



REPLY TO  
ATTENTION OF

**DEPARTMENT OF THE ARMY**  
**FAMILY AND MORALE, WELFARE AND RECREATION COMMAND**  
**US ARMY INSTALLATION MANAGEMENT COMMAND**  
4700 KING STREET  
ALEXANDRIA VA 22302-4410

FMWRC SOP 11-2

**01 NOV 2006**

**MANAGEMENT CONTROL PROGRAM**

1. **PURPOSE.** This Standing Operating Procedure (SOP) assigns responsibilities and provides guidance for implementing the management control process within U.S. Army Family and Morale, Welfare, and Recreation Command (FMWRC) areas of responsibility.
2. **APPLICABILITY.** This SOP applies to all FMWRC Directorates, Divisions, Offices, Armed Forces Recreation Centers (AFRCs) and Army Recreation Machine Program (ARMP).
3. **EXPLANATION OF ABBREVIATIONS AND TERMS.** The glossary at Appendix A defines abbreviations and terms used in this memorandum.
4. **RESPONSIBILITIES.**
  - a. The Commander FMWRC will:
    - (1) Designate the Internal Review Office as the FMWRC proponent for ensuring effective implementation of the Management Control (MC) process.
    - (2) Designate Assessable Unit Managers (AUMs). Directors and General Managers will serve as AUMs.
    - (3) Ensure that the performance agreements (evaluation support forms) of all AUMs and other designated senior managers include an explicit statement of their MC responsibilities. Army Regulation (AR) 11-2, paragraph 2-10, provides guidance on preparing these statements.
    - (4) Sign a statement of assurance each year that accurately describes the status of management controls within FMWRC and submit the statement to the Assistant Chief of Staff for Installation Management (ACSIM). This statement will identify any material weaknesses and include plans for corrective action.
  - b. The Chief, Internal Review Office will:
    - (1) Serve as the senior management official with overall responsibility for ensuring the implementation of an effective management control process within FMWRC.
    - (2) Designate a primary and alternate Management Control Administrator (MCA) who will share the IR Chief's responsibility for directing and administering the MC process within FMWRC.

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(3) Endorse a training program for AUMs and Management Control Coordinators (MCCs) that complies with guidance in AR 11-2.

(4) Review the annual statement of assurance and other management control documents prior to submission to the Commander for signature.

c. The FMWRC Management Control Administrator will:

(1) Advise the Chief, Internal Review Office on implementing the FMWRC management control process.

(2) Publish and periodically update the Management Control SOP for FMWRC.

(3) Develop a Management Control Plan (MCP) for FMWRC Headquarters. Army Recreation Machine Program and each Armed Forces Recreation Center General Manager will develop an MCP each year for their operations and provide a copy to the Chief, Internal Review (IR).

(4) Provide implementation guidance to designated AUMs and MCCs.

(5) Identify training requirements and provide annual training to MCCs and senior management officials, as required.

(6) Prepare the FMWRC annual statement of assurance, ensuring that it accurately describes the status of management controls as reported by AUMs.

(7) Track FMWRC material weaknesses until they are closed.

(8) Coordinate resolution of audits involving management control issues with the appropriate FMWRC proponent.

(9) Maintain historical files documenting the FMWRC management control process.

d. Assessable Unit Managers will:

(1) Serve as senior responsible officials, accountable for providing the leadership and support needed to ensure that management controls are in place and operating effectively within their areas of operation.

(2) Designate primary and alternate Management Control Coordinators. Furnish the names, office symbol, telephone numbers, and e-mail addresses of these individuals to the Internal Review Office not later than the first workday of each calendar year.

(3) Ensure the implementation of this SOP and MC Plan for their organizations.

(4) Ensure that proponents of Army Regulations identify key management controls and method(s) of evaluating these controls in appendices or supplements to the applicable ARs, or other guidance, that provides methods that meet the requirements of a management control

evaluation. In theory, putting management control guidance in every AR would be sufficient; however, in practice, many ARs are out-of-date because of the difficult revision process. Alternatives to ARs or supplements include annual operating guidance, or existing evaluation processes that meet, or can be modified to meet, the requirements of a management control evaluation. Reference AR 11-2, paragraph 2-4d Methods for evaluating management controls.

(5) Certify the results of all required MC evaluations and maintain file copies of the supporting documentation.

(6) Provide a written Annual Assurance Feeder Statement certifying the status of management controls and identifying material weaknesses within their respective organizations. The MCA will provide specific guidance on preparing the feeder statements not later than April each year.

(7) Ensure designated managers and MCCs have explicit statements of MC responsibility and accountability included in their performance support forms.

(8) Report, monitor, and correct all material weaknesses.

e. Management Control Coordinators will:

(1) Serve as their organization's point of contact for MC matters.

(2) Advise the AUM on how to implement an effective MC process.

(3) Implement a SOP for their responsible areas of the Management Control Plan.

(4) Ensure that functional area manager points of contact perform scheduled MC evaluations, and use the evaluations to identify MC weaknesses within their organizations. Functional area manager points of contact would include managers or supervisors designated to perform MCs at FMWRC Headquarters, AFRC/ARMP, the Army Central Reservation Center (CRC), and the Morale, Welfare, and Recreation Academy.

(5) Coordinate preparation of annual MC feeder statements and submit them to the AUM.

(6) Report material weaknesses and track them until they are corrected and closed.

(7) Assist the MCA in resolving audit issues in functional areas for which their organization has proponency.

(8) Maintain historical files documenting the organization's MC process.

## 5. POLICIES AND PROCEDURES.

a. AR 11-2 contains the Army's guidance for implementing the provisions of the Federal Manager's Financial Integrity Act of 1982, PL 97-225. The Integrity Act requires that managers implement adequate management controls to prevent fraud, waste, and mismanagement of government resources. It further requires the implementation of the Comptroller General Standards for Internal (Management) Controls in the Federal Government. The requirement to

meet Government Accountability Office (GAO) standards is inherent in every supervisory or managerial position in the Army.

b. AUMs are responsible for complying with their applicable areas of the FMWRC Management Control Plan updated annually at Appendix B. Additionally, General Managers are responsible for implementing their respective MCP's for their operations. The plan: (1) identifies functional areas; (2) designates the FMWRC office responsible for each functional area; and (3) contains a schedule for performing MC evaluations during the five-year reporting cycle. The office performing the evaluation must keep a copy of DA Form 11-2-R on file to document completion of the scheduled evaluation. Management Control Checklist can be found at <http://www.armymwr.org/internal/default.asp?ID=3>. Click on the word "Checklist" and then on the appropriate AR and then on the checklist.

c. Although the MCP may not require all FMWRC Directors to complete a formal evaluation of their functional areas, AUMs are still required to meet the basic managerial standards for control systems described in Appendix B of AR 11-2. As a minimum, AUMs must be able to document how they assessed the status of management controls within their organizations. That is, managers must explain how they gained reasonable assurance that controls are in place and operating as intended *or* how they determine that controls are either not in place or not adequate.

d. Managers may choose how they conduct MC evaluations. Checklists are not mandatory. However, alternate methods of evaluation must actually test the key (essential) controls undergoing evaluation. At a minimum, supporting documentation must:

- (1) Indicate who conducted the evaluation.
- (2) Indicate the date of the evaluation.
- (3) Explain the method(s) used to test key controls.
- (4) Identify deficiencies or weaknesses detected, if any.
- (5) Explain corrective action taken or planned.

e. If evaluations reveal deficiencies or material weaknesses, managers must identify any corrective action taken and outline milestones for completing additional corrective action, if required. Ideally, the cost of implementing management controls should not exceed the benefit derived. For this reason, managers must exercise their own judgment in determining the materiality of any weaknesses detected as a result of MC evaluations.

6. JOB PERFORMANCE STANDARDS. As a minimum, individuals occupying the following key FMWRC positions must include specific management control objectives in their performance agreements (evaluation support forms):

- a. Commander, FMWRC
- b. Directors and General Managers
- c. The Management Control Administrator

- d. Management Control Coordinators
- e. Fund Managers
- f. Functional Area Manager Points of Contact

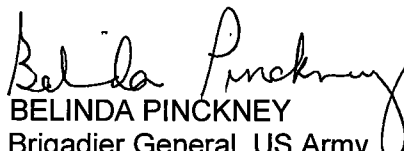
7. REFERENCES.

- g. Federal Managers' Financial Integrity Act of 1982, Public Law (PL) 97-255.
- h. OMB Circular A-123, Management Accountability and Control, 21 June 1995.
- i. GAO Standards for Internal Control in the Federal Government, November, 1999.
- j. Army Regulation 11-2, Management Control, 1 August 1994.
- k. ACSIM, Management Control SOP, 1 August 2005

8. PROPONENT. The proponent for this SOP is the Internal Review Office. Users are invited to send comments and suggested improvements to the Chief, Internal Review.

Reviewed by: FMWRC-JA MRS Date 31 OCT 06

OFFICIAL:

  
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Commanding

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Director, Management Support

Appendix A – Glossary  
Appendix B – Management Control Plan

Distribution:  
Each Director / Office Chief

Appendix A  
Glossary

**Section I. Abbreviations**

<b>ACSIM</b>	Assistant Chief of Staff for Installation Management
<b>AR</b>	Army Regulation
<b>AUM</b>	Assessable Unit Manager
<b>GAO</b>	General Accountability Office
<b>HQDA</b>	Headquarters, Department of the Army
<b>MC(s)</b>	Management Control(s)
<b>MCA</b>	Management Control Administrator
<b>MCC</b>	Management Control Coordinator
<b>MCP</b>	Management Control Plan
<b>OASA (FM&amp;C)</b>	Office of the Assistant Secretary of the Army (Financial Management and Comptroller)
<b>OMB</b>	Office of Management and Budget
<b>SOP</b>	Standing Operating Procedure

**Section II. Terms**

**Alternative Management Control Evaluation.** Any existing management review process that meets the basic requirements of an MC evaluation (i.e., it assesses the key MC; 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 evaluators).

**Annual Statement of Assurance.** An annual report that provides a broad assessment of MCs within the command or agency that identifies material weaknesses, if any, in the MCs.

**Assessable Unit.** Reporting organizations designated by senior responsible official. The managers (AUMs) of these organizations are responsible for conducting MC evaluations in accordance with the MCP.

## Appendix A Glossary

**Assessable Unit Manager (AUM).** The AUM is the military or civilian head of an assessable unit.

**Comptroller General Standards.** The five standards issued by the Comptroller General to be applied by all Federal managers in developing, establishing and maintaining MCs.

**Feeder Statement.** An annual report that provides an assessment of MCs within an organization and that identifies any material weaknesses in these MCs.

**Functional Area Manager (Point of Contact).** The manager or supervisor who evaluates MCs. The manager uses the evaluation to identify MC weaknesses with an organization.

**Key Management Controls.** Key MCs are those controls essential for sustaining organizational effectiveness. HQDA functional proponents identify key management controls in their governing ARs. These controls establish the baseline requirement for management control evaluation conducted by AUMs.

**Management Controls (MCs).** The rules, procedures, techniques, and devices employed by managers to ensure that what should occur in daily operations *does* occur. (e.g. designating specific responsibilities and accountability; separation of duties; management reviews).

**Management Control Administrator (MCA).** The individual designated by the senior responsible official to administer the MC process for a reporting organization. MCCs designated at lower levels would have similar duties. The administrator channels the flow of MC guidance and information to commanders and managers throughout the organization.

**Management Control Coordinator.** The individual designated by the senior responsible official to administer the MC process within their organization.

**Management Control Evaluation.** A periodic, detailed assessment of key management controls used to determine whether the controls are operating as intended. Managers must base their MC assessments on the actual testing of key management controls and document the result of the evaluation. At a minimum, documentation should include: the name of the person who conducted the evaluation; the evaluation date; the methods used to test the controls; any deficiencies detected; and the corrective action taken.

**Management Control Evaluation Checklist.** A method used for conducting a MC evaluation. The HQDA functional proponent may develop a standard checklist that addresses the key MC and publish it in the governing AR. The checklist provides a tool for managers to evaluate the effectiveness of these key MCs.

**Management Control Evaluation Certification Statement.** A statement certifying that an organization has conducted a required MC evaluation. DA Form 11-2 should be used to document that the functional area manager performed the evaluation.

## Appendix A Glossary

**Management Control Plan (MCP).** The written plan that describes how an organization will conduct required management control evaluations. Included are the key MCs identified by HQDA functional proponents, the areas that require evaluation, and when managers should conduct the evaluation.\

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

**Reasonable Assurance.** An acceptable degree of confidence in the general adequacy of MC will deter or detect material failures in compliance with the Integrity Act objectives. The determination of reasonable assurance is a management judgment based on the effectiveness of MCs and the extent of MC deficiencies and material weaknesses.

**Senior Management Official.** The manager responsible for ensuring the implementation of an effective MC process within the organization.

**Tests for Key Controls.** Questions in a MC evaluation checklist designed to help an AUM determine whether a key MC is in place and operating as intended.