

DMNA Regulation Number 11-7

State Internal Control Program



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

28 April 2014
UNCLASSIFIED

Summary of Revision

DMNA Regulation Number 11-7, 28 April 2014, State Internal Control Program

This is a revised regulation.

- **Summary.** This regulation supersedes the previous version, dated 30 March 2012, State Internal Control Program. It is published to add requirements for all New York State (State) employees to acknowledge their understanding of certain DMNA policies on an annual basis. Additionally, it is published to become uniform with a change in Internal Control forms.
- Chapter 3, paragraph 3-4 i, page 3-5 updated to become uniform with updated Vulnerability Assessment document, DMNA Form 11-2.
- Section 5-4 is added: (Employee Annual Statement on Selected DMNA Policies).
- **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**

28 April 2014

STATE INTERNAL CONTROL PROGRAM

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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, October 2007 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, 1992 by The Committee of Sponsoring Organizations of the Treadway Commission.
- g. DMNA Reg 36-2, State Internal Audit Procedures.

1-3. Responsibilities. Every member of 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 Control 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, DMNA management, with the implementation, maintenance and review of DMNA's system of Internal Control. 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. Assessable Unit Managers (AUMs). AUMs include all DMNA directors and major commands of the 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.

d. 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.

e. 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, paragraph 2-2.

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 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 Chapter 3, Section 3-4(a)(4) 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 paragraph 3-3.

b. Vulnerability Assessments. Assessment of each function identified within the program area of the AUM. The vulnerability assessment process is further described below in paragraph 3-4.

c. Corrective Actions. A plan of corrective action shall assign responsibility, establish timeframes for implementing improvements and report on progress toward these improvements. See paragraph 3-5 below 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 paragraph 3-6 below 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 MNAG-IC.

3-4. Vulnerability Assessment. For each major function identified on the Function Identification Form, DMNA Form 11-1, a vulnerability assessment 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 ICO will monitor the status of vulnerability assessments through the Management Control Plan (MCP) and coordinate with the AUMs to ensure scheduled vulnerability assessments are completed.

The Vulnerability Assessment is broken down into five sections and are outlined below.

<Note> Accepted substitute forms for DMNA 11-2 Vulnerability Assessment Form are Master Cooperative Agreement Appendix Checklists and Federal Internal Control Evaluation Certification, DA Form 11-2. See section 3-7 for more information.

a. Section I. Function back ground information includes:

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

(2) **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.

(3) **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.

b. Major Internal Control Activities. List the major Internal Controls of the function:

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

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

c. Control activities are grouped into two categories:

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

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

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

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

(b) **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.

(c) **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.

(d) **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.

(e) **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.

(f) **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.

(g) **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.

d. Guidance and Publications of the function. Document the policies and procedures used to execute the function:

(1) **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.

(2) **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.

e. 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:

(1) If the controls fail or are not in place and,

(2) if the Internal Controls are in place.

f. 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.

g. Probability of Occurrence is the likelihood that an unfavorable event would occur with consideration if Internal Controls are in place.

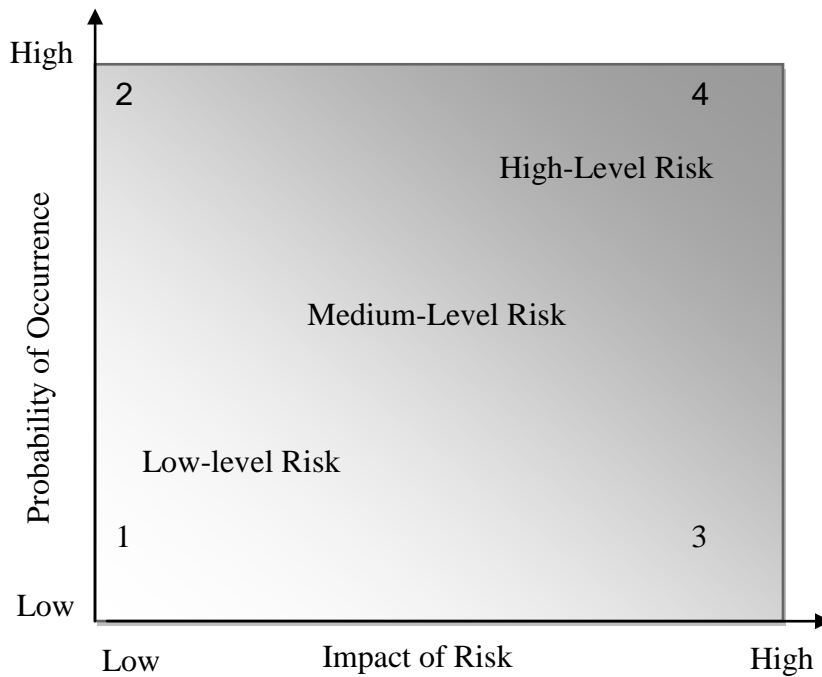
h. Overall Risk Level. Based on the risk level identified above, select an overall risk level for the entire function. Select the risk level for the following two scenarios:

(1) Failed Controls

(2) Controls are in Place

i. 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:

Frequency	
High	Annual
Moderate	Biennial
Low	Triennial



j. Section IV. Testing Internal Controls. The purpose of testing of Internal Controls:

- (1) Measures actual performance of procedures against expectations.
- (2) Asserts to organization that the controls are operational.
- (3) Verifies the strength and effectiveness of the control assessed .
- (4) It may provide unexpected results.

k. Testing of Internal Controls can be accomplished through any of the following methods:

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

(2) 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;

(3) Observation. Watch to control and procedures being performed by staff with or without their knowledge.

l. 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 in a corrective action will be documented on **DMNA Form 11-4, Corrective Action Plan**. 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 paragraph 3-4(d).

d. Weaknesses. Any weaknesses identified by the ICO will result in a Corrective Action Plan. See paragraph 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 Form (DA Form 11-2) (DMNA Pam 11-2). For programs that are blended with Federal and State processes, a substitute Federal Internal Control form can be submitted.

3-8. Management Control Plan. 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. 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 Levels and Frequency. Employees are categorized into a level of training in order to address the specific needs and maximize the benefits of Internal Control training. Formal Internal Control training by web-based or classroom training will be required every two years.

a. **Level 1: Line Staff:** This level targets DMNA staff whose job responsibilities are clearly defined according to established procedures. Generally speaking, staff at this level does not have specific supervisory responsibilities, and are not responsible for establishing policy.

b. **Level 2: Managers and Supervisors:** This level includes those managers who are responsible for setting expectations of employees consistent with agency-established standards. Further, these managers are responsible for evaluating staff performance to ensure accountability. Managers may be responsible for establishing policy within their operational area. Within this level, participants should be identified in terms of the function(s) they perform rather than the title or grade level they hold. Some managers are responsible for providing organizational leadership and defining DMNA’s vision, and in some cases setting DMNA-wide policy.

4-3. Newly Hired Employees. Regardless of title or grade level, the employee will sign the Employees’ Statement on Internal Control (DMNA Form Letter-11) indicating that they are aware of DMNA’s Internal Control program. The newly hired employee will be assigned to a training level and will receive training based on that level within six months of being hired.

4-4. Objectives of Training. Learning objectives or key concepts are specific to each target level.

a. Level 1: Line Staff: The objective at this level is to provide education and awareness of the basic fundamentals of why Internal Controls are important and how they serve as an effective means to control risks. Each line staff employee must understand that it is their responsibility to seek ways to identify and eliminate wasteful controls that impede performance and to strengthen those controls designed to provide accountability and to preserve assets and scarce resources.

b. Level 2: Middle Managers: This level is charged with responsibilities that rely on Internal Control in order to perform their job effectively. Training will put emphasis on the understanding of: hard and soft controls; evaluating staff development needs; recommending procedural improvements; ethics in public administration; and a heightened sensitivity to questionable dealings.

4-5. Methods of Training. 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,
- 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 (Section 2-2) 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. New Employee Statement on Internal Control Policy.

a. MNHS will maintain the original copy of the signed statement in the Personnel History file (see DMNA Form Letter-11) and,

b. MNHS will provide a copy to the employee for their records.

5-4. Employee Annual Statement on selected DMNA Policies.

a. On an annual basis, all New York State DMNA Employees will be required to complete DMNA Form 600-11, Policy Review Acknowledgement, which documents the employee's understanding of selected DMNA Policies.

b. MNHS will provide copies of (DMNA Form 600-11) Policy Review Acknowledgement, on an annual basis. MNHS will also collect and maintain the electronic copies until the form is collected for the following year (will be sent to employees in April and returned by May annually). New employees will be required to complete DMNA Form 600-11, within 30 days date of hire.

5-5. 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) **Internal Control Audit Work Papers.** Destroy 1 year after completion of an audit report. Audit Work Papers are described as plans, analyses, research materials, draft reports, background materials and related records used to plan and prepare Internal Control audit reports.

(4) **Internal Control Audit Reports.** Destroy 3 years after completion of the next Internal Control audit report for the concerned program area. Audit reports are described as reports documenting the findings of Internal Control audits of DMNA program areas and recommendations for improvements.

(5) **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.

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 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 a vulnerability assessment over a five year scope.

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.

APPENDIX B**FORMS/LETTERS**

DMNA "R" Forms/Letters, can be reproduced locally. The forms can be found in the DMNA Electronic Library at: <http://ngnya0-shpt-00/SitePages/elibrary.aspx>

FORM NUMBER	TITLE	
DMNA Form Letter-11 8 Mar 11	DMNA Employee's Statement on Internal Controls	8 1/2 x 11 inch cut sheet
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
DMNA Form 600-11 19 Mar 14	DMNA Policy Review Acknowledgement	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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