



DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
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WASHINGTON, D.C. 20350-1000

25 April 2002

MEMORANDUM FOR DISTRIBUTION

Subj: DEPARTMENT OF THE NAVY MANAGEMENT CONTROL PROGRAM

Ref: (a) "Navy Implementation of the Federal Managers'
Financial Integrity Act," NAVAUDSVC Report 2001-0059
(b) SECNAVINST 5200.35D

Recent events have highlighted the need to reemphasize the importance of a robust Management Control Program (MCP) throughout the Department of the Navy (DON) and that direct command involvement at all levels is critical to its success. Management control is the means through which commands and activities ensure that the policies, procedures, and organizational structure are effectively in place to accomplish the command's mission. Specifically, comprehensive management controls should reasonably assure that: (1) Programs achieve their intended results; (2) resources are used consistent with agency mission; (3) programs and resources are protected from waste, fraud, and mismanagement; (4) laws and regulations are followed; and (5) reliable and timely information is obtained, maintained, reported and used for decision making. The Naval Audit Service recently reported (reference (a)) that several commands had not complied with these program requirements.

An MCP is not intended to be a stand-alone process. It needs to be integrated into each command and activity's daily practices and culture. The concept behind the MCP is to use existing procedures to gauge the health of mission and support processes. A meaningful assessment of the controls is more important than a rigid, formal documentation of the assessment. It is important to emphasize that management controls encompass all programs, operations, and administrative areas, as well as accounting and financial management. Good management control involves everyone, at all levels and from every function, program and process throughout the DON.

The Office of the Assistant Secretary of the Navy (Financial Management and Comptroller) (OASN(FM&C)), Office of Financial Operations (FMO), which oversees the MCP for the Department, is conducting training and developing tools to assist commands and activities in maintaining and improving

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their MCPs. This training is designed to provide the fundamentals of management controls and the requirements for an MCP. Other efforts include development of two web-based tools - one a self-assessment program, allowing commands and activities to gauge the effectiveness of their MCPs, and the other a tool for automating the annual Management Control Certification Statement reporting process, improving ease and efficiency of reporting. In addition, the OASN(FM&C) FMO is revising the Secretary of the Navy Instruction governing the DON MCP. Until that revision is completed, enclosure (2) of reference (b) identifies the minimum requirements to implement an MCP.

I strongly encourage each command and activity within the Department to review its MCP to ensure it is meeting program requirements as set forth in reference (b) and to ensure that appropriate management attention is afforded this critical aspect of our day-to-day business. Good management controls are everyone's responsibility and are a requirement for effective and efficient operations. We must stay focused on our goals and objectives, we must be alert to opportunities for process improvements, and we must ensure that our management controls provide the level of assurance necessary to successfully accomplish our mission.

If you have any questions regarding the DON MCP, or if you require assistance in assessing or strengthening your command or activity's MCP, please contact Gilbert Gardner, OASN(FM&C) FMO, (202) 685-6727, DSN 325-6727, or email: gardner.gilbert@fmo.navy.mil.


Susan Morrisey Livingstone
Under Secretary of the Navy

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(see next page)

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