



DEPARTMENT OF THE NAVY
COMMANDER, NAVY INSTALLATIONS COMMAND
2713 MITSCHER ROAD, SW
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CNIC INSTRUCTION 5040.3

From: Commander, Navy Installations Command

Subj: COMMANDER, NAVY INSTALLATIONS COMMAND INSPECTIONS PROGRAM

Ref: (a) SECNAVINST 5430.57G
(b) SECNAVINST 5040.3A
(c) SECNAVINST 5430.92B
(d) CNICINST 5430.1
(e) OPNAVINST 3500.39B
(f) Quality Standards for Inspections, January 2005,
President's Council on Integrity and Efficiency and
Executive Council on Integrity and Efficiency
(g) SECNAVINST 5211.5E
(h) SECNAVINST 5720.42F
(i) SECNAVINST 5210.1

1. Purpose. To establish objectives, publish policy, and assign responsibilities for Commander, Navy Installations Command (CNIC) inspections of organizations and functions within CNIC headquarters, regions, and installations, per references (a) through (i).

2. Applicability. This instruction applies to all CNIC inspections directed or conducted by CNIC Office of the Inspector General (OIG) staff.

3. Definitions

a. An inspection is any effort to evaluate an organization or function by any means or method. Inspections include special directed or targeted inspections, comprehensive inspections, and inspections required by law or for the exercise of command responsibilities in order to provide or obtain technical information or assistance. Personnel outside the inspected component and within it may conduct inspections, including self-assessments. All inspections conducted within CNIC are subject to review by both Naval Inspector General (NAVINSGEN) and the CNIC Inspector General (CNIC IG) for adherence to the objectives and policies contained in this instruction and references (a) through (d).

b. The CNIC Inspections Program (CNICIP) is a coordinated program of inspections that focuses on unit readiness and capability to execute assigned missions, current and projected, and for informing senior Navy leaders of CNIC's overall ability to accomplish its mission.

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c. CNIC OIG staff includes military personnel and Department of Defense (DoD) civilian employees who are permanently assigned to the Office of the Inspector General within CNIC headquarters or any CNIC region or installation.

4. Background

a. Reference (b) describes inspections within the Department of the Navy and directs that Echelon 2 authorities establish a program to conduct inspections of activities under their authority.

b. CNIC's mission is to enable and sustain the Navy's Fleet, Fighter, and Family readiness through consistent, standardized, and reliable shore support.

c. The CNIC IG, on behalf of CNIC, is responsible for inquiry into and reporting on the effectiveness and efficiency of activities under CNIC.

d. The CNICIP links oversight programs, including the Managers' Internal Control (MIC) Program, NAVINSGEN inspections, NAVINSGEN area visits, and audits conducted by Naval Audit Service (NAVAUDSVC) and the Government Accountability Office (GAO), through a cohesive inspection approach that minimizes overlapping oversight functions by focusing CNIC inspections on areas having little or no independent oversight, and by using existing controls and previous findings to identify and prioritize inspection requirements.

e. Inspections are an inherent function of command exercised at every level. Commanding officers (COs) shall use targeted and/or comprehensive inspections to evaluate readiness, capability, and performance. Inspections may focus on compliance with established standards or upon process improvement. Self-assessments promote responsibility and accountability within the unit and are an integral component of the MIC Program. Inspections by personnel outside the unit are necessary to verify mission capability and performance, and to provide independent testing of internal controls developed by local managers.

f. Specific inspection functions include planning, coordinating, monitoring, and establishing objectives for inspections within CNIC, and coordinating efforts to eliminate duplication.

5. Inspection Objectives

a. provide assurance of compliance with applicable laws, regulations, policies, and procedures, including CNIC instruction and orders;

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- b. identify fraud, waste, mismanagement, and improper acts;
- c. promote efficient management practices, including internal controls testing and risk management;
- d. assess programs' progress on achieving goals and objectives;
- e. verify reported program performance;
- f. ensure appropriate stewardship of taxpayers' money in support of the Navy's Fleet, Fighter, and Families;
- g. advise CNIC on headquarters and region efficiency and effectiveness in supporting the Navy's Fleet, Fighter, and Family requirements;
- h. provide CNIC regional commanders (REGCOMs), N-codes and special assistants (SAs), and COs with mission-relevant evaluations and recommendations that are timely, accurate, candid, and objective; and
- i. recognize, commend, and disseminate best practices throughout CNIC.

6. Policy

- a. OIG staff shall plan, coordinate, and conduct inspections to determine whether headquarters, regions, and installations are properly organized, trained, equipped, and supported to achieve their required capabilities and execute their assigned missions. Inspections include a broad range of activities designed to evaluate mission readiness, performance, and alignment, as well as to identify systemic problems.
- b. OIG staff shall use targeted inspections to conduct narrowly scoped reviews of areas of special interest and perceived weaknesses or deficiencies, and shall use comprehensive inspections to conduct broader scoped reviews, especially for high risk areas or to ensure compliance with laws, rules, or regulations.
- c. REGCOMs, N-codes, SAs, COs, and their staffs shall support the CNIC inspection function as outlined in this instruction, and shall work to make on-site inspections as brief and minimally intrusive as possible.
- d. Inspecting officials shall use a variety of methods and techniques, which may include no-notice or short-notice targeted inspections.

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e. Inspection authorities, per reference (b), shall: "use risk management concepts and techniques, per reference [d], to determine whether a proposed inspection or program of inspection advances the objectives of this instruction and the Department of Navy (DON) and, if so, what must be evaluated, to what degree, by what means, and how often. No-notice or short-notice operational readiness inspections are employed whenever practicable. Tedious preparations that are costly in time and effort, or thwart accurate evaluation of actual readiness conditions are eliminated. Consolidate functions to avoid redundancy. Eliminate inspections that are not mission-relevant; whose benefits do not outweigh their costs, per reference [e], or which detract from mission performance readiness; which waste time or stifle initiative."

7. Authority and Responsibility

a. CNIC has general and overall responsibility within its headquarters, regions, and installations for ensuring that inspections accomplish the objectives and comply with the policies contained in this instruction. CNIC may direct and authorize CNIC IG and Regional IGs (RIGs) to inspect any CNIC function or command.

b. CNIC IG is responsible for developing objectives, policy, and guidance, and maintaining oversight of the CNICIP, per reference (d). In this capacity, the CNIC IG serves as the principal advisor to CNIC for all related CNICIP matters and has oversight responsibility for coordinating and conducting CNIC inspections of programs, processes, functions, and/or special items of interest. CNIC IG is responsible for CNIC internal oversight functions that include the MIC Program and Command Evaluation, and serves as external oversight liaison for external audits and inspections. CNICIP links these independent oversight functions to minimize overlapping inquiries.

CNIC IG may direct or authorize OIG staff to inspect any CNIC function or command.

c. RIGs are credentialed by CNIC IG and are responsible for managing IG programs within their respective regions. Inspections may be directed to RIGs by their respective REGCOMs, CNIC IG, or NAVINSGEN. RIGs oversee implementation and execution of the CNICIP within their respective regions, and are responsible for directing, authorizing, planning, coordinating, overseeing, and reporting on inspections performed within their respective regions.

d. CNIC REGCOMs may direct and authorize their respective RIGs to inspect functions and installations within their respective regions.

e. CNIC N-Codes and SAs may direct and authorize CNIC IG to inspect functions within their respective programs.

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f. CNIC Inspectors are OIG staff members and CNIC personnel who are assigned to perform CNICIP duties, including subject matter experts (SME) who advise inspection team members. Inspectors act on behalf of the CNIC IG, and all requests from inspectors shall be treated as requests from the CNIC.

g. CNIC inspection participants include all CNIC personnel within a function or command inspected under the CNICIP, including military personnel, DoD civilian employees, and contractors, if applicable, who are directed to participate in the inspection by their immediate unit supervisor or CO.

h. Reference (a) states: "The Inspectors General of those DON activities set forth in enclosure (1)[sic] to this instruction shall be assigned additional duty [ADDU] to NAVINSGEN." Enclosure (1) of reference (a) includes the Inspectors General of CNIC and all Echelon 3 CNIC commands.

8. Actions

a. CNIC, REGCOMs, N-Codes, SAs, and COs shall:

(1) Request CNIC inspections for areas of special interest and for functions or programs in which systematic deficiencies are perceived.

(2) Provide civilian and military personnel with technical or administrative expertise to assist with inspections as requested by CNIC IG and/or RIGs. Specifically, each shall:

(a) Direct cognizant program managers to provide policy guidance, directives, and guides or checklists governing the mission and function of their activities, as applicable, to inspections.

(b) Require cognizant program managers to advise the CNIC IG/RIGs of any completed, scheduled or on-going external or internal inspections, evaluations, reviews, appraisals, audits, surveys, or visits, in order to minimize conflict or duplication in inspection objectives and scheduling.

(3) Comply with provisions of CNICIP.

b. CNIC IG. The CNIC IG exercises overall direction and coordination of the CNICIP. To carry out this function, the CNIC IG shall:

(1) Publish policy for the CNICIP and the conduct of CNIC inspections.

(2) Coordinate the CNICIP with other CNIC IG oversight activities, including MIC Program, the Hotline Program, and external audits and inspections, to make efficient and effective

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use of CNIC IG resources and capabilities, eliminate duplication of effort, and minimize disruption within inspected organization(s).

(3) Publish a general overall CNIC Inspections Process Guide for CNICIP execution.

(4) Serve as the primary conduit between CNIC and CNIC OIG staff for communicating all inspection related matters to CNIC program leadership staff.

(5) Define and monitor performance metrics for the CNICIP.

(6) Monitor and validate MIC Program internal controls for the CNICIP.

(7) Define and monitor performance and quality control metrics for conducting inspections.

(8) Develop a resource utilization plan for the CNICIP and monitor actual performance against the plan.

(9) Publish an overarching inspection schedule, after coordinating with CNIC and RIGs, that identifies the programs, processes, functions, and/or special interest issues that shall be regularly inspected and the frequency with which these activities shall be inspected. CNIC IG shall meet on a quarterly basis with RIGs to update the CNIC inspection plan.

(10) Monitor the inspection of all functions under CNIC.

(11) Ensure cognizant and relevant entities receive copies of inspection reports.

(12) Request resources from CNIC and its programs, as necessary, to support the CNICIP.

(13) Coordinate with cognizant N-Codes, SAs, and program managers to identify SMEs and inspection team members, and direct them to assist in the inspection of the program functions.

(14) Monitor the headquarters MIC Program and overall performance and readiness for potential systematic deficiencies or areas of special interest.

(15) Review headquarters and regional inspection reports, external audits, and external inspection reports to identify potential systematic deficiencies or areas of special interest.

(16) Provide CNIC and RIGs with recommendations for inspections based on potential systematic deficiencies or areas of special interest.

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c. Regional Inspector Generals (RIGs). RIGs serve as agents of the CNIC IG to coordinate, manage, and execute inspections directed by the CNIC IG, assigned by their respective REGCOMs, or identified within their respective regional inspection schedule. RIGs shall also evaluate requests from COs and N-codes for targeted inspections. To carry out this function within their respective regions, RIGs shall:

(1) Comply with provisions of CNICIP and conduct inspection work in a manner that is consistent with the principals and approach provided by the CNIC Inspection Process Guide published by CNIC IG.

(2) Monitor managers' internal controls, performance, and readiness for potential systematic deficiencies or areas of special interest for inspections.

(3) Review external audit and inspection reports to identify potential systematic deficiencies or areas of special interest for inspections.

(4) Provide REGCOMs and CNIC IG with recommendations for inspections based on potential systematic deficiencies or areas of special interest.

(5) Monitor and coordinate the inspection of all activities under the direction of their respective REGCOMs and the CNIC IG.

(6) Authorize inspections, prepare inspection schedules, and assign regional OIG staff to lead and conduct inspections.

(7) Request cognizant regional program managers to identify SMEs and inspection team members, and direct them to assist in the inspection of the program functions.

(8) Request CNIC headquarters OIG and program SME resources from the CNIC IG, as needed, to support the CNICIP.

(9) Oversee preparation of inspection reports after each inspection and distribute copies to all cognizant and relevant staff.

(10) Forward copies of all final inspection reports to CNIC IG.

(11) Monitor the submission of inspection status reports (ISRs) and issue quarterly action tickler reports to cognizant addressees.

(12) Submit monthly CNICIP status reports to the CNIC IG.

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d. CNIC Inspectors. While performing CNIC inspection duties under the direction and oversight of the CNIC IG or a RIG, CNIC Inspectors shall:

(1) Report any potential organizational or personal conflicts of interest as outlined in reference (f) to the CNIC IG or RIG directing the inspection prior to accepting inspection duties, if known at that time, or at the time that the potential conflict is identified during the inspection.

(2) Observe the inspection principles, follow the inspection approach, and make reasonable efforts to adhere to the inspection processes defined within the CNIC Inspection Process Guide, as permitted by the inspection schedule and resources.

(3) Discharge the inspection duties assigned by the CNIC IG or RIG directing the inspection, or by the designated Inspection Team Leader.

(4) Treat inspection proceedings, communications, findings, reports, and recommendations as confidential.

e. CNIC inspection participants shall:

(1) Cooperate with the CNIC Inspectors conducting an inspection, and promptly comply with any requests from an Inspector as though the request came directly from the CNIC.

(2) Validate that Inspectors have the appropriate level of clearance for any classified information.

(3) Treat inspection related communications and activities as "need to know."

9. Inspection Team Composition. Inspection teams shall consist of a minimum number of qualified members to perform a satisfactory inspection, but number no less than two team members. CNIC IG or RIGs shall assign an OIG staff member as inspection team leader for each inspection to direct the inspection team. CNIC IG, RIGs, and/or OIG staff shall assign SMEs and other inspection team members from within CNIC, activities under the CNIC, or from other bureaus or agencies, as required, to perform inspection duties. CNIC IG and RIGs shall provide the executive advisory direction and guidance of the inspection team.

10. Frequency of Inspections. CNIC IG shall strive for comprehensive inspections of all CNIC Installation Core Business Model (ICBM) functions every five years. However, targeted and no-notice inspections may occur at any time.

11. Inspection Planning and Scheduling. On an annual basis, in conjunction with the CNIC MIC Program Statement of Assurance,

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the CNIC IG shall prepare an annual CNIC notice containing a proposed schedule of inspections and tentative inspection dates for approximately five fiscal years; however, this schedule is subject to change in accordance with operational requirements.

12. Inspection Dates. For scheduled comprehensive inspections, the Inspection Team Leader shall provide the activity to be inspected with the specific dates of the scheduled inspection approximately one month in advance.

13. Itinerary and Funding. The Inspection Team Leader shall distribute a detailed inspection itinerary to all concerned entities prior to each scheduled inspection. Travel expenses shall be funded by each inspection team member's program and/or command. Each inspection team member shall be responsible for completing travel arrangements at least five working days prior to the date of travel for an inspection.

14. No-notice Inspections and Re-inspections. In addition to planned comprehensive inspections, OIG staff may conduct no-notice inspections, targeted inspections and re-inspections, when circumstances warrant. RIGs are advised to obtain documented concurrence from the CNIC IG and their REGCOM for no-notice inspections.

15. Inspection Report Procedures. The Inspection Team Leader shall prepare and submit a formal report of inspection. Each inspection report shall contain an evaluation of the activity including comments necessary to substantiate the overall evaluation. Reports shall also contain information on conditions requiring remedial action which should be brought to the attention of the CO of the inspected activity and higher authority. Any items not inspected should include the inspector's rationale. "Not applicable" is not an acceptable rationale without an explanation. The CNIC Inspection Process Guide provides a step-by-step approach to conducting inspections and recommended formats for inspection working papers and inspection reports.

16. Inspection Report Release Authority. In accordance with reference (a), all inspection reports are subject to the following:

a. Are considered internal communications and are privileged information.

b. Shall be marked FOR OFFICIAL USE ONLY.

c. Shall contain, on the front page, the following statement: "The information contained here relates to the internal practices of the Department of the Navy and is an internal communication within the Navy Department. THIS REPORT IS NOT RELEASABLE without the specific approval of the Commander, Navy Installations Command Inspector General. Its

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contents may not be disclosed outside original distribution, nor may it be reproduced in whole or in part. All requests for this report, extracts therefore, or correspondence related thereto shall be referred to the Commander, Navy Installations Command Inspector General."

17. Management Responses to Findings and Open Recommendations. Recommendation addressees shall respond within 30 days to either the CNIC IG or RIG, as identified in the inspection report, and every 60 days thereafter until closure of the recommendation by the appropriate OIG official.

a. Responses shall express concurrence or non-concurrence with recommendation(s). If corrective actions are expected to take in excess of one year to complete, management shall establish interim dates for completing segments of the planned corrective actions.

b. RIGs shall be responsible for monitoring open recommendations identified in regional inspection reports until closure and posting as directed by CNIC IG.

c. OIG staff members shall be responsible for reviewing the actions taken by management to close recommendations in subsequent CNICIP inspections.

18. Privacy Act. In discharging CNICIP duties, OIG staff and inspectors may receive Protected Personal Information (PPI) defined in reference (g). PPI shall be treated with the highest degree of confidentiality possible. All records containing PPI that are obtained through the CNICIP shall be established and maintained as directed in reference (g).

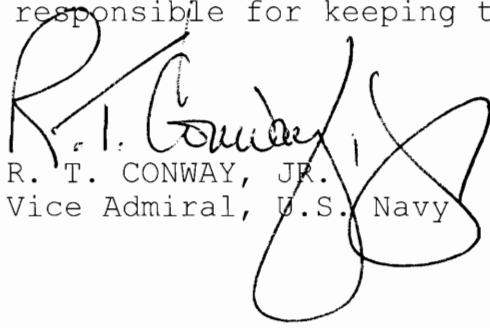
19. Freedom of Information Act (FOIA). Inspection reports and working papers may be releasable in part or in whole under FOIA. All FOIA requests for CINCIP products shall be referred to a RIG or CNIC IG who shall consider each request on a case by case basis in accordance with references (e) through (f), and shall coordinate with the command's designated FOIA representative to respond to each request.

20. Records Management. Inspection records and reports that are collected or produced under the CNICIP shall be created, maintained, and destroyed in accordance with the Navy Records Management Manual, reference (i).

21. Effective Date. This instruction is effective upon receipt.

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22. Responsibility. CNIC IG is responsible for keeping this instruction current.



R. T. CONWAY, JR.
Vice Admiral, U.S. Navy

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