Managers’ Internal Control Program”
- g. AF Instruction 65-201, 09 February 2016, “Managers’ Internal Control Program Procedures”

GLOSSARY

PART I. ACRONYMS

ANG	Air National Guard
ARNG	Army National Guard
A-SAT	Air Guard Senior Assessment Team
ASOA	Annual Statement of Assurance
CAAT	Computer-aided Audit Tools
CNGB	Chief of the National Guard Bureau
DANG	Director of the Air National Guard
DARNG	Director of the Army National Guard
DDANG	Deputy Director of the Air National Guard
DDARNG	Deputy Director of the Army National Guard
DNGBJS	Director of the National Guard Bureau Joint Staff
FIAR	Financial Improvement and Audit Readiness
FSCP	Fiscal Stewardship Comprehensive Plan
FSFC	Fiscal Stewardship Fusion Cell
G-SAT	Army Guard Senior Assessment Team
IC	Internal Control
ICEP	Internal Control Evaluation Plan
ICOO	Internal Control over Operations
ICOFR	Internal Controls over Financial Reporting
ICOFS	Internal Controls over Financial Systems
IR	Internal Review
J-SAT	Joint Staff Senior Assessment Team
MICP	Managers' Internal Control Program
NG	National Guard
NGB	National Guard Bureau
NGB-IG	Office of the National Guard Bureau Inspector General
NGB-JA	Office of the National Guard Bureau Chief Counsel
NGB-OPARC	Office of Principal Assistant Responsible for Contracting
NGB-PA	Office of the National Guard Bureau Public Affairs
NGE	National Guard Enterprise
NGEMC	National Guard Enterprise Management Council
NG-J8	Directorate of Programs and Resources/Comptroller
NGJS	National Guard Joint Staff
SAT	Senior Assessment Team
SEA	Senior Enlisted Advisor
SMC	Senior Management Council
TAG	The Adjutant General
USPFO	United States Property and Fiscal Officer
VCNGB	Vice Chief of the National Guard Bureau

PART II. DEFINITIONS

Annual Statement of Assurance -- An annual statement, in memorandum format, that provides a leader's explicit level of assurance on whether Internal Controls are effective based on self-assessments and testing of Internal Controls developed for mission-essential functions relative to risks and material weaknesses.

Assessable Units -- Each Department of Defense and Office of the Secretary of Defense Component will be segmented into organizational, functional, or other assessable units, by the Managers' Internal Control Program Coordinator to ensure all subcomponents, task forces, or organizations under the direct authority, supervision, and responsibility of the Component are identified as a separate and distinct assessable unit. Assessable unit identification must ensure that the entire organization is covered. An assessable unit must be large enough to allow managers to evaluate a significant portion of the activity being examined, but not so large that a manager cannot document processes and controls.

Fiscal Stewardship -- Actions taken by individuals and organizations to effectively and efficiently manage an organization's resources. These actions can: take deliberate steps to eradicate inefficiencies; demonstrate commitment to integrity and ethical values; identify, analyze, and respond to risk (including defining objectives and risk tolerances); enforce accountability; and design and manage control activities. Other critical activities include monitoring and responding to changes in the organization to maintain relevant controls and demonstrating a commitment to competence. The organization should have a written statement clearly affirming commitment to fiscal stewardship. To exercise fiscal stewardship, an organization must have an oversight structure, assign responsibilities and authority for oversight, and exercise oversight processes.

Internal Controls -- The manner in which financial, manpower, and property resources are controlled and safeguarded by the regular authorization, approval, documentation, recording, reconciling, reporting, and related accounting processes.