



DEPARTMENT OF THE NAVY
COMMANDER
NAVAL EDUCATION AND TRAINING COMMAND
250 DALLAS STREET
PENSACOLA, FLORIDA 32508-5220

Canc frp: Mar 2023

NETCNOTE 5200
N00G
1 Apr 2022

NETC NOTICE 5200

From: Commander, Naval Education and Training Command

Subj: MANAGERS' INTERNAL CONTROL PROGRAM

Ref: (a) SECNAVINST 5200.35G
(b) OPNAVINST 5200.25E
(c) NETCINST 5200.1A
(d) Federal Managers' Financial Integrity Act (FMFIA) 1982
(e) NETCINST 5040.1C

Encl: (1) Sample Activity Level MICP Flowchart
(2) Sample NETC HQ Managers' Internal Control Certification Statement
(3) Sample NETC Echelon III Managers' Internal Control Certification Statement
(4) Sample NETC Echelon IV Managers' Internal Control Certification Statement

1. Purpose. This notice outlines the Naval Education and Training Command (NETC) methodology for meeting the Secretary of the Navy (SECNAV)/Chief of Naval Operations (CNO) Managers' Internal Control Program (MICP) reporting requirements and due dates for the period 1 October 2021 to 30 September 2022. References (a) through (e) provide guidance for achieving compliance with SECNAV/CNO taskings.

2. Background. Reference (a) provides MICP strategic policy and guidance for the Department of the Navy (DON). Reference (b) implements the SECNAV MICP. Reference (c) provides NETC MICP policy and guidance. Reference (d) requires Federal agencies to establish internal accounting and administrative controls. Reference (e) publishes objectives and policies for administering the NETC Command Inspection Program.

3. Information. Office of the Secretary of Defense requires compliance with reference (d). Reference (c) reporting requirements will be in effect for the NETC MICP during the period from 1 October 2021 to 30 September 2022. The inventory listed in enclosure (3) of reference (c) continues to be updated

periodically to include additional processes and programs that are receiving increased attention within the Navy.

4. Discussion

a. The DON MICP is the Navy's method for demonstrating and documenting compliance with reference (d). SECNAV expects all managers to be actively involved in the MICP. During all audits and inspections, external agencies (Government Accountability Office, Department of Defense Inspector General, Naval Inspector General, and Naval Audit Service) review command adherence to this program.

b. The MICP stresses using a variety of existing methods to gauge the effectiveness, efficiency, and economy of work processes. A process is defined as the manner in which resources are employed in generating a product, performing a responsibility, or rendering a service in support of the Navy's mission. It consists of starting and ending points that are connected by a series of decision points, and includes metrics/controls and various work-related steps.

5. Requirements for the period 1 October 2021 to 30 September 2022. To demonstrate compliance with reference (d), NETC Headquarters (HQ) Division Directors/Special Assistants/Department Heads (DD/SA/DH) and NETC subordinate commands must complete the below requirements. NETC HQ MICP Points of Contact (POC) and NETC Echelon III Command MICP Coordinators serve as liaisons to ensure MICP reporting requirements are met. NETC N00GR has previously passed MICP guidance and materials to NETC HQ MICP POC and NETC Echelon III Command MICP Coordinators to facilitate meeting the below reporting requirements. Use of these materials is intended to make it easier to complete the following:

a. Evaluate the Work Process (WP)/Assessable Unit (AU) Inventory

(1) The inventory must show processes that are actually performed at NETC HQ or within the NETC subordinate commands. Further, the processes need to reflect the command's organizational manual. See enclosure (3) of reference (c) for samples of potential command WPs/AUs. Pay particular attention to the discussion regarding universal processes, see

enclosure (3) of reference (e). A command's inventory should consist of a combination of mission critical, associated support, and universal processes.

(2) Managers need to review and make adjustments to previously developed MICP WP flowcharts or create flowcharts for all WPs in the command's MICP inventory list. Pen and ink changes are not allowed on flowcharts. At a minimum, a one-page linear flowchart is needed to display a process. Enclosure (1) provides an example of a flowchart. Flowcharts should include the title of the process, the purpose of the process, and the pertinent governing instructions. The process owner's name, telephone number, and email address should also be identified on the flowchart. Ensure key metrics/controls, to measure performance, are clearly annotated on the flowchart. If the process includes Personally Identifiable Information (PII), please annotate this on each flowchart. Documentation shall be retained in-house for turnover and audit/command inspection purposes. These efforts establish a perpetual state of readiness for any type of audit or inspection/area visit. It also provides the basis for performing quick process self-assessments as to the effectiveness and health of internal controls.

(3) When evaluating processes, determine if the process is susceptible to potential internal control breakdowns in protecting information assurance and PII. Determine risk areas of the process (e.g., what could cause the process to be inefficient, ineffective, or fail). Due to high visibility, pay close attention to: antiterrorism plan, audit readiness of processes requiring financial accountability, civilian timekeeping, contract management, cyber security, Defense Property Accountability System, emergency action planning, Government Commercial Purchase Card Program, Government Travel Charge Card Program, MICP, Operations Security Program, physical security, Privacy Act Program, safety issues associated with a process, Sexual Assault Prevention and Response Program, strategic planning, Suicide Prevention Program, Urinalysis Program, and Voting Assistance Program. Pay close attention to those areas that are potentially susceptible to fraud.

b. Strategic Goals, Key Metrics, Internal Control System Test (ICST), and Operational Risk Management (ORM) Assessment

(1) Each process shall be examined for efficiency, effectiveness, and economy. Each process should be tied to a command strategic goal or objective. Identify two to three key metrics/controls used to measure performance. These key metrics should provide a quick look as to how well a process is performing in terms of achieving its intended purpose. Ensure the locations of the metrics are clearly annotated on the flowchart. Make every effort to annotate on the flowchart the primary reference(s) governing the process.

(2) Managers are required to incorporate internal controls into the strategies, plans, guidance, and procedures governing their programs and processes. Ensure ORM and ICST assessments are completed for all command processes. Internal controls provide reasonable assurance that the objective of the program/process is achieved. They are: (1) designed to mitigate risks, (2) ensure what should occur in daily activities does occur on a continuing basis, and (3) ensure processes are working as desired, reduce error, and identify problems as they occur. Use NETC 5200/1 to document internal control testing for each process. Follow the directions found in reference (c), paragraph 11c, and in the guidance provided by NETC N00GR when completing NETC 5200/1. ORM involves identifying and assessing process hazards, risks and vulnerabilities, and implementing internal controls to reduce the risk associated with any process. To fully understand the relationship of ORM to the MICP, note the ORM discussion in paragraph 8 of reference (c) and follow the guidance provided by NETC N00GR. Use NETC 5200/2 to document operational risk associated with each process. Ensure the forms are properly attested to, signed, and dated. Both the NETC 5200/1 and NETC 5200/2 forms have been provided, in electronic format, to NETC HQ MICP POCs and NETC Echelon III command MICP Coordinators.

c. Annual MICP Certification Statement (Statement of Assurance (SOA)). Use the applicable Certification Statement (see examples in enclosures (2) through (4)) to document DD/SA, Echelon III, and Echelon IV Certification Statements of Assurance. These templates have been provided via email to NETC HQ MICP POCs and NETC Echelon III MICP Coordinators.

(1) To demonstrate the existence of a clear audit trail of accountability at the activity level, DHs must submit a signed

annual certification statement to the Commander, Commanding Officer, Director, or Officer-in-Charge.

(2) If applicable, use the form(s) discussed below. See enclosure (2) of reference (c) for an explanation of the criteria used in identifying a Significant Accomplishment (SA) and Material Weakness (MW)/Significant Deficiency (SD). To facilitate the reporting of NETC issues to CNO, be prepared to provide the form as a Word or PDF document.

(a) In reporting, commands should include SAs related to the command's MICP processes or where they became more effective or efficient in operations, improved fiscal stewardship, or complied with applicable laws and regulations. An accomplishment must be internal control-related and tied to an AU, business process, or key function. Accomplishments should be succinct, specific in details, and include the "before" and "after" story of how internal controls were strengthened or implemented to achieve the accomplishment. Where possible, accomplishments should detail quantitative measures (e.g., dollar amounts saved) and indicate whether the accomplishment is related to the correction of a previously identified MW or SD.

(b) Use NETC 5200/3 to report a SA. A SA should not report on normal day-to-day accomplishments in performing a command's mission. SECNAV requests an SA to reflect what internal control was strengthened or what potential material deficiency was resolved. All reported SAs must be supported by clearly discussed quantifiable results. If an SA cannot be linked to action taken to improve the areas discussed in paragraph 4c(2)(a), do not include it in the certification statement.

(c) Use NETC 5200/4 to report a MW/SD. A MW is an internal control weakness not correctable at the local level. In reporting a MW, discuss the seriousness of the internal control breakdown and its likely impact on the command and Navy. Ask the question, "Does the weakness warrant reporting up the chain of command?" If in doubt, report. A SD designation is a management judgement decision on an issue that warrants senior leadership visibility and resolve for remediation. SDs are considered by management as detrimental to objective completion, but internally manageable and remediable. NETC will evaluate and

determine what reporting action is required via the certification statement.

(d) Use NETC 5200/4 for status of corrective actions on a weakness not previously reported as closed.

6. Action

a. NETC HQ. Complete the requirements as described above. NETC HQ DD/SAs, DHs, process owners, and MICP POCs should also complete the following online MICP training, offered via Navy e-Learning: DON MICP 101: MICP Overview (OASN-MICP101-2.0). Training certificates should be uploaded to the NETC HQ - MICP 2022 - DD/SA/DH INPUT public share folder by the NETC MICP POCs no later than 1 April 2022.

b. Echelon III commands. Pursuant to reference (a) guidelines, the Echelon III command MICP Coordinator and Alternate Coordinator are to be appointed in writing. Ensure that copies of the appointment letters have been provided to NETC N00GR. Both the coordinator and alternate must have completed MICP training. Required MICP Coordinator/Alternate training can be accomplished by taking the following courses (offered via Navy e-Learning): DON MICP 101: MICP Overview (OASN-MICP101-2.0), and DON MICP 102: Internal Control Over Operations Lifecycle (OASN-MICP102-1.0). Please note MICP Coordinators and Alternates are only required to take MICP refresher training every 3 years.

c. The MICP Coordinator or Alternate must ensure appropriate command process owners receive training.

(1) This training can be accomplished via either a presentation or guidance given by the MICP Coordinator or Alternate or by completing one of the following courses:

(a) DON MICP 101: MICP Overview (OASN-MICP101-2.0)

(b) DON MICP 102: Internal Control Over Operations Lifecycle (OASN-MICP102-1.0)

(2) Proof of completed training must be retained on file. As mentioned above, documented refresher training is required every 3 years for the coordinator and alternate. If

any command coordinator or alternate encounters difficulties in completing training, contact NETC N00GR to discuss other possible training venues.

d. Echelon III commands. Provide your consolidated MICP certification statement that also reflects chain of command SOA submissions by subordinates. To meet the CNO deadline, request all heads of Echelon III commands provide a signed certification statement along with the appropriate enclosures to NETC, via the NETC Inspector General, for compilation. Use the SA and MW/SD forms discussed above (if applicable). Submit your official command statement to NETC N00GR via email no later than 5 April 2022.

e. NETC DD/SAs and DHs. Submit your signed MICP certification statement (along with any appropriate enclosures) and documentation of staff WP reviews, to include MICP process inventory, flowcharts, ICSTs, and ORM assessments to NETC N00GR no later than 5 April 2022. A link for this submission will be provided via separate correspondence.

7. Records Management

a. Records created as a result of this notice, regardless of format or media, must be maintained and dispositioned per the records disposition schedules located on the Department of the Navy Assistant for Administration, Directives and Records Management Division portal page at <https://portal.secnav.navy.mil/orgs/DUSNM/DONAA/DRM/Records-and-Information-Management/Approved%20Record%20Schedules/Forms/AllItems.aspx>.

b. For questions concerning the management of records related to this notice or the records disposition schedules, please contact the local records manager.

8. Forms. The following forms are available via email at netc_directives@navy.mil:

- a. NETC 5200/1, Internal Control System Test
- b. NETC 5200/2, Operational Risk Management (ORM) Assessment
- c. NETC 5200/3, Significant Accomplishments

d. NETC 5200/4, Material Weakness/Significant Deficiency

9. Cancellation Contingency. This notice is cancelled upon receipt of the next notice on this subject and for record purposes on 31 March 2023.



K. BECK
Chief of Staff

Releasability and distribution:

This notice is cleared for public release and is available electronically on the NETC Public Web Site (www.netc.navy.mil), via the NETC Reference Library in DON TRACKER, or by e-mail at netc_directives@navy.mil.

TITLE: SAMPLE ACTIVITY LEVEL MANAGERS' INTERNAL CONTROL (MIC) PROGRAM FLOWCHART

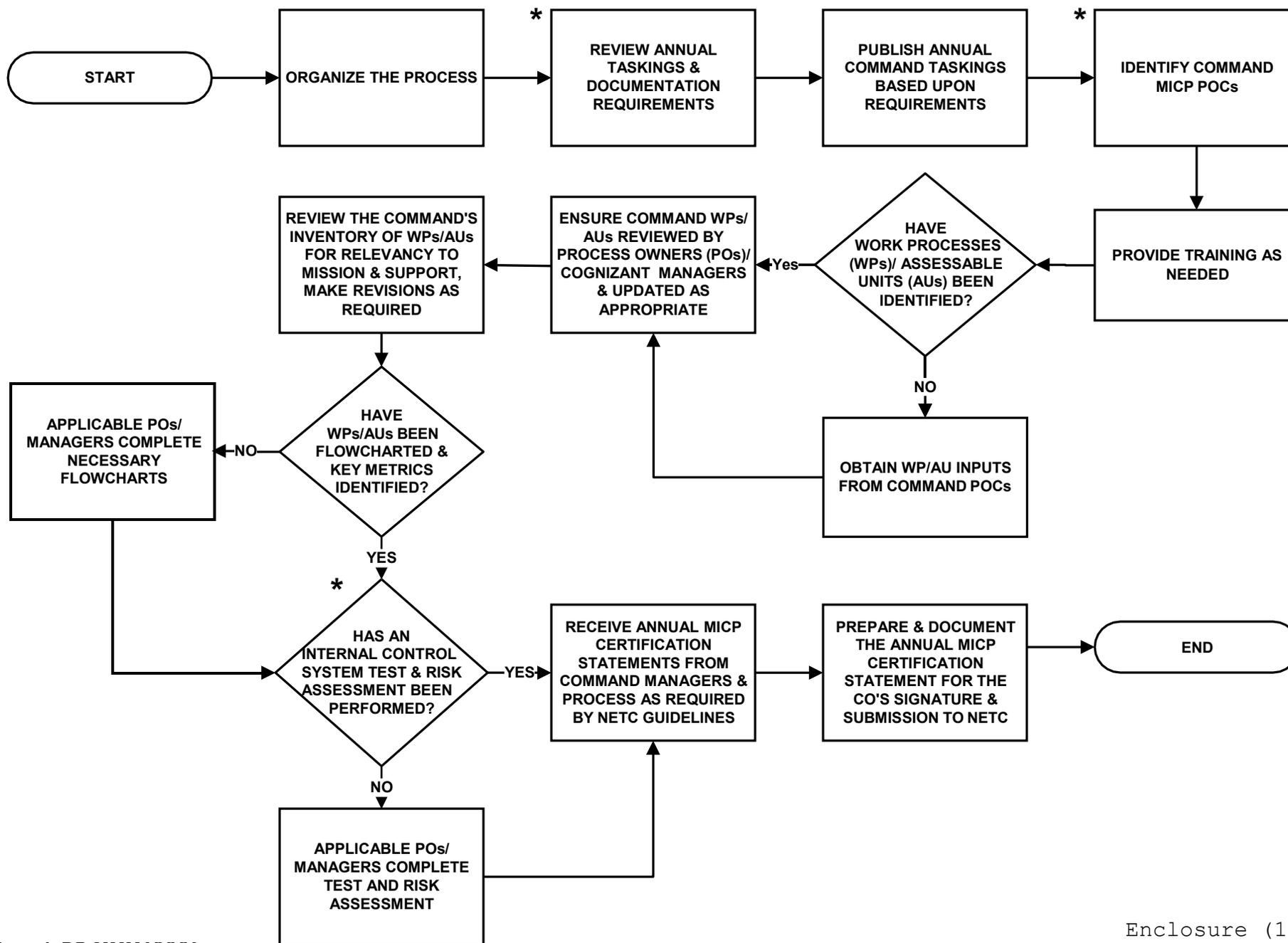
PURPOSE: PROCESS FOR DOCUMENTING COMPLIANCE WITH DON MICP

REFERENCE: NETCINST 5200.1A

PROCESS OWNER: NAME (CODE) PHONE # (DSN XXX)

EMAIL: xxxx.xxxxx.civ@us.navy.mil.

*** KEY METRIC**



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**SAMPLE NETC HQ MANAGERS' INTERNAL CONTROL
CERTIFICATION STATEMENT**

From: Responsible Official (DD, SA, or DH)
To: Commander, Naval Education and Training Command
Subj: MANAGERS' INTERNAL CONTROL CERTIFICATION STATEMENT AS OF
30 SEPTEMBER 2022
Ref: (a) NETCINST 5200.1A
Encl: (1) Significant Accomplishments (if applicable)
(2) Material Weaknesses/Significant Deficiencies (if
applicable)

1. I have taken the necessary measures to ensure that the system of internal controls in effect during the period 1 October 2021 to 30 September 2022 has been evaluated per reference (a). Significant Accomplishments are presented in enclosure (1). (Provide Significant Accomplishments as applicable.)

2. (Make one of the following statements:)

I am able to provide an unmodified certification statement that I have reasonable assurance management internal controls are in place and operating effectively. No Material Weaknesses or Significant Deficiencies are reported. The objectives of the Federal Managers' Financial Integrity Act were achieved. **(OR)**

I am able to provide a modified certification statement that I have reasonable assurance management internal controls are in place and operating effectively, except for the weaknesses/deficiencies discussed in enclosure (2). Overall, the objectives of the Federal Managers' Financial Integrity Act were achieved. **(OR)**

I am providing a No Assurance certification statement that I do not have reasonable assurance management internal controls are in place and working effectively, as discussed in enclosure (2). However, remedial action is being taken to ensure compliance with the objectives of the Federal Managers' Financial Integrity Act.

Information to support the certification statement was derived from process analyses, audits, inspections, investigations, and

Enclosure (2)

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other management information such as knowledge gained from daily operations of programs and functions. This certification statement captures information from 1 October 2021 to 5 April 2022 with the understanding that any significant information identified from 5 April 2022 to 30 September 2022 will be included as an amendment after submission or may be included in the following year's Certification Statement.

Signed by Responsible Official
(DD, SA, or DH)

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**SAMPLE NETC ECHELON III MANAGERS' INTERNAL CONTROL
CERTIFICATION STATEMENT**

From: Head of Echelon III Command
To: Commander, Naval Education and Training Command
Subj: MANAGERS' INTERNAL CONTROL CERTIFICATION STATEMENT AS OF
30 SEPTEMBER 2022
Ref: (a) NETCINST 5200.1A
Encl: (1) Significant Accomplishments (if applicable)
(2) Material Weaknesses/Significant Deficiencies (if
applicable)

1. I have taken the necessary measures to ensure that the system of internal controls in effect during the period 1 October 2021 to 30 September 2022 has been evaluated per reference (a). Significant Accomplishments are presented in enclosure (1). (Provide Significant Accomplishments as applicable.)

2. (Make one of the following statements:)

I am able to provide an unmodified certification statement that I have reasonable assurance management internal controls are in place and operating effectively. No Material Weaknesses or Significant Deficiencies are reported. The objectives of the Federal Managers' Financial Integrity Act were achieved. **(OR)**

I am able to provide a modified certification statement that I have reasonable assurance management internal controls are in place and operating effectively, except for the weaknesses/deficiencies discussed in enclosure (2). Overall, the objectives of the Federal Managers' Financial Integrity Act were achieved. **(OR)**

I am providing a No Assurance certification statement that I do not have reasonable assurance management internal controls are in place and working effectively, as discussed in enclosure (2). However, remedial action is being taken to ensure compliance with the objectives of the Federal Managers' Financial Integrity Act.

Information to support the certification statement was derived from process analyses, audits, inspections, investigations, and

Enclosure (3)

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other management information such as knowledge gained from daily operations of programs and functions. This certification statement captures information from 1 October 2021 to 5 April 2022 with the understanding that any significant information identified from 5 April 2022 to 30 September 2022 will be included as an amendment after submission or may be included in the following year's Certification Statement.

Signed by Responsible Official
(Head of Echelon III Command)

**SAMPLE NETC ECHELON IV MANAGERS' INTERNAL CONTROL
CERTIFICATION STATEMENT**

From: Head of Echelon IV Command
To: Head of Echelon III Command

Subj: MANAGERS' INTERNAL CONTROL CERTIFICATION STATEMENT AS OF
30 SEPTEMBER 2022

Ref: (a) NETCINST 5200.1A

Encl: (1) Significant Accomplishments (if applicable)
(2) Material Weaknesses/Significant Deficiencies (if
applicable)

1. I have taken the necessary measures to ensure that the system of internal controls in effect during the period 1 October 2021 to 30 September 2022 has been evaluated per reference (a). Significant Accomplishments are presented in enclosure (1). (Provide Significant Accomplishments as applicable.)

2. (Make one of the following statements:)

I am able to provide an unmodified certification statement that I have reasonable assurance management internal controls are in place and operating effectively. No Material Weaknesses or Significant Deficiencies are reported. The objectives of the Federal Managers' Financial Integrity Act were achieved. **(OR)**

I am able to provide a modified certification statement that I have reasonable assurance management internal controls are in place and operating effectively, except for the weaknesses/deficiencies discussed in enclosure (2). Overall, the objectives of the Federal Managers' Financial Integrity Act were achieved. **(OR)**

I am providing a No Assurance certification statement that I do not have reasonable assurance management internal controls are in place and working effectively, as discussed in enclosure (2). However, remedial action is being taken to ensure compliance with the objectives of the Federal Managers' Financial Integrity Act.

3. Information to support the certification statement was derived from process analyses, audits, inspections,

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investigations, and other management information such as knowledge gained from daily operations of programs and functions. This certification statement captures information from 1 October 2021 to 5 April 2022 with the understanding that any significant information identified from 5 April 2022 to 30 September 2022 will be included as an amendment after submission or may be included in the following year's Certification Statement.

Signed by Responsible Official
(Head of Echelon IV Command)