

# DMNA Regulation Number 11-7

## State Internal Control Program



Division of Military and Naval Affairs  
330 Old Niskayuna Road  
Latham New York 12110-3514

14 June 2022  
UNCLASSIFIED

# *Summary of Revision*

DMNA Regulation Number 11-7, 14 June 2022, State Internal Control Program

This revision supersedes the previous version, dated 28 April 2014.

- Section 1-3, page 1-1 added “State Internal Control Committee” (SICC) section for the addition of the committee in the internal control program.
- Section 3-4, page 3-4 and 3-7 added details on alternate internal control procedures to the Vulnerability Assessment, revised assessment frequency, and removed frequency chart.
- Section 4-2 and 4-3, page 4-1 updated for timing and delivery of internal controls training to new and existing employees consistent with the Governor’s Office of Employee Relations (GOER) requirement.
- Chapter 5, page 5-1 updated to remove the following sections in previous version of this regulation: “New Employee Statement on Internal Control Policy” and “Employee Annual Statement on Selected DMNA Policies.”
- Section 5-3 added details on the administration and record keeping process for the GOER internal control requirement.
- Section 5-5 removed audit related documentation retention details, as audit retention requirements are included in DMNA Regulation 36-2, State Internal Audit.
- Section 6-1, page 6-1 added reference to the Internal Audit Program regulation.
- Appendix A and B added new terms and removed reference to forms no longer needed per the updates to this regulation.
- **Applicability.** This regulation applies to all State employees or programs where State resources are utilized.

STATE OF NEW YORK  
DIVISION OF MILITARY AND NAVAL AFFAIRS  
330 Old Niskayuna Road  
Latham, New York 12110-3514

DMNA Regulation  
Number 11-7

14 June 2022

STATE INTERNAL CONTROL PROGRAM

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This regulation supersedes DMNA Regulation No. 11-7, 28 April 2014.

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## CHAPTER 1

### INTRODUCTION

**1-1. Purpose.** This regulation establishes procedures required by the New York State Government Accountability, Audit, and Internal Control Act of 1987 (Internal Control Act). It is published to guide New York State (State) employees and their supervisors to promote and practice good Internal Control and to provide accountability of their activities.

**1-2. References.**

- a. The New York State Governmental Accountability, Audit and Internal Control Act of 1987.
- b. New York State Executive Law Article 45, §§950 - 954.
- c. Standards for Internal Control in New York State Government, March 2016 published by Thomas P. DiNapoli, State Comptroller.
- d. The New York State Internal Control Act Implementation Guide: Strengthening Compliance With the Act and Standards, September 2006 published by the Internal Control Task Force.
- e. New York State Division of the Budget (DOB) - Budget Policy and Reporting Manual B-350 Governmental Internal Control And Internal Audit Requirements (B-350), 1 March 2011.
- f. Internal Control – Integrated Framework, 2013 by The Committee of Sponsoring Organizations of the Treadway Commission.
- g. DMNA Regulation 36-2, State Internal Audit Procedures.

**1-3. Responsibilities.** Every member of the Division of Military and Naval Affairs (DMNA) has a role and responsibilities in the system of Internal Control. Internal Control is a people-dependent function.

**a. The Adjutant General (TAG).** TAG has ultimate responsibility for establishing and maintaining an effective system of Internal Controls for DMNA. TAG sets DMNA's "tone at the top" regarding Internal Control. The Internal Control Act requires that TAG appoint an Internal Control Officer for DMNA and that individual reports directly to him or her. TAG is responsible for signing an annual certification (pursuant to the DOB B-350) that the entity is in compliance with the six requirements set forth in the Internal Control Act. "Tone At The Top"

memorandum. Annually TAG issues a Tone At The Top memorandum to all State employees.

**b. Internal Control Officer (ICO).** The ICO, (MNAG-IC) assists TAG and DMNA management with the implementation, maintenance and review of DMNA's system of Internal Controls. The ICO shall be familiar with general Internal Control concepts and principles and be able to work with management to apply these principles to DMNA's operations to determine that the system of Internal Controls is functioning and effective. The ICO is responsible for Internal Control awareness, training and education.

**c. State Internal Control Committee (SICC).** The SICC supports the Internal Control Program, as established in this regulation, through advice and proposals over evaluations. Additionally, the committee assumes full oversight responsibility for finalizing the annual list and schedule of Internal Control evaluations and assessments.

**d. Assessable Unit Managers (AUMs).** AUMs include all DMNA directors, New York Army National Guard (NYARNG), New York Air National Guard (NYANG), Naval Militia and New York Guard (NYG) where State resources (personnel, funds or programs) are utilized. The AUMs must be the head of the assessable unit and will apply controls to all administrative, operational, programmatic and financial management functions. Generally, AUMs have primary responsibility for the system of Internal Controls in their area(s) of responsibility. AUMs can delegate responsibility to managers and supervisors to obtain a closer perspective of objectives, risks and control procedures within their areas of responsibility. AUMs are responsible for cooperating with the ICO to ensure the Internal Control processes are carried out.

**e. Managers and Supervisors.** Managers and supervisors may be responsible for executing vulnerability assessments, periodically reviewing and testing the system of Internal Controls, and identifying and implementing corrective actions as assigned by their respective AUM.

**f. Line Staff.** All DMNA employees play an important role in maintaining strong Internal Controls. DMNA line staff is responsible for carrying out their assigned duties in a manner which complies with DMNA's system of Internal Controls.

**1-4. Policy.** The Internal Control Act requires DMNA to promote and practice good Internal Control and to provide accountability for DMNA's activities. DMNA is an agency subject to meet the Internal Control requirements in the B-350 and is required to comply with the Internal Control Act. DMNA is required to submit an annual certification indicating that DMNA is in compliance with the six Internal Control requirements as outlined in Chapter 2, section 2-2.

**1-5. Methodology.** The Internal Control Program's goal of promoting good Internal Controls is effected through reviews and testing performed on a continuous basis. This process is directed by the SICC and monitored in the Management Control Plan (MCP).

## CHAPTER 2

### DMNA'S INTERNAL CONTROL FRAMEWORK

**2-1. Definitions.** See Appendix A, for terms and definitions.

**2-2. Internal Control Act Six Requirements.** The DOB B-350 requires DMNA to perform the following Internal Control responsibilities consistent with the Internal Control Act's requirements:

- a. Establish and maintain guidelines for a system of Internal Controls for DMNA.
- b. Establish and maintain a system of Internal Controls and a program of Internal Control review for DMNA.
- c. Make available to each Officer, Director, and employee of DMNA a clear and concise statement of the generally applicable management policies and standards with which all employees shall be expected to comply.
- d. Designate an Internal Control Officer, who shall report to TAG to implement and review the Internal Control Act responsibilities.
- e. Implement education and training efforts to ensure that employees within DMNA have achieved adequate awareness and understanding of Internal Control standards and, as appropriate, evaluation techniques.
- f. Periodically evaluate the need for an internal audit function. If an internal audit function exists, it shall be maintained in compliance with generally accepted professional auditing standards.

**2-3. Four Purposes of Internal Control.** While the overall purpose of Internal Control is to help an organization achieve its mission, Internal Control also helps DMNA to:

- a. Promote orderly, economical, efficient and effective operations, and produce quality products and services consistent with DMNA's mission.
- b. Safeguard resources against loss due to waste, abuse, mismanagement, errors and fraud.

- c. Promote adherence to laws, rules, regulations, contracts and management directives.
- d. Develop and maintain reliable financial and management data to accurately present that data in timely reports.

**2-4. Five Components of Internal Control.**

a. The fundamental principles of Internal Control are rooted in well established organizational techniques and practices.

b. These techniques and practices can best be understood as Internal Control if they are placed in the following basic components of Internal Control:

**(1) Control Environment.** Control environment is the attitude toward Internal Control and control consciousness established and maintained by the management and employees of DMNA. A positive control environment is created by management and is maintained by the employees of DMNA. The control environment encompasses governance, ethical values and integrity, management operating style and philosophy, competence, morale, supportive attitude, mission and structure.

**(2) Communication.** Communication is the exchange of useful information between and among people and organizations to support decisions and coordinate activities. Information should be communicated to management and other employees who need it in a form and within a time frame that helps them carry out their responsibilities.

**(3) Assessing and Managing Risk.** Risk should be assessed and managed through a DMNA-wide effort to identify, evaluate and monitor those events that threaten the accomplishment of DMNA's mission.

**(4) Control Activities.** Control activities are tools – both manual and automated – that help identify, prevent or reduce the risks that can impede accomplishment of the organization's objectives. Management should establish control activities that are effective and efficient. See Section 3-4 b. (3) for additional guidance on control activities.

**(5) Monitoring.** Monitoring is the review of DMNA's activities and transactions to assess the quality of performance over time and to determine whether controls are operating as designed. Management should focus monitoring efforts on Internal Control and achievement of the organization's mission.



## CHAPTER 3

### THE INTERNAL CONTROL REVIEW PROCESS

**3-1. Overview of the Internal Control Review Process.** The Internal Control process is people-dependent. It is developed by people; it guides people; it provides people with a means of accountability; and people carry it out. The strength of the system of Internal Control is dependent on people's attitude toward Internal Control and their attention to it. Internal Controls mitigate DMNA's inherent risks.

**3-2. Assessment of DMNA's Internal Control Program.** The process begins in the following order and is further explained in subsequent paragraphs.

**a. Function Identification.** The Assessable Unit Manager annually reviews the functions within his/her program areas. The function identification process is further explained in section 3-3.

**b. Internal Control Evaluations and Vulnerability Assessments.** Annually, a determination is made on which functions are subject to an Internal Control evaluation or vulnerability assessment. The Internal Control evaluation and vulnerability assessment process is further described in section 3-4.

**c. Corrective Actions.** If an Internal Control evaluation or vulnerability assessment of a function indicates that improvements to the Internal Control environment are needed, a corrective action plan will be established. The corrective action plan shall assign responsibility, establish timeframes for implementing improvements and report on progress toward these improvements. See section 3-5 for additional information on Corrective Actions.

**d. Internal Control Review and Testing by ICO.** The ICO is responsible for verifying testing of Internal Controls. See section 3-6 for additional information on ICO Internal Control Review and Testing.

**3-3. Function Identification.** AUMs identify all major functions within their assessable unit. An assessable unit's major functions and responsible individuals are identified on the **Function Identification Form, DMNA Form 11-1**. A copy of the DMNA Form 11-1 will be forwarded to the ICO.

**3-4. Function Review.** The list of major functions identified on the **Function Identification Form, DMNA Form 11-1** across the Assessable Units will be documented in the Management Control Plan (MCP) and reviewed to determine which functions require a vulnerability assessment for the fiscal year and which functions will be subject to an Internal Control evaluation. The ICO will monitor the status of assessments and evaluations through the MCP and coordinate with the AUMs to ensure the scheduled evaluations and assessments are completed.

**a. Internal Control Evaluation.** For functions subject to an Internal Control evaluation, an Internal Controls matrix will be forwarded to the ICO, and a review of reported components relevant to the structure and goal of the controls will be completed by the ICO, including, but not limited to reviewing the control design, applicable policy or standard operating procedure, and control metrics. The ICO will use information gained from this review to identify opportunities for improvements and communicate conclusions to the AUM and SICC.

**b. Vulnerability Assessment.** For functions that will require a vulnerability assessment, this will be completed on the **Internal Control Vulnerability Assessment, DMNA Form 11-2**. All AUMs are to review and approve the vulnerability assessments. A copy of the DMNA Form 11-2 will be forwarded to MNAG-IC. The Vulnerability Assessment is broken down into five sections and are outlined below.

**(1) Section I.** Function back ground information includes:

**(a) Function Description.** Brief description of the series of activities and primary operating responsibilities of the function.

**(b) Function Objectives.** Indicate the desired outcome of the function to the mission of the agency, directorate or unit. State what the function is designed to achieve or avoid.

**(c) Goals.** For each function objective, indicate its specific and measurable goal. Goals are generally quantifiable and it provides a means for assessing the accomplishment of the functions' objectives.

**(2) Major Internal Control Activities.** List the major Internal Controls of the function:

**(a)** Control activities help identify, prevent or reduce the risks that can hinder the accomplishment of DMNA's mission.

**(b)** Control activities can be either manual or automated. The costs of the control should not outweigh the benefits derived from the control.

(3) **Control activities** are grouped into two categories:

(a) **Prevention controls.** Preventive controls prohibit or stop unwanted actions from happening.

(b) **Detection controls.** Detective controls identify unwanted actions that occurred.

(c) Common types of **control activities** and brief descriptions:

(1) **Documentation.** Preserves evidence to substantiate a decision, event, transaction or system.

(2) **Approval or Authorization.** Approval is the confirmation or sanction of employee decisions, events or transactions based on a review. Authorization is the power management grants employees to carry out certain duties, based on approval received from supervisors.

(3) **Verification.** Verification is the determination of the completeness, accuracy, authenticity and/or validity of transactions, events or information. It is a control activity that enables management to ensure activities are being done in accordance with directives, rules, regulations, laws, etc.

(4) **Supervision.** Supervision is the ongoing oversight, management and guidance of an activity by designated employees to help ensure the results of the activity achieve the established objectives.

(5) **Separation of Duties.** Separation of duties is the division of key tasks and responsibilities among various employees and sub-units of an organization. Separating employees' key tasks and responsibilities minimizes the risk of error, waste or wrongful acts.

(6) **Safeguarding Assets.** The safeguarding of assets involves restricting access to resources and information to help reduce the risk of unauthorized use or loss. Equipment, information, documents and other resources that could be wrongfully used, damaged or stolen should be safeguarded.

(7) **Reporting.** Reporting is a means of conveying information and is a control when it provides that information on issues such as timely achievement of goals, budget status and employee concerns.

**(4) Guidance and Publications of the function.** Document the policies and procedures used to execute the function:

**(a) Section II.** Document the response to the survey questions based on the individuals' awareness of fraud, waste, abuse, mismanagement or non-compliance within the functional area.

**(b) Section III. Risk Assessment.** Risks within each major function should be assessed and managed by DMNA managers and supervisors in order to identify, evaluate and monitor the potential events that threaten the accomplishment of DMNA's mission. The risk level rating is used to evaluate the likelihood that something could go wrong and the seriousness (impact) of those consequences. The risks will be assessed by each major risk within the function and the overall risk of the function.

**(5) Major Risks.** Identify the major risks within the function and the corresponding potential negative consequences of those risks. The likelihood/probability and impact for each risk is identified and assessed under the following two circumstances:

- (a)** If the controls fail or are not in place and,
- (b)** if the Internal Controls are in place.

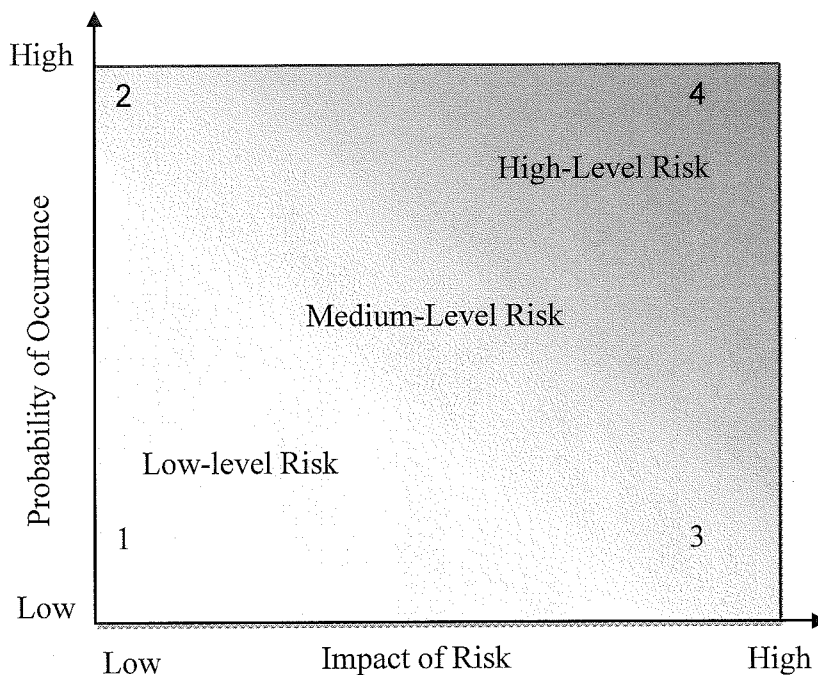
**(6) Impact of Risk** is the effect an unfavorable event would have on DMNA if the event were to occur. This effect could be some type of harm or an opportunity that would be lost.

**(7) Probability of Occurrence** is the likelihood that an unfavorable even would occur with consideration if Internal Controls are in place.

**(8) Overall Risk Level.** Based on the risk level identified above, select and overall risk level for the entire function. Select the risk level for the following two scenarios:

- (a)** Failed Controls
- (b)** Controls are in Place

**(9) Frequency of Vulnerability Assessments.** The frequency of vulnerability assessment depends on the overall level of risk associated with the function. Each major function will have an assigned risk level. As a general rule, major functions that have a high risk level will be completed annually, and functions with moderate or low risk levels will be considered on a rolling basis by the ICO and/or the SICC to determine the need for a vulnerability assessment. It is noted that functions that are not identified to undergo a vulnerability assessment are not excluded from consideration of other Internal Control procedures, such as an Internal Control evaluation.



**(10) Section IV. Testing Internal Controls. The purpose of testing of Internal Controls:**

- (a) Measures actual performance of procedures against expectations.
- (b) Asserts to organization that the controls are operational.
- (c) Verifies the strength and effectiveness of the control assessed.
- (d) It may provide unexpected results.

(11) Testing of Internal Controls can be accomplished through any of the following methods:

(a) **Document analysis or random sampling:** Review documentation of the transactions by using files, logs, source documentation, etc. to established Internal Controlsto determine if the control is operating effectively.

(b) **Walkthrough:** A transaction with staff to learn the detailed process that is done to complete the task and compare it to the established controls and procedures. A walk through includes an interview with staff, documenting the details of the followed process and stating the results if the controls operating effectively;

(c) **Observation.** Watch the controls and procedures being performed by staff with or without their knowledge.

(12) **Section V. Continuous Improvement.** Explain what steps have been taken since the last review that enhanced the Internal Controls within the functional area. Describe what changes took place that made the function more efficient or effective.

**3-5. Corrective Action.** A plan of corrective action shall assign responsibility, establish time frames for implementing improvements and report on progress toward these improvements. A corrective action plan requires the analysis of potential causes, and identification of any corrective actions to strengthen the control and rectify the problem(s). Identified control weaknesses from reviews and testing that warrant corrective action will be documented on **Corrective Action Plan, DMNA Form 11-4**. Under certain circumstances, an alternate Corrective Action Plan can be developed and used with coordination of the ICO.

a. **AUM Responsibilities.** AUMs approve the Corrective Action Plan to assure that recommended actions are cost effective. Corrective actions are to be documented on Corrective Action Plan, DMNA Form 11-4. If applicable, a periodic update will be provided to the ICO.

b. **ICO Responsibilities.** The ICO will log, track and update the status of the corrective action. The ICO will work with the AUM to develop, implement and update the status of all corrective action plans. The ICO will close out a corrective action subsequent to the verification that corrective action has taken place.

**3-6. Reviews and Testing Controls by ICO.** The purpose of review and testing of Internal Controls by the ICO is to verify that controls are working as expected or as assessed.

a. The ICO documents Internal Control reviews and testing on **DMNA Form 11-3, Internal Control Review - Testing Record**.

**b. Reviews.** One of the most important components of DMNA's Internal Control program is the process used to identify and evaluate the risks and Internal Controls associated with each function in every assessable unit. Evaluate controls so that excessive controls can be eliminated and weak controls can be improved.

**c. Testing.** The testing process is the same as provided above in section 3-4 b. (10).

**d. Weaknesses.** Any weaknesses identified by the ICO will result in a Corrective Action Plan. See section 3-5 above.

**e. Frequency of Reviews and Testing.** Internal Control reviews and testing are done on a continuous basis. The ICO will perform, on a haphazard basis, additional reviews, spot checks or re-perform AUM reviews and testing. This process provides assurance that reviews and testing were completed as indicated.

**3-7. Alternate Vulnerability Assessments.** In order to promote efficiencies and eliminate redundancies, alternative vulnerability assessments will be accepted. Those include the Master Cooperative Agreement (MCA) Appendix Checklists and the Federal Internal Control Form DA Form 11-2 (DMNA Pam 11-2).

**a. Master Cooperative Agreement Appendix Checklists.** For programs that are federally reimbursed by a Master Cooperative Agreement, a checklist is completed by each program manager for each appendix. The effort for completing the checklists will be coordinated with the United States Property and Fiscal Office (USP&FO) Grant Officer Representative. The guideline for completing the checklist is outlined in NGR 5-1 National Guard Grants and Cooperative Agreements.

**b. Federal Internal Control Forms.** For programs that are blended with Federal and State processes, a substitute Federal Internal Control form can be submitted.

**3-8. Management Control Plan (MCP).** The MCP will be updated, as necessary, based on the assigned risk level and results from the Function Identification DMNA Form 11-1, Internal Control Vulnerability Assessment DMNA Form 11-2 and **Internal Control Review – Testing Record, DMNA Form 11-3.** The ICO is responsible for maintaining and updating the MCP.

## CHAPTER 4

### TRAINING AND EDUCATION

#### 4-1. Requirements of Training and Education.

a. As one of the six reporting requirements, DMNA is required to “Implement education and training efforts to ensure that officers and employees have achieved adequate awareness and understanding of Internal Control standards and, as appropriate, evaluation techniques.”

b. The ICO is responsible for creating, providing instruction and dissemination of training material as needed. The State Human Resources Office (MNHS) will work closely with the ICO to administer Internal Control training to employees of DMNA. The AUMs will work with the ICO and MNHS together to ensure all employees receive proper training and education on Internal Controls.

**4-2. Training Frequency.** A web-based training course titled “Internal Control” is required annually for NYS employees in Executive Branch Agencies in accordance with the Governor’s Office of Employee Relations (GOER). Employees will also have access to additional training on an as needed basis that is consistent with their level to address specific needs and maximize the benefits of Internal Control training. The additional training may be at the direction of the SICC or TAG and/or requested by the employee or their supervisor. The various methods of training are outlined in section 4-4.

**4-3. Newly Hired Employees.** Regardless of title or grade level, the employee will be required to complete the GOER mandated Internal Control training referenced in section 4-2 within the first six months of employment at DMNA. Thereafter, the employee will have access to Internal Control training on an as needed basis.

**4-4. Methods of Training.** To supplement the GOER’s mandatory annual “Internal Controls” course, additional training can be conducted, but not limited to, via one or more of the following means:

- a. Instruction based setting,
- b. Computer based training,
- c. Memoranda,
- d. Brochures,



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- e. Pamphlets,
- f. Newsletters,
- g. Meetings,
- h. Broadcast E-mails, and
- i. PowerPoint presentations, etc.

## CHAPTER 5

### ADMINISTRATIVE REQUIREMENTS

**5-1. Annual Certification and Reporting.** On or before 30 April annually, TAG is required to submit an Internal Control Certification to DOB. The certification indicates the agency's compliance with the six requirements of the Internal Control Act.

**5-2. Briefing on Certification and Reporting.** Prior to the submission of the certification, the ICO will provide a briefing to TAG on the Internal Control Certification.

**5-3. Employee Mandated Internal Control Training Administration and Record.**

a. MNHS will administer the GOER required Internal Controls training through the State Learning Management System (SLMS) and,

b. MNHS will maintain a record of the required Internal Controls training completion for all employees.

**5-4. Documentation Retention.** Minimum mandate for retention of documentation is directed by State Archives and Records Administration (SARA) under the State Education Department. The minimum requirements are included and can be found in SARA's General Retention and Disposition Schedule for New York State Government Records - Part 4, Chapter Internal Controls.

**a. ICO Responsibilities:**

**(1) Internal Control Program Subject Files.** Destroy when obsolete or superseded. Subject Files include reference files used to support the development and administration of DMNA Internal Control programs, including reports, plans, articles, policies and procedures, and related material.

**(2) Internal Controls Policies and Directives.** Destroy 3 years after the policy or directive is withdrawn, revised or superseded. Policies and directives can include regulations, memoranda, bulletins, manuals, etc. that explain DMNA Internal Control policies.

**(3) Management Control Plan.** Destroy 5 years after completion of the 5-year cycle of the Management Control Plan.

**b. AUMs Responsibilities:**

**(1) Function Identification Forms.** Destroy 3 years after completion of identification on DMNA Form 11-1.

**(2) Vulnerability Assessment Forms.** Destroy 3 years after completion of assessment on DMNA Form 11-2.

**(3) Corrective Action Files.** Destroy 3 years after issues have been settled. Corrective Action Files include DMNA Form 11-4, reports, memoranda, and other records documenting responses by assessable units to vulnerability assessments and, reviews and testing.

## CHAPTER 6

### INDEPENDENCE FROM INTERNAL AUDIT

#### 6-1. Independence from Internal Audit.

a. The Internal Control Act requires that TAG designate an ICO who is responsible for both implementing and reviewing the organization's Internal Control efforts.

b. While the Internal Control Act does not preclude the ICO from Internal Audit duties, the New York State's Internal Control Standards expresses the viewpoint that, "in most instances, the internal auditor cannot properly perform the role of Internal Control officer." This is because the organization's internal auditor must be independent of the activities that are audited, including the Internal Control function. Refer to DMNA Regulation 36-2, State Internal Audit Procedures for details on DMNA's Internal Audit Program.

c. The Internal Control and internal audit functions reinforce one another when:

- (1) The internal auditor uses Internal Control reports when planning audits;
- (2) The auditor consistently evaluates and reports on compliance with Internal Control requirements in audit reports, as part of the auditor's assessment of Internal Controls;
- (3) The ICO reviews internal audit reports on a regular basis to ensure that DMNA managers incorporate significant risks, findings and recommendations identified in the report into the Internal Control system; and,
- (4) Follow-up audits address whether significant risks, findings and recommendations of the audit have been addressed and incorporated into the agency's Internal Control system.

## APPENDIX A

### GLOSSARY FOR TERMS AND DEFINITIONS

**A-1. Assessable Unit.** A unit that will provide an organizational structure for the program, assignment of responsibilities and meaningful review of major functions. Assessable units are generally identified based on their distinct organizational status and functions. All major DMNA components, where State resources are utilized, should be included in the identification of assessable units.

**A-2. Corrective Action Plan.** To correct Internal Control weaknesses identified through the vulnerability assessment or Internal Control review and/or testing process.

**A-3. Inherent Risk.** The potential for waste, loss, abuse, and/or mismanagement due to the nature of the function or the nature and type of resources associated with the function, without regard to controls.

**A-4. Internal Control.** Internal Control is the integration of the activities, plans, attitudes, policies, systems, resources and efforts of the people of DMNA working together to provide reasonable assurance that DMNA will achieve its objectives and mission. This definition establishes that Internal Control:

- affects every aspect of DMNA: all of its people, processes and infrastructure;
- is a basic element that permeates through DMNA, not a feature that is added on;
- incorporates the qualities of good management;
- is dependent upon people and will succeed or fail depending on the attention people give to it;
- is effective when all of the people and the surrounding environment work together;
- provides a level of comfort regarding the likelihood of achieving DMNA objectives; and helps DMNA achieve its mission.

**A-6. Internal Control Review and Testing.** Verification that controls are working as expected or as assessed.

**A-7. Major Functions.** A major function is a set of activities that carry out the primary responsibility of a unit and allow for meaningful Internal Control vulnerability assessments, reviews and testing. Major functions generally involve one or more of the following:

- (1) activities that consume large amounts of time;
- (2) involve a large number of staff;
- (3) result in major work products;
- (4) address major organizational initiatives;
- (5) carry out significant objectives and goals of a unit; or
- (6) are new or undergoing major changes.

Generally, major functions should not include activities for too small a process or at too low a level. Activities that form part of a series of related activities in a unit may be considered together as one major function. However, a function should not be identified so broadly that a meaningful review is not possible. There is no minimum or maximum number of major functions of an assessable unit.

**A-8. Management Control Plan (MCP).** A written plan that details all assessable units and major functions that are scheduled for Internal Control evaluation and/or a vulnerability assessment for current year.

**A-9. Vulnerability Assessment (Risk Assessment).** A vulnerability assessment is a general review of the susceptibility of a function to errors, irregularities, unauthorized use, or inappropriate program results.

**A-10. Internal Control Evaluation.** A targeted review of Internal Controls for a functional area intended to provide information on the appropriateness of key controls by evaluating attributes such as the underlying policies and procedures, control frequency, monitoring activities, and control metrics.

**A-11. Internal Control Matrix.** The control matrix is a document that identifies key Internal Controls for a major function and specific descriptions and category attributes related to each control.

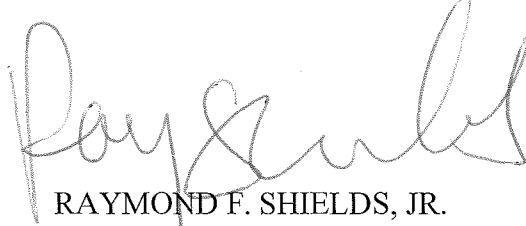
**APPENDIX B**  
**FORMS/LETTERS**

DMNA "R" Forms/Letters, can be reproduced locally. The forms can be found in the DMNA Electronic Library at:  
[New York State DMNA State Resources - Internal Control Documents \(ny.gov\)](#)

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<b>FORM NUMBER</b>	<b>TITLE</b>	
DMNA Form 11-1 15 Aug 08	DMNA Function Identification Form	8 1/2 x 11 inch cut sheet
DMNA Form 11-2 23 Jul 13	DMNA Internal Control Vulnerability Assessment Form	8 1/2 x 11 inch cut sheet
DMNA Form 11-3 15 Aug 08	DMNA Internal Control Review - Testing Record	8 1/2 x 11 inch cut sheet
DMNA Form 11-4 15 Aug 08	DMNA Corrective Action Plan	8 1/2 x 11 inch cut sheet

The proponent of this regulation is the Office of The Adjutant General. Users are invited to send comments and suggested improvements and changes on DA Form 2028 (Recommended Changes to Publications and Blank Forms) directly to The Adjutant General, ATTN: MNAG-IC, 330 Old Niskayuna Road, Latham, New York 12110-3514.



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