Chapter Four Appendix

Enclosure 4.06
Managers' Internal Control Program (MICP) Certification Statements

The Naval Academy has multiple sources of oversight: financial, governance, accreditation, and the simple circumstance of being integrated into much larger administrative entities like the Department of the Navy and the Department of Defense. Each year the USNA Superintendent sends a *Managers' Internal Control Program (MICP) Certification Statement* to the Secretary of the Navy, certifying that "management controls are in place and operating effectively, and the objectives of the Federal Managers' Financial Integrity Act were achieved." There are no audited financial statements in this appendix since the USNA budget is audited as part of the larger Navy and Department of Defense audit structure.

DEPARTMENT OF THE NAVY
UNITED STATES NAVAL ACADEMY
121 BLAKE ROAD
ANNAPOLIS, MARYLAND 21402-5000

5200
4-61

JUL 21 2006

From: Superintendent, United States Naval Academy
To: Chief of Naval Operations

Subj: MANAGERS' INTERNAL CONTROL (MIC) CERTIFICATION STATEMENT

Ref: (a) SECNAVINST 5200.35D
(b) NAS Audit Report N2005-0051 of 22 Jul 05

Encl: (1) Current Year Accomplishments

1. The United States Naval Academy has evaluated the system of management controls in effect during the year 1 July 2005 - 30 June 2006. The evaluation was performed per Department of the Navy policy contained in reference (a).

2. I have reasonable assurance that management controls are in place and operating effectively, and the objectives of the Federal Managers' Financial Integrity Act were achieved.

3. Information to support the certification statement was derived from management reviews, audits, inspections, investigations, knowledge gained from daily operations of programs and functions, and other management information, including knowledge gained from daily operations of programs and functions. An overview of MIC Program accomplishments is included in enclosure (1).

4. Per your request, we assessed whether the findings noted in reference (b) warrant reporting. Per our assessment, the findings noted in reference (b) do not warrant reporting as a material weakness or reportable condition.

5. You may contact my MIC Coordinator, Bruce Goldberg, at 410-293-1632, DSN 281-1632, or e-mail goldberg@usna.edu.

RODNEY P. REMPT

DEPARTMENT OF THE NAVY
UNITED STATES NAVAL ACADEMY
121 BLAKE ROAD
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5200
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JUN 21 2007

From: Superintendent, United States Naval Academy
To: Chief of Naval Operations

Subj: MANAGERS' INTERNAL CONTROL PROGRAM (MICP) CERTIFICATION STATEMENT

Ref: (a) SECNAVINST 5200.35E

Encl: (1) Current Year Accomplishments

1. The United States Naval Academy has evaluated the system of management controls in effect during the 12-month period ending 30 June 2007. The evaluation was performed in accordance with policies contained in reference (a).

2. Information to support the certification statement was derived from management reviews, audits, inspections, investigations, command self assessments, and other management information including knowledge gained from daily operations of programs and functions. An overview of MICP accomplishments is included in enclosure (1).

3. I have reasonable assurance that management controls are in place and operating effectively, and the objectives of the Federal Managers' Financial Integrity Act were achieved.

4. The point of contact for this matter is my MICP Coordinator, Bruce Goldberg. Mr. Goldberg can be contacted at 410-293-1632, DSN 281-1632, or e-mail goldberg@usna.edu.

J. L. FOWLER

DEPARTMENT OF THE NAVY
UNITED STATES NAVAL ACADEMY
121 BLAKE ROAD
ANNAPOLIS, MARYLAND 21402-5000

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28-139
JUN 13 2008

From: Superintendent, United States Naval Academy
To: Chief of Naval Operations

Subj: MANAGERS' INTERNAL CONTROL PROGRAM (MICP) CERTIFICATION STATEMENT

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

1. The United States Naval Academy has evaluated the system of management controls in effect during the 12-month period ending 30 June 2008 by completing 25 internal control assessments. For the 12-month period ending 30 June 2009, USNA plans to complete 25 internal control assessments. The evaluation was performed in accordance with policies contained in references (a) and (b).

2. Information to support the certification statement was derived from management reviews, audits, inspections, investigations, command self assessments, and other management information including knowledge gained from daily operations of programs and functions.

3. I have reasonable assurance that management controls are in place and operating effectively, and the objectives of the Federal Managers' Financial Integrity Act were achieved.

4. The point of contact for this matter is my MICP Coordinator, Bruce Goldberg. Mr. Goldberg can be contacted at 410-293-1632, DSN 281-1632, or e-mail goldberg@usna.edu.

J. L. FOWLER

DEPARTMENT OF THE NAVY
UNITED STATES NAVAL ACADEMY
121 BLAKE ROAD
ANNAPOLIS, MARYLAND 21402-5000

5200
28-190
JUN 17 2009

From: Superintendent, United States Naval Academy
To: Chief of Naval Operations

Subj: MANAGERS' INTERNAL CONTROL PROGRAM (MICP) CERTIFICATION STATEMENT

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

1. The United States Naval Academy has evaluated the system of management controls in effect during the 12-month period ending 30 June 2009 by completing 23 internal control assessments. For the 12-month period ending 30 June 2010, USNA plans to complete 25 internal control assessments. The evaluation was performed in accordance with policies contained in references (a) and (b).

2. Information to support the certification statement was derived from management reviews, audits, inspections, investigations, command self assessments, and other management information including knowledge gained from daily operations of programs and functions.

3. I have reasonable assurance that management controls are in place and operating effectively, and the objectives of the Federal Managers' Financial Integrity Act were achieved.

4. The point of contact for this matter is my MICP Coordinator, Bruce Goldberg. Mr. Goldberg can be contacted at 410-293-1632, DSN 281-1632, or e-mail goldberg@usna.edu.

J. L. FOWLER

DEPARTMENT OF THE NAVY
UNITED STATES NAVAL ACADEMY
121 BLAKE ROAD
ANNAPOLIS MARYLAND 21402-1300

5200
28-141
JUN 18 2010

From: Superintendent, United States Naval Academy
To: Chief of Naval Operations

Subj: MANAGERS' INTERNAL CONTROL PROGRAM (MICP) CERTIFICATION STATEMENT

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

Encl: (1) Current Year Internal Control Assessments
(2) Listing of Reportable Conditions and Items to be Revisited
(3) Report of Current Year Items to be Revisited
(4) Report of Current Year Reportable Conditions

1. The United States Naval Academy has evaluated the system of management controls in effect during the 12-month period ending 30 June 2010 by completing 23 internal control assessments. For the 12-month period ending 30 June 2011, USNA plans to complete 25 internal control assessments. The evaluations were performed in accordance with policies contained in references (a) and (b).

2. Information to support the certification statement was derived from management reviews, audits, inspections, investigations, command self assessments, and other management information including knowledge gained from daily operations of programs and functions. An overview of the evaluation and related accomplishments can be found in enclosure (1).

3. I have reasonable assurance that management controls are in place and operating effectively, and the objectives of the Federal Managers' Financial Integrity Act were achieved with the exception of the reportable conditions and items to be revisited summarized in enclosure (2) and detailed in enclosure (3) and (4).

4. The point of contact for this matter is my MICP Coordinator, Bruce Goldberg. Mr. Goldberg can be contacted at 410-293-1632, DSN 281-1632, or e-mail goldberg@usna.edu.

J. L. FOWLER

REPORT OF CURRENT YEAR REPORTABLE CONDITIONS

Description of Issue:
Internal controls over the U.S. Naval Academy Non-Appropriated Fund Instrumentality (NAFI) operation's resources require improvement to ensure compliance with current rules and DoD regulations.

Function/Program:
U.S. Naval Academy NAFI Operations

Source Identifying Weakness:
Internal IG/Command Evaluation reviews and Commander, Navy Installations Command (CNIC) Audit 210-15

Point of Contact:
Mr. Syd Rodenbarger
Director, Naval Academy Business Services Division
(410) 293-2379

Corrective Actions Completed

- Insurance obtained for all funds deposited for MFSD and MWF and pending receipt of sweep account documentation from Bank of America for NABSD
- Transition to DoN Accounting System - NABSD
- Compliance with DoD bad debt collection policy and procedures
- Discontinue purchase of non-food items from Rations-in-Kind
- Inspection of suspected food items by Army veterinary technicians
- Seek assistance in establishing compliant NAF procurement office

Corrective Actions Initiated

- Transition to DoN Accounting System – MFSD and MWF
- Assignment of Asset Numbers
- Revision of Depreciation
- Travel Order documentation (invoice, receipt or signature)
- MFSD inventory checking / re-checking
- Revise procedures to keep "Cater-Ease" up to date
- Develop SOP to govern and control catering contracts
- Track private party/catering contracts
- Develop POA&M for profitability individual activities
- Seek HR technical assistance
- Terminate personal services contracts for tour guides
- Verify CH's transactions match the CH's purchase log and supporting docs
- Maintain 3-yr copies of each account, log, receipts, etc.
- Establish Purchase Card program using DoN NAF GCPC policy / procedures

REPORT OF CURRENT YEAR REPORTABLE CONDITIONS

Description of Issue:
Internal controls for functions and resources administered by the Comptroller USNA are adequate, but adherence to, and enforcement of, some internal controls needs improvement.

Function/Program:
USNA Comptroller functions and control environment

Source Identifying Weakness:
Internal IG/Command Evaluation reviews and Chief of Naval Personnel Review of Management Practices at the United States Naval Academy (April 2010)

Point of Contact:
Mr. Todd A. Hauge
USNA Comptroller
(410) 293-1600

Corrective Actions Taken/Planned:

Fiscal Management Review Working Group has been established to coordinate actions on all recommendations, and review emerging fiscal issues. Group reports directly to Superintendent.

In coordination with BUPERS, financial organization and delegation of authority is being revised to ensure compliance with SECNAV guidance.

Outdated local guidance for Time & Attendance, Property Management, administration of Gift Funds and Reimbursable Funding is being updated to ensure compliance with current laws, regulations and policies.

Request initiated to SECNAV to allow Superintendent USNA to re-delegate gift acceptance authority for gifts less than $12,000

REPORT OF CURRENT YEAR MATERIAL WEAKNESSES, REPORTABLE CONDITIONS, AND ITEMS TO BE REVISITED

Bancroft Hall AT/FP: This program area is to be revisited (IR) based on an internal assessment identifying risk as "high" predominantly due to program inefficiencies and a lack of clear process to administer/operate the program.

Function/Program: Although this program was strengthened this past year with the installation of new security equipment at most access control points, the program requires additional internal controls to be effective.

Source Identifying Weakness: Enclosure (3) of reference (a), "Risk Assessment" form, was used to evaluate the risk associates with this program area.

Point of Contact: LCOL Gary Bloesl, AT/FP Officer, x3-7200.

Corrective Actions Planned: The AT/FP Officer has been tasked to recommend a course of action to strengthen internal controls nlt 09 July 2010.