

**OFFICE OF THE SURGEON GENERAL
&
U.S. ARMY MEDICAL COMMAND**

**MANAGERS' INTERNAL CONTROL
PROGRAM (MICP)**

[The MICP was formerly known as the Management Control Process (MCP). The Army program manager changed the name of the program for FY09 and expects to issue a revision to AR 11-2, Management Control to reflect this change during FY09.]



MICP TRAINING BRIEF



FY09 Edition

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PURPOSE: This training brief is designed to provide Commanders, Internal Control Administrators, and managers at all levels with a general overview of the Managers' Internal Control Program (MICP) and how it operates within the OTSG/MEDCOM.

Note: Although we only refer to Commander within this training brief, the term Director, Manager, Chief, Etc., should be substituted for Commander where appropriate.

1. **Why do this?** It is required by law! Public Law 97-255, Federal Managers' Financial Integrity Act of 1982 mandates the establishment of the Managers' Internal Control Program (MICP). The Office of Management and Budget (OMB) implements the law's by providing guidelines to the heads of executive departments in OMB Circular A-123, Management's Responsibility for Internal Control. The Department of Defense (DOD) implements the OMB guidelines in DOD Instruction (DODI) 5010.40, Managers' Internal Control (MIC) Program Procedures. The U.S. Army uses Army Regulation 11-2 (AR 11-2), Management Control, to implement the requirements in OMB Circular A-123 and DODI 5010.40. In addition, the Assistant Secretary of Defense for Health Affairs has established a Defense Health Program (DHP) MICP to complement the Army MICP employed throughout the OTSG/MEDCOM. The MICP is mandatory for every organization. Presently no organization within the U.S. Army or the OTSG/HQ, MEDCOM is exempt from the requirements of AR 11-2. This includes DOD activities where the Army is the "executive agent."

2. **Who cares?** The MICP is of keen interest to Congress, DOD and the Army leadership. Their interest has increased in recent years due to the collapse of several high profile public companies resulting in the passage of the Sarbanes-Oxley Act that now requires public companies to report on their internal controls similar to the requirements imposed on us by the MICP. For example, at the request of the Army leadership, the U.S. Army Audit Agency (USAAA) audits the MICP every year at randomly selected commands and their subordinate activities. USAAA then reports the audit results to the Secretary of the Army. The Surgeon General/MEDCOM Commander has also expressed a firm commitment to having an effective MICP throughout the Army Medical Department. Therefore, failure on our part to effectively operate the MICP will send the wrong message to our leadership--that Army medicine is not committed to effective internal controls or responsible stewardship of our resources. We must take credit for what we have been doing and continue to do in respect to internal controls. We do not want our budget or personnel strength adversely affected because we did not send the right message to our leaders when operating our MICP.

3. **Any benefits?** Yes! You basically have two choices on how to operate your MICP. You can do it right and use the MICP to add value to your organization, or, you can make the MICP a "paper-drill" and waste resources. To improve your operations you must perform self-evaluations required by regulations and perform DHP MICP risk assessments of specific assessable functions. The evaluations and risk assessments provide feedback on the effectiveness of internal controls providing you the opportunity to make adjustments within your control or to seek help in resolving problems. Failure to do so allows ineffective and inefficient programs and processes to flourish costing the Army precious resources and possibly resulting in mission failure. However, if you make the MICP a part of your operations, it can only add value by helping you to identify and improve those operations and processes not operating in the most effective and efficient manner. Furthermore, the MICP is the Army's official reporting and tracking vehicle that is used to carry the message to our top leadership when major problems with internal controls (material weaknesses) prevent us from doing the job the right way. How many times have you heard someone say, "Why doesn't somebody at the top fix this problem?" The MICP requires us to report material weaknesses and track the weaknesses until corrective actions are completed. On the other hand, if no one reports problems, the risk increases that corrective action will not happen because the right people are not informed and there is no official mechanism to track the corrective actions until they're completed. The MICP is another management tool designed to help reduce risk.

