



DEPARTMENT OF THE NAVY  
OFFICE OF THE CHIEF OF NAVAL OPERATIONS  
2000 NAVY PENTAGON  
WASHINGTON, DC 20350-2000

OPNAVINST 5200.25E  
DNS-3  
5 Apr 2013

OPNAV INSTRUCTION 5200.25E

From: Chief of Naval Operations

Subj: MANAGERS' INTERNAL CONTROL PROGRAM

Ref: (a) SECNAVINST 5200.35E  
(b) SECNAV M-5200.35 of June 2008

1. Purpose. To implement references (a) and (b) within the Chief of Naval Operations (CNO) organization.

2. Cancellation. OPNAVINST 5200.25D.

3. Background

a. Reference (a) requires that commands implement a system of internal controls to provide reasonable assurance that:

(1) programs achieve their intended results;

(2) resource use is consistent with the Department of the Navy (DON) mission;

(3) programs and resources are protected from fraud, waste, abuse, and mismanagement;

(4) laws and regulations are followed; and

(5) reliable and timely information is obtained, maintained, and used for decision-making and reporting.

b. Reference (b) provides guidance for implementing the Managers' Internal Control (MIC) Program and is provided to assist commands in complying with this instruction.

c. The MIC Program is not intended to be a stand-alone program or duplicate existing control efforts within the organization. Implementation of this program should complement and build upon existing efforts such as: Continuous Process

Improvement, Lean Six Sigma, Operational Risk Management Program, etc. These programs provide leadership with a means to assess program integrity and control effectiveness throughout the organization, and their results contribute directly to the annual CNO certification statement.

#### 4. MIC Program Organizational Structure

a. Reference (a) identifies CNO as a major assessable unit of the Office of the Secretary of the Navy (SECNAV). As such, CNO has the responsibility and accountability for establishing and assessing internal controls for Navy functions assigned to CNO.

b. Per reference (b), to perform an orderly, systematic evaluation of an organization's system of internal controls, the organization should be segmented into assessable units. An assessable unit is an organizational segment, program or function with a defined purpose that aids in the accomplishment of the organization's mission. The following organizations are CNO assessable units:

(1) Surgeon General of the Navy (N093)/Chief, Bureau of Medicine and Surgery

(2) Chief of Naval Reserve (N095)/Commander, Navy Reserve Force

(3) Chief of Navy Chaplains/Director of Religious Ministries (N097)

(4) Deputy CNO for Manpower, Personnel, Education, and Training (N1)/Chief of Naval Personnel

(5) Deputy CNO for Information Dominance (N2/N6)

(6) Deputy CNO for Fleet Readiness and Logistics (N4)

(7) Deputy CNO for Operations, Plans, and Strategy (N3/N5)

(8) Deputy CNO for Integration of Capabilities and Resources (N8)

- (9) Deputy CNO for Warfare Systems (N9)
- (10) Commander, U.S. Fleet Forces Command
- (11) Commander, U.S. Pacific Fleet
- (12) Commander, U.S. Naval Forces Europe/Africa
- (13) Commander, U.S. Naval Forces Central Command
- (14) Commander, U.S. Naval Forces Southern Command
- (15) Commander, Operational Test and Evaluation Force
- (16) Commander, Naval Special Warfare Command
- (17) Commander, U.S. Fleet Cyber Command
- (18) Superintendent, United States Naval Academy
- (19) Commander, Naval Air Systems Command
- (20) Commander, Naval Education and Training Command
- (21) Commander, Naval Facilities Engineering Command
- (22) Director, Field Support Activity
- (23) Director, Naval History and Heritage Command
- (24) Commander, Navy Installations Command
- (25) Commander, Office of Naval Intelligence
- (26) Commander, Naval Legal Service Command
- (27) President, Naval Postgraduate School
- (28) Commander, Naval Safety Center
- (29) Commander, Naval Sea Systems Command
- (30) Commander, Space and Naval Warfare Systems Command

- (31) Director, Strategic Systems Programs
- (32) Commander, Naval Supply Systems Command
- (33) President, Naval War College
- (34) Commanding Officer, U. S. Navy Band

c. The head of each organization identified in paragraph 4b is the assessable unit manager, and is responsible for ensuring effective internal controls for functional and administrative responsibilities under his or her organization's purview.

#### 5. Responsibilities, Training and Reporting Requirements

a. Responsibilities. The Vice Chief of Naval Operations (VCNO) is the MIC program senior management official for the CNO. To support the VCNO, the following responsibilities are assigned:

(1) The Director, Navy Staff, Director of Management (DNS-3) is responsible for CNO MIC program management and administration and shall:

(a) Act as the CNO focal point, disseminating guidance and procedures to fulfill the intent of the MIC program.

(b) Publish annual MIC program reporting guidance.

(c) Prepare the annual CNO internal control certification statement.

(2) CNO assessable unit managers shall:

(a) Establish a positive control environment by involving managers at all levels throughout the organization and advocate accountability for establishing, evaluating, and improving controls in all areas of practice.

(b) Oversee the performance of risk assessments within their organization.

(c) Appoint, in writing, a MIC program coordinator and alternate responsible for the administration and coordination of the MIC program and its reporting requirements. The MIC program coordinator and alternate shall obtain MIC training, outlined in reference (b), upon assignment of the duty as the MIC program coordinator or alternate. After initial training, MIC program coordinators and alternates shall take refresher training every 3 years.

(d) Maintain documentation requirements outlined in reference (b).

b. Reporting Cycle. The MIC program reporting cycle runs 1 July through 30 June.

c. Training. All CNO assessable unit coordinators shall complete the "Managers' Internal Control Program Training" course, available from Navy Knowledge Online.

d. Reporting Requirements. The following CNO organizations have MIC reporting requirements:

(1) VCNO

(a) VCNO will sign an internal control certification statement to SECNAV by 1 July each year, attesting to the adequacy of internal controls in the organization. The statement must be signed by CNO or VCNO and cannot be delegated lower per reference (b).

(b) The attestation shall be based on inputs from the CNO Assessable Unit managers identified in paragraph 4b.

(2) CNO Assessable Unit Managers. By 25 May each year, (or preceding workday if 25 May falls on a weekend or holiday), each assessable unit manager must use the DON statement of assurance automated tool (<https://www.fmosystems.navy.mil/soa>) to generate a certification statement attesting to the adequacy of internal controls within his or her respective organization. The certification statement must:

(a) Be addressed to CNO.

(b) Identify the period of the report (1 July through 30 June of the current year).

(c) Identify the number of internal control assessments conducted during the period of the report.

(d) Identify the number of internal control assessments planned for the next cycle, i.e., 1 July through 30 June of the following year.

(e) State (certify) whether the assessable unit manager has reasonable assurance that internal controls are in place and operating effectively. The certification must take one of the following forms:

1. An unqualified statement of assurance (reasonable assurance with no material weaknesses reported). An unqualified statement must be accompanied by a firm basis for this position.

2. A qualified statement of assurance (reasonable assurance with exception of one or more material weakness(es) noted). The certification statement must cite the material weaknesses in internal controls that precluded an unqualified statement.

3. A statement of no assurance (no reasonable assurance either because no assessments were conducted or material weaknesses are pervasive).

(f) Include a description of internal control related accomplishments identified during the reporting cycle. An internal control accomplishment is any improvement or enhancement of internal control procedures that result in mitigation of risk, cost savings, cost avoidance, decreased processing time, increased effectiveness, increased responsiveness, or other similar achievement.

(g) Include a description of new uncorrected material weaknesses, reportable conditions, and items to be revisited identified during the current reporting cycle. Material weaknesses and reportable conditions must include a

plan of action and milestones that identifies the steps, actions and timeline required to correct the internal control deficiency.

(h) Include an update to the status of material weaknesses, reportable conditions, and items to be revisited that were reported in prior year(s) and are still in process of being corrected.

(i) An assessment of materiality of any Naval Audit Service, Naval Inspector General, or Naval Criminal Investigative Service findings identified for during the MIC reporting cycle.

6. Action. Addressees may issue specific implementation guidance to their commands to facilitate compliance with the provisions of this instruction.

7. Records Management. Records created as a result of this instruction, regardless of format and media, shall be managed per SECNAV Manual (M-)5210.1 of January 2012.

8. Reports Control. Reporting requirements contained within this instruction are exempt from reports control per SECNAV M-5214.1 of December 2005.



R. W. HUNT  
Vice Admiral, U.S. Navy  
Director, Navy Staff

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