



DEPARTMENT OF THE NAVY  
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3000 MARINE CORPS PENTAGON  
WASHINGTON, DC 20350-3000

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P&R/RFR  
19 MAR 2008

MARINE CORPS ORDER 5200.24D

From: Commandant of the Marine Corps  
To: Distribution List

Subj: MARINE CORPS MANAGERS' INTERNAL CONTROL (MCMIC) PROGRAM

Ref: (a) Office of Management and Budget, "Federal Managers Financial Integrity Act of 1982," September 8, 1982  
(b) Office of Management and Budget, Circular A-123, "Management Accountability and Control," June 21, 1995  
(c) DOD Instruction 5010.40, "Managers' Internal Control (MIC) Program Procedures," January 4, 2006  
(d) United States General Accountability Office, "Standards for Internal Control in the Federal Government," November 1999  
(e) SECNAVINST 5200.35E  
(f) SECNAV M-5210.1

Encl: (1) Description of MCMIC Processes  
(2) Standards for Internal Controls in the Federal Government

Report Required: Management Control Program Annual Report (Report Control Symbol DD-5200-05) (External Report Control Symbol DD-COMP(AR)1618(5200)), par. 5.a(4)

1. Situation. To provide revised Marine Corps Managers Internal Control (MCMIC) Program policy in adherence to the statutory requirements set forth in reference (a) and in compliance with the standards implemented by references (b) through (e).

2. Cancellation. MCO 5200.24C.

3. Mission

a. Commanders, heads of staff agencies, and managers at all levels of the Marine Corps have a fundamental responsibility to develop and maintain effective internal control over their processes to ensure that programs operate and resources are used efficiently and effectively to achieve desired objectives as required by references (a) through (f). Programs must operate and resources must be used in compliance with laws and regulations, and with minimal potential for waste, fraud, and mismanagement. Effective internal controls provide reasonable assurance that significant weaknesses in the design of program processes or inherent program weakness which might adversely affect the Marine Corps' ability to meet its objectives, can be prevented or detected in a timely manner as required by references (a), (b), (c) and (e).

b. The MCMIC Program is comprised of two distinct processes, each with the common purpose of providing reasonable assurance that effective and efficient internal controls are in place throughout the Marine Corps. The two processes are: (1) the Overall Managers' Internal Control (OMIC) and (2) the Internal Controls over Financial Reporting (ICOFR). These distinct internal control processes are summarized in Enclosure (1).

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c. Annually, the Commandant of the Marine Corps (CMC) must provide assurances to the Secretary of the Navy concerning the effectiveness of the Marine Corps' internal controls. Separate Statements of Assurance (SOA) for the OMIC and ICOFR processes are required. See references (b) and (e) for more details.

#### 4. Execution

##### a. Commander's Intent and Concept of Operations

###### (1) Commander's Intent

(a) Commanders, heads of staff agencies, and managers at all levels of the Marine Corps have a fundamental responsibility to develop and maintain effective internal control over the functions, programs, and operations under their authority. In order to achieve desired objectives, managers are required to ensure that programs operate optimally and resources are used efficiently and effectively.

(b) Commanders, managers and staff agencies, shall use the process of incorporating the Government Accountability Office (GAO) Standards for Internal Control, Enclosure (2), to integrate basic internal controls in the strategies, plans, guidance and procedures governing all their functions, programs, and operations within their realms of authority.

(c) The Overall Managers' Internal Control Process. All Marine Corps Commands (those reporting directly to the Commandant) and Headquarters Marine Corps (HQMC) Staff Offices will annually submit to the Commandant of the Marine Corps a SOA on the effectiveness of internal controls over all the functions, programs, and operations under their authority. Attached to the SOA will be supporting enclosures as required by references (b) and (e).

(d) The Internal Controls over Financial Reporting (ICOFR) Process. All Marine Corps Commands and Headquarters Staff Offices will cooperate fully with staff of the Deputy Commandant of the Marine Corps, Programs and Resources (DC P&R), in identifying, documenting and testing internal controls over functions, programs, and operations under their authorities. Responsible agencies shall prepare, document and track Corrective Actions Plans (CAPs) for resolving internal control weaknesses identified during the process as prescribed in reference (b).

(e) Corrective Action Plans. Commanders, heads of staff agencies, and managers at all levels of the Marine Corps will develop, execute, track and report on CAPs to mitigate any identified internal control weaknesses in functions, programs, or operations under their authorities.

(f) Records Management. Headquarters Marine Corps (HQMC) Staff Offices and Marine Corps Commands (those reporting directing to the Commandant) shall maintain records created as a part of the Overall Managers' Internal Control Process and the Internal Controls over Financial Reporting (ICOFR) Process per reference (f) SSIC 5040.2.

###### (2) Concept of Operations

(a) The Senior Assessment Team (SAT), will oversee and serve as the central focal point for the Marine Corps-wide MCMIC program, including the OMIC and ICOFR processes. The SAT will be comprised of senior managers and

executives of both staff and functional offices and shall be chaired by the Assistant Deputy Commandant, P&R, Fiscal Division.

(b) Each command shall appoint an Internal Control Coordinator, and an alternate, as the central focal point to provide oversight of the MCMIC Program. The Internal Control Coordinator will be located within the Comptroller's Resource Evaluation and Analysis office. Organizations and activities without a comptroller office should appoint a coordinator who understands the MCMIC Program and can provide training to managers responsible for the internal control program and its reporting requirements.

(c) All Marine Corps Internal Control Coordinators and alternates shall take the Managers' Internal Control (MIC) training upon assignment of duty. After initial training, Internal Control Coordinators and alternates shall take refresher training every three years. Commanding Officers, Commanders, managers, and those responsible for Assessable Units are highly encouraged to take the training. Training can be found online through Navy e-Learning and Navy Knowledge Online.

(d) Concept of Operations for the OMIC process shall be:

1. The OMIC process receives direct oversight from the SAT.
2. The P&R Audit and Review Branch (RFR) serves as the point-of-contact for the OMIC process and provides staff assistance to the SAT as necessary.
3. The OMIC process establishes and maintains an inventory of Assessable Units (AUs), segmented along organizational, functional and/or program lines as appropriate. The OMIC process is a bottom-up process.
4. All Marine Corps AU managers continuously monitor and improve the effectiveness of internal controls associated with their programs, and annually report the effectiveness of their internal controls through the OMIC process.
5. Managers ensure that military and civilian personnel responsible for OMIC oversight are identified and that the respective fitness report or performance appraisal systems reflect internal control responsibilities, accomplishments, deficiencies and corrective actions undertaken and completed as required by reference (e).
6. Each Command and each Headquarters Staff Office must (for the SOA reporting period beginning 1 July and ending 30 Jun) submit to the CMC through P&R (RFR), an appropriately worded SOA over the internal controls of their operations and supporting documentation to support the requirements of references (b) and (e) by the due date set annually by P&R (RFR).

(e) Concept of Operations for the ICOFR shall be:

1. The ICOFR process receives direct oversight from the SAT.
2. Since the ICOFR process is a top-down program driven by targeted line items on the Marine Corps' financial statements, subordinate commands, activities and Headquarter Staff Offices respond only to activities directed centrally by the SAT and coordinated by the staff of the Assistant Deputy Commandant P&R, Fiscal Division (Code RF).

3. Commands, activities and Headquarter Staff Offices cooperate fully with the SAT and staff of the Fiscal Division (Code RF) in support of the SAT, as requested. This cooperation will most often take the form of assisting in identifying and documenting the most important controls supporting a targeted financial statement line item, conducting operational tests of these controls to assure effectiveness, and developing, executing and tracking CAPs, as appropriate. Additionally, due to the nature and location of testing, Resource Evaluation and Analysis (REA) personnel may be tasked directly by Head, Audit and Review (Code RFR) to complete testing for the ICOFR process.

b. Subordinate Element Missions. Subordinate organizations will submit SOAs concerning the OMIC process through the echelons of command to support major commands' SOAs to the CMC. Subordinate organizations will support the SAT and P&R (RF) in identifying and conducting tests for the ICOFR process, as required.

5. Administration and Logistics

a. The Deputy Commandant, Programs and Resources (DC P&R) is the executive agent for the MCMIC Program, and shall:

- (1) Develop policy and procedures.
- (2) Provide oversight of program implementation.
- (3) Serve as the Marine Corps focal point inside and outside the Marine Corps for all matters pertaining to the MCMIC program.
- (4) Coordinate Marine Corps-wide efforts to meet program reporting requirements. Report Control Symbol DD-5200-05 (External Report Control Symbol DD-COMP(AR)1618(5200)) is assigned to this reporting requirement.
- (5) Annually prepare the CMC Statements of Assurance and results of internal control submissions to the Secretary of the Navy.
- (6) Track and perform follow-up on all Marine Corps reportable conditions and material weaknesses reported by the CMC to the Secretary of the Navy.
- (7) Ensure training is provided by various means as necessary.

b. The Inspector General of the Marine Corps shall:

- (1) Evaluate compliance with this Order during inspections and investigations.
- (2) Identify major internal control accomplishments and weaknesses during the conduct of inspections and investigations.
- (3) Summarize and report results as appropriate.

c. The Senior Assessment Team (SAT) shall:

- (1) Act as senior advisor for the CMC and other senior Marine Corps officials.

(2) Support the DC P&R in his role as the executive agent for the MCMIC Program.

(3) Determine and document the MCMIC process design and methodology.

(4) Ensure that MCMIC Program policy and objectives are clearly communicated throughout the Marine Corps.

(5) Identify staff to perform MCMIC functions.

(6) Secure contractors to perform activities in support of the MCMIC program and ensure statements of work thoroughly stipulate all MCMIC support requirements.

(7) Ensure that the internal control assessments are carried out in a thorough, effective, and timely manner.

(8) Assess the adequacy of each CAP and its progress in remediation of identified weaknesses.

(9) Determine the scope of the ICOFR process, including which financial report line items are to be covered in any given year.

(10) Recommend to the CMC the material control weaknesses for disclosure in the annual report required by reference (a) and (b).

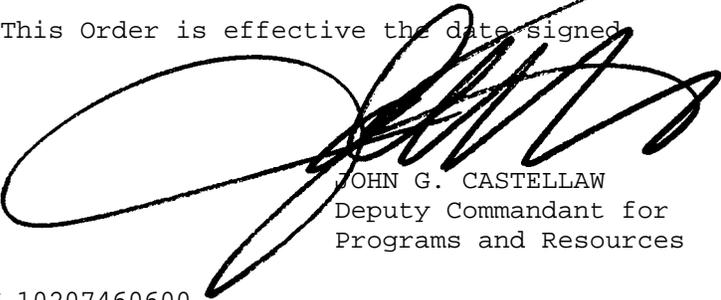
(11) Provide input for resources needed to correct these weaknesses.

(12) Perform other functions consistent with references (a) and (b), or as directed by the CMC or the DC P&R.

6. Command and Signal

a. Command. This Order is applicable to the Marine Corps Total Force.

b. Signal. This Order is effective the date signed.



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**Description of MCMIC Processes**

The Marine Corps Managers' Internal Control (MCMIC) Program is composed of two distinct processes with the common purpose of providing reasonable assurance of effective and efficient internal controls throughout the Marine Corps. The two processes are (1) the Overall Managers' Internal Control (OMIC) process and (2) the Internal Controls over Financial Reporting process (ICOFR). The processes are described and compared in the following table.

<b>Process Attribute</b>	<b>Overall Marine Corps Internal Controls Process</b>	<b>Internal Controls over Financial Reporting Process</b>
<b>Program objective</b>	Identify and correct internal control weaknesses that might prevent doing our job right.	Assure Marine Corps financial reports and budget statements are accurate and reliable.
<b>Establishment date</b>	1982 ( Federal Managers Financial Integrity Act)	2004 (OMB Circular A-123 Revised)
<b>Concept of operations</b>	Bottom-up, starting with very small organizational units of the Marine Corps tracked as Assessable Units (AUs). Identifies control issues through AU managers across the Marine Corps assessing their own risks and controls by self-assessment. Driven by local leaders.	Top-down, starting with targeted line items in the Marine Corps' financial statements. Does not involve AUs. Identifies control issues by analyzing transactions most important to financial statements. Relies on independent testing of targeted controls. Driven by CMC.
<b>Program breadth</b>	Covers all aspects of Marine Corps activity.	Covers only the most important aspects of targeted functional processes as they impact financial reporting.
<b>Program depth</b>	May consider broad issues and/or specific program activities.	May consider broad issues and/or specific program activities.
<b>Statements of Assurance (SOA)</b>	SOA are prepared at appropriate command levels which are consolidated through the chain of command into a CMC SOA.	One SOA for the Marine Corps, signed by the Commandant. No SOA from subordinate organizations.
<b>Implementation management and coordination</b>	Program coordinated by HQMC P&R Audit and Review Branch (RFR) at HQMC and by command level Resource Evaluation and Analysis (REA) personnel in the field.	Program coordinated by HQMC P&R Accounting Branch (RFA) and Audit and Review Branch (RFR). Targeted headquarter functional offices assist in identifying and documenting key controls and in managing corrective actions. REA personnel may conduct limited testing.
<b>Marine Corps Oversight Body</b>	Senior Assessment Team (SAT)	Senior Assessment Team (SAT)

Figure 1-1.—Description of MCMIC Processes

**STANDARDS FOR INTERNAL CONTROLS IN THE FEDERAL GOVERNMENT**

1. Control Environment. Management and employees shall establish and maintain an environment throughout the organization that sets a positive and supportive attitude toward internal control and conscientious management. Several factors affect the control environment:

a. One factor is the integrity and ethical values maintained and demonstrated by management and staff. A key role is management providing guidance for proper behavior and providing discipline when appropriate.

b. Another factor is management's commitment to competence. All personnel need to possess and maintain a level of competence that allows them to accomplish their assigned duties as well as understand the importance of developing and implementing good internal controls.

c. Management's philosophy and operating styles also affect the environment. This factor determines the degree of risk the command is willing to take and management's philosophy towards performance-based management. The attitude and philosophy towards information systems, accounting, personnel functions, monitoring, audits and evaluations can have a profound effect on internal control.

d. The command organizational structure provides management's framework for planning, directing and controlling operations to achieve the command's objectives. A good internal control environment requires an organizational structure that clearly defines key areas of authority and responsibility and establishes appropriate lines of reporting.

2. Risk Assessment. A precondition to risk assessment is the establishment of clear, consistent agency goals and objectives at both the entity level and at the activity (program or mission) level. Once the objectives have been set, the organization needs to identify the risks that could impede the efficient and effective achievement of those objectives at the entity level and the activity level. Internal controls should provide for an assessment of the risks an organization faces from both internal and external sources. Once risks have been identified, they should be analyzed for their possible effect. Management then has to formulate an approach for risk management and decide upon the internal control activities required to mitigate those risks and achieve the internal control objectives of efficient and effective operations, reliable financial reporting, and compliance with laws and regulations.

3. Control Activities. Internal control activities help ensure that management's directives are carried out. The control activity should be effective and efficient in accomplishing the commands control objectives. Control activities are the policies, procedures, techniques, and mechanisms that enforce management's directives, such as the process of adhering to requirements for budget development and execution. Some examples of control activities include top level reviews of actual performance, management of human resources, controls over information processing, physical control over vulnerable assets, segregation of duties, proper execution of transactions and events, accurate and timely recording of transactions and events, access restriction to and accountability for resources and records, and appropriate documentation of transactions and internal control.

4. Information and Communications. Information should be recorded and communicated to management and others within the organization who need it and in a form and within the time frame that enables them to carry out their internal control and other responsibilities. For an organization to run and control its operations, it must have relevant, reliable, and timely communication relating to internal as well as external events. Accurate information is needed throughout the command to achieve all of its objectives. Program managers need both operational and financial data to determine whether they are meeting the organizations strategic and annual performance plans and meeting their goals for accountability for use of resources. Effective information occurs in a broad sense when information flows down, across, and up the organization.

5. Monitoring. Internal control monitoring should assess the quality of performance over time and ensure that the findings of audits and other reviews are properly resolved. Internal controls should generally be designed to assure that ongoing monitoring occurs in the course of normal operations. Separate evaluations of control can be useful by focusing directly on controls effectiveness at a specific time. Separate evaluations of control can be useful by focusing directly on the controls effectiveness at a specific time. Commands are encourage to use inspections, management studies, audits, evaluation and other sources to identify internal control deficiencies that require corrective actions and reporting to the next level of command. Monitoring of internal controls includes policies and procedures for ensuring that the findings of audits and other reviews are promptly resolved.