



U. S. ABILITYONE COMMISSION

FINANCIAL MANAGEMENT POLICY AND DOCUMENTS

Interim Policy No. 51.701
Effective Date: 02/02/2021

TITLE: INTERIM MANAGEMENT INTERNAL CONTROL PROGRAM

1. PURPOSE.

This directive provides Commission policy and procedures for implementing, evaluating and reporting on Commission's management controls.

2. APPLICABILITY.

This directive applies to all Commission organizational components.

3. AUTHORITY.

- (a) 41 U.S.C. §§ 8501 – 8506, Javits-Wagner-O'Day (JWOD) Act
- (b) Chief Financial Officers Act of 1990, PL 101-576, dated January 23, 1990, as amended
- (c) Federal Managers' Financial Integrity Act (FMFIA) of 1982, PL 97-255, dated September 8, 1982, as amended
- (d) Government Accountability Office (GAO) GAO-14-704G, Standards for Internal Control in the Federal Government, dated September 2014
- (e) GAO-01-1088G, Internal Control Management and Evaluation Tool, dated August 2001
- (f) Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Internal Control, dated December 21, 2004
- (g) OMB Circular A-123, Appendix D, Compliance with the Federal Financial Management Improvement Act of 1996, dated September 20, 2013
- (h) OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, dated July 15, 2016
- (i) OMB Circular A-130, Management of Federal Information Resources, dated November 28, 2000, as revised

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4. DEFINITIONS AND ACRONYMS.

- (a) Assessable Unit: The basic organizational segment having one or more management control systems upon which periodic risk assessments must be performed.
- (b) Assessable Unit Manager (AUM): A Commission Manager or employee directly responsible for ensuring that areas designated as assessable units under their control are managed in accordance with public law and Commission guidance.
- (c) Control Objective: A desired goal or condition to be achieved by the control techniques used on an assessable unit.
- (d) Control Technique: Any form of organization procedure or document flow that is being relied on to accomplish a control objective.
- (e) Internal Control: Also referred to as “management control.” (*See* Management Control).
- (f) Management Control: Also referred to as “internal control,” an integral component of an organization’s management that provides reasonable assurance that the following objectives are being achieved: effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.
- (g) Management Control Assessments: Testing of internal control activities, processes and procedures to ensure that internal controls exist and that management control systems are implemented and working effectively. A determination of the effectiveness of the internal control is obtained during the testing process. Corrective actions are required if the testing determines the control to be moderately effective or ineffective.
- (h) Management Control Objective Plan (MCOP): A plan developed by an assessable unit manager that establishes control objectives for areas most critical to mission accomplishment and susceptible to fraud, waste, and mismanagement.
- (i) Management Control Objective Plan Assessment: A detailed examination of management controls performed by an assessable unit to determine whether the Management Control Objective Plan is effective in accomplishing administrative, operational, and mission objectives.
- (j) Management Control Officer: Appointed by the Chief Financial Officer to direct the agency’s implementation of and compliance with FMFIA.
- (k) Management Control Plan: A summary of the Commission Management Internal Control Program Activity for the current year prepared by the Commission Management Control Officer that indicates the number of scheduled and accomplished management control assessments, the identity of Commission assessable units, and progress toward accomplishment of annual program requirements.



- (l) Management Internal Control Program: The full scope of management responsibility as defined in this guidance, which states that responsibility extends from management's development of effective management controls, through their assessment and correction of deficiencies, to the reporting requirements of this guidance.
- (m) Management Internal Control Program Manager (MCPM): Government employee (s) designated by a Senior Mission Area Manager to serve as the focal point for management control activities in their organization.
- (n) Management Control System: The Commission methods and measures used to achieve the management control objectives - both the controls and the assessments of those controls.
- (o) Management Control Techniques: Activities, processes and procedures that an assessable unit implements to ensure mission objectives are met.
- (p) Material Weakness: A reportable condition, or combination of reportable conditions, that results in more than a remote likelihood that a material misstatement of the financial statements, or other significant reports, will not be prevented or detected.
- (q) MCOP Site: The online site for documentation of the management control objectives plans, assessments and correctives actions.
- (r) Reasonable Assurance: A judgment by the Management Control Council, based upon an evaluation of all available information, that Commission systems of management controls are operating as required by the FMFIA.
- (s) Responsible Official (RO): Responsible Officials are program directors and equivalents, and any other senior Commission manager responsible for a specific Commission mission area.
- (t) Risk: The probable or potential adverse effects from inadequate management controls that may result in the loss of Government resources or cause an agency to fail to accomplish significant mission objectives through fraud, error, or mismanagement.
- (u) Technique Process Owner (TPO): A subject matter expert who is responsible for the completion of the Management Control Objective Plan technique for an assessable unit. The TPO is assign by the AUM to a technique to assess in accordance with the verification process established for that technique on or before the completion date. The TPO cannot be the AUM. The TPO however, can be a MCPM.
- (v) Statement of Assurance: A statement by the agency head that provides reasonable assurance as to the overall adequacy and effectiveness of management controls within the agency.

NOTE: The statement must take one of the following forms – a Statement of Assurance, a Modified (Qualified) Statement of Assurance, or a Statement of No Assurance.

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(w) Supporting Statement of Assurance: A statement on reasonable assurance representing the Senior Mission Area Manager's informed decision as to the overall adequacy and effectiveness of management controls within his or her mission area.

NOTE: The statement must include an assessment of the mission area's Management Control Objective Plans and state whether material weaknesses were identified.

(x) Vital Management Controls: Management Controls essential to the accomplishment of the overall Commission mission or responsibilities of a specific assessable unit.

5. RESPONSIBILITIES.

To meet the FMFIA requirements, all government agencies must establish, evaluate, and report on management controls, and submit an annual "Statement of Assurance" to the President and the Congress. The Chief Financial Officer is the senior official responsible for ensuring Commission compliance with the FMFIA. Specific responsibilities associated with the Commission Management Internal Control Program are as follows:

- (a) Chief Financial Officer (CFO) is responsible for:
 - i. Ensuring that the continuous evaluation of, improvement of, and reporting on the Commission management control system meets the requirements of the FMFIA and OMB regulations.
 - ii. Developing and issuing policy guidance for compliance and reporting requirements associated with the Management Internal Control Program.
 - iii. Submitting the annual Statement of Assurance to the Executive Director for signature. The Statement of Assurance is to be used as Commission's submission to Performance and Accountability report.
 - iv. Appointing a Management Control Officer to serve as the focal point for Management Internal Control Program activities within Commission using the sample appointment memorandum provided with this directive (**Attachment 1**).
 - v. Providing technical advice, training and program direction to the Commission Management Internal Control Program.
 - vi. Providing guidance to program assessable unit managers in performing management control reviews.
 - vii. Soliciting input from Commission activities to prepare the annual Statement of Assurance for submission.
 - viii. Serving as the Commission lead for consolidating data and reporting the status of corrective actions associated with financial audits or other

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financial management reviews.

- ix. Reporting the internal control activities and results of the Commission Management Control Plan to the Executive Director and leadership team.
 - x. Drafting and/or coordinating responses to financial audit and FMFIA inquiries from OMB, GAO, and the Congress.
 - xi. Establishing quality control procedures to monitor the implementation of the management control process.
 - xii. Developing periodic reports to Commission senior management officials on management control issues.
 - xiii. Preparing the annual FMFIA, Section 4, Statement of Assurance to document Commission's financial management system's conformance to Government-wide requirements.
- (b) Chief Information Officer is responsible for:
- i. Assuring that proper controls, manual or automated, are in place in automated systems.
 - ii. Management of the information technology general controls.
 - iii. Providing guidance concerning the evaluation of management controls within automated systems.
- (c) Management Internal Control Officer is responsible for:
- i. Reporting on, and ensuring that Commission management control activities are administered in accordance with the FMFIA, OMB Circular A-123, and GAO Standards for Internal Control in the Federal Government.
 - ii. Developing and maintaining an agency wide inventory of Commission assessable units capable of being evaluated by management control procedures.
 - iii. Preparing and maintaining the Commission Management Control Plan in the MCOP site.
 - iv. Monitoring management control assessments to ensure that they are performed as required, and determine if they meet the required documentation standards as described in OMB Circular A-123.
 - v. Performing continuous management control assessments across Commission on internal controls, processes, and procedures to ensure that the internal controls are effective.



- vi. Providing training and guidance to Assessable Unit Managers and program managers on management control concepts and on the Management Internal Control Program goals, policies, and procedures.
 - vii. Monitoring program manager's Management Internal Control Program activities and providing appropriate feedback.
 - viii. Consolidating Management Internal Control Program Manager's reports as required fulfilling Commission and FMFIA requirements.
 - ix. Obtaining current status and reports on corrective actions taken on material weaknesses and other reportable conditions associated with financial statement audits or other management control issues.
 - x. Consolidating Supporting Statements of Assurance and preparing the annual Statement of Assurance for CFO submission to the Management Control Council and the Executive Director.
 - xi. Performing periodic reviews of Management Internal Control Program activities and the reporting process in accordance with the annual Management Control Plan.
- (d) Responsible Officials are responsible for:
- i. Fulfilling Management Internal Control Program responsibilities per this directive.
 - ii. Establishing management control objectives for their mission areas.
 - iii. Designating a Management Internal Control Program Manager to manage their Management Internal Control Program using the sample appointment memorandum provided with this directive (**Attachment 2**), and providing guidance to assessable unit managers in their organization.
 - iv. Defining assessable units for their area of responsibility and identifying assessable unit managers and technique process owners for techniques.
 - v. Evaluating existing management controls by performing continuous assessments in the MCOP site to ensure they are efficient and cost-effective.
 - vi. Preparing and signing an annual Supporting Statement of Assurance which states whether or not there is reasonable assurance that the objectives of the Management Internal Control Program for their mission areas were met. These statements collectively form the support for Commission's annual Statement of Assurance.
 - vii. Reporting progress and compliance in response to CFO direction on Management Internal Control Program implementation and the status of



material weakness corrective actions.

- viii. Preparing a Management Control Objective Plan (updated annually), which documents in the MCOP site the assessable units under their control, mission objectives and management control techniques used to achieve mission objectives.
 - ix. Continuously monitoring and improving the effectiveness of management controls for their mission area.
 - x. Supporting and facilitating audits and reviews conducted by external (e.g., GAO, Independent Auditors) and internal (e.g., Commission Office of Inspection and CFO) oversight bodies.
 - xi. Providing all requested documentation in a timely manner.
- (e) Management Internal Control Program Managers are responsible for:
- i. Serving as the focal point for management control within their mission area.
 - ii. Following up on, and monitoring through correction, management control weaknesses identified during management control, and other assessments.
 - iii. Overseeing the Management Internal Control Program and maintaining the Management Control Objective Plan for their mission area. Ensuring the MCOP site information for their mission area is up-to-date and valid.
 - iv. Providing guidance and training to managers and personnel within their mission areas.
 - v. Ensuring that Management Internal Control Program assessments of assessable units under their responsibility are performed continuously, completely, accurately, and adequately in the MCOP site to support their mission areas' Supporting Statement of Assurance.
 - vi. Reporting Management Internal Control Program activity to the Commission Management Control Officer as required.
 - vii. Working closely with the Commission Management Control Officer on all aspects of their Management Internal Control Program and reporting on improvements and weaknesses.
 - viii. Preparing the annual Supporting Statement of Assurance for their Senior Mission Area Managers' signature and submission to the CFO.
- (f) Assessable Unit Manager (AUM) are responsible for:
- i. Ensuring areas under their control are managed in accordance with public law, and Commission guidance.



- ii. Developing and establishing vital management controls and a control objective for areas most critical to mission accomplishment and susceptible to fraud, waste, and mismanagement.
 - iii. Ensuring that timely and continuous assessments are performed in the MCOP site of existing controls, and developing and implementing corrective actions as necessary.
 - iv. Developing, implementing, and maintaining controls as an integral part of the processes used to operate the organization's programs and functions.
 - v. Reporting on management control assessments conducted on assessable units under their control.
 - vi. Maintaining and providing assessable unit evaluation documentation to their Management Internal Control Program Manager and the Management Control Officer to support the annual Statement of Assurance.
- (g) Technical Process Owners are responsible for:
- i. Performing the assessment of the technique in the Management Control Objective Plan for the mission area that have been assign to them by the AUM.
 - ii. Notifying the AUM when the assessment is completed.
 - iii. Notifying the AUM if there are issues in assessing a technique.
 - iv. Assisting in the preparation of a Corrective Action plan if a technique receives a “Moderately Effective” or “Ineffective” rating.

6. POLICY.

- (a) Commission will implement the Management Internal Control Program at all levels, and management control processes will be included as part of the Commission basic management structure to improve effectiveness and accountability for results. The Program will be incorporated into daily operating and management practices and will maximize the use of existing evaluative processes when available.
- (b) Commission will comply with requirements consistent with Section 4 of the FMFIA, which requires agencies to report on whether their accounting and financial systems conform to the standards and requirements prescribed by the Comptroller General.
- (c) Requests for public release and disclosure of information about the Management Internal Control Program, management control assessment results, supporting Statements of Assurance, or other information developed through the management control process are to be handled in accordance with the Freedom of Information Act

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procedures as established by the Commission's Freedom of Information Act office.

NOTE: Commission's annual Statement of Assurance may be made available, upon request, to the general public, except in the case of any Statement containing certain restricted information.

- (d) Internal controls, as designated in Management Directives, Operational Directives, policies, procedures, Internal Standard Operating Procedures (ISOPs), and any other documented process or policy document cannot be overridden without proper approval and documentation from the responsible Senior Mission Area Manager for that area of responsibility.

7. EXCEPTION TO POLICY.

None.

8. PROCEDURES.

Detailed guidance may be found in the *Management Internal Control Program Guide*, which is available on the [Management Control SharePoint Site](#).

9. SUPERSESSION.

None.

This interim policy will be reviewed and revised as directed by OMB. It will be reissued not later than six months from the effective date.

APPROVED:  Date: 02/02/2021

E. Ballard
Executive Director

Sample Appointee Letter for the Management Control Officer

(Commission Letterhead)

TO: <Name of Appointee>

FROM: <Name >

Chief Financial Officer

SUBJECT: Letter of Appointment for Commission Management Control Officer

In accordance with Financial Management No. XX, Management Internal Control Program, you are appointed the Management Control Officer for Management Internal Control Program activities within the Commission.

As the focal point for management/internal control, your responsibilities include the following:

- Serve as the Commission point of contact for reporting on and ensuring that Commission management control activities are administered in accordance with the Federal Managers' Financial Integrity Act (FMFIA), where applicable.
- Develop and maintain an agency wide inventory of Commission assessable units capable of being evaluated by management control procedures.
- Prepare and maintain the Commission Management Control Plan in the MCOP site.
- Monitor management control assessments to determine if they meet the required documentation standards as described in OMB Circular A-123.
- Provide training and guidance to program and assessable unit managers on management control concepts and on the Management Internal Control Program goals, policies and procedures.
- Monitor program manager's Management Internal Control Program activities providing appropriate feedback.
- Consolidate Management Internal Control Program manager's reports as required to fulfill Agency and FMFIA requirements.
- Obtain current status and report on corrective actions taken on material weaknesses and other reportable conditions associated with financial statement audits or other management control issues.
- Provide guidance and assistance to programs and assessable units responsible for implementation of corrective actions.
- Consolidate Commission year-end supporting Statements of Assurance and prepare the Annual Statement of Assurance for submission to the Executive Director.
- Facilitate all meetings and working groups associated with the Commission Management Control Council.
- <Any additional duties as required>

Responsibilities will be carried out in accordance with the guidance of the Chief Financial Officer. Accordingly, questions concerning this appointment should be addressed to the Chief Financial Officer.

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Management Internal Control Program Manager Appointment Memo – Sample

(COMMISSION Letterhead)

DATE: <Date>

TO: <Name of Designee>

FROM: <Name and Title of Responsible Official>

SUBJECT: Letter of Designation for Management Internal Control Program Manager

In accordance with Financial Management No. XX, Management Internal Control Program, you are hereby designated as the Management Internal Control Program Manager for all activities under my area of responsibility.

This is a collateral duty and should be included as part of your regular responsibilities. As the focal point for management/internal control, you are responsible for the following:

- Oversee the Management Internal Control Program and maintain the management control objective plan for the following areas: <List mission areas>
- Ensure management control assessments are performed completely, accurately, and adequately in the MCOP site to support the annual year-end Supporting Statement of Assurance.
- Actively follow up on, and monitor through correction, management control weaknesses identified during management control and other assessments.
- Provide guidance and training to managers and personnel within their designated mission areas.
- Report Management Internal Control Program activity to the Commission Management Control Officer as required.
- Work closely with the Commission Management Control Officer on all aspects of Management Internal Control Program reporting on improvements and weaknesses.
- Prepare the annual Supporting Statement of Assurance for Responsible Official's signature and submission to the Chief Financial Officer.
- Maintain knowledge base of on-going and future Management Internal Control Program activities based on information provided by the Commission Management Control Officer.
- Prepare and deliver a Management Internal Control Program status briefing to senior management prior to attendance at the Management Control Council (if required).
- *Add additional duties as required.*

Additionally, you are responsible for completing the MCOP Site MCPM training annually and other internal control training as necessary. Additional assistance in fulfilling your responsibilities may be obtained by contacting the CFO.

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