



DEPARTMENT OF THE ARMY
HEADQUARTERS, UNITED STATES ARMY RESERVE COMMAND
4710 KNOX STREET
FORT BRAGG, NC 28310-5010

AFRC-IR

20 SEP 2017

MEMORANDUM FOR Commanders, US Army Reserve Major Subordinate Commands

SUBJECT: Realignment of Managers' Internal Control Program Duties from the Internal Review Program

1. References:

- a. Army Regulation (AR) 11-7, Internal Review Program, 29 Mar 17.
- b. AR 11-2, Managers' Internal Control Program, 04 Jan 10, RAR dated 26 Mar 12.
- c. Federal Managers' Financial Integrity Act (FMFIA), 21 Jun 95.
- d. Generally Accepted Government Auditing Standards (GAGAS), Dec 11.

2. Purpose. To provide guidance for realignment of the Managers' Internal Control Program (MICP) responsibilities based upon the revised AR 11-7.

3. Applicability. This policy applies to the Headquarters, US Army Reserve Command, all Major Subordinate Commands, and Direct Reporting Units, and their subordinates.

4. Definitions:

a. Annual Statement of Assurance (ASOA): Report on reasonable assurance that the organization's operational and financial internal controls are established and operating effectively to meet objectives of the FMFIA.

b. Assessable Unit Manager (AUM): The head of an assessable unit responsible for certifying the results of required internal control evaluations.

c. Internal Control Administrator (ICA): Assigned staff member responsible for managing the organization's MICP, ensuring staff receives MICP training, maintaining the Internal Control Evaluation Plan, tracking completion of internal control evaluations, reporting significant deficiencies and material weaknesses to the Commander, preparing the ASOA for the Commander's approval, and monitoring corrective actions.

5. Policy. Internal Review (IR) programs must comply with Generally Accepted Government Auditing Standards (GAGAS) and auditor independence must be considered when conducting non-audit services, to include limited support to the MICP.

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6. In accordance with AR 11-7 (reference 1a), IR programs must align their MICP involvement to the responsibilities outlined in AR 11-2 (reference 1b) to ensure the IR office's independence is not impaired. Specifically, AR 11-2 (para 1-18) states IR responsibilities for MICP include tasks to:

- a. Provide technical advice and assistance on internal controls to AUMs;
- b. Evaluate internal controls during the normal course of audits;
- c. Identify and recommend material weaknesses based on audit report analysis;
- d. Review the ASOA and provide an assessment of its thoroughness and validity before approved and signed by the Commander.

7. MICP duties not listed above must be removed from the IR program to ensure compliance with AR 11-7 (para 2-8a (1-2)) and adherence to GAGAS independence requirements. IR auditors can only serve as ICAs and AUMs for the IR directorate, such as completing the IR office internal control evaluations. Thus, IR auditors should not support the command's MICP through assignment to other directorates as:

- a. Internal Control Administrators;
- b. Assessable Unit Managers; and/or
- c. Consulting engagements.

8. Each Commander retains the flexibility to execute their MICP within guidance provided through MICP operational order instructions. Commanders may assign any other staff or Troop Program Unit (i.e. other than IR auditors) to fulfill the MICP ICA role.

9. This policy is effective until superseded or rescinded.

10. The point of contact for this policy is Ms. Debbie Marois, Army Reserve Internal Review Office, Director, at (910) 570-9563 or Debbie.A.Marois.civ@mail.mil.

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