



DEPARTMENT OF THE NAVY
CHIEF OF NAVAL AIR TRAINING
250 LEXINGTON BLVD SUITE 102
CORPUS CHRISTI TX 78419-5041

CNATRINST 5200.8

N1

4 May 16

CNATRA INSTRUCTION 5200.8

Subj: CNATRA MANAGER'S INTERNAL CONTROL PROGRAM

Ref: (a) SECNAVINST 5200.35F
(b) COMNAVAIRFORINST 5200.1C

Encl: (1) SAMPLE Organizational Profile Worksheet
(2) SAMPLE Quarterly Spot Check
(3) SAMPLE Risk Assessment Worksheet
(4) SAMPLE MIC Questionnaire for Internal Controls
& Instructions
(5) SAMPLE Control Assessment Worksheet & Instructions
(6) SAMPLE Statement of Assurance Letter

1. Purpose. To publish the Chief of Naval Air Training (CNATRA) Manager's Internal Control (MIC) Program. References (a) and (b) provide guidance for individual responsibilities.

2. Background

a. CNATRA is required to submit an annual MIC Certification Statement (CS) to Commander, Naval Air Force, Pacific (COMNAVAIRPAC) for each reporting period. The submissions generated from the enclosures in this instruction will be utilized to make this report.

b. The CNATRA MIC Plan is submitted annually per reference (b) and will contain schedule of events along with the list of assessable units.

c. The Chief of Staff (COS) shall sign the annual CS and submit to COMNAVAIRPAC.

d. The CNATRA Admin Officer is the CNATRA MIC Coordinator.

e. The Government Accountability Office (GAO) has established a set of standards for internal control that include: Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring. The enclosures within this notice are the forms to be used in documenting the MIC program.

(1) Enclosure (1) is the Organizational Profile Worksheet, the assessable unit managers are to record pertinent information regarding the programs and key processes they are accountable for.

(2) Enclosure (2) is the Quarterly Spot Check form. This form is used to conduct quarterly spot checks on the program to ensure policy compliance.

(3) Enclosure (3) is the Risk Assessment Form and instructions. This form is used to list the risks within the assessable unit and their corresponding internal controls.

(4) Enclosure (4) is the MIC Questionnaire and instructions. This questionnaire is provided to address general questions about compliance, assurances and safeguards, integrity, competence, attitude, delegation of authority, policies and procedures, separation of duties, supervision, access to and accountability of resources, recording and documentation, resolution of previous findings, and continuous improvement.

(5) Enclosure (5) is the Internal Control Assessment Form and instructions. This form is used to record the manager's assessment of internal controls in place.

(6) Enclosure (6) is the Statement of Assurance Template required from each assessable unit manager.

3. Policy. It is DoN policy that commands establish MIC programs to evaluate and report on the effectiveness of Internal Controls (IC) throughout their organizations and make corrections when necessary. Commands shall use organizational assessments, evaluations, and other contributing information (performance metrics, external audits and inspections, etc.) as forms of monitoring ICs.

4. Action

a. Wings/ACOS/Subordinate Commands: Assessable Unit Managers and designated points of contact who are assigned tasks within reference (b) shall follow the schedule that is set forth in enclosure (1) and utilize the data collection forms found in enclosures (2) thru (8). All designated MICP personnel shall, at a minimum, adhere to the following program requirements:

(1) Each Wing/ACOS/subordinate command shall appoint a primary and alternate MIC Coordinator.

(2) Complete Manager's Internal Control Plan (MICP) Navy Knowledge Online (NKO) training for managers.

(3) Complete MICP NKO training for MICP Coordinators.

(4) Forward completion certificates and designation letters to the CNATRA MICP Coordinator via SharePoint.

b. Include individual travel, conference attendance and validation of conferences as part of your internal control measures.

c. Include the results and findings of audits, organizational inspections, material weaknesses and corrective actions in quarterly spot checks.

d. Support Naval Audit Service (NAS) audits.

e. Capture risks, opportunities and best practices.

f. When complete, submit the results of quarterly spots check and the annual statement of assurance to the CNATRA MICP coordinator via SharePoint for consolidation.

g. CNATRA AO:

(1) Serve as the CNATRA MICP Coordinator.

(2) Manage the CNATRA MIC Program.

(3) Complete NKO MICP training.

(4) Brief MICP requirements to Commanders and Functional Area Managers.

(5) Consolidate the results of quarterly spot checks and draft the Annual Statement of Assurance (SOA).

(6) Submit the SOA to COMNAVAIRPAC when required.

(7) Prepare and submit the CNATRA annual ROA.

5. Point of Contact. For questions or information regarding the CNATRA MIC Program contact, Mr. Vince Ortiz, COMM, (361) 961-2186 or email, vince.ortiz@navy.mil; or Mr. Greg Roach, COMM (361) 961-3624 or email, gregory.m.roach@navy.mil.

D. M. EDGECOMB
Chief of Staff

Distribution:
CNATRA Website
CNATRA SharePoint

Quarterly Spot Check

Assessable Unit Title:			
PROCESS SELF-ASSESSMENT WORKSHEET: Complete the below review and annotate "x" in the appropriate "yes" or "no" column. If any changes are required to the MIC process, ensure an "x" is marked in the appropriate block and return this worksheet along with copies of the required changes CLEARLY annotated on any relevant MIC documents (Questionnaire, Control Worksheet, Risk Worksheet, or Flow Chart) to your MIC POC.		Are any changes required?	
REVIEWED BY:	DATE:	Yes	No
1. PROCESS TITLE: (Activity and Name of Process) Chief of Naval Air Training			X
2. STRATEGIC GOAL/OBJECTIVE: (Identify the activity's strategic goal and/or objective the process supports.)			X
3. RESPONSIBLE POINT OF CONTACT: (Identify the Program Manager responsible for the oversight of this particular area, their name, title, code, phone number, and email.)			X
John B Smith, 361-961-1111 or DSN: 861-1111; john.smith@navy.mil			X
4. BRIEF DESCRIPTION OF PROCESS: (Briefly describe the scope of the process and a brief description that answers the questions: What is the process? What is the purpose/output of the process?)			X
5. BRIEF DESCRIPTION OF STRENGTHS AND INNOVATIONS: (Briefly describe noteworthy strengths and innovations as they relate to the command's overall mission and performance.)			X

6.	BRIEF DESCRIPTION OF WEAKNESSES AND OPPORTUNITIES FOR IMPROVEMENT: (Briefly describe any noted process weaknesses or opportunities for improvement as well as any actions planned to correct identified program deficiencies.)		
			X
7.	PROCESS REQUIREMENTS: (Briefly describe the overall program requirements established to implement an effective program at your command.)		
			X
8.	BRIEF DESCRIPTION OF METRICS: (Briefly describe how well the process is working and answer the questions: How do you know the process is working? What metrics are used to determine the effectiveness of the process?)		
			X
RETAIN A HARD COPY FOR YOUR RECORDS WITH APPROPRIATE DOCUMENTATION.			

Risk Assessment Worksheet

Command:	Chief of Naval Air Training (CNATRA)
Major Assessable Unit:	
Assessable Unit:	
Preparer:	
Date:	

RISK ASSESSMENT					
-1 Process Area	-2 Description of Risk	-3 Inherent Risk	-4 Control Risk	-5 Combined Risk	-6 Internal Control Currently In Place

Notes:

**CHIEF OF NAVAL AIR TRAINING
MIC QUESTIONNAIRE FOR INTERNAL CONTROLS**

Period of Review:

PROGRAM:	PREPARED BY:
DIVISION/FUNCTIONAL AREA:	DATE:

Assessable Unit (AU) :			
	YES	NO	COMMENTS/DOCUMENTATION (BE SPECIFIC)
Compliance with Law			
Has there been a recent inspection/audit/review? (GAO, NAVAUDSVC, Command Evaluation, Navy IG, Inspection, etc.) of this AU that resulted in recommendations?			
Does the program determine the proper actions to take in response to findings and recommendations?			
Were there any recommendations that have not been implemented?			
Reasonable Assurance and Safeguards			
Are there any key risks (factors that could cause mission failure or significant loss of resources) within the program?			
Are these risks controlled, monitored, and assessed?			
Does the program periodically review and update its compliance with policies and procedures?			
Integrity, Competence, and Attitude			
Does the program have trained and competent personnel to properly manage the activity? (This includes knowledge and training related to management controls).			

	YES	NO	COMMENTS/DOCUMENTATION (BE SPECIFIC)
Are position descriptions or other means of identifying and defining specific tasks required to accomplish the jobs established and up-to-date?			
Does the program have an appropriate training program to meet the needs of all employees?			
Does the program promote a positive, supportive attitude towards integrity and personal ethics?			
Delegation of Authority and Policies and Procedures			
Are policies, procedures, and delegations current, clearly written and systematically organized?			
Does the program have appropriate distribution of up-to-date (not older than 5 years) policies and procedures?			
Does the program have a process for determining deficiencies in its policies, procedures and operations?			
Separation of Duties and Supervision			
Has the program implemented appropriate checks and balances to minimize the occurrence of events with significant unfavorable consequences?			
Do delegations of authority or directives in the program specify assigned duties and responsibilities and ensure that no single employee controls all phases of a critical transaction?			
Are these reviewed and updated periodically to comply with new laws and regulations?			
Access to and Accountability for Resources			
Does the program use performance measures to support annual budget requests? <i>Identify some of these measures on the Comments block.</i>			

	YES	NO	COMMENTS/DOCUMENTATION (BE SPECIFIC)
Does the program use performance measures to monitor organizational effectiveness and efficiency? <i>Identify some of these measures on the Comments block.</i>			
Has the program implemented safeguards to protect its resources against waste, fraud, loss, misuse, unauthorized access and mismanagement? e.g budgetary controls, computer access controls, file backups, authorized signatory lists, financial reports.			
Recording and Documentation			
Does the program have periodic management information system data or reports to manage, monitor and evaluate performance of significant activities?			
Does the program record, process and document transactions when they occur or are received?			
Does the program have policies and procedures concerning the collection and reporting of information along with appropriate follow-up to problems or issues identified?			
Resolution of Audit Findings			
Does the program place a high priority on responding to draft and final audit reports?			
Are adequate resources allocated as necessary to implement audit recommendations?			
Continuous Improvement			
Does the program have a process in place to assure continuous improvement that includes surveying the customers?			
Has the program established specific business goals to achieve?			

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	YES	NO	COMMENTS/DOCUMENTATION (BE SPECIFIC)
Overall Assurance Level			
I HAVE REASONABLE ASSURANCE THAT CONTROLS ARE IN PLACE OVER THIS PARTICULAR ASSESSABLE UNIT <i>(Please explain a "No" answer in the comments block.)</i>			

Enclosure (4)

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MIC Questionnaire
for Internal Controls
Instructions

1. The MIC Questionnaire for Internal Controls is separated into 10 categories and contains 26 total questions. The questions are aligned with the 5 standards of an effective internal control environment.

2. This questionnaire is provided to assessable unit managers as a guide for assessing their risk and controls and to help make a statement of assurance. The questions are generalized to allow them to be applied to any assessable unit. Assessable unit managers should maintain a copy of completed questionnaires.

3. For each question, answer either Yes or No, use the comments section to provide amplifying information. If the question is not applicable, then record in the comments section (N/A) with a reason for it not being applicable.

4. The manager should be able to provide proof for the answers they provide. The location of the documentation along with a point of contact should be recorded in the comments section to help facilitate an audit trail for future assessments.

5. Key terms are provided for informational purposes.

Enclosure (4)

MIC QUESTIONNAIRE FOR INTERNAL CONTROLS	
Key Terms	
Efficient:	Uses the least amount of resources (e.g. dollars, personnel, or time) available.
Effective:	Ensure achievements are met with minimal amount of risk.
Type of Controls	
Preventive:	Activities designed to deter the occurrence of an undesirable event (locks, passwords, separation of duties, etc.)
Directive:	Activities designed to guide an organization towards its desire outcome. They take the form of laws, regulations, guidelines, policies, and written procedures.
Detective:	Activities designed to identify undesirable events that do occur and alert management about what happened (review, inspection, etc.) These enable management to take corrective action promptly.
Corrective:	Processes that keep the focus on undesirable conditions until they are corrected. They help in setting up procedures to prevent the recurrence of undesirable conditions.
Type of Report	
Reportable Condition (RC):	A control deficiency or combination of control deficiencies that adversely affects the ability to meet mission objectives but are not deemed by the Head of the Component as serious enough to report as material weaknesses.
Material Weakness (MW)	A reportable condition or combination of reportable conditions, which is significant enough to report to the next higher level. The determination is a management judgment as to whether a weakness is material.
Item to be Revisited (IR):	An internal control issue brought to management's attention with not enough information to determine whether the control deficiency is material or not. These issues will be revisited throughout the following fiscal year to determine the materiality of the control deficiency.

Control Assessment Worksheet

Command:	Chief of Naval Air Training (CNATRA)
Major Assessable Unit:	
Assessable Unit:	
Preparer:	
Date:	

CONTROL ASSESSMENT								
Process Area	Description of Risk	Internal Control Currently in Place	-1 Control Test Objective	-2 Description of Design Test	-3 Was Control Design Effective?	-4 Description of Control Operation Test	-5 Was Control Operation Effective?	-6 New Control Risk Level

Notes:

CNATRA Internal Control Assessment Instructions

1. Complete the identification block.
2. Example of a Control Assessment: Time and Attendance Process

CONTROL ASSESSMENT								
Process Area	Risk	Internal Control Currently In Place	(1) Control Test Objective	(2) Description of Design Test	(3) Was Control Design Effective	(4) Description of Control Operation Test	(5) Was Control Operation Effective	(6) New Control Risk Level
Intake	Hours are not properly recorded.	Supervisor verifies timecard.	To ensure supervisors are accurately reviewing timesheets	Review existing approved timesheets	Yes	Track employee's time and compare with approved timesheets	Yes	Low

Process Area, Risk, and Internal Control Currently in Place should all correspond with the Risk Assessment form.

(1) Control Test Objective: Describe the objective of the test, e.g. "To ensure supervisors are accurately reviewing timesheets."

(2) Description of Design Test: Describe the design of control which will be tested, e.g. "Review existing approved timesheets."

Enclosure (5)

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(3) Was Control Design Effective: Yes or No.

(4) Description of Operation Test: Describe how the control operation was tested, e.g. "Track employee's time and compare with approved timesheets."

(5) Was Control Operation Effective: Yes or no.

(6) New Control Risk Level: Low, med, or high based upon the internal control assessment.

Notes: Please use this section for amplifying remarks for any of the boxes in the assessment.

Enclosure (5)

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SAMPLE STATEMENT OF ASSURANCE

DD Mmm YY

MEMORANDUM

From: ACOS/SA (N/SA-Code)
To: Chief of Staff (01)
Via: MIC Coordinator (N11)

Subj : 2016 ANNUAL MANAGERS' INTERNAL CONTROL (MIC) STATEMENT
OF ASSURANCE (SOA)

Ref: (a) OPNAVINST 5200.25E

1. Per reference (a), I have taken the necessary measures to gain reasonable assurance that the system of internal controls in effect during the period 1 July 2016 to 30 June 2017 are in place and efficient and effective.

2. I have evaluated the system of internal controls in effect during the 12-month period ending 30 June 2017 by completing risk control reviews and quarterly spot checks on our Major Assessable Units. Information to support the certification statement was derived from the management oversight procedures conducted during the Managers' Internal Control reporting period.

3. I have reasonable assurance that management controls are in place, and operating effectively and that the objectives of the Federal Managers' Financial Integrity Act (FMFIA) were achieved for the 12 month period ending 30 June 2017.

F. M. LAST

Enclosure (6)