UNITED STATES MARINE CORPS
MARINE CORPS RECRUITING COMMAND
3280 RUSSELL ROAD
QUANTICO, VA 22134-5103

MCRCO 5200.1
C
15 Jan 99

MARINE CORPS RECRUITING COMMAND ORDERS 5200.1

From: Commanding General
To: Distribution List

Subj: INTERNAL MANAGEMENT CONTROLS PROGRAM (IMCP)

Ref: (a) 31 U.S.C. 3512 (Federal Managers' Financial Integrity Act of 1982) (NOTAL)
(b) OMB Circular A-123 (NOTAL)
(c) MCO 5200.24C
(d) CMC White Letter 03-96 dtd 11 Jul 98 (NOTAL)
(e) SECNAVINST 5200.35D (NOTAL)

Encl: (1) Definitions, management control standards and associated concepts
(2) Vulnerability Assessment Worksheet
(3) Results of Internal Management Evaluations

1. Purpose. To establish an IMCP within the Marine Corps Recruiting Command in compliance with references (a) through (e).

2. Background. Public law requires that we implement a pro-active approach to protecting our limited resources from fraud, waste, abuse and mismanagement. To this end, the IMCP tasks commanders/managers to determine the level that any potential control weaknesses are highlighted, reviewed and corrected. Through the use of the IMCP, we are able to more effectively utilize our resources and protect the command against misuse of government resources.

3. Definitions. The terms, standards, and other applicable concepts used in this order are defined in enclosure (1).

4. Functional area. Assessable units fall into 15 areas identified in reference (e). Enclosure (1) provides a complete list of functional categories. Those that apply to the Recruiting Command are as follows:

a. Procurement

b. Contract

c. Supply Operations

d. Property Management

e. Information Technology

f. Personnel and/or Organization Management

g. Comptroller/Resource Management

h. Support Services

i. Other

5. Information. The IMCP is a seven-step process:

a. Step 1. Appoint IMCP Coordinator. The Comptroller will serve as the IMCP Coordinator. Each AC/S or Special Staff Officer is responsible for the Internal Management Controls of their organization.

b. Step 2. Implement IMCP. Make all supervisory personnel familiar with references (c) and (d).

c. Step 3. Identify Assessable Units (AUs). Using the categories of AUs identified in paragraph 4, establish a list for your organization. This list will become the minimum AUs required according to the references. Additional AUs may be designated if the responsible AC/S identifies an area of concern.

d. Step 4. Perform Vulnerability Assessments (VAs). Vulnerability Assessment will assist in determining the degree of vulnerability of each AU, serve as the basis for formulating the annual program, and can be used as part of the evaluation and documentation process.

e. Step 5. Transfer VAs to the Annual Program. Over each 12-month period, all AUs will be reviewed regardless of the vulnerability level. Those AUs that show a moderate to high level of vulnerability must be reviewed within the first six months of the fiscal year. AUs with low vulnerability are reviewed at AC/S's or Special Staff Officer's discretion. The annual reporting period begins 1 August and ends 31 July each year. During the fourth quarter of each year all AUs will conduct VAs to determine the type and level of identified vulnerabilities. At the beginning of each period, assessment results will be used to build the command's annual program.

f. Step 6. Conduct Internal Control Evaluations (ICE). Whereas Step 5 was the organization of the evaluation process, Step 6 is their actual conduct. An ICE is a review that determines the effectiveness of internal controls and identifies weaknesses requiring corrective action. Managers performing control evaluations should use all available information including Alternative Internal Control Reviews and studies. If AICRs do not provide sufficient analysis, then the manager should perform an Internal Control Review (ICR) in order to determine control effectiveness.

g. Step 7. Annual Reports. These reports will be submitted by the IMCP coordinator. Annual reports are due to higher headquarters on 15 August, per reference (c).

6. Action

a. AC/S Comptroller

(1) Assign a focal point for coordinating the program.

(2) Provide training/guidance to all applicable personnel within the Command.

(3) Provide oversight of program implementation.

(4) Serve as the Marine Corps Recruiting Command focal point for all matters pertaining to the Internal Management Control Program.

(5) Submit an annual certification statement with a list of assessable units, all annual plans, assessments conducted and results of Internal Control Reviews/Alternate Internal Control Reviews to higher headquarters as outlined above.

(6) Track and perform follow-up on all command-reported material weaknesses.

(7) Maintain files for the program.

b. Branch/Department/Section Heads

(1) Will assign a manager responsible for assessing, reviewing, reporting and modifying controls that guard against fraud, waste, abuse and mismanagement. These individuals' fitness reports/performance appraisals will reflect their management control responsibilities.

(2) Provide oversight of program implementation.

(3) Submit an annual certification statement with a list of assessable units, all annual plans, assessments conducted and results of Internal Control Reviews/Alternate Internal Control Reviews to the Commanding General, Marine Corps Recruiting Command by 1 August.

(4) Track and perform follow-up on all command reported material weaknesses.

(5) Maintain files for current year plus two years.

GARRY L. PARKS

DISTRIBUTION: A

DEFINITIONS, MANAGEMENT CONTROL STANDARDS AND ASSOCIATED CONCEPTS

1. Assessable Unit. Any organizational, functional, programmatic or other applicable subdivision capable of being evaluated by management control assessment procedures. An assessable unit should be a subdivision of an organization that ensures a reasonable span of management control to allow for adequate analysis. Assessable units usually have specific management controls that are applicable to their responsibilities.

2. Control Objective. A specific aim, goal, condition or level of control established by a commander/manager for an assessable unit that provides reasonable assurance that the resources allocated to that activity are safeguarded or protected adequately against waste, fraud or mismanagement, and that organizational, operational or administrative objectives are accomplished. Control objectives are not absolutes. Limiting factors such as budget constraints, statutory and regulatory restrictions, staff limitations and the cost-benefit of each control technique are to be considered in determining desired control objectives.

3. Control Technique. Any form of organizational procedure or document flow that is relied on to accomplish a control objective.

4. Cost-Benefit. The true net cost of correcting an identified weakness. The cost-benefit represents the real (actual) monetary benefit derived from correcting the weakness, reduced by (less) the costs associated with implementing the correction. The concept of reasonable assurance recognizes that the costs of management control should not exceed the benefits to be derived, and that the benefits themselves consist of a reduced risk of failing to achieve stated objectives. This balancing of management control costs and benefits is addressed using estimates and management judgment.

5. Documentation. Documentation of management control activities is required to the extent needed by management to control its operations effectively and include products not specifically designed to meet the requirements of the Internal Management Control Program. Documentation for management

control systems is mandated by reference (b), and encompasses the following two types of written materials:

a. Review Documentation. Shows the type and scope of the review, the responsible official, the pertinent dates and facts, the key findings and the recommended corrective actions. Documentation is adequate if the information is understandable to a reasonably knowledgeable reviewer.

b. System Documentation. Includes policies and procedures, organizational charts, manuals, flow charts and related written and graphic materials necessary to describe organizational structure, operating procedures and administrative practices, and to communicate responsibilities and authority for accomplishing programs and activities.

6. General Control Environment. The environment in which management operates, including management attitude; organizational structure; personnel competence; delegation of authority and responsibility; policies, procedures, budgeting and reporting practices; and organizational checks and balances.

7. Management Control. The organization, policies, and procedures used to reasonably ensure that programs achieve their intended results; resources are used consistent with the Marine Corps' mission; programs and resources are protected from waste, fraud and mismanagement; laws and regulations are followed; and, reliable and timely information is obtained, maintained, reported and used for decision making. Management controls, in the broadest sense, include the plan of organization, methods and procedures adopted by management to ensure that its goals are met. Management controls include processes for planning, organizing, directing and controlling program operations. Some subsets of management controls are the internal controls used to assure that there is prevention or timely detection of unauthorized acquisition, use or disposition of the entity's assets.

8. Management Control Evaluation. A documented examination of an assessable unit to determine whether adequate control techniques exist and are achieving their intended objectives. Management control evaluations are of the following two types:

a. Alternative Management Control Review. A process which determines that control techniques are operating properly, or a

process developed for other organizational purposes which provides adequate information on the effectiveness of control techniques. This type of process may utilize computer security reviews; quality assessments; financial systems reviews; General Accounting Office (GAO), DOD Inspector General (DODIG) and Naval Audit Service (NAVAUDSVC) audits, inspections or investigations; local audits and command evaluations; and management and consulting reviews. Such alternative reviews must assist in determining overall compliance and, whenever possible, include testing of controls and documentation.

b. Management Control Review. Detailed examination by the responsible commander/manager of the system of management controls in an assessable unit to determine the adequacy of controls, and to identify and correct deficiencies. Management control reviews should be conducted only when a reliable alternative source of information is not available and the review is expected to produce otherwise unavailable written documentation of what was done and what was found. Any review should have some reasonable cost effective testing aspect associated with it.

9. Management Control Plan. A brief, written plan (updated annually) that indicates the number of scheduled and accomplished management control evaluations, the identity of assessable units, progress toward accomplishment of annual program requirements, the method of monitoring and evaluation and the date the evaluation was completed. The management control plan need not be lengthy and any format may be used, so long as it addresses management control evaluations throughout the organization and conveys, with reasonable certainty, an awareness that the objectives of the Internal Management Control Program have been accomplished.

10. Internal Management Control Program. The full scope of management responsibilities as defined in this instruction. That responsibility includes the development of effective management controls, the evaluation and correction of deficiencies, the use of effective follow-up procedures, and the reporting requirements of this guidance.

11. Management Control Standards. Federal standards for management control are summarized in reference (b), and are identified in appendix A of this enclosure.

12. Management Control System. The sum of the methods and measures used to achieve the management control objectives both the controls and the evaluations of those controls. It is not a separate system, but an integral part of the systems used to operate programs and functions.

13. Material Weakness. Specific instances of noncompliance with reference (a) of such importance so as to warrant reporting of the deficiency to the next higher level of command/management. Such weaknesses significantly impair or may impair the fulfillment of an activity's mission or operational objectives; deprive the public of needed services; violate statutory or regulatory requirements; significantly weaken safeguards against fraud, waste or mismanagement of funds, property or other assets; or cause a conflict of interest. In effect, the weakness results from management controls that are not in place, not used or not adequate. Material weaknesses should be identified using one of 15 functional reporting categories (see appendix B to this enclosure). Open findings on management controls from any source, agreed to by management, are candidates for a material weakness at the applicable level, until all corrective actions are complete. Weaknesses considered significant on any of the following criteria warrant consideration for reporting as material weaknesses:

a. Actual or potential loss of resources (e.g., property, inventory, personnel, etc.)

b. Sensitivity of the resources involved (e.g., drugs, munitions, etc.).

c. Magnitude of funds, property or other resources involved.

d. Frequency of actual or potential loss.

e. Current or probable Congressional or media interest (adverse publicity).

f. Impaired fulfillment of mission or operations.

g. Unreliable information causing unsound management decisions.

h. Violations of statutory or regulatory requirements.

i. Diminished credibility or reputation of management.

j. Deprivation of needed Government services to the public.

k. Impact on information security.

14. Reasonable Assurance. The judgment by a manager and Commanding Officer based upon all available information that the component systems of management controls are operating as intended by reference (a).

15. Risk. The probable or potential adverse effects from inadequate management controls that may result in the loss of resources or cause an activity to fail to accomplish significant mission objectives through fraud, error or mismanagement.

16. Risk Assessment. A documented review by management of an assessable unit's susceptibility to fraud, waste or mismanagement. Management evaluates the general control environment, analyzes the inherent risks and arrives at a preliminary assessment of the safeguards for the assessable unit.

17. Testing. Procedures to determine through observation, examination, verification, sampling or other procedures whether management control systems are working as intended.

VULNERABILITY ASSESSMENT WORKSHEET
(RSC DD-5200-03)

1. ORGANIZATION

2. ORGANIZATIONAL CODE

PROGRAM
FUNCTION
RESOURCE
(ASSESSABLE UNIT)

	CHOICE	VALUE
4. EMPHASIS ON INTERNAL CONTROL:		
MAJOR EMPHASIS		(1)
MODERATE EMPHASIS		(3)
MINOR EMPHASIS		(5)
5. COVERAGE BY WRITTEN PROCEDURES:		
SPECIFIC GUIDANCE W/LITTLE OR NO DISCRETION		(1)
FLEXIBLE GUIDANCE W/SIGNIFICANT DISCRETION		(3)
NO WRITTEN PROCEDURES		(5)
6. SPECIFYING GOALS AND MEASURING ACCOMPLISHMENTS:		
NOT APPLICABLE		
GOALS/OBJECTIVES FORMALLY ESTABLISHED AND MONITORED		(1)
GOALS/OBJECTIVES USED INFORMALLY OR W/LITTLE FOLLOWUP		(3)
GOALS/OBJECTIVES NEEDED, BUT NOT ESTABLISHED		(5)
10. PROGRAM ADMINISTRATION:		
DON ONLY		(1)
JOINT SERVICE		(3)
THIRD PARTY (CONTRACTOR)		
* HEAVY INVOLVEMENT		(4)
* TOTAL INVOLVEMENT		(5)
11. SCOPE OF WRITTEN AUTHORITY:		
PRECISE		(1)
CLARIFICATION REQUIRED		(3)
NO WRITTEN AUTHORITY		(5)
12. AGE/STATUS OF PROGRAM:		
RELATIVELY STABLE		(1)
CHANGING		(3)
NEW OR EXPIRING WITHIN 2 YEARS		(5)
13. EXTERNAL IMPACT OR SENSITIVITY:		
NOT APPLICABLE		
LOW LEVEL		(1)
MODERATE LEVEL		(3)
HIGH LEVEL		(5)
14. INTERACTION ACROSS ORGANIZATION:		
EXCLUSIVE TO ONE OFFICE		(1)
WITHIN TWO FUNCTIONAL OFFICES		(3)
MORE THAN TWO FUNCTIONAL OFFICES		(4)
INVOLVEMENT WITH OUTSIDE ORGANIZATION		(5)
20. ASSUMED EFFECTIVENESS OF CONTROLS ADEQUATE		(1)
LESS THAN ADEQUATE		(3)
NO EXISTING CONTROLS OR COSTS OUT WEIGH BENEFIT		(5)

	CHOICE	VALUE
7. ADEQUACY OF CHECKS AND BALANCES:		
NOT APPLICABLE		
ADEQUATE		(1)
NEEDS IMPROVEMENT		(3)
REQUIRED BUT TOTALLY LACKING		(5)
8. ADP USED FOR REPORTING OR OPERATIONAL DATA:		
NOT APPLICABLE		
DATA RELIABILITY (TIMELINESS, ACCURACY) AND SECURITY ARE SATISFACTORY		(1)
DATA RELIABILITY OR SECURITY NEEDS SOME IMPROVEMENT		(3)
9. PERSONNEL RESOURCES:		
ADEQUATE NUMBER OF QUALIFIED PERSONNEL		(1)
ADEQUATE NO. OF PERSONNEL BUT SOME TRAINING REQUIRED		(3)
INSUFFICIENT NO. OF PERS. OR MAJORITY OF STAFF LACK QUAL. OR NEEDED TRAINING		(5)
15. TYPE OF TRANSACTION DOCUMENT:		
NONCONVERTIBLE TO CASH OR BENEFIT		(1)
CONVERTIBLE TO SERVICE ONLY		(3)
DIRECTLY CONVERTIBLE TO CASH		(5)
16. INTERVAL SINCE MOST RECENT EVALUATION OR AUDIT:		
WITHIN LAST 9 MONTHS		(1)
BETWEEN 9 AND 24 MONTHS		(3)
MORE THAN TWO YEARS		(5)
17. RECENT INSTANCES OF ERRORS OR IRREGULARITIES:		
NONE IN THE LAST 18 MONTHS		(1)
MOST SIGNIFICANT FINDINGS OR KNOWN ERRORS FULLY CORRECTED		(3)
MOST SIGNIFICANT FINDINGS OR KNOWN ERRORS NOT FULLY RESOLVED		(5)
18. ADEQUACY OF REPORTS:		
ACCURATE AND TIMELY		(1)
SOMETIMES INACCURATE, INCOMPLETE, AND/OR LATE		(3)
USUALLY INADEQUATE AND LATE		(5)
19. TIME CONSTRAINTS:		
NOT A SIGNIFICANT FACTOR IN OPERATIONS		(1)
OCCASIONALLY FACTOR		(3)
A SIGNIFICANT DAILY FACTOR		(5)
21. OVERALL VULNERABILITY ASSESSMENT:		SCORE
LOW (LESS THAN 27)		
MEDIUM (27-34)		
HIGH (GREATER THAN 34)		

22.

23. VA CONDUCTED BY: TITLE DATE

24. VA APPROVED BY: TITLE DATE

RESULTS OF INTERNAL CONTROL EVALUATIONS
(RCS DD-5200-04)

Command:
Command Point Of Contact and Telephone/AUTOVON Number:
Report for the Semiannual Period Ending:

Material Weakness Status Code	Command Control Number	Source of Discovery	Title and Brief Description of Material Weakness(es)	Brief Description of Corrective Action Milestones	Actual/Planned Completion Dates

(Report material weaknesses identified through internal control evaluations and actual/planned corrective actions through the semiannual period in which all corrective actions are completed.)

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IN REPLY REFER TO
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3. Definitions. The terms, standards, and other applicable concepts used in this order are defined in enclosure (1).

4. Functional Areas. Assessable units fall into 15 areas identified in reference (e). Enclosure (1) provides a complete list of the functional categories. Those that apply to the Recruiting Command are as follows:

(1) Procurement

(2) Contract Administration

(3) Supply Operations

(4) Property Management

(5) Information Technology

(6) Personnel and/or Organization Management

(7) Comptroller/Resource Management

(8) Support Services

(9) Other

5. Information. The IMCP is a seven-step process:

a. Step 1. Appoint IMCP Coordinator. The Comptroller will serve as the IMCP Coordinator. Each AC/S or Special Staff Officer is responsible for the Internal Management Controls of their organization.

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effectiveness of internal controls and identifies weaknesses requiring corrective action. Managers performing control evaluations should use all available information including Alternative Internal Control Reviews (AICR) using the results of audits, inspections, outside reviews and studies. If AICRs do not provide sufficient analysis, then the manager should perform an Internal Control Review (ICR) in order to determine control effectiveness.

Step 7. Annual Reports. These reports will be submitted by the IMCP coordinator. Annual reports are due to higher headquarters on 15 August, per reference (c).

6. Action

a. AC/S Comptroller

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(5) Submit an annual certification statement with a list of assessable units, all annual plans, assessments conducted and results of Internal Control Reviews/Alternate Internal Control Reviews to higher headquarters as outlined above.

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(7) Maintain files for the program.

b. Branch/Department/Section Heads

(1) Will assign a manager responsible for assessing, reviewing, reporting and modifying controls that guard against fraud, waste, abuse and mismanagement. These individuals' fitness reports/performance appraisals will reflect their management control responsibilities.

(2) Identify assessable units within their organization to be evaluated.

(3) Conduct additional assessments and reviews for vulnerabilities previously not identified.

(4) Maintain files for current year plus two years.

c. Commanding Officers, Marine Corps Districts

(1) Assign a focal point for coordinating the program.

(2) Provide oversight of program implementation.

(3) Submit an annual certification statement with a list of assessable units, all annual plans, assessments conducted and results of Internal Control Reviews/Alternate Internal Control Reviews to the Commanding General, Marine Corps Recruiting Command by 1 August.

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d. Step 4. Perform Vulnerability Assessments (VAs). Vulnerability Assessment will assist in determining the degree of vulnerability of each AU, serve as the basis for formulating the annual program, and can be used as part of the evaluation and documentation process.

e. Step 5. Transfer VAs to the Annual Program. Over each 12-month period, all AUs will be reviewed regardless of the vulnerability level. Those AUs that show a moderate to high level of vulnerability must be reviewed within the first six months of the fiscal year. AUs with low vulnerability are reviewed at AC/S's or Special Staff Officer's discretion. The annual reporting period begins 1 August and ends 31 July each year. During the fourth quarter of each year all AUs will conduct VAs to determine the type and level of identified vulnerabilities. At the beginning of each period, assessment results will be used to build the command's annual program.

f. Step 6. Conduct Internal Control Evaluations (ICE). Whereas Step 5 was the organization of the evaluation process, Step 6 is their actual conduct. An ICE is a review that determines the effectiveness of internal controls and identifies weaknesses requiring corrective action. Managers performing control evaluations should use all available information including Alternative Internal Control Reviews and studies. If AICRs do not provide sufficient analysis, then the manager should perform an Internal Control Review (ICR) in order to determine control effectiveness.

g. Step 7. Annual Reports. These reports will be submitted by the IMCP coordinator. Annual reports are due to higher headquarters on 15 August, per reference (c).

6. Action

a. AC/S Comptroller

(1) Assign a focal point for coordinating the program.

(2) Provide training/guidance to all applicable personnel within the Command.

(3) Provide oversight of program implementation.

(4) Serve as the Marine Corps Recruiting Command focal point for all matters pertaining to the Internal Management Control Program.

(5) Submit an annual certification statement with a list of assessable units, all annual plans, assessments conducted and results of Internal Control Reviews/Alternate Internal Control Reviews to higher headquarters as outlined above.

(6) Track and perform follow-up on all command-reported material weaknesses.

(7) Maintain files for the program.

b. Branch/Department/Section Heads

(1) Will assign a manger responsible for assessing, reviewing, reporting and modifying controls that guard against fraud, waste, abuse and mismanagement. These individuals' fitness reports/performance appraisals will reflect their management control responsibilities.

(2) Provide oversight of program implementation.

(3) Submit an annual certification statement with a list of assessable units, all annual plans, assessments conducted and results of Internal Control Reviews/Alternate Internal Control Reviews to the Commanding General, Marine Corps Recruiting Command by 1 August.

(4) Track and perform follow-up on all command reported material weaknesses.

(5) Maintain files for current year plus two years.

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