

Reclamation Manual

Directives and Standards

Subject:	Programmatic Internal Control Program Management
Purpose:	The purpose of the Programmatic Internal Control Program (PICP) Directive and Standard (D&S) is to identify the requirements for establishing, maintaining, evaluating, improving, and reporting on internal controls (ICs). This D&S reinforces the principles of efficiency, transparency, and accountability in the operation of the Bureau of Reclamation's PICP. Benefits of the D&S and of an effective PICP include the ability to anticipate, highlight, and resolve programmatic problems and identify potential risks. In addition, the PICP provides the benefit of improved program effectiveness and reliability of operations.
Authority:	Federal Managers' Financial Integrity Act of 1982 (FMFIA) (Pub. L. 97-255; 31 U.S.C § 3512); Office of Management and Budget (OMB) Circular A-123, <i>Management's Responsibility for Internal Control</i> ; 340 Departmental Manual (DM) 1, <i>Management Accountability and Control: General Policy and Responsibilities</i> ; and <i>Internal Control and Audit Follow-up (ICAF) Handbook</i>
Approving Official:	Director, Policy and Administration (POLICY)
Contact:	Business and Administrative Services Division, Program Services Office, 84-52100

1. **Introduction.** Reclamation's management is responsible for establishing and maintaining effective ICs (see 340 DM 1.5 K). Reclamation has established a PICP to allow managers at all levels to satisfy their applicable IC responsibilities and proactively manage risk associated with the achievement of their programs. Reclamation's PICP emphasizes integrity and ethical values that address demands for Government programs and operations to be effective, efficient, reduce loss of assets, and be compliant with laws and regulations. ICs serve as the first line of defense in safeguarding assets and also in preventing and detecting errors, fraud, waste, and abuse. ICs help Government program managers achieve desired results through effective stewardship of public resources.
2. **Applicability.**
 - A. This D&S applies to all Reclamation employees involved in programmatic functions, including planning, organizing, directing, controlling, and reporting on Reclamation programmatic operations.
 - B. This D&S does not apply to ICs over the following programs: any program for which the Management Services Office has oversight responsibility, which includes acquisitions, financial assistance, integrated charge cards, travel, personal property, financial reporting, and direct funding agreements. See Appendix A: *Realignment of the Internal Control Program* memorandum dated March 19, 2014.

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3. Definitions.

- A. **Alternative Internal Control Review or Alternative IC Review.** An audit, review, assessment, evaluation, or inspection that is conducted by an external source. Alternative IC reviews accomplish many of the same goals as IC reviews. Examples of external sources include the Office of Inspector General, Government Accountability Office, or an independent contracted auditor.
- B. **Annual Assurance Statement.** A statement submitted to the Department of the Interior on the overall adequacy of Reclamation's ICs.
- C. **Assessable Unit (AU).** A critical program, activity, or functional subdivision of Reclamation's mission. Each AU has a direct role in managing or achieving a Reclamation objective, goal, or mission (e.g., water delivery and compliance).
- D. **Automated Internal Control System (AICS).** A database software application used to house and maintain IC information, including programmatic reports, audits, evaluations, and reviews with findings and recommendations.
- E. **Best Practice.** A process or method identified during a review that has produced improved performance and/or outstanding results, which could be adopted to improve the effectiveness of operations across Reclamation.
- F. **Component.** Reclamation's major programs (highly visible), organizations, or administrative activities or functions that flow from and are linked to Reclamation's entity-wide objectives, budget, and goals. Examples of components include Asset Management, Information Technology, and Human Capital Management. Components consist of one or more AUs.
- G. **Component Inventory.** A list of components requiring a system of ICs. The Component Inventory includes a list of the AUs associated with each component.
- H. **Control Deficiency.** A category or level of an IC Finding which indicates the ineffectiveness of an IC stemming from either improper design or implementation. The ineffectiveness exists when the control does not allow management or employees to prevent or detect operational risks in a timely manner. A control deficiency finding is considered to be less severe than a material weakness.
- I. **Controls.** Specific actions taken to mitigate inherent risk and to accomplish organizational objectives, safeguard assets, and comply with laws and regulations in an effective manner. Control activities include policies, procedures, physical controls (limited access to equipment and facilities), authorizations, and various other mechanisms to help ensure Reclamation objectives are met.
- J. **Corrective Action Plan.** A document that outlines steps that will be taken to correct an IC Finding from an IC Review or Alternative IC Review.

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- K. **Entity Level Questionnaire.** Annual¹ survey tool that measures the importance Reclamation's leadership places on its PICIP and IC culture.
- L. **Inherent Risk.** The possibility of an event or circumstance that exists in an environment, which in the absence of ICs or mitigating factors, could negatively impact achieving the mission or objectives. Based on the nature of the activity, program, or project, inherent risk may include the risk of waste, abuse, loss, mismanagement, unauthorized use, misappropriation, physical/environmental damage, or loss of human life.
- M. **Integrated Risk Rating Tool (IRRT).** A management evaluation, inquiry, and survey tool designed to capture risk and control information across a variety of operational risk categories within each AU.
- N. **Internal Control or IC.** A process, procedure, or method (or a series of processes, procedures, and methods) Reclamation employs to provide reasonable assurance that programs achieve their intended results; resources are used consistent with Reclamation's mission; programs and resources are protected from waste, fraud, and mismanagement; laws/regulations are followed; and reliable and timely information is provided for decision making.
- O. **Internal Control and Follow-up (ICAF) Handbook.** The Department's ICAF Handbook defines how bureaus and offices within the Department implement IC aspects of OMB Circular A-123.
- P. **Internal Control Findings or IC Findings.** An event or series of events unique to each AU that indicates the ineffectiveness or improper implementation of an IC. IC Findings are usually systemic issues that have been observed through several audits or IC Reviews; however, IC Findings may also include singular significant findings at the discretion of the AU Manager.
- Q. **Internal Control Review or IC Review.** An assessment or evaluation of ICs conducted by Reclamation staff. At the discretion of the AU Manager, IC reviews may be summary level reports that derive systemic and significant issues from reviews performed throughout a single year or over a multiple-year cycle.
- R. **Material Weakness.** A significant IC Finding or combination of control deficiency IC Findings found within an IC Review that in management's opinion, could lead to fraud, waste, abuse, mismanagement of government resources, failure to follow

¹For the purposes of this D&S, when referring to a task or deliverable that is performed annually, the task or deliverable is completed or submitted once within a 12-month period. The specific annual due dates are contingent upon guidance that is provided by the Department every year.

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laws/regulations, uncontrolled safety hazards, compromised decision making, or impact achievement of mission or objectives that is significant enough to be reported outside of the Department.

- S. **Qualified.** The characterization of a statement of assurance that is used to reflect the presence of one or more material weaknesses.
 - T. **Reasonable Assurance.** The determination based on the review of data that the ICs in place can anticipate, highlight, and resolve programmatic and control problems or risks.
 - U. **Residual Risk.** The risk that remains after management's response to inherent risk through properly designed and implemented ICs.
 - V. **Risk.** The likelihood of an adverse event or circumstance occurring and the relative impact caused by that event or circumstance.
 - W. **Significant Finding.** A type of IC Finding documented within an IC Review that is considered a substantial or important enough finding that when considered on its own, poses a significant risk to Reclamation. Significant Findings could potentially only be found within one review of a region, area office, or facility, but given the severity of the stand-alone issue, require a corrective action plan.
 - X. **Systemic Finding.** A type of IC Finding within an IC Review that indicates a broad or overarching issue or deficiency that is found to be common across most, or all, of the regions, facilities, or area offices that were reviewed. Typically systemic findings are identified through data analysis or observation of multiple IC reviews.
 - Y. **Unqualified.** The characterization of a statement of assurance that is used to reflect reasonable assurance that ICs are effective and implemented properly.
4. **Responsibilities.** It is possible for an individual to fulfill multiple responsibilities.
- A. **Commissioner.** The Commissioner is responsible for establishing direction for the IC program. The Commissioner is also responsible for approving Reclamation's Annual Assurance Statement.
 - B. **Senior Management Council.** The Senior Management Council is comprised of the Deputy Commissioner, Operations and the Deputy Commissioner, Policy, Administration and Budget. The Senior Management Council is responsible for:
 - (1) providing senior-level oversight of Reclamation's implementation and execution of PICP activities;
 - (2) resolving issues related to a program's ICs;

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- (3) ensuring Reclamation's commitment to an appropriate IC environment and compliance with all aspects of OMB Circular A-123;
- (4) reviewing and approving the Component Inventory for delivery to the Department;
- (5) determining whether the Annual Assurance Statement will be unqualified or qualified; and
- (6) establishing and determining membership within the Programmatic Senior Assessment Team.

C. Reclamation Leadership Team (RLT) Members. RLT members are responsible for:

- (1) ensuring appropriate resources, including funding, have been allocated to support audits, IC Reviews, and the correction of IC Findings;
- (2) ensuring IC Findings and associated corrective action plans associated with their region or directorate are tracked, resolved, and closed in a timely manner;
- (3) identifying IC Findings from IC Reviews as qualified or unqualified;
- (4) providing approval of IC Reviews within the AICS for the segment of the organization for which they are responsible;
- (5) completing the Entity Level Questionnaire annually; and
- (6) identifying appropriate AU Managers for AUs for which an RLT member has responsibility.

D. Programmatic Senior Assessment Team. The Programmatic Senior Assessment Team serves as an advisory body to the Senior Management Council for the PICP. Programmatic Senior Assessment Team membership is determined by the Senior Management Council. The Programmatic Senior Assessment Team is responsible for:

- (1) providing input and oversight on the PICP annual assurance process, which concludes with the signing of the Annual Assurance Statement;
- (2) annually reviewing and editing a draft component inventory for Senior Management Council review and approval, to include:
 - (a) reviewing existing components and AUs from the previous year for applicability and alignment with Reclamation's goals and objectives;
 - (b) removing and changing components/AUs, as necessary; and

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- (c) identifying new components and AUs based on emerging risks, changes in the political climate, changes to Reclamation's organizational structure, or changes to Reclamation's goals.
 - (3) assessing and focusing on areas of concern with program offices;
 - (4) annually reviewing the determinations of qualified/unqualified by the regions/directorates regarding the sufficiency of their ICs;
 - (5) making a recommendation to the Senior Management Council for the PICP's overall Annual Assurance Statement (qualified or unqualified) based on directorate/regional review inputs;
 - (6) identifying systemic weaknesses in the operations of the PICP and tracking the resolution;
 - (7) ensuring the requirements of *OMB Circular A-123* and the policies and procedures outlined in the *ICAF Handbook* are properly implemented; and
 - (8) advising the Senior Management Council of issues, strategies, and potential risks that need to be brought to the attention of the RLT or Commissioner relative to the PICP.
- E. **Reclamation PICP Manager.** The Reclamation PICP Manager position is located within POLICY. The PICP Manager coordinates the PICP by providing oversight of all PICP activities. The PICP Manager is responsible for:
- (1) facilitating the annual process of creating, distributing, and consolidating Component Inventory data;
 - (2) facilitating the annual AU risk rating process (e.g., IRRT) for AU Managers, including consolidation and distribution of results;
 - (3) assisting the Programmatic Senior Assessment Team in verifying both existing and new components and AUs from Reclamation's overall goals, objectives, and plans;
 - (4) submitting the reviewed draft Component Inventory to the Programmatic Senior Assessment Team and Senior Management Council for review and approval;
 - (5) facilitating the Entity Level Questionnaire data call, including distributing the Entity Level Questionnaire and consolidating responses;
 - (6) submitting the consolidated Component Inventory, AU risk ratings, and 3-year plan to the Department annually after review and approval by the Senior Management Council;

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- (7) leading meetings with IC Coordinators (ICCs) and communicating current PICP requirements and status;
 - (8) developing and providing trainings regarding the PICP and the AICS application;
 - (9) administering the AICS;
 - (10) representing the PICP at the Department's IC workgroup;
 - (11) facilitating Programmatic Senior Assessment Team meetings including proposing agenda topics;
 - (12) drafting, updating, and providing the status of an annual IC project management plan (e.g., Gantt chart);
 - (13) facilitating the issuance of annual PICP guidance to Reclamation;
 - (14) facilitating the Annual Assurance Statement signature process; and
 - (15) entering reviews and recommendations into the AICS, and identifying the appropriate RLT member to review them within the AICS.
- F. **AU Managers.** The AU Manager position exists within Reclamation's directorates and is responsible for:
- (1) establishing and maintaining effective ICs within their AU, including compliance with applicable laws, Departmental IC guidelines, and meeting program objectives;
 - (2) ensuring IC Reviews are executed and documented, to include making recommendations to their management for the allocation of adequate resources to conduct reviews;
 - (3) documenting their AU through the Component Inventory and IRRT, referencing applicable roles and responsibilities, procedures, guidelines, laws, risks, processes, and regulations;
 - (4) identifying and assigning levels of risk within their AU through annual preparation of the IRRT (see Paragraph 5.C.(1));
 - (5) reducing program risks to acceptable levels through identifying and implementing effective mitigations (i.e., ICs);
 - (6) planning IC reviews on a 3-year cycle and leveraging Alternative IC Reviews where possible;
 - (7) determining the scope (extent, depth, and range) of IC Reviews;

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- (8) determining AU specific criteria for an IC Finding;
- (9) monitoring the implementation of corrective actions resulting from IC Findings;
- (10) when there are IC Findings from an IC Review, providing a memorandum or statement to the regional or AU ICC validating that IC Findings have been adequately addressed;
- (11) analyzing regional finding/recommendation data for trends and systemic issues to be formulated into summary IC Reviews, where appropriate; and
- (12) ensuring IC Review(s) and AU data are provided to the assigned ICC, if applicable.

G. **Regional AU Coordinators.** The Regional AU Coordinator positions are program management or lead positions for applicable AUs at the regional level. Regional AU Coordinators include positions such as Regional Power Managers; Design, Estimating and Construction Regional Coordinators; and Associated Facility Regional Coordinators. Regional AU Coordinators are responsible for:

- (1) drafting and developing IC Review Reports to document systemic and significant IC Findings related to the implementation and application of ICs within their region;
- (2) drafting, developing, and providing corrective action plans to address IC Findings to their appropriate Regional ICC;
- (3) implementing, monitoring, and verifying corrective actions for IC Findings; and
- (4) providing their appropriate Regional ICC a memorandum certifying the corrective action plan has been implemented and all IC Findings and recommendations have been closed for regional IC Review.

H. **ICCs.** For the purposes of this D&S, when the term ICC is used by itself, it is inclusive of both the Regional ICC and AU ICC.

- (1) **Regional ICC.** Regional ICCs are located within each region and are responsible for:
 - (a) assisting with implementing the PICP by coordinating IC activities at the regional level;
 - (b) serving as the region's liaison with the PICP Manager including attending ICC meetings and PICP trainings as necessary;
 - (c) facilitating the process of completing the Entity Level Questionnaire;

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- (d) providing a report to their RLT representative from the AICS, at least annually, indicating the status of IC Reviews/Alternative IC Reviews within their region;
 - (e) validating the annual list of reviews performed in their region, which is an attachment to the Annual Assurance Statement;
 - (f) providing regional IC Reviews to the PICP Manager; and
 - (g) uploading corrective action plans for IC Findings to the AICS.
- (2) **AU ICC.** Each AU has at least one primary ICC responsible for:
- (a) assisting with the implementation of the PICP by coordinating IC activities within AUs;
 - (b) serving as the AU's liaison with the PICP Manager including attending ICC meetings and PICP trainings as necessary;
 - (c) facilitating the process of completing the Component Inventory, Entity Level Questionnaire, and IRRT;
 - (d) providing a report from the AICS to their AU Manager, on a frequency determined by their AU Manager, indicating the status of IC reviews for their assigned AU;
 - (e) providing the status of recommendations/corrective actions that have been identified in IC Reviews/Alternative IC Reviews for their AU through the AICS;
 - (f) validating the annual list of reviews performed for their associated AU, which is an attachment to the Annual Assurance Statement;
 - (g) providing IC Reviews to the PICP Manager; and
 - (h) uploading corrective action plans for IC Findings to the AICS.
5. **Programmatic IC Operations.** The PICP follows a six-step process that represents an annual cycle. The six steps are: (Step 1) identifying and verifying IC components, (Step 2) documenting key processes and controls, (Step 3) identifying and verifying risks, (Step 4) assessing ICs, (Step 5) documenting results and implementing corrective actions, and (Step 6) monitoring corrective actions and IC Review closure. All Reclamation offices associated with administering, tracking, and/or monitoring ICs must follow the six-step process. Details of the six-step process are outlined below.

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- A. **Step 1 - Identifying and Verifying IC Components and AUs.** The purpose of this step is to identify and verify components and AUs to ensure alignment with Reclamation's overall objectives/mission. The output of this step is documented in the Component Inventory. Step 1 consists of the following:
- (1) **Component Alignment to Reclamation Objectives/Mission.** Annually, the Programmatic Senior Assessment Team must identify and verify existing components.
 - (2) **AU Verification and Development.** The Programmatic Senior Assessment Team must verify that critical organizational activities, programs, or functional subdivisions of Reclamation's mission (e.g., water delivery or hiring) are accounted for in an existing AU. If a critical organizational activity or program cannot be identified in a current AU, the Programmatic Senior Assessment Team must modify or develop a new AU to ensure all critical programs and activities are accounted for in a documented AU.
 - (3) **AU Removal.** If the Programmatic Senior Assessment Team determines an AU is no longer applicable and the activities and programs within the AU are no longer deemed critical, the AU must be removed from the Component Inventory.
 - (4) **Senior Management Council Approval.** Once the Programmatic Senior Assessment Team has validated the list of existing AUs, proposed any new AUs, and/or deleted any AUs no longer deemed critical, the proposed Component Inventory (including the list of components, AUs, and AU Managers) is sent by the PICP Manager to the Senior Management Council for final approval.
- B. **Step 2 - Documenting Key Processes and Controls.** AUs must be documented and verified by the AU Manager annually. AU documentation must include at least the following (AU Managers are permitted to add additional documentation measures as they deem appropriate):
- (1) the component to which the AU applies (documented in the Component Inventory);
 - (2) the identity of the AU Manager:
 - (a) The list of AU Managers must be reviewed annually by the Programmatic Senior Assessment Team during the Component Inventory development.
 - (b) The AU Manager must have in-depth knowledge of the AU and be serving in a capacity to identify actions or recommendations to their respective RLT member.
 - (3) program risks, documented through the use of the IRRT;

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- (4) processes and control activities, documented through the Component Inventory; and,
- (5) AU specific criteria for developing IC Review Reports and determining an IC Finding.

C. **Step 3 - Identifying and Verifying Risks.** Risk identification is performed to identify and evaluate risks throughout Reclamation's components and AUs. A risk assessment represents a comprehensive screening process to identify potential problems or risks to the program or AU from both internal and external sources. Possible risks to the program include, but are not limited to compliance, budget, process documentation, safety, environmental, security, and information technology.

- (1) **AU Risk Assessment.** Each AU Manager is responsible for carrying out an annual risk assessment of their AU by completing the IRRT. The IRRT is distributed annually by the PICP Manager. It is the responsibility of the AU Manager to evaluate the processes and programs within their AU using the IRRT to determine the likelihood and impact of risks. Each risk identified by the AU Manager must be assessed in terms of both inherent risk and residual risk. The likelihood and impact of each risk must be based on previous review findings, issues/incidents, and the AU Manager's expertise/insights. The results of the IRRT survey will indicate the AU's risk level and associated review requirements (see below):
 - (a) **High Risk.** AUs with high inherent risk require at least one IC Review or Alternative IC Review completed annually.
 - (b) **Medium Risk.** AUs with medium inherent risk require at least one IC Review completed every 3 years.
 - (c) **Low Risk.** AUs with low inherent risk require at least one IC Review completed every 5 years.
- (2) **Schedule for Planned Reviews.** The AU Manager must provide a plan of IC Reviews or Alternative IC Reviews for the next 3 years based on the risk ratings and review requirements found in regulations, Reclamation Manual releases, and/or standard operating procedures. The AU Manager must plan IC Reviews, where appropriate, to mitigate AU inherent risks to acceptable levels. The 3-year review plans are submitted and updated annually to the PICP Manager as part of the Component Inventory development process. If an AU needs to delay, defer, or cancel reviews from the 3-year plan, the AU Manager must justify, in writing, the reason for these changes and explain how these changes do not weaken support for the Annual Assurance Statement. The justification for the removal or deferment of the review to the next fiscal year must come from a RLT member and be addressed to the Department's Office of Financial Management, with a copy sent to the PICP Manager.

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- (3) **Organizational Risks.** Organizational risks to Reclamation must be identified through the use of the Entity Level Questionnaire tool. Annually, the PICP Manager will distribute the Entity Level Questionnaire, which measures the organization's senior-level commitment and implementation of ICs. The RLT completes the evaluation through observation, inquiry, and inspection. The Entity Level Questionnaire is focused on five areas: control environment, risk assessment, information and communication, control activities, and monitoring. The PICP Manager is responsible for analyzing and consolidating Entity Level Questionnaire responses from the RLT into a summary report, which is provided to the Department annually.
 - (4) **Validation.** Annually, the Programmatic Senior Assessment Team must verify IRRT and Entity Level Questionnaire responses to determine the validity and accuracy of responses. Programmatic Senior Assessment Team members must work with their AUs for which they have oversight responsibility to resolve any discrepancies in the validity or accuracy of responses.
 - (5) **Data Entry.** The AU ICCs must enter their planned IC Reviews into the AICS.
 - (6) **Senior Management Council Review.** Annually, the PICP Manager must combine the risk ratings from the IRRT, along with the Component Inventory and 3-year review plans (by AU) into a single report and provide this to the Senior Management Council for review.
 - (7) **Department Submission.** After the IRRT risk ratings, Component Inventory data and 3-year plans are reviewed and approved by the Senior Management Council, the PICP Manager must submit this information to the Department (specific due dates are supplied by the Department).
- D. **Step 4 - Assessing ICs/Review Reports.** The assessment of ICs is accomplished by completing IC Reviews and Alternative IC Reviews to evaluate the implementation and effectiveness of ICs defined throughout program D&S, standard operating procedures, and various other required documents. The AU Manager must plan and execute the assessment of AU ICs documented in the annual submission of the 3-year review plan. The AU Manager and their supervisor, in consultation with the PICP Manager, have the discretion to determine the appropriate scope of IC Reviews, including defining what qualifies as an IC Finding. AU Managers will have 2 years, and applicable Regional AU Coordinators will have 4 years, from the date of this release to meet the IC Review reporting requirements.
- E. **Step 5 - Documenting Results and Implementing Corrective Actions.** Documenting review results in an IC Review Report and implementing corrective actions for IC Findings are required. Documentation of results allows review and finding information to be communicated to relevant personnel at all levels within the organization. The format of the IC Review Report is at the discretion of the AU Manager and his/her supervisor.

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- (1) **IC Review Reports.** AUs will have 2 years from the date of this release to develop AU IC Review Reports (where applicable) to document systemic and significant issues found in regional reviews. The AU IC Review Reports typically will come at the end of a several-year cycle (e.g., 3, 4, 5 year cycles) in which every region was reviewed, but may also be done annually at the discretion of the AU Manager. When determining the frequency of AU IC Review Reports, the AU Manager must take into account the length of time review/finding information is still pertinent, the risk of not addressing findings promptly, and the amount of supporting data needed to create an AU IC Review Report.
- (2) **IC Review Report Implementation.** The AU Manager must identify systemic findings and significant issues (IC Findings) within the IC Review Report, which are to be addressed through a corrective action plan.
 - (a) AU Managers must determine if regional IC Review Reports must be generated in addition to the AU IC Review Reports created by the AU Manager. AU Managers must base their decision to have regional IC Reviews on how the program is managed/administered, the value gained (increase in program effectiveness) from regional reporting, and the functions within the program (e.g., are there issues that would be specific to a region/area office/facility?).
 - (b) If regional IC Review reports are required by the AU Manager, Regional AU Coordinators will have 4 years from the date of this release to develop regional AU IC Review Reports to document systemic and significant IC implementation Findings.
- (3) **Corrective Action Plan Creation.** The AU Manager or Regional AU Coordinator authoring the IC Review Report has the responsibility to develop the corrective action plan to address IC Findings. If the IC Review Report was created within the region by the Regional AU Coordinator, it is the responsibility of the Regional AU Coordinator (and their staff) to create the corrective action plan.
 - (a) Corrective action plans must include proposed corrective actions/preventative actions, implementation milestones, and target completion dates.
 - (b) Unless a different corrective action plan timeline is documented in a program specific D&S, the corrective action plan must be provided to the ICC for upload to the AICS within the following timelines following the approval of the RLT member in the AICS. It is the responsibility of the PICP Manager to make available a corrective action plan template.
 - (i) Within 180 calendar days for programs that are transitioning from individual program reviews to systemic reports (e.g., Power Review of

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Operations and Maintenance, Associated Facilities, and Safety programs), see Paragraph 5.E.(1) for transition timeline requirements;

- (ii) Within 120 calendar days for programs that have implemented IC Reviews within their AUs; or
 - (iii) Within 60 calendar days for IC Findings classified as a Material Weakness.
- (4) **Regional Input.** Where IC Findings have regional implications, the AU Manager must provide the appropriate Regional AU Coordinators reasonable opportunity to provide input and comment on the creation of the corrective action plan.
- (5) **Corrective Action Plans Implementation.** AU Managers will have 2 years, and applicable Regional AU Coordinators will have 4 years, from the date of this release to meet the corrective action plan requirements expressed in Paragraph 5.E.(1).
- (6) **AICS - Documentation.**
- (a) IC Review and Alternative IC Review Reports must be uploaded by the PICP Manager into the AICS. IC Findings must also be entered into the AICS by the PICP Manager. It is the responsibility of the ICCs to ensure IC Review and Alternative IC Review Reports are sent to the PICP Manager via email for uploading. The PICP Manager will upload IC Review and Alternative IC Review Reports into the AICS within 2 weeks of receipt.
 - (b) AU Managers will have 2 years and applicable Regional AU Coordinators will have 4 years from the date of this release to make process changes to meet the AICS uploading requirements expressed in Paragraph 5.E.(2)(a).
- (7) **RLT Review.** After uploading the completed reviews, the RLT member representing the region/directorate drafting the IC Review Report must determine if the IC Review is qualified or unqualified based on the materiality of the IC Findings through the AICS within 2 weeks of the PICP Manager submitting the review for approval. The deadline for the RLT review (identifying qualified or unqualified determination) for each fiscal year is July 31. Reviews approved after this date will go on the following year's Annual Assurance Statement list of reviews.
- (8) **Corrective Action Plan.** If a review has IC Findings, it is the responsibility of the ICC to upload a copy of the review's corrective action plans to the AICS within the requirements expressed in Paragraph 5.E.(3)(b). In cases where program-specific or AU-specific corrective action plan requirements are mandated, those requirements take precedence over this D&S requirement.

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- (9) **IC Assessment Report Requirements.** The AU Manager or Regional AU Coordinator drafting the IC Review Report must assign a severity of IC Findings (control deficiency or material weakness). Additionally, the report must be provided to the applicable Regional ICC or AU ICC, PICP Manager, and AU Manager (if at the region) as part of the report's distribution. The AU Manager or regional program management must also identify an appropriate person at the directorate or region that was reviewed to be responsible for the closure of the corrective actions.
- F. **Step 6 - Monitoring Corrective Actions and IC Review Closure.** RLT members and AU Managers must monitor the status of IC Reviews and IC Finding corrective actions for their appropriate area.
- (1) **Status Reporting.** ICCs must use the reporting function in the AICS to provide reports (at least annually) to their RLT representative. AU ICCs must provide the reports to their AU Manager on a frequency determined by the AU Manager (at least annually). The report must contain the following information:
- (a) status of reviews (i.e., planned, implementing/completing corrective action(s), or closed); and
 - (b) open IC Findings.
- (2) **Status Reporting Implementation.** To allow sufficient time for AUs to establish processes for defining and communicating IC Findings, AU Managers will have 2 years and Regional AU Coordinators will have 4 years from the date of this release to make process changes to meet the requirements in this D&S.
- (3) **Monitoring and Actions.** The AU Manager and appropriate RLT member must use the reporting data to take actions, as necessary, to improve operations and performance.
- (4) **Closure.** Unless designated differently by another requirement or D&S, it is the responsibility of the AU Manager to provide to the responsible ICC a closure memorandum or statement certifying the corrective action plan has been implemented and all IC Findings and recommendations have been closed for AU IC Reviews. The corrective action plan must be implemented and tracked to completion. It is the responsibility of the ICC to upload the memorandum or statement to the AICS before the review can be closed out in the system.
6. **Programmatic Annual Assurance Statement Process.** Reclamation is required to provide the Department an Annual Assurance Statement on the effectiveness of ICs by September 30.
- A. **Annual Assurance Statement Content.** The following elements are required in the Annual Assurance Statement, along with an attached list of reviews:

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- (1) A statement of management's responsibility for establishing and maintaining adequate IC over programs and operations;
- (2) A statement that identifies *OMB Circular A-123 Management's Responsibility for Internal Control* as the framework used by management to conduct the assessment of the effectiveness of Reclamation's ICs; and
- (3) An assessment of the effectiveness of Reclamation's ICs over operations. The assessment is based on the reviews completed for the individual directorate or region stated in the following terms:
 - (a) Unqualified - no material weaknesses were found;
 - (b) Qualified - material weaknesses were noted, but not prevalent; or
 - (c) Statement of No Assurance - no assessment process is in place or noted material weaknesses were widespread.

B. IC Review Information. Reclamation's Annual Assurance Statement will be based on IC Review information (described in Paragraphs 6.C.(1)(a-k)) from the following positions:

- (1) Director, POLICY;
- (2) Chief Information Officer, Information Resources Office (IRO);
- (3) Director, Security, Safety, and Law Enforcement (SSLE);
- (4) Program Manager, Native American and International Affairs Office;
- (5) Commissioner's Office (i.e., Ethics Program); and
- (6) Regional Directors from each of Reclamation's five regional offices.

C. Annual Assurance Statement Development.

- (1) **Compiling Reviews.** Each year it is the responsibility of the PICP Manager to consolidate the review information from each directorate and region. The consolidated list of reviews, as required in Paragraph 6.B., forms Attachment 1 for the Annual Assurance Statement. The consolidated review information must include the following for each review:
 - (a) region/directorate performing the review;
 - (b) component and AU to which the review is mapped;
 - (c) review name;

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- (d) review summary;
 - (e) review type (IC Review or Alternative IC Review);
 - (f) review objective;
 - (g) review start date;
 - (h) final report issue date;
 - (i) if material weaknesses were found (yes/no);
 - (j) if best practices were identified (yes/no); and
 - (k) qualified or unqualified (as identified through the RLT review).
- (2) **Submission to Deputy Commissioner.** The PICP Manager must provide the consolidated list of programmatic reviews and signed programmatic assurance statements (SSLE and IRO) to the Senior Management Council along with the qualified or unqualified recommendation from the Programmatic Senior Assessment Team. The Senior Management Council will make a final determination of Reclamation's PICP qualified or unqualified Annual Assurance Statement status for signature by the Commissioner after reviewing the list of programmatic reviews, signed programmatic Annual Assurance Statements, and the Programmatic Senior Assessment Team's qualified or unqualified recommendation. After signature by the Commissioner, the Annual Assurance Statement must be transmitted to the Department's Office of Financial Management.

7. Appendices.

- A. **Appendix A.** Memorandum: *Realignment of the Internal Control Program*, dated March 19, 2014
- B. **Appendix B.** List of Acronyms
- C. **Appendix C.** PICP Process Flowchart

RECLAMATION MANUAL TRANSMITTAL SHEET

Effective Date: _____

Release No. _____

Ensure all employees needing this information are provided a copy of this release.

Reclamation Manual Release Number and Subject

Summary of Changes

NOTE: This Reclamation Manual release applies to all Reclamation employees. When an exclusive bargaining unit exists, changes to this release may be subject to the provisions of collective bargaining agreements.

Filing instructions

Remove Sheets

Insert Sheets

All Reclamation Manual releases are available at <http://www.usbr.gov/recman/>

Filed by: _____

Date: _____