



U.S. DEPARTMENT OF TRANSPORTATION  
FEDERAL AVIATION ADMINISTRATION  
Aerospace Medicine Policy

**ORDER  
AM 1800.51B**

Effective Date:  
06-17-2008

**SUBJ: Internal Controls Program**

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- 1. Purpose of This Order.** This order provides guidelines for auditing internal controls, reporting results, tracking implementation of adopted recommendations, and analyzing results.
- 2. Audience.** This order is distributed to all divisions, branches, and Medical Field Offices in the Office of Aerospace Medicine (AAM).
- 3. Where Can I Find This Order.** You can find this order on the MyFAA Employee website: [https://employees.faa.gov/tools\\_resources/orders\\_notices/](https://employees.faa.gov/tools_resources/orders_notices/).
- 4. What this Order Cancels.** Order 1800.51A, Office of Aviation Medicine Evaluation System, April 10, 1992 is canceled.
- 5. Objectives.** Internal control audits are intended to apprise management of compliance with Departmental, FAA, Aviation Safety (AVS), and AAM administrative policies and guidance and to correct deficiencies. In addition, AAM will comply with the Federal Managers Financial Integrity Act (FMFIA), and Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Internal Control*. The evaluation of AAM's internal controls are designed to:
  - a. Apprise management of performance and provide data for decision-making.
  - b. Ensure that internal controls are administered in accordance with all applicable laws, rules, regulations, policies and directives.
  - c. Promote increased efficiency and effectiveness in the management and administration of the AAM programs.
  - d. Implement a system to identify, track, and describe any follow-up activities for any corrective actions or material weaknesses uncovered in audits
- 6. Description of Evaluation System.** The criteria used in the audit will be: applicable laws, policies, standards and guidance. Areas audited may include but are not limited to the following:
  - a. Contracts
  - b. Small purchase
  - c. Purchase cards

- d. Travel credit cards
- e. Travel authorizations and vouchers
- f. Use of GovTrip
- g. Time and attendance
- h. Labor distribution reporting
- i. Delegation of authority
- j. Awards
- k. Training
- l. Inventory control
- m. Use of BOSS, PC&B model, and Delphi

**7. Responsibilities.** Assignment of responsibilities includes:

- a. Program Management Division (AAM-100) Program Manager.
  - (1) Plans, coordinates, and administers internal control audits.
  - (2) Assures that AAM internal controls are in agreement with the overall agency internal controls management.
  - (3) Prepares the Annual Evaluation Plan and the Annual Accomplishment Report for AAM.
- b. Finance, Planning, and Quality Management Branch (AAM-130) Manager.
  - (1) Audits AAM's internal controls in Headquarters and in the field to determine compliance with AVS and national requirements.
  - (2) Determines the adequacy of national AAM internal controls policies and procedures.
  - (3) Provides advice and assistance to other AAM elements relative to audit matters.
  - (4) Recommends and tracks implementation of corrective actions.
  - (5) Maintains database of systemic issues/concerns.
  - (6) Assists in preventative actions of potential internal control shortcomings.

**8. Audit Program.** The following provides details as to how the audits will be planned and conducted.

a. AAM employees, who have successfully passed the three day ISO audit course or have documented academic, training, or work experience with auditing, will perform the audits. The audit team will consist of at least one employee from headquarters and one employee from the region or CAMI.

b. AAM-100 will determine the audit schedule by the end of the 4<sup>th</sup> quarter of the prior fiscal year. All divisions shall be audited at least once every three years and at least five divisions shall be audited every year. The AAM -100 Division Manager shall decide which divisions will be audited every fiscal year. The division audited will receive a minimum of forty-five calendar days advance notice. The audit notification will include a checklist that will contain the criteria that may be used by the audit team conducting the audit. The references and questions contained in the checklist will be updated as policies change and will be reviewed on an annual basis for accuracy. The auditor conducting the audit shall schedule the exact date(s) with the Division Manager providing reasonable accommodations.

c. The auditor should review any prior audits and findings of the division to be audited. The auditor should be familiar with the internal controls for the system and activities that will be audited. Prior to the audit, an opening meeting shall be conducted between the auditor and those being audited. In the opening meeting the auditor will review which internal controls will be audited as well as field any questions or concerns that those to be audited may have. The auditor should perform the audit using appropriate tools and techniques such as conducting interviews, reviewing process documents, taking samples, tracing, and examining records while maintaining the utmost professionalism. If a finding is discovered the auditor shall confirm with the audited that the finding is legitimate. A finding is defined as any deficiency requiring a corrective action. If an audit lasts more than one day, the auditor should give a briefing at the end of each day to the Division Manager. At the end of the audit, the auditor shall conduct a closing meeting with the Division Manager and inform him/her of any and all findings both positive and negative.

d. Once the audit has been conducted, the auditor has 30 days to complete and submit the audit report to the AAM-100 Division Manager and the Division Manager of the audited division. The audit report shall contain any items that require a corrective action and should contain items noted during the audit that the auditor feels is a positive finding. A positive finding is considered to be a favorable reflection of the audited office. A corrective action is any item that must be addressed in order for the division being audited to be in complete compliance with the internal controls policies. A corrective action that the AAM-100 Division Manager determines to be significant enough to be reported outside the agency (i.e. included in the annual FMFIA report to the President and the Congress) shall be considered a material weakness. Any material weaknesses or corrective actions shall be addressed and corrected by the appropriate Division Manager within 60 days unless the AAM-100 Division Manager extends the deadline, and will be tracked in a newly created database. The AAM-100 Division Manager will also have final adjudication as to whether the corrective actions or material weaknesses were properly resolved.

e. A database will be created that shall contain a synopsis of data from the audit reports. A second database shall track corrective actions and material weaknesses. The database containing information on the corrective actions and material weaknesses shall contain information as to when resolution is due, when items were resolved, the Division Manager responsible for resolution, a synopsis of the items in question, and what action was taken to resolve the issue. The AAM-100 Division Manager shall inform Division Managers of any outstanding resolutions.

f. AAM-100 will review the database containing corrective actions and material weaknesses for systemic trends on an annual basis. If a finding is reported, it is the responsibility of the AAM-100 Division Manager to report it and ensure that it is properly addressed. The AAM-100 Division Manager is responsible for preparing the Annual Audit Plan and the Annual Accomplishment Report for AAM. These reports will contain information as to what divisions were audited, corrective actions and material weaknesses if found and the disposition thereof, positive accomplishments, and future audit plans.

g. AAM-100 will brief AAM-1/2 on the audit findings on a quarterly basis as long as an audit has been conducted in that particular quarter. If the AAM-100 Division Manager decides that the findings are severe enough, the Division Manager may choose to brief AAM-1/2 prior to release of the audit report so appropriate action may be expedited. The quarterly brief to AAM-1/2 should be a brief synopsis of the conducted audits highlighting areas of concern as well as areas that may have improved or were exceptional.

**9. Distribution.** This order is distributed to the division level in the Office of Aerospace Medicine; Regions and Medical Field Offices; and the Civil Aerospace Medical Institute.

**10. Background.** Program Audits are conducted through the AVS Quality Management System (QMS) which uses the ISO 9001:2000 Standard as the foundation. This order applies to administrative systems and other activities that are not covered by the AVS QMS.



Frederick E. Tilton, M.D.  
Federal Air Surgeon