MANAGEMENT

CONTROL

ADMINISTRATOR'S

HANDBOOK

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23 August 1996

MEMORANDUM FOR MANAGEMENT CONTROL ADMINISTRATORS

SUBJECT: The Army Management Control Process

As the Management Control Administrator for your MACOM or HQDA agency, you play a central role in the management control process. You are the channel for the flow of guidance, taskings and information to your commands, installations and activities. You must be the management control "expert" who provides guidance and training to your managers and answers their questions, and the focal point for critical actions like the preparation of your annual Statement of Assurance. In my experience, good management control programs are always associated with active, capable Administrators. This Handbook is designed to help you better understand the Army management control process and to successfully implement it within your organization.

While you are a key player, the single most critical factor in a successful management control program is command support. If your leadership doesn't stress the importance of management controls that work, and doesn't make their expectations clear, implementation will suffer. In recent years, several commands have turned their management control efforts around 180 degrees, and in each case the critical difference was command support. As the correspondence to your leadership (TAB O) makes clear, the Army's top leaders are looking at how well MACOMs and HQDA agencies execute the management control process. Where implementation is consistently poor, the only reasonable conclusion is that the process does not have command support.

Please feel free to modify or expand this Handbook to meet your needs, and to distribute copies to Administrators at subordinate commands, installations and activities. It's also available on the OASA(FM&C) Home Page on the World Wide Web (http://www.asafm.army.mil/). We will be updating this Handbook periodically, and we welcome your comments and suggestions. Please send them to us ATTN: SAFM-FOI-M, Pentagon, Washington DC 20310-0109, or e-mail them .

Deputy Assistant Secretary of the Army
(Financial Operations)

Attachment

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*** Not included in this printed handbook (provided separately).**

STATUTORY/REGULATORY BASIS

GENERAL: AR 11-2 (Management Control) implements public law and Office of Management and Budget (OMB) and Department of Defense (DOD) guidance by prescribing policies and guidance for the Army management control process. It was revised effective 1 October 1994 to simplify and reduce administrative requirements, to provide greater flexibility in implementation, and to enhance the involvement and accountability of commanders and managers. AR 11-2 does not contain policy or instructions for the evaluation of Army financial/accounting systems. Policy and guidance in this area are provided in DOD 7000.14-R, Volume 1, General Financial Management Information, Systems and Requirements, and in annual instruction memoranda issued by HQ Defense Finance and Accounting Service (DFAS). A brief description of the process for evaluating Army financial/accounting systems is provided for your information at TAB L.

STATUTORY AUTHORITY: The Federal Managers' Financial Integrity Act (the Integrity Act) requires the head of each executive agency to:

-- Establish management controls to provide reasonable assurance that: obligations and costs are in compliance with applicable laws; funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; revenues and expenditures are properly recorded and accounted for; and programs are efficiently and effectively carried out according to the applicable law and management policy, and

-- Report annually to the President and Congress on whether these management controls comply with requirements of the Integrity Act, to include: (1) a report identifying any material weaknesses in these management controls, along with plans for their correction, and (2) a report on whether accounting systems comply with the principles, standards, and related requirements prescribed by the Comptroller General, to include deficiencies and plans for their correction.

REGULATORY GUIDANCE: The Integrity Act is implemented within the executive branch by OMB Circular A-123 and within DOD by DOD Directive 5010.38. In addition, in response to the requirements of the Integrity Act, the Comptroller General of the United States published "Standards for Internal Controls in the Federal Government." These twelve standards are the criteria against which management control systems are evaluated. They are described in detail at Appendix B of AR 11-2. Ensuring that management controls in each organization are in conformance with these Comptroller General Standards is the basic Integrity Act responsibility of every Army manager.

<u>APPLICABILITY</u>: The Integrity Act, OMB Circular A-123 and DOD Directive 5010.38 apply to all DOD activities and programs. The Army management control process applies to all Army organizations and programs, and to commanders and managers at all levels in the Active Army (including Civil Works responsibilities of the Corps of Engineers), the Army National Guard, and the United States Army Reserve. Combatant commands and joint activities for which the Army is executive agent are supported by the Army management control process.

TAB B

MANAGEMENT CONTROLS

DEFINITIONS:

Management Controls: The rules, procedures, techniques and devices employed by managers to ensure that what should occur in their daily operations does occur on a continuing basis. Management controls include such things as the organizational structure itself (designating specific responsibilities and accountability), formally defined procedures (e.g., required certifications and reconciliations), checks and balances (e.g., separation of duties), recurring reports and management reviews, supervisory monitoring, physical devices (e.g., locks and fences), and a broad array of measures used by managers to provide reasonable assurance that their subordinates are performing as intended.

Key Management Controls: Those absolutely essential management controls which must be implemented and sustained in daily operations to ensure organizational effectiveness and compliance with legal requirements (that is, a key management control is one whose failure would "break" or seriously impair a system or process). Key management controls are identified by HQDA functional proponents in their governing ARs and establish the baseline requirement for management control evaluations conducted by assessable unit managers.

Reasonable Assurance: An acceptable degree of confidence in the general adequacy of management controls to deter or detect material failures in complying with the Integrity Act objectives. The determination of reasonable assurance is a management judgment based on the effectiveness of management controls and the extent of management control deficiencies and material weaknesses.

POLICY:

-- All commanders and managers have an inherent responsibility to establish and maintain effective management controls, assess areas of risk, identify and correct weaknesses in those controls and keep their superiors informed. In this respect, the Integrity Act and OMB Circular A-123 simply codify this inherent responsibility (AR 11-2, para 2-1a).

-- The Army management control process does not require the evaluation of all management controls, only for those key management controls identified by the HQDA functional proponents. This more selective approach is based on a recognition that properly-conducted management control evaluations impose a significant cost on Army managers and that these managers must be able to give priority attention to the truly critical areas (AR 11-2, para 2-3).

COMMENTS:

-- Management controls exist in every program, function and process. They are fundamental to mission accomplishment, i.e., to getting the job done right. They are embedded in the statutes and policy directives that govern the areas we work in, and in the detailed procedures we develop to guide our operations. In many instances, they are nothing more than using good "common sense" and the results of practical experience. The vast majority of management problems that we deal with on a daily basis, and the vast majority of the audit and inspection findings have, at their root, a management control failure of some kind. Ensuring that our management controls work right is nothing more than simply doing our jobs. Every commander and manager has a vested interest in effective management controls.

TAB C

THE MANAGEMENT CONTROL ADMINISTRATOR

DEFINITIONS:

Senior Responsible Official: The senior official, designated by the head of the reporting organization, with overall responsibility for ensuring the implementation of the management control process within the organization.

Management Control Administrator: The individual designated by the senior responsible official to administer the management control process for a reporting organization.

POLICY: The Management Control Administrator (MCA) for a reporting organization is responsible for the following (MCAs at lower levels would have similar duties):

-- Advise the senior responsible official on the implementation and status of the organization's management control process.

-- Keep commanders and managers informed on management control matters.

-- Identify the organization's requirements for management control training and provide that training.

-- Develop and maintain a Management Control Plan for the organization or provide guidance to assessable unit managers on the preparation of their Management Control Plans.

-- Coordinate the preparation of the organization's annual Statement of Assurance on management controls.

-- Ensure that material weaknesses for which the organization is responsible are tracked until corrected.

-- Retain all required documentation in support of annual statements and the correction of material weaknesses (AR 11-2, para 1-16).

COMMENTS:

-- Reporting organizations are those MACOMs, HQDA staff agencies and Field Operating Agencies that submit an annual Statement of Assurance to the ASA(FM&C) for the Secretary of the Army.

-- The Management Control Administrator is a key player in the success of the management control process. The Administrator is the lynch-pin that holds the process together and the channel for the flow of management control guidance and information to commanders and managers throughout the command. Our experience has been that good management control programs are usually associated with active, capable Management Control Administrators. Where Administrators don't understand the policies or the actions that must be taken, the management control process breaks down.

-- There is no policy or requirement on where the management control function should be placed within the organization. In almost all cases, however, reporting organizations have put this function and the Management Control Administrator in one of two organizations: the Resource Management staff element (e.g., DCSRM, DRM) or the Internal Review and Audit Compliance Office. Subordinate commands, installations and activities have also followed this pattern. Either organization is acceptable. What matters is not where the management control function is placed, but that it is given command emphasis and is done right.

TAB D

EXECUTION OF THE ARMY MANAGEMENT CONTROL PROCESS

Effective execution of the management control process involves a range of actions that are discussed in detail in this handbook.

FIRST, there are certain basic actions that must be taken to adequately execute the management control process. These are:

-- Designating your Assessable Unit Managers (TAB E).

-- Establishing your Management Control Plan (TAB F).

-- Conducting management control evaluations in accordance with your Management Control Plan (TAB G).

-- Ensuring that the management control responsibilities of key management officials are documented in their performance agreements (TAB H).

-- Coordinating the preparation of your annual Statement of Assurance (TAB I).

-- Providing management control training (TAB J).

-- Distributing management control information.

IN ADDITION, there are some related topics you should understand and other management control measures that your command/agency may want to consider. These include:

-- The role of audits and inspections (TAB K).

-- Establishing a "senior management council" to provide leadership oversight of management control matters (TAB L).

-- Conducting a mid-year review of the progress made in correcting your material weaknesses (TAB L).

-- Evaluating financial/accounting systems (TAB L).

ASSESSABLE UNIT MANAGERS

DEFINITIONS:

Assessable Unit: Reporting organizations (MACOMs, HQDA staff agencies and Separate Field Operating Agencies) are segmented into assessable units, which in turn are responsible for conducting management control evaluations in accordance with the Management Control Plan.

Assessable Unit Manager: The military or civilian head of an assessable unit. Assessable unit managers must be at least a Colonel or GS-15, with the exception of Army garrisons, where an assessable unit may be headed by the senior functional manager (e.g., the DOL, DRM or DPCA). The Assessable Unit Manager certifies the results of required management control evaluations.

POLICY: Reporting organizations will be segmented into assessable units consisting of subordinate organizations headed by senior managers, preferably at General Officer/Senior Executive Service level, but not lower than Colonel/GS-15 level. The only exception is at Army garrison level, where assessable units may be headed by the senior functional managers. Reporting organizations will identify these assessable units to OASA(FM&C), ATTN: SAFM-FOI-M, which will maintain an inventory of Army assessable units (AR 11-2, para 2-1e).

COMMENTS:

-- This policy is intended to get senior managers directly involved in the evaluation of their management controls. It's assumed that the detailed work of the evaluation (e.g., testing a control, writing up the results, etc.) will be done by others, but the Assessable Unit Manager must certify the evaluation, indicating that it was accomplished and approving the results. Approval and signature of the Management Control Evaluation Certification Statement (DA Form 11-2-R) should be handled just like any other staff action that requires a manager's approval. For example, it can be submitted to the Assessable Unit Managers under a cover memorandum that explains the requirement, the actions taken and the result, or it can be briefed to the Assessable Unit Manager, either in a separate briefing or as part of some larger session (e.g., a staff meeting or quarterly Review and Analysis).

-- Designation of Assessable Unit Managers involves some trade-offs. Larger assessable units with higher-ranking Assessable Unit Managers offer some economies (e.g., only one evaluation within the large assessable unit, rather than several evaluations conducted by each of the smaller assessable units). On the other hand, it may be more difficult or more complicated to brief and obtain approval/signature from a higher-ranking Assessable Unit Manager.

MANAGEMENT CONTROL PLAN

DEFINITION: The written plan that describes how required management control evaluations will be conducted over a five-year period.

POLICY:

-- The Management Control Plan (MCP) need not be lengthy and any format may be used, so long as it covers the key management controls identified by HQDA functional proponents and communicates clearly to subordinate managers what areas are to be evaluated, who will conduct the evaluation and when (AR 11-2, para 2-5).

-- The MCP may be developed at either the reporting organization or the assessable unit level. It may be structured by functional areas or by major organizational components. It might list the governing ARs that identify key management controls, or methods to be used for conducting evaluations (AR 11-2, para 2-5).

-- The MCP must be kept current and used to monitor progress to ensure that all management control evaluations are conducted as scheduled. An inventory of areas with key management controls will be provided annually by ASA(FM&C) to reporting organizations to assist in developing their MCPs (AR 11-2, para 2-5).

-- The MCP serves to document the schedule of required management control evaluations within the assessable unit (AR 11-2, para 2-9a).

COMMENTS:

-- MCPs can be prepared either by the MACOM HQ staff or tasked down to subordinate organizations. It may be more economical for the MACOM HQ staff to develop a single command-wide MCP, or to develop and distribute a "strawman" document that subordinate organizations can tailor to their needs. On the other hand, it may be easier for subordinate organizations to identify which required evaluations actually apply to them.

-- The basic process for developing your MCP is simple:

-- Review the inventory of functions that require evaluations and identify those that are applicable to your organization.

-- Identify any other functions that your organization wants to evaluate.

-- Assign responsibility for these evaluations to the appropriate Assessable Unit Managers.

-- Schedule these evaluations over a five-year period.

-- Add any other information/references that are deemed appropriate.

-- As a Management Control Administrator, it's clear that you can't make all the decisions that are reflected in an MCP (e.g., who the Assessable Unit Managers will be or which evaluations on the Army inventory apply to which functional elements in your organization). What you can do is develop a draft, a "strawman" MCP that your staff and leadership can use to discuss and resolve these questions. As the Administrator, you need to ensure that the requirement is clearly understood and that the decisions are made by the right people.

-- Your organization's leadership must understand that this is their MCP -- it's their schedule for evaluating their management controls. So long as the MCP includes the required evaluations that apply, and it clearly provides the basic "what, when and who" information, any approach is acceptable.

-- Your MCP can and should be tied into other command oversight processes, such as the annual Internal Review Plan, the Command Inspection Program, or the Organizational Inspection Program. In fact, some commands have developed a Command Oversight Plan, which integrates various audits, inspections, and management control evaluations into a single tool for the commander.

TAB G

MANAGEMENT CONTROL EVALUATIONS

DEFINITIONS:

Management Control Evaluation: A periodic, detailed assessment of key management controls to determine whether they are operating as intended. This assessment must be based on the actual testing of key management controls and must be supported by documentation (i.e., the individual(s) who conducted the evaluation and the date, the methods used to test the controls, any deficiencies detected and the corrective action taken).

Management Control Evaluation Checklist: One method for conducting a management control evaluation. The HQDA functional proponent may develop a standard checklist that addresses the key management controls and publish it in their governing AR. The purpose of a management control evaluation checklist is to provide managers a tool to help them evaluate the effectiveness of these key management controls.

Alternative Management Control Evaluation: Any existing management review process that meets the basic requirements of a management control evaluation, i.e., it assesses the key management controls, it evaluates these controls by testing them, and it provides the required documentation. These existing management review processes may be unique to a specific functional area (e.g., Command Supply Discipline Program)or they may be generic (e.g., the Command Inspection Program or audits by the Internal Review auditors).

POLICY:

-- Formal management control evaluations of key management controls must be conducted at least once every five years. Key management controls in any area identified by DOD or Army leadership as "high-risk" may require more frequent evaluation. ASA(FM&C) will publish an annual inventory of areas where HQDA functional proponents have identified key management controls, along with information on the governing AR and any suggested or required methods for conducting the evaluation (AR 11-2, para 2-4).

-- The Assessable Unit Manager's certification that a required management control evaluation has been conducted will be documented on DA Form 11-2-R (Management Control Evaluation Certification Statement) (AR 11-2, para 2-4).

-- All management control evaluations will be conducted in one of two ways:

-- Management control evaluation checklists. The HQDA functional proponent may develop a management control evaluation checklist that identifies

the key controls and publish it as an appendix in the governing AR. Managers may choose to use these checklist to conduct their management control evaluations or they can use an existing management review process, so long as the method chosen meets the basic requirements of a management control evaluation outlined above.

-- Existing management review processes. Many existing management review processes meet the basic requirements of a management control evaluation. Some of these processes are unique to one functional area (e.g., the Command Supply Discipline Program or Physical Security Inspection Program), while others are more general (e.g., the use of local inspector general or audit personnel). HQDA functional proponents may suggest an existing management review process for evaluating the key controls. They may require the use of a specific management review process, but only if it's already in place Army-wide and they are the functional proponent for it. Unless the HQDA functional proponent requires the use of a specific management review process, managers are free to choose the method of evaluation (AR 11-2, para 2-4).

-- Commanders and managers are encouraged to use existing management review processes to evaluate their controls, wherever it is feasible. Most functions already have some form of review or oversight process. Embedding management control evaluations in these processes reduces workload substantially (getting two things done for the cost of one). It also reinforces the importance of effective management controls by making them the focal point of routine management processes.

-- Management control evaluations must be supported by specific documentation, regardless of the method used to conduct the evaluation. As a minimum, this supporting documentation must clearly indicate who conducted the evaluation, the date the evaluation was conducted, what methods were used to test key management controls, what management control deficiencies (if any) were detected, and what corrective actions were taken (AR 11-2, para 2-9a).

COMMENTS:

-- HQDA Functional Proponents identify the key management controls that must be evaluated, but managers decide how they will conduct these evaluations (i.e., a checklist or an existing management review process). The only way a HQDA Functional Proponent can dictate the method of evaluation is to require the use of a functional management review process that they are the proponent for and that is already in effect Army-wide (in these cases, the evaluation will involve little additional work as it is embedded in review processes that managers routinely use).

-- Remember, regardless of the method used to evaluate controls, there are three basic criteria for an evaluation to be acceptable:

-- It must assess the key management controls in that functional area.

-- It must do this by actually testing those key controls.

-- It must document the evaluation.

-- Several approaches can be used to test the effectiveness of key management controls. These include: direct observation (e.g., to determine if a production line or shop operation complies with a specific control), file/document analysis (e.g., to verify that a required certification, designation or approval document is in place and up to date), sampling (e.g., to determine if there is any evidence of a problem that might require further investigation) or simulation (e.g., to determine if an automated system's edit program will "kick out" an invalid document or transaction).

-- Each management control evaluation must be supported by specific documentation, regardless of the method used to conduct the evaluation. DA Form 11-2-R, Management Control Evaluation Certification Statement, signed by the Assessable Unit Manager, will be used to certify that the evaluation was conducted and to provide the required supporting documentation: who conducted the evaluation, the date the evaluation was conducted, what methods were used to test key management controls, what management control weaknesses (if any) were detected, and what corrective actions were taken. Assessable Unit Managers must retain the documentation of their most recent management control evaluation, subject to audit/inspection. A sample DA Form 11-2-R is attached, along with guidance on its preparation.

INSTRUCTIONS FOR DA FORM 11-2-R
MANAGEMENT CONTROL EVALUATION CERTIFICATION STATEMENT

BLOCK 1, REGULATION NUMBER: Enter the AR that governs the function being evaluated.

BLOCK 2, DATE OF REGULATION: Enter the date of the governing AR.

BLOCK 3, ASSESSABLE UNIT: Enter the name of the organization that is headed by the Assessable Unit Manager.

BLOCK 4, FUNCTION: Enter the function evaluated, as listed in the ASA(FM&C) inventory and your Management Control Plan.

BLOCK 5, METHOD OF EVALUATION:

If the evaluation is conducted using a Management Control Evaluation Checklist, check BLOCK 5a and enter the Appendix in the AR where that checklist is located (e.g., "Appendix D").

If the evaluation is conducted using an existing management review process, check BLOCK 5b and describe that process.

BLOCK 6, EVALUATION CONDUCTED BY: Enter the name of the individual who actually conducted the evaluation.

BLOCK 7, REMARKS: Use this block to describe the methods used to test key controls, the management control weaknesses detected by the evaluation (if any) and the corrective actions taken. If an existing management review process is used, and that process has its own documentation (e.g., a Memorandum for Record, an after-action report, a decision memorandum, or an audit report), attach a copy of that documentation and indicate "see attached" in this block.

BLOCK 8, CERTIFICATION: Enter the name and title of the Assessable Unit Manager, their signature, and the date of certification.

TAB H

PERFORMANCE AGREEMENTS

DEFINITIONS:

Performance Agreement: Refers to the Officer Evaluation Report Support Form (DA Form 67-8-1) for military officers and the Senior System Civilian Evaluation Report Support Form (DA Form 7222-1), for "Senior System" civilian employees (for non-appropriated fund personnel, guidance on performance agreements and standards is provided in AR 215-3).

Management control responsibilities: Those responsibilities outlined in Chapter 1 of AR 11-2 and any other management control responsibilities that commanders or managers assign to their subordinates.

Assessable Unit Manager-level: The rank/grade-level of the commanders and managers designated by their commands or agencies as Assessable Unit Managers. These will generally be no less that Colonels or GS-15s, except at Army garrisons where the Assessable Unit Manager can be the senior functional chief, regardless of grade.

POLICY: Supervisors must include an explicit statement of responsibility for management controls in the performance agreements of commanders and managers responsible for the execution and/or oversight of effective management controls, down to assessable unit manager level. The absence of an explicit statement of responsibility must be based on the supervisors determination that the individual does not have significant management responsibilities (para 2-1f and para 2-10).

COMMENTS:

-- The policy reflects the minimum requirement for incorporating management control responsibilities in performance agreements. Commanders and managers can choose whether or not to include management control responsibilities in performance agreements for personnel below the Assessable Unit Manager-level.

-- The explicit statement of responsibility should be reflected in performance agreements as follows:

-- For military officers, it should be reflected under "Major Performance Objectives" in Part IV of the Officer Evaluation Report Support Form (DA Form 67-8-1).

-- For "Senior System" civilian employees, it should be reflected under "Major Performance Objectives/Individual Performance Standards" in Part IV of the Senior System Civilian Evaluation Report Support Form (DA Form 7222-1).

-- For non-appropriated fund personnel, see guidance in AR 215-3.

-- The explicit statement of responsibility should be brief and may take any form, but it must be specific enough to provide individual accountability. Supervisors may use a stand-alone element or may include the management control responsibility as part of a broader element.

-- The following are examples of explicit statements of responsibility:

-- HQDA Principals: will comply with paragraph 1-7 and 1-12 of AR 11-2.

-- MACOM Commanders: will comply with paragraph 1-12 of AR 11-2.

-- Senior Responsible Officials: will comply with paragraph 1-13 of AR 11-2.

-- Assessable Unit Managers: will comply with paragraph 1-14 of AR 11-2.

TAB I

ANNUAL STATEMENTS

DEFINITIONS:

Annual Statement of Assurance: An annual report that provides a broad assessment of management controls within the command or agency and that identifies any material weaknesses in these management controls.

Reasonable Assurance: A satisfactory level of confidence that management controls are adequate and are operating as intended. Inherently a management judgment, reasonable assurance recognizes that there are acceptable levels of risk that cannot be avoided because the cost of absolute control would exceed the benefits derived.

Management Control Weakness: The absence or ineffectiveness of management controls (e.g., management controls are not in place, or are in place but are not being used, or are in place and being used but are not effective).

Material Weakness: A management control weakness that warrants reporting to the next level of command, either for their action or for their awareness.

POLICY:

-- The determination of reasonable assurance is a management judgment. The degree of subjectivity in this judgment can be reduced significantly by considering: (1) the degree to which all managers understand and adhere to the Comptroller General Standards, (2) the degree to which managers are held formally accountable for the effectiveness of their management controls and are evaluated on their performance in this regard, (3) the timeliness, adequacy and results of management control evaluations, to include the correction of any management control weaknesses detected, (4) assessments from other sources (e.g., audits, inspections, and investigations), media coverage, and direct management reviews or assessments by senior officials, and (5) supporting annual statements from subordinate commanders, managers or Assessable Unit Managers (para 2-2b).

-- At each level, the annual determination of reasonable assurance is a management judgment, based on all available sources of information, on whether management controls are operating as intended. The head of each reporting organization must submit a statement that provides their assessment of the overall status of management controls and describes the basis for that determination. Where the statement provides an unqualified statement of assurance, it should be supported by clear indications that subordinate commanders and managers: (1) understand and adhere to the Comptroller General Standards, (2) are formally held accountable for

the effectiveness of their management controls, (3) have evaluated key management controls as required by applicable MCPs, and (4) have reported material weaknesses and have taken corrective action to resolve them. Where the statement provides a qualified statement of assurance, the area(s) in question should be specified and related to material weaknesses being reported (para 2-2c).

-- The absence or ineffectiveness of management controls constitutes a management control deficiency that must be corrected. Whether the weakness is serious enough to be considered material and reported to the next level of command is a management judgment. The initial determination of whether a weakness is material is made by Assessable Unit Managers. If the weakness is considered material and reported, the determination of materiality is then reevaluated at each successive level of command. The final determination of whether a weakness merits reporting in the Secretary of the Army's annual Statement of Assurance is made by the appropriate HQDA functional proponent (para 2-6).

-- To be considered material, a weakness must meet two conditions:

-- It must involve a deficiency in management controls (i. e., management controls are not in place, are not being used or are inadequate), and

-- It must warrant the attention of the next level of command, either because that next level must take action or because it must be aware of the problem.

It's generally easy to determine whether a problem is one of management control, and whether corrective action is required at the next level of command. Whether the next level of command needs to be aware of the management control problem, however, is often a much more subjective determination. To assist in making that judgment, AR 11-2 indicates several factors should be considered (para 2-6).

-- Heads of reporting organizations and Assessable Unit Managers must be forthright in reporting material weaknesses in key management controls. The chain of command should encourage the prompt and full disclosure of such problems and ensure that commanders and managers are not penalized for reporting a material weakness. There is no penalty for reporting a problem as a material weakness. Where management has reported a problem as a material weakness and taken effective action to correct it, audit reports will typically cite such efforts in favorable terms. In reality, reporting a material weakness amounts to taking credit for management efforts to identify and correct a problem (para 2-1d).

-- Detailed guidance on format and other requirements for reporting material weaknesses is provided in the annual instructions for preparing feeder statements. Each material weakness reported must include a plan of corrective action. DOD now requires that the last milestone in this plan be a validation that the corrective

actions have in fact resolved the weakness. Material weaknesses may not be closed until this validation milestone has been accomplished. Reporting organizations are responsible for tracking the material weaknesses that they have reported to ensure that corrective actions are completed and the weakness is resolved effectively.

<u>COMMENTS</u>:

-- The Integrity Act requires the Secretary of Defense to submit an annual Statement of Assurance to the President and the Congress by the end of December on the status of management controls within DOD. In turn, OSD requires the Secretary of the Army and the heads of other DOD Components to submit annual Statements of Assurance to the Secretary of Defense by mid-November, which are used to prepare the DOD statement. The Secretary of the Army's annual Statement of Assurance is based primarily on feeder statements submitted by MACOM commanders (at the end of September) and HQDA staff principals (in mid-October). The ASA(FM&C) issues detailed instructions in May for the preparation of these feeder statements.

-- Annual Statements of Assurance from reporting organizations consist of the following:

-- A cover memorandum signed by the head of the reporting organization. This memorandum includes the actual statement of assurance, either an unqualified statement ("I have reasonable assurance ....") or a qualified statement ("I have reasonable assurance except for ...."). Reporting organizations are strongly encouraged to consider qualifying their statements if they have material weaknesses. The cover memorandum may also be used to address significant issues or concerns that relate to the effectiveness of management controls.

-- TAB A, which provides a description of how the management control process was conducted in the reporting organization (e.g., the designation of Assessable Unit Managers, the development of Management Control Plans, the extent of management control training conducted) and the basis for the determination of reasonable assurance. You should describe how your determination of reasonable assurance was reached. This description may cite processes such as management control evaluations, audit or inspection reports and other senior management reviews. You should also include specific information that addresses the areas of leadership emphasis, training, and execution of the management control process:

-- The section on LEADERSHIP EMPHASIS should include:

- **Issuing memoranda or messages to subordinate activities to provide special guidance or give command emphasis on the importance of effective management controls.**

- **Establishing senior management councils or committees to advise the head of the organization on management control issues, such as what management control problems to report as material weaknesses and to monitor progress on the correction of previously-reported material weaknesses.**

- **Any other innovative approaches providing command emphasis to the management control process (e.g., using the Management Control Plan as part of the Principal's management oversight process).**

-- The section on TRAINING should include:

- **The type of training provided (specifically, in-house, the new USDA Course or taught by the HQDA management control staff) and the total numbers of personnel receiving each type of training.**

- **Innovative approaches used to provide training throughout your organizations (e.g., Bulletin Boards, newsletters).**

-- The section on EXECUTION should include:

- **Efforts to assess the effectiveness of management control process and to improve its execution.**

- **Embedding management control evaluations into other existing management review processes (e.g., Physical Security Inspection Program, Command Supply Discipline Program).**

-- TAB C, which includes all of the material weaknesses being reported, both those being reported for the first time and updates of previously reported weaknesses.

-- Resource deficiencies in themselves are not management control weaknesses. Resource allocation involves difficult, critical decisions that are ultimately made by the Army's senior leadership and the senior leadership of your command/agency. Reporting resource deficiencies as material weakness should not be used as a "back door" approach for challenging previously-made leadership decisions on resource allocation. While commanders and managers can always try to increase their share of the budget through the PPBES process, the <u>management</u> <u>control</u> challenge is to find a way to accomplish the mission within the available resources. If there is a mismatch between mission and resources, the management control weakness is not inadequate resources but, rather, a management process that is out of line with current fiscal realities.

-- Some managers have indicated that they didn't report weaknesses to the next level on command because they were able to correct these weaknesses locally (i.e., no action by the next level of command was required). This misses an important point. Weaknesses are material if they warrant the attention of the next level of command, for either action <u>or</u> awareness. The sharing of important management information is one of the primary reasons for reporting a weakness. Even if a weakness can be fixed locally, managers still need to determine whether the next level of command should be made <u>aware</u> of the problem. If a weakness is <u>material</u> -- if it warrants the attention of the next level of command -- it should be reported.

-- The staffing process in the reporting organization should ensure that material weaknesses from subordinate levels are adequately reviewed to determine whether they merit reporting to the next level of command and to eliminate those that do not. Similar material weaknesses from subordinate units should be aggregated into a single material weakness from the reporting organization. Any material weaknesses submitted by the reporting organization should be supported by a clear description of the management control problem, so that the HQDA staff can understand the problem and evaluate it for possible reporting in the Army's annual Statement of Assurance.

-- In Volume I of his annual Statement of Assurance, the Secretary of Defense identified and described seven DOD systemic Material Weaknesses. By definition, these are wide-spread throughout DOD and represent areas of top priority for DOD management emphasis. OSD has indicated that this approach of identifying DOD systemic Material Weaknesses will continue. All reporting organizations should review these seven DOD systemic Material Weaknesses and carefully consider whether such weaknesses merit reporting in their annual statements. As of the FY 95 DoD annual statement, the DoD Systemic material weaknesses were:

-- Inadequate Financial Accounting Processes and Systems

-- Unreliable Financial Reporting of Personal and Real Property

-- Total Asset Visibility

-- Acquisition Reform

-- Information Systems Security

-- Environmental Deficiencies

-- Third Party Collection Program

TRAINING

POLICY: Management Control Administrators are responsible for identifying the organization's requirements for management control training and for providing that training (para 1-16c).

COMMENTS:

-- The management control staff in ASA(FM&C) develops and/or distributes training materials designed to provide Management Control Administrators with an in-house training capability. These materials include briefing charts and scripts/talking points, training videotapes, examples of management control problems, case studies, and the Information Exchange Package, which comes out approximately once a quarter. The latest videotape, which focuses on the restructured management control process, was mailed out to all MACOMs and HQDA staff agencies in July 1995, with copies also provided to all Army libraries. Additional copies of this videotape can be made by going through your local audiovisual support activity (Note: the red warning label on the videotape pertains to reproduction by non-Government activities).

-- In addition, a one-day course for managers on the Army management control process has been developed through the Government Audit Training Institute (under the US Department of Agriculture Graduate School). This eight-hour course covers the statutory and regulatory basis of the Army management control process, the underlying Army philosophy on management controls, the major elements of the Army's process and the basic responsibilities of key players in the process. The course will be conducted on-site by the Government Audit Training Institute on a reimbursable basis. Additional information on the course and administrative procedures are provided at Attachment 1.

-- The Office of the DOD Comptroller conducts a DOD Internal Management Control Conference each year in Rosslyn VA during August or September. Registration forms come out in May or June and are distributed to you through the Information Exchange Package. The Registration fee is approximately $30.00 and attendance is limited to about 300 (first come, first serve).

-- Management control instruction has also been incorporated into a wide range of Army schools and courses. A listing of these schools/courses is provided for your information at Attachment 2.

COURSE TITLE: ARMY MANAGEMENT CONTROL PROCESS

COURSE DESCRIPTION: This eight-hour seminar will cover the statutory and regulatory requirements of the Army's management control process, the underlying Army philosophy on management controls, the major elements of the Army's process and the basic responsibilities of key players in that process.

CLASS SIZE AND AUDIENCE: This seminar is designed for military and civilian managers. There is a minimum of 15 participants and a maximum of 30 per session.

COURSE COST: National Capitol Region $2,000
All other courses $2,200 plus travel cost

This cost includes tuition, faculty compensation, per diem and course materials. You are responsible for providing a suitable training facility and any audio visual equipment that may be required. All consecutive training sessions at the same location will be provided at a reduced rate. We encourage you to coordinate your sessions with neighboring Army activities to further reduce the cost.

POINT OF CONTACT: Ms.
Contract Specialist, Government Audit Training Institute
(USDA Graduate School)

Washington, DC 20024-2520
Telephone: (202) 401-7205
FAX: (202) 401-9452

COURSE ADMINISTRATION: The Government Audit Training Institute requests six to eight weeks advance notice to arrange your training. Contract the Government Audit Training Institute directly <u>prior</u> to preparing your training request, DD Form 1556 (example attached). Please note that blocks 25a, 25c, and 30 should all show the total cost for your training session(s).

Attachment 1

MANAGEMENT CONTROL TRAINING
IN ARMY SCHOOLS

TRADOC SOLDIER SCHOOLS:

- **Advanced NCO Course, Warrant Officer Basic Course and Officer Basic Course - Provide awareness training in the leaders basic stewardship responsibilities. Integrate and reinforce the concepts of stewardship in course topics such as personnel, supply, maintenance and training management. Training to be integrated into courses by 30 September 1997.**

- **First Sergeant Course, Warrant Officer Advanced Course and Officer Advanced Course - Provide a refresher in the leaders stewardship responsibilities. Provide awareness training in the Army's management control process (basic concepts) as it relates to company level/battalion staff leadership assignments. Integrate and reinforce the concepts of stewardship and management controls in course topics such as personnel, supply, maintenance and training management. Training to be integrated into courses by 31 December 1997.**

- **Combined Arms and Services Staff School (CAS^3) - Will provide awareness training in the Army's management control process in the "common core" subjects by 31 December 1997.**

- **Command and General Staff Officers' Course (CGSOC) - Provides detailed training on the Army's management control process and the leaders role in promoting stewardship as a means to effective mission accomplishment within available resources. This lesson is a two-hour block of instruction followed by a one-hour practical exercise. This training was integrated into the curriculum in January 1995.**

OTHER TRADOC SCHOOLS:

- **Army Management Staff College - Provides civilian and military managers with a discussion on management controls and the role they play in promoting mission accomplishment and resource stewardship. This lesson is a one-hour block of instruction followed by a one-hour practical exercise.**

Attachment 2

- **<u>Garrison Commanders Pre-Command Course</u> - Provides newly selected garrison commanders with a discussion on management controls and the role they play in promoting mission accomplishment and resource stewardship. This lesson is a one-hour block of instruction.**

OTHER ARMY SCHOOLS:

- **<u>Army War College</u> - Provides an overview of the Army's management control process and its importance in promoting stewardship of public resources. The Army's management control process is a part of the Army Command and Management Text (Theory and Practice) and is integrated into the curriculum.**

- **<u>Inspector General (IG) School</u> - Provides an overview of stewardship and the Army's management control process. This lesson is designed to explain the role of the IG in the management control process and its relationship to the Organizational Inspection Program.**

- **<u>US Army Audit Agency (USAAA) Basic, Intermediate and Senior Auditor Courses</u> - Provide an overview of stewardship and the Army's management control process. The role that USAAA and Internal Review auditors play in the management control process is discussed. This lesson is a one-hour block of instruction supplemented by a video tape or practical exercises.**

- **<u>Army Comptrollership Program</u> - Provides an awareness of resource stewardship and management controls. This instruction is integrated throughout the 14-month curriculum.**

AUDITS AND INSPECTIONS

USE OF AUDIT AND INSPECTION REPORTS: HQDA functional proponents, commanders and Assessable Unit Managers can often take corrective or preventive action based on problems identified in audit and inspection reports. Such reports may only address a management control problem at one installation, but managers throughout the Army can use these reports to identify potential problems in their own areas of responsibility and take timely action to prevent them. Audit and inspection organizations ensure distribution of their reports to managers with primary and collateral interests.

INTERNAL REVIEW: In their capacity as heads of Internal Review and Audit Compliance Offices, Internal Review Officers have several responsibilities that relate to the effectiveness of management controls. They:

-- Provide technical advice, assistance and consultation on management controls to assessable unit managers within their organizations.

-- Evaluate the effectiveness of management controls, the adequacy of management control evaluations and the adequacy of actions taken to correct material weaknesses (generally, during the normal course of audits).

-- Identify any weaknesses in management controls that merit reporting as material weaknesses, based on review of internal and external audit reports.

-- Review the organization's annual statement and provide an assessment of its thoroughness and validity (if at the headquarters of a reporting organization).

US ARMY AUDIT AGENCY (USAAA): The Auditor General and the USAAA are actively engaged in the Army management control process:

-- At the request of the ASA(FM&C), the USAAA assesses the effectiveness of management controls in all of its audits and explicitly addresses any management control problems in its audit reports. USAAA's efforts in the area of management control have been cited by the DODIG and the DOD Comptroller.

-- USAAA conducts an annual review of the Army management control process. Each year, from June through October, the review team visits selected commands and HQDA staff agencies, focusing on how they are executing the management control process and on the quality, usefulness and completeness of their annual statements.

-- USAAA and the Auditor General support the development of the Secretary of the Army's annual Statement of Assurance by identifying potential Army material weaknesses for consideration by HQDA functional proponents.

THE INSPECTOR GENERAL: During the normal course of its inspections, the Inspector General Agency evaluates the effectiveness of management controls and the adequacy of management control evaluations and actions taken to correct material weaknesses.

DOD INSPECTOR GENERAL (DODIG): The DODIG publishes periodic summaries of management control weaknesses identified in their reports and those of GAO. These summaries are distributed by ASA(FM&C) to MCAs at all reporting organizations. Recently, DODIG audits have focused heavily on the effectiveness of management controls and on compliance with DOD management control policies and requirements.

GENERAL ACCOUNTING OFFICE (GAO): The GAO has traditionally placed great emphasis on the effectiveness of management controls in its audits. GAO has highlighted serious management control shortcomings in a wide range of functions, and its major 1992 audit of Army financial management operations and controls directly resulted in the ASA(FM&C) re-assessing its management control approach and restructuring the Army management control process with the current AR 11-2.

OTHER ITEMS

SENIOR MANAGEMENT COUNCIL: A senior management council is a committee or board of senior functional officials convened to advise the head of an organization on management control matters, to include the identification of management control weaknesses that merit reporting as material weaknesses. OMB has encouraged Federal agencies to use senior management councils to give agency leadership emphasis to management control issues. HQDA employs this approach by convening special sessions of the Senior Level Steering Group (SLSG), chaired by the ASA(FM&C) and representing all HQDA functional proponents. The SLSG conducts a "corporate" review of the proposed Army Annual Statement in November before it goes to the Secretary (with the focus on full and accurate disclosure of material weaknesses). In the May-June time frame a COL/GS-15 working group of the SLSG conducts a mid-year review of selected Army material weaknesses and candidate material weaknesses which may be reported in the Secretary's annual statement. Reporting organizations are encouraged (but not required) to use senior management councils as a vehicle for leadership emphasis and involvement in the management control process.

MID-YEAR REVIEWS: The Office of the DOD Comptroller requires the Army to provide a mid-year update on any Army material weakness where correction has slipped significantly (current guidance: if it has slipped by 12 months or more). Updates are obtained from the HQDA functional proponent of the material weakness and are submitted to OSD in April. In addition, HQDA now conducts a mid-year review of the status of corrective actions on selected Army material weaknesses (e.g., those scheduled to close that FY, those with a long lead time to correction, or those that are known to have significant slippage). Conducted by a COL/GS-15 working group of the SLSG, this mid-year review places senior-level emphasis on the need for prompt and effective corrective action and ensures that problems are identified and resolved and that material weaknesses are accurately reflected in the Secretary of the Army's annual Statement of Assurance. This working group also reviews candidate material weaknesses for possible reporting in the Secretary's annual statement. For these reasons, reporting organizations are encouraged (but not required) to conduct mid-year reviews of their material weaknesses.

EVALUATION OF ACCOUNTING SYSTEMS: Section 4 of the Integrity Act requires each Federal agency to include in their annual statement a separate report on whether the agency's accounting system conforms to the principles, standards, and related requirements prescribed by the Comptroller General. Within DOD, the Defense Finance and Accounting Service (DFAS) is responsible for ensuring the proper evaluation of DOD financial/accounting systems. DFAS reports on all DOD

financial/accounting systems except those that are unique to individual DOD Components, which are evaluated by the Component and reported in the Component's annual Statement of Assurance. Each March, HQ DFAS issues tasking guidance that includes an inventory of the financial/accounting systems that each DOD Component is responsible for evaluating and a review guide to be used in conducting these evaluations. For the Army, the DFAS-Indianapolis Center then forwards this tasking, along with its own supplemental guidance, to each of the system managers for the Army's financial/accounting systems. Army system managers use these review guides to evaluate their systems and submit the completed review guides to DFAS-Indianapolis Center. Using this documentation, as well as all other information available to it, DFAS-Indianapolis Center then prepares this "Section 4" report on financial/accounting systems for the Secretary of the Army's annual Statement of Assurance.

TAB M

AR 11-2 (MANAGEMENT CONTROL)

**THIS DOCUMENT IS PROVIDED SEPARATELY
THROUGH NORMAL PRINTING AND DISTRIBUTION
CHANNELS**

**THIS MICROSOFT WORD 6.0 FILE
IS ALSO AVAILABLE ON
THE ASA(FM&C) HOME PAGE ON THE WORLD WIDE WEB
(http://www.asafm.army.mil/)**

TAB N

INFORMATION PAPER

SAFM-FO

SUBJECT: The Army Management Control Process

1. PURPOSE. To provide an overview of the Army management control process.

2. FACTS.

a. The Federal Managers' Financial Integrity Act (FMFIA) and OMB's implementing Circular A-123 require each agency to (1) conduct periodic evaluations of management controls and (2) provide annual statements that assess the effectiveness of these controls and identify any material weaknesses. The Comptroller General's "Standards for Internal Controls in the Federal Government" provides a baseline for evaluating management controls. AR 11-2 (Management Control) establishes the Army's management control process.

b. Congress and OMB have placed increased importance on the FMFIA. GAO reports have criticized Army management controls, and the Comptroller General and Congressional leaders have written the Secretary of Defense about DoD's FMFIA efforts. Army leadership responded with a series of messages and memoranda stressing the importance of effective management controls to mission accomplishment and stewardship. OASA(FM&C) reassessed the Army's process, developed (with field assistance) a new concept to strengthen and streamline that process, and published a revised AR 11-2. The new process, effective 1 Oct 94, reduces workload and increases accountability by focusing on the more critical management controls (key controls) and by providing greater flexibility to commanders and managers in conducting management control evaluations.

c. The Army management control process involves the following elements:

-- HQDA functional proponents identify in their ARs the key management controls that must be evaluated. Managers decide how to evaluate these key controls, using either standard checklists or existing management review processes (e.g., functional processes like the Command Supply Discipline Program or more generic processes like Internal Review audits or the Command Inspection Program). The goal, wherever possible, is to embed these evaluations in the routine processes that managers use every day. Any method of evaluation is acceptable as long as it evaluates key management controls by testing them and documents the results and any corrective action taken.

-- HQDA agencies and MACOMs segment themselves into "assessable units". These are organizations headed by senior managers no lower than Colonel/GM-15, with one exception: at garrisons, the assessable unit manager can be the senior functional

official (e.g., DOL, DPCA, DPW) regardless of rank/grade. Assessable unit managers are responsible for certifying the results of their management control evaluations.

-- OASA(FM&C) publishes an inventory of areas with key management controls, i.e., areas where management control evaluations must be conducted. MACOMs and HQDA agencies use this inventory to build their own five-year schedules for conducting these evaluations (Management Control Plans). These schedules can be tailored to include both required evaluations and those that MACOMs and HQDA agencies elect to do.

-- The Secretary of the Army's annual statement is supported by statements from MACOM commanders and HQDA principals. It provides an overall assessment of whether there is reasonable assurance that management controls are in place and effective, and describes any material weaknesses in those controls and plans to correct them. The assessment of reasonable assurance is a management judgment based on all available information, e.g., routine reports and other oversight mechanisms, audits/inspections, and day-to-day management processes, as well as management control evaluations.

-- The US Army Audit Agency (USAAA) plays an active role in this process. USAAA routinely examines the effectiveness of management controls in the course of each audit and explicitly addresses their conclusions on these controls in the audit report. USAAA also conducts an annual audit of the management control process, resulting in an audit opinion which goes to the Secretary along with his annual statement. Finally, USAAA identifies to HQDA functional proponents any management control problem that they believe merits reporting as a material weakness in the Secretary's annual statement.

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d. In recent years, annual statements have received increased scrutiny from Congress, GAO and OMB for routinely asserting reasonable assurance despite major weaknesses, failing to report known weaknesses and prematurely claiming correction of weaknesses. To provide more objective assessments, the Army "qualified" its FY 93, 94 and 95 statements, asserting that management controls provided reasonable assurance, except for specific problem areas. The Army also placed greater emphasis on the full disclosure of material weaknesses and on validating the effectiveness of corrective actions.

e. Establishing effective management controls is an inherent responsibility of commanders and managers. The Army's management control process is designed to reinforce this and to meet the requirements of public law and OMB policy. The process has been restructured to reduce the administrative burden, provide greater flexibility, focus on the most important controls and encourage the use of existing processes to evaluate them. The Army's management control process is not an end in itself, but a means to two very important ends: successful mission accomplishment and effective stewardship of the resources that the public has entrusted us.

Mr. /697-6147
Approved by: Mr.
12 Feb 96

TAB O

ARMY LEADERSHIP CORRESPONDENCE ON MANAGEMENT CONTROL

UNDER SECRETARY OF THE ARMY
MEMO TO MACOM COMMANDERS AND HQDA PRINCIPALS
9 JUNE 1995

ASSISTANT SECRETARY OF THE ARMY (FINANCIAL MANAGEMENT AND COMPTROLLER)
MEMO TO ARMY ASSESSABLE UNIT MANAGERS
13 APRIL 1995
WITH TRANSMITTAL MEMO FROM DEPUTY ASA (FINANCIAL OPERATIONS) TO MACOM COMMANDERS AND HQDA PRINCIPALS

CHIEF OF STAFF, ARMY
MEMO TO MACOM COMMANDERS AND HQDA PRINCIPALS
28 APRIL 1994

UNDER SECRETARY OF THE ARMY
MEMO TO MACOM COMMANDERS AND HQDA PRINCIPALS
14 JANUARY 1994

ACTING SECRETARY OF THE ARMY
MESSAGE TO MACOM COMMANDERS AND HQDA PRINCIPALS
18 OCTOBER 1993

SECRETARY OF THE ARMY
MESSAGE TO MACOM COMMANDERS AND HQDA PRINCIPALS
28 AUGUST 1992

TAB P

BRIEFING CHARTS

ARMY MANAGEMENT CONTROL PROCESS

THIS MICROSOFT POWERPOINT 4.0 FILE
IS ALSO AVAILABLE ON
THE ASA(FM&C) HOME PAGE ON THE WORLD WIDE WEB
(http://www.asafm.army.mil/)

MANAGEMENT CONTROL CASE STUDY
SHOOT-DOWN OF BLACK HAWK HELICOPTERS IN IRAQ

SITUATION: As part of OPERATION PROVIDE COMFORT, a Military Coordination Center (MCC) was established at Zakhu, Iraq to monitor compliance with UN Security Council Resolution 688 barring Iraqi military, police and security forces from entering the UN security zone in northern Iraq. The MCC exercised great flexibility in scheduling its helicopter operations -- detailed information on flights in the tactical area was not included in the daily Air Tasking Order, which governed all aircraft operations over northern Iraq.

At 0736 (local time) on 14 April 1994, an E-3B AWACS aircraft departed Incirlik AB for its surveillance orbit on Iraq's northern border. At 0822Z, two Black Hawks departed Turkey for the MCC in Zakhu, and at 0821Z reported their entry into the no-fly zone of northern Iraq to the AWACS. At 0935Z, two F-15 fighters departed Incirlik AB for a sweep to clear the no-fly zone of hostile aircraft. At Zakhu, the MCC co-commanders and their party boarded the Black Hawks for meetings with UN and Kurdish representatives -- their departure and destination were reported to the AWACS at 0954Z.

At 1020Z, the F-15s entered Iraq and reported radar contact with a low-flying, slow-moving aircraft. The F-15s visually detected helicopters and closed for an identification pass. The lead F-15 mis-identified the helicopters as Iraqi Hinds, but the wingman didn't make a positive identification. The F-15s repositioned for a firing pass and notified the AWACS that they were engaged. At 1030Z, the lead F-15 fired an AMRAAM missile at one helicopter and the wingman fired a Sidewinder missile at the other.

RESULT: Both Black Hawks were destroyed. All 26 people on board were killed.

MANAGEMENT CONTROLS: The investigation report cited a chain of events beginning with the breakdown of clear guidance from above. Among the problems cited:

-- The MCC had a high degree of independence in helicopter operations, which weren't fully integrated with other PROVIDE COMFORT air operations.

-- PROVIDE COMFORT personnel didn't receive adequate training to ensure they understood the rules of engagement.

-- The AWACS mission crew commander wasn't currently qualified and his weapons controllers didn't understand their responsibilities to provide support to MCC helicopters.

-- The F-15s made a single identification pass, but at speeds, altitudes and distances that made detection of the Black Hawks' markings unlikely. Neither pilot had received recent, adequate visual recognition training.

-- The F-15 wingman didn't positively identify the helicopters as Iraqi Hinds, but failed to notify the lead F-15 of this and allowed the engagement to continue.

SOURCE: Aircraft Accident Investigation Board Report, 27 May 1994

MANAGEMENT CONTROL CASE STUDY
RANGER TRAINING INCIDENT, EGLIN AFB

SITUATION: Ranger Class 3-1995 started on 28 November 1994. After completing the Fort Benning, desert and mountain phases of their training, the class arrived at the Florida Ranger Training Camp, Eglin AFB, on 7 February 1995 for the fourth and final phase -- jungle/swamp operations. On 15 February 1995, the class's three companies conducted a routine "swamp movement" patrol. This was the first day of waterborne training and was intended as an introduction to the swamps with tougher training to follow over the next two days. The operation involved an 8-10 kilometer boat move to a drop site, then a 700-800 meter swamp move, and finally a ground move of a few kilometers to the objective.

Air temperature during the day was 63-65 degrees, with water temperature at 54-59 degrees. These temperatures were within limits to conduct training for three hours in waist deep water, according to the immersion chart in the Ranger Instructors' Handbook. For whole-body submersion, however, the immersion chart indicated a time limit of five minutes. Water levels had risen during the day to near flood-stage levels due to a surge of water from upriver rains. Company A, trailing the other two companies down the river, noted that the water was unusually high and decided to skip the swamp move, proceeding overland to the objective. Companies B and C made their drops and proceeded with the swamp move, Company C entering the water at 1600 and Company B at 1700.

RESULT: Ranger students were placed in water too long and too deep at temperatures that led to hypothermia. As a result, four Ranger students died of hypothermia during the evening of 15-16 February 1995.

MANAGEMENT CONTROLS: The investigation report indicated that command and control procedures and systems were not sufficient to predict unsafe conditions or to safely execute waterborne/swamp operations. Among the specific problems cited:

-- River level forecasts were available but SOPs failed to capture and use them.

-- Instructors didn't conduct required on-site reconnaissance of training areas before the operation.

-- River and swamp level markers were inadequate to identify relative depths.

-- Training "lanes" (routes, boundaries) weren't identified through the swamp areas.

-- SOPs didn't put the Battalion Commander in the decision-making process when the conditions for training deteriorated to higher risk categories.

In addition, communications difficulty, difficulty during MEDEVAC operations, and lack of on-site refuel capability for the MEDEVAC helicopters made the situation worse.

SOURCE: Investigation Report, Fort Benning GA, 1 April 1995

TAB R

SECRETARY OF THE ARMY'S ANNUAL STATEMENT OF ASSURANCE ON MANAGEMENT CONTROL

COPIES OF THIS DOCUMENT ARE PROVIDED SEPARATELY EACH YEAR BY THE OASA(FM&C) MANAGEMENT CONTROL STAFF

TAB S

SECRETARY OF DEFENSE'S ANNUAL STATEMENT OF ASSURANCE ON MANAGEMENT CONTROL, VOLUME I

COPIES OF THIS DOCUMENT ARE PROVIDED SEPARATELY EACH YEAR BY THE OASA(FM&C) MANAGEMENT CONTROL STAFF

TAB T

ARMY INVENTORY OF REQUIRED MANAGEMENT CONTROL EVALUATIONS

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TAB U

MANAGEMENT CONTROL ADMINISTRATORS
(as of 23 August 1996)

ARMY MANAGEMENT CONTROL STAFF

	227-1812 e-mail: f: 223-1028	3E575
	225-3225 e-mail: f: 223-1028	3E575

COMMAND/ STAFF ELEMENT	POC	PHONE	LOCATION
A. SECRETARIAT			
1. Adm Asst to SA (SAAA-RM)		227-8070	`(P)
2. ASA(FM&C) (SAFM-FOI-M)		225-3225 f:223-1028	(P)
3. DISC4 (SAIS-IDT)		224-0454	(P)
4. ASA(RDA) (SARD-DE)		225-7239 f:225-9069	(P)
5. Auditor General (SAAG-PMO-P)		761-4380 f:761-9860	Alexandria, VA Pentagon drop:
6. Inspector General (SAIG-OP)		225-1511	(P)
7. ASA(CW) (SACW)		223-3656	(P)
B. ARMY STAFF			
1. Chief of Staff (DACS-DMS)		225-1071/2	(P)
2. DCSLOG (DALO-RMP)		224-5492 227-1378	(P)
3. DCSOPS (DAMO-ZQ)		225-8483	(P)

COMMAND/ STAFF ELEMENT	POC	PHONE	LOCATION
B. ARMY STAFF (Cont)			
4. DCSPER (DAPE-ZX)		227-2705	(P)
5. DCSINT (DAMI-ZR)		227-6135	(P)
6. Judge Adv Gen (DAJA-PT)	LTC	225-1353	(P)
7. Chaplain (DACH-IMB)	Chp.	225-1107	(P)
8. National Guard (NGB-ARC-MR)		327-7522 f:327-7585	Arlington, VA Pentagon drop:
9. Army Reserve (DAAR-CO)		426-6209 f:(703)696-6632(C)	(P)
10. ACS Inst Mgt (DAIM-ZXA)		225-1443	(P)
C. FIELD OPERATING AGENCIES			
1. USA Operational Test & Eval Cmd (CSTE-RMM)		761-6519 f:(703)681-6215 (C)	Alexandria, VA
2. Concepts Analysis Agency (CSCA-MS)		295-1615 f:(301)295-1834 (C)	Bethesda, MD
3. Space and Strategic Defense Command (CSSD-RM-M)		645-3600 f:645-3054	Huntsville, AL
D. MAJOR COMMANDS			
1. USAMC (AMCIR-M)		767-7857 f:(703)617-4282 (C)	Alexandria, VA
2. USACE (CERM-O)		(202)761-1968 f:(202)761-4169 (C)	Washington, DC
3. MTMC (MTRM-P)		761-9150 f:(703)681-4795 (C)	Falls Church, VA
4. MDW (ANRM-MR)		325-5358/3211 f:(202)685-3213 (C)	Washington, DC

COMMAND/ STAFF ELEMENT	POC	PHONE	LOCATION
D. MAJOR COMMANDS (Cont)			
5. INSCOM (IARM-MP)		235-2104 f:656-1147	Ft Belvoir, VA
6. FORSCOM (AFCG-IGL)		572-4704 f:572-2866	Ft McPherson, GA
7. TRADOC (ATRM-M)	f:680-4007	680-2447/2397	Ft. Monroe, VA
8. USAISC (ASRM-M)		879-7076 f:879-0705	Ft. Huachuca, AZ
9. USACIDC (CIRM-MS)		656-0191 f:656-0203	Ft. Belvoir, VA
10. USA MEDCOM (MCIR)		471-9723(X225) f:(210)637-4640(C)	Ft. Sam Huston, TX
OTSG	COL	761-3244	Arlington, VA
11. EUSA (EARM-M-PE)		725-8627 f:723-6739	Seoul, Korea
12. USAREUR (AEAGF-MO)		370-6107/6109 -6086 f:370-8897	Heidelberg, GE
13. USARPAC (APRM-MC)		(808)438-6037(C) f:(808)438-9234(C)	Ft Shafter, HI
14. USASO (SORM-M)		287-3818/6547 -4610 f:287-5102	Ft Clayton, PN
15. US MIL ACADEMY (MARM-MS-ICA)		688-4059 f:(914)938-5282(C)	West Point, NY
16. USA ELEMENTS, ALLIED COMMAND EUROPE (ACRM-M)	SFC	423-4397	Heidelburg, GE
E. UNIFIED COMMANDS			
1. USAEUCOM-UNIFIED		430-7308/7105	
2. SOUTHCOM-UNIFIED	Mr.	282-3742/4440	Quarry Hts, PN
3. USASOCOM (AORM-MA)		239-3392 f:239-2291	Ft Bragg, NC

NOTES: Phone numbers are DSN unless otherwise indicated by a (C). (P) under location = Pentagon