



DEPARTMENT OF THE ARMY
HEADQUARTERS, UNITED STATES ARMY, EUROPE, AND SEVENTH ARMY
THE COMMANDING GENERAL
UNIT 29351
APO AE 09014

AEAGF-C

27 September 2002

MEMORANDUM FOR Assistant Secretary of the Army (Financial Management and Comptroller), 109 Army Pentagon, Washington, DC 20310-0109

SUBJECT: Fiscal Year 2002 Annual Assurance Statement

1. I have reasonable assurance that management controls are in place, being used, and operating effectively throughout the United States Army, Europe (USAREUR). This assurance validates that—

- a. Assets are safeguarded against waste, loss, unauthorized use, or misappropriation.
- b. Obligations and costs comply with applicable laws
- c. Revenues and expenditures applicable to USAREUR operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability of assets.
- d. Programs and administrative functions are efficiently and effectively carried out in accordance with applicable laws and management policy.

2. My determination is based on a general understanding and adherence to the General Accounting Office Standards for Internal Controls and verified by methods believed necessary to evaluate the effectiveness of management controls. These methods include application of all scheduled management control evaluations in USAREUR and consideration of the following:

- a. Performance of other management control evaluations warranted by local circumstances.
- b. Consideration of audits, inspections and independent review reports.
- c. Assurances by subordinate commanders and staff principals.
- d. Heightened awareness and formal responsibility for the adequacy of management controls by military and civilian managers.

3. Commanders and staff principals continue to display a heightened awareness of the Management Control Process in USAREUR. Evidence of their efforts is the increased quantity of statements that document initiatives to enhance assertion of reasonable assurance along with

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surfacing management control deficiencies. TAB A is a synopsis of initiatives and efforts by the command and staff in support of the Management Control Process.

4. A consolidated list of new and corrected material weaknesses (MWs) is at TAB B-1

a. The application of standardized evaluations and other methods detected three new MWs for your awareness (TAB B-2): *Government Purchase Card (GPC) Program, the Army Management Control Process and Child Development Services.*

b. One MW was corrected this fiscal year: *Management and Control of Mobile Radio Telephones (TAB B-3).*

5. The proper stewardship of resources is a fundamental responsibility of USAREUR leaders and managers. Effective management controls are tools we use in this endeavor. The significant accomplishments of USAREUR commanders and staff principals help deepen my appreciation of the MCP Program and assure me that our programs are managed with honesty and integrity. USAREUR is indeed dedicated to sound stewardship.

6. My point of contact is Ms. Weeks, USAREUR MCP Manager, DSN 370-6279 or sandra.weeks@hq.hqusareur.army.mil.

3 Encls

1. How the Assessment Was Conducted
2. Memo on Material Weakness
3. MCP Material Weakness and Areas of Concern Panel


MONTGOMERY C. MEIGS
General, USA
Commanding

TAB A

HOW THE ASSESSMENT WAS CONDUCTED

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Determination of Reasonable Assurance

In FY 02, the Management Control Plan (MCP) relied on management control evaluations, audits, inspection reports, along with Internal Review and Audit Compliance Office (IRACO) proactive assistance and technical advice. The IRACO executed numerous forums with command staff proponents regarding proper identification and correction of significant management control weaknesses through ongoing internal audits and coordination with external audit agencies. The IRACO was instrumental in assisting the USAREUR (UR) MCP Program Manager and staff proponents in material weakness identification, reporting, tracking, and resolution.

A concentrated effort was undertaken to get senior managers directly involved in the evaluation of their management controls. Emphasis was placed on ensuring that Assessable Unit Managers (AUMs) had explicit statements of responsibility for management controls in their performance agreements and certified scheduled evaluations.

Conducting the assessment was a UR-wide team effort. Annotated below are actions that were executed during FY 02.

Leadership Emphasis

The vast majority of the staff and field are utilizing the following to emphasize the program:

- Web sites to publish/share information on management controls
- Staff, Division and Command meetings
- Review and analysis
- Issued memorandums providing command emphasis and guidance on the subject of management controls.
- Commanders communicate views on how to manage installation activities using Core Army Values and Teamwork.

Secretary of the General Staff (SGS) emphasized the importance of the program by establishing a framework for pinpointing responsibilities and accountability to achieve the Federal Manager's Financial Integrity Act (FMFIA) objectives.

Deputy Chief of Staff for Intelligence (DCSINT) reviewed the MCP three times during FY02 and took the following measures to maintain emphasis on improving internal management controls:

- Highlighted the MCP with current examples of intelligence organizations which have management control weaknesses and what the results of those weaknesses were. Provided media examples to the DCSINT staff of material weaknesses.

Deputy Chief of Staff for Operations (DCSOPS) utilized Division Chief meetings to review various issues such as funding, manpower, supplies, services, etc., to ensure prudent use of the Army's resources.

Deputy Chief of Staff for Logistics (DCSLOG) reviewed organization bi-weekly "Top Ten" reports on logistics issues and routinely met with Division management and staff during "Turf Times." Provided leadership over the Theater Fleet Refurbishment Program that enhances readiness, reduces costs, and extends vehicle life. The DCSLOG's Home Page was improved to provide maintenance, readiness, supply and transportation information to authorized users.

Deputy Chief of Staff for Engineering (DCSENGR) maintained a senior leadership council comprised of the DCSENGR, the ADCSENGR and the three directorate heads. This council met twice per week to review DCSENGR programs and functions with much of the focus directed toward internal controls that ensure the proper stewardship of resources. Directed the staff to conduct inspections and reviews of directorate, division and branch level programs to ensure compliance with the intent of making the process an embedded component of the day-to-day management process.

Deputy Chief of Staff for Resource Management (DCSRM) maintained the UR MCP web site and distributed information concerning management controls to the staff and Area Support Groups (ASGs). This office established, maintained and provided instruction, guidance and policy to the field concerning MCP.

As the proponent for UR Regulation 1-7, Support Agreement Managers (SAM) report annually any changes or terminations needed to HQ UR, Agreements Division.

A continuing requirement for command budget lay downs is designed to force command and staff agencies to project and justify funding requirements.

Inspector General (IG) reviewed all UR IG inspection reports and recommended courses of action to correct identified deficiencies. Reviewed external inspection and audit reports from DAIG, IRACO and USAAA to determine indications of systemic problems within UR that would require corrective action.

Judge Advocate (JA) underwent an on-site Article 6 inspection by a general officer of the Judge Advocate General's Corps. The JA continuously prepares for this annual inspection using a detailed and extensive checklist covering a wide variety of potentially vulnerable areas.

Training

Representatives from the staff attended the United States Department of Agriculture (USDA) Graduate School Management Control Administrators (MCA) course sponsored by the UR DCSRMC MCP program manager. In addition, the UR MCP program manager provided numerous one-on-one training sessions including sessions on completing the Annual Assurance Statement. Each organization provides training sessions on the MCP throughout the year and to new employees. In addition, many of the organizations utilize the following tools to pass on knowledge of the MCP:

- Web sites to pass on material, forms, the HQDA 5 year plan, previous year's annual assurance statement and examples of material weaknesses.
- Email, memorandums, newsletters, and information papers on MCP that defined the management controls and administrative requirements.
- Monitored and disseminated news-media/Executive Service articles concerning MCP issues.

DCSPIM included training modules in the MWR Training and Development Center. The Civilian Personnel Office provided briefings in forums such as the BASOPS Commanders Conference and Pre-Command Course on a broad range of programs, including what they can and cannot do to stay within the regulatory procedures regarding civilian personnel issues.

DCSINT provided forums to train and provide opportunities to expand the knowledge of the program for division chiefs and key leaders. "Real-world" examples of situations where management controls were inadequate were presented.

DCSIM's MCA met with division and branch chiefs and action officers responsible for completing management control evaluation certification statements and provided evaluator's guidance and assistance. In addition, external training was available to managers. The most widely used form was the MCP electronic training briefing.

DCSRM provided ongoing guidance and assistance to administrators as well as AUMs to ensure adherence to AR 11-2.

The Security Manager periodically recommended and/or invited a guest speaker to provide security related training at Office Professional Development sessions. Conducted annual on-site assistance of ASGs in conjunction with UR Annual General Inspections.

OJA conducted Continuing Legal Education (CLE) courses throughout the year to maintain and enhance the knowledge and professional competence of UR lawyers.

SETAF provided verbal and written instructions to ensure administrative requirements and evaluation processes were followed. One formal training session was conducted this FY. One-on-one sessions were given to the MCP POCs and to the AUM. MCP training will be offered throughout the next fiscal year in group sessions and one-on-one sessions.

7th ARCOM provided the functional staff and unit commanders detailed instruction packages for preparation of their feeder statements and evaluation certification. Sent a representative to the USARC Financial Managers' Workshop, USARC Pay Conference and the OCAR Mid-year Budget Review.

6th ASG used a training instrument for new employees called "New Employee Sustainment (NEST)" to train personnel just starting to work within the community. It ensures employees understand the functions of and regulations governing operations. It also teaches new employees requirements and values of management controls.

98th ASG homepage contains training material such as management control training slides, MCP Administrator's Handbook and the material weakness form with instructions.

Execution

The vast majority of organizations conducted command inspections to assess the existing MCP for effectiveness and compliance with established directives.

SGS instituted the following procedures to prevent loss or compromise of information, or misuse of government computer systems:

- Computer users are required to take and pass an Information Assurance test within 30 days of being issued a computer password.
- Review network activity to ensure users are not accessing prohibited Internet sites.
- Prompt termination of user accounts upon departure from the command.
- Central virus protection software updates for all computers.

DCSPIM's Equal Employment Opportunity Office, MWR Division, RM Office, Equal Opportunity Office and Safety Office conducted staff assistance visits to ensure management controls were operating effectively within their programs.

DCSIM held the annual Information Assurance Conference in May 02 for all Information Assurance Managers (IAMs) and Information Assurance Specialists (IASs) assigned to major subordinate commands, area support groups and those assigned to NOSC and NSC. Purpose was to provide information on new policies, use of new tools and dialogue with the IAPM and staff. Advice and assistance were provided to all IA professionals in the areas of certification and accreditation, communications security, security baselines, firewalls, interpretation of policy and solutions to particular situations. Fund status reviews were conducted throughout the year to ensure funds were obligated in a timely manner, funding shortfalls were identified, reprogramming actions implemented when necessary and excess funds were turned back to the UR DCSRM. Conducted a CONOPS laydown to discuss requirements to ensure we were adhering to UR DCSRM's guidance. Contingency validation process required all requirements be validated at the minimum O-6/GS-15 level.

DCSIM required UR soldiers, civilians and contractors to complete the UR Computer Training and Testing Program and sign the UR computer-user agreement. In the agreement, UR computer users agree to use their computers for authorized purposes only and to comply with security guidance.

DCSIM used the UR Copier Management System (UCMS) to control the acquisition of copier equipment. All copiers were revalidated when a new Information Management Acquisition Request (IMAR) approval number was requested through UCMS. The Information Systems Planning and Programming System (ISPPS) was used to control automation, networking, VTC and telephone equipment.

DCSIM reduced the quantity of documents and number of safes in use. This effort resulted in the destruction of 85 cubic feet of paper documentation and elimination of six empty five-drawer safes. The intent was to reduce security vulnerability and risk by reducing classified holdings.

DCSINT has procedures in place to control physical security and to limit access to classified areas of the building. Based on notification that an employee is leaving or is no longer authorized in classified areas, his/her access can be quickly denied. Entrance can be denied electronically to prevent access of unauthorized personnel even though they have an access badge.

A number of procedures are in place to prevent loss or compromise of information or misuse of government computer systems. These include requirement for DCSINT users to take and pass the information assurance test before being issued a computer password; regular review of network activity to assure that users do not access prohibited internet sites; network firewalls and intrusion detection systems; password account expiration linked to employee DEROS; prompt termination of user accounts when personnel PCS or leave ODCSINT; required change of computer passwords through password aging; prevention of blank passwords and requirement for minimum number of characters in the password; virus protection software updates are centrally controlled so all computers are updated upon receipt of new virus definitions; and systems have automatic lockout features if a password is used incorrectly three times in a row.

In order to assess the management controls to safeguard intelligence contingency funds (ICF), an independent audit report was used. The most recent audit by DA ODCSINT indicated that AR 381-141 for ICF was being followed and that appropriate controls were in place. Additionally, independent cash counts were conducted and no loss of funds was identified.

A monthly 100% inventory is conducted for all intelligence property. All personnel working with intelligence property have the appropriate level of security clearance. Command inspections are conducted to update hand receipts with the hand receipt holder present. There is an automatic investigation (report of survey) if anything is lost or missing. There is an independent inspection every 24 months conducted by the Intelligence Materiel Activity. The most recent inspection gave a rating of "commendable" with a score of 998 out of a possible 1,000 points. This rating was the highest in the Army.

DCSOPS reviewed and approved all internal requirements over \$125K, as well as reviewed and prioritized theater-wide unfinanced requirements for presentation to the UR Board of Directors.

DCSLOG proactively identified, reported, tracked and resolved management control problems through existing management review processes and standard evaluations. DCSLOG staff also reviewed audit inspection reports and results of other command inspections within their respective logistics areas, validated findings and assessed the need for changes in policy and procedures.

Provided UR level oversight of the Balkans Support Contract to ensure projects and services are properly justified and appropriately funded. Provided oversight of costs to meet contract requirements and to ensure the integration of efficient and reasonable cost measures. Initiated a major cost review of the contract, which involved over 25 significant cost saving initiatives. Further, the Award Fee Board evaluation plan was modified to place more emphasis on cost controls and savings initiatives.

The DCSLOG continued to ensure a successful conversion to Single Stock Fund (SSF) in UR and efforts are underway to convert to Milestone 3 (MS3). An SSF Executive Steering Committee was formed to ensure commanders are aware of actions that impact their operation

An SSF MS3 workgroup was also formed to coordinate a myriad of actions that must be completed prior to conversion.

On-going Command Supply Discipline Program (CSDP) evaluations ensured that property accountability procedures comply with regulatory guidance and that MSCs have established viable CSDP programs.

The Plans and Operations and Resource Management Divisions conducted routine financial analysis and reviews of logistics contractor costs associated with contingency operations. Provided oversight of those costs to meet contract requirements and ensured the integration of efficient and reasonable cost measures.

DCSLOG continued surveillance over security and accountability of Army Ammunition and Explosives in response to Army staff and DOD concerns worldwide. Inspection teams visit each surveillance organization in theater on a biannual basis, reviewing operations and reporting the results to the Senior Quality Assurance Specialist (Ammunition Surveillance) (QASAS) at ODCSLOG.

Senior QASAS ODCSLOG conducted on-site visits at least semi-annually to deployed task forces. The Senior QASAS reviewed 21st TSC, V Corps, and SETAF internal surveillance reports and records on a sampling basis to assure compliance with DA and UR policy guidance and technical requirements.

DCSENGR monitored and evaluated functional areas to ensure possible weaknesses were identified and corrected before they became a problem. Existing programs and management reviews, such as weekly Senior Leadership Updates and Division Chief Updates provided the forum for the leadership to place appropriate emphasis on the MCP program as well as monitor progress of the program.

DCSRM IAMs ensured or executed the following:

- Appointed an Information Assurance Officer (IAO) in the largest division. All Army Unclassified but Sensitive Internet Protocol Router Network (ANIPRNet) and Army Secret Internet Protocol Router Network (ASIPRNet) systems were accredited and maintained certification standards.
- Conducted random security checks including Protected Distribution System (PDS) which secures our ASIPRNet.
- Investigated incidents involving security violations, viruses, or unauthorized access.
- Acted upon information assurance vulnerability alerts in a timely manner.
- Issued and controlled passwords.
- Established a risk analysis program into our Department of Defense Information Technology Security Certification and Accreditation Process (DITSCAP) IAW AR 25-1.

The Security Manager ensured or executed the following:

- Utilization of Security Container Check Sheets within each division.
- Processed personnel security clearances for military and Department of the Army (DA) civilians and Local National (LN) employees requiring a Limited Access Authorization

using the Electronic Personnel Security Questionnaire.

Utilization of key control logs within each division.

- Regularly scheduled hand receipt verification.
- Conducted random security checks.
- Utilization of Activity Security Checklists (daily) and open and close rosters within each division.
- Encouraged all assigned employees to lock unoccupied offices in order to avert theft of personal and/or Government property.
- Maintained an exceptional Personnel Security program with no significant deficiencies.

The Manpower Division determined manpower requirements for BASOPS organizations using workload-based staffing templates. Developed the templates using accepted requirements determination methodology. Validated mission area organizations and functions using the 12 Step Method. Compared resultant staffing with current authorizations. Coordinated necessary changes both internally and externally before documentation of the Resource Guidance.

The Program and Budget Division established a revised approval policy for purchases and services to ensure high-level visibility of command expenditures. The policy reinforces UR intense management of resources during all phases of the budget cycle. Established procedures and developed reports for UR activities to reconcile expired year MIPRs with Corps of Engineers and contracts with the Contracting Office. Monitored activities progress through site visits and Standard Finance and Accounting Systems (STANFINS) reports to ensure reconciliation procedures are being performed. Performed document reviews with UR budget activities to ensure financial regulatory requirements of AR 37-1 and DFAS Manual 37-100 are met. Performed random sample reviews of obligation documents and rated activities based on results of reviews and ensured corrective actions were taken if necessary. Monitored the joint review program and documented results. Signed certification statements certifying the joint reviews. Formalized financial management procedures through the publication of numbered budget execution standards. Provided tools to more effectively access accounting data for research and reconciliation purposes, and initiated automated tools to minimize human error. Conducted monthly reviews through the division's control team to ensure MDEP/APE mismatches are sent to subordinate commands for verification and corrections as necessary.

OIG inspection teams who identified MWs in the course of inspections throughout the UR Area of Responsibility (AOR) emphasized the importance of reporting and correcting MWs in the course of the exit briefings. This is part of the Teach and Train function of the IG. Significant trends are reported to the **OIG** for analysis and reporting to Congress through the Semi-Annual Report to Congress.

OJA conducts an on-site Article 6 Inspection of the **OJA** each year. Action attorneys prepare legal opinions for review and signature at the division chief level and higher.

7th ARCOM provided guidance and feedback to commanders on preparation of their feeder statements. Provided guidance to the DCSLOG for its Equipment Storage Sight -Expanded (ESS-X) external customer reimbursable program. Worked closely with DCSIM, HQ **7th ARCOM** and USARC Comptroller to resolve Regional Level Application System issues.

Task Force Eagle instituted and supported a variety of programs throughout the Task Force to ensure operations were being conducted in accordance with applicable laws, policies and regulations. With the regularity of turnover throughout the Task Force, it was imperative to ensure that policies and procedures were in place and functioning. During this rotation, the Task Force conducted several inspections across the command to ensure compliance with regulations, policies and procedures.

Task Force Falcon conducted several inspections across the command to ensure compliance with regulations, policies and procedures. In addition to the minimum evaluation of specific areas as determined by UR and DA, the Task Force's IRACO and IG assisted in evaluating operations.

The 6th ASG Anti-Terrorism/Force Protection Plan established procedures and responses to specific terrorist threat actions and increases in the baseline Force Protection Condition. Force Protection Awareness Training was conducted as personnel entered the community through the Joint-in-Processing Facility.

Material Weaknesses (MWs) and Areas of Concern (AOCs) Being Tracked by USAREUR

We continue to actively pursue resolution on MWs and AOCs that are being tracked throughout the UR command. Below is a synopsis of our efforts:

<u>UR #</u>	<u>Name/Designation</u>	<u>Status/Projected Resolution</u>
93012	NAF Fixed Asset Write-offs (Property Accountability)	Consolidating accountability Resolution Jun 04
93013	Control of Fund Generating Activities	Working NATO/SOFA concerns Resolution Dec 02
96005	NAF Cash Management	IRACO follow-up audit FY 03
97002	Oversight of the UR Family Advocacy Program	IRACO follow-up audit FY 03
98003	Confined Space Program	Working pilot program initiation Resolution Sep 03
99002	Chemical Defense Equipment Testing	Equipment to be fielded 4 th Qtr FY 02
00001	Executive Control and Essential Command	Implementing training/staff assistance visits Resolution Apr 03
01001	Ammunition Amnesty Program	Provide field w/model Amnesty Program Dec 01. Resolution Mar 03
01002	RLAS Accounting and STANFINS Interface	7 th ARCOM IR final review FY 03

01003 NAF Chaplain Fund	IRACO follow-up audit FY 03
01005 DOD IT Security Certification Accreditation Process	Anticipate receipt of DITSCAP packages NLT Mar 03
01009 Property Accountability and IMPAC Credit Card	IRACO follow-up audit FY 03
01011 IMPAC Credit Card	Undergoing review

TAB B-1

MATERIAL WEAKNESSES (UNCORRECTED) FOR ASAFM&C AWARENESS

02001 Government Purchase Card (GPC) Program

02006 The Army Management Control Process

02008 Child Development Services

MATERIAL WEAKNESSES (CORRECTED) FOR ASAFM&C AWARENESS

98002 Management and Control of Mobile Radio Telephones

TAB B-2

UNCORRECTED (NEW) MATERIAL WEAKNESSES FOR ASAFM&C AWARENESS

- 02001 Government Purchase Card (GPC) Program
- 02006 The Army Management Control Process
- 02008 Child Development Services

MATERIAL WEAKNESS

USAREUR #02001

Title and Description of Material Weakness: Government Purchase Card (GPC) Program. The deficiencies identified by the Internal Review and Audit Compliance Office (IRACO) during the GPC audit are procedural/administrative. Management controls for the GPC Program are in place but not operating effectively as evidenced by the findings of the IRACO report. USAREUR has no evidence of any significant abuse for personal gain under the GPC Program.

Functional Category: Procurement

Pace of Corrective Action:

Year Identified: FY 2002

Original Targeted Correction Date: 30 Sep 03

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: N/A

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: Army/Operations and Maintenance, Army/numerous account numbers.

Validation Process: IRACO has programmed annual audits of the GPC program, including CY 2002; future PARC Procurement Management Reviews with emphasis on the GPC program management; Agency Program Coordinators (APCs) GPC Surveillance Program; and possibly CID investigations.

Results Indicators:

- Minimal procedural discrepancies
- Improved Property Accountability
- Increased program visibility by APCs and Resource Managers
- Enhanced surveillance program
- Reduction/elimination of improper purchase card use
- Updated policies and procedures
- Standardized on-line refresher/remedial training

Source(s) Identifying Weakness: USAREUR IRACO, Audit of Government Purchase Card Procedures and Purchases, Report Number 02-011

Major Milestones in Corrective Action:

A. Completed Milestones: In response to the audit observations, the following corrective

actions were implemented by PARC:

Date: 19 Apr 02 – 31 Jul 02

Milestone: Surveillance Reviews

The Deputy Commanding General, LTG Dodson, addressed the GPC Program and its internal management controls in the Senior Commanders' Course (started 28 Jun 02) to increase new commander's level of awareness on the appropriate use of the purchase card.

Developed a checklist in draft UR Reg 715-33 and APCs have been instructed to use it.

Established an internal monthly reporting requirement for surveillance activities.

Surveillance results will be sent to the Approving Official (AO) and the appropriate commander by memorandum.

APCs and Resource Managers have increased their visibility over purchase cards accounts via Customer Automation and Reporting Environment (CARE) EDI systems capabilities.

Date: 19 Apr – 31 Jul 02

Milestone: CARE program

CARE EDI rollout will enhance overall program management and surveillance efforts

Level IV accounts have been restructured in coordination with USAREUR DCSR, which enables Resource Managers to monitor GPC account activity more frequently and accurately.

Date: 19 Apr 02 – 31 Jul 02

Milestone: Property Accountability

DCSLOG has included GPC property accountability as an item in their Command Supply Discipline Program.

B. Planned Milestones (Fiscal Year 2002):

Date: 30 Sep 02

Milestone: Purchase of Calling Cards

PARC will include the revised guidance of USAREUR Supplement 1 to AR 25-1 (07 Jun 02) on the procurement of calling cards in the final version of UR Reg 715-33.

C. Planned Milestones (Beyond Fiscal Year 2002):

Date: 31 Mar 03

Milestone: Training

The additional training requirements in the areas listed below remain highest priority. Appropriate on-line courses, which will comprise the actual training in some areas, are in development:

Remedial training for approving officials.

Refresher training on property accountability procedures for approving officials and cardholders.

Refresher training in the areas of value added taxes, potential split disbursements, dollar limit approvals and brokering for approving officials and cardholders
CARE EDI rollout

In addition to the above, PARC is planning the following measures

- Reduction of excessive cardholders/GPC accounts within an activity/unit.
- Deactivation of current and prospective accounts of cardholders without a bona fide need to purchase.
- Improved span of control for specific AOs
- Developing standard surveillance plan methodology
- Cross utilize resources
- Supplement DA level surveillance reporting procedures
- Supplement DA GPC SOP as appropriate

HQDA Functional Proponent Participating in Corrective Actions: N/A

MACOM Point Of Contact: Mr. Roger Tompkins, Chief, Compliance Division, OPARC,
AEAPR-PA-CP, DSN 375-3206, tompkinsr@hq.usacce.army.mil

MATERIAL WEAKNESS

USAREUR #02006

Title and Description of Material Weakness: AR 11-2, Aug 94, The Army Management Control Process. HQDA has not revised AR 11-2 to reflect the new GAO Standards of Internal Control dated Nov 99 and their application as published in the GAO handbook "Internal Control Management and Evaluation Tool." The old twelve standards as still published in AR 11-2 are now incorporated into one of the new standards called "Control Activities." The AR does not cover the remaining four (4) new standards: Control Environment, Risk Assessment, Information and Communication and Monitoring. To execute the MCP as intended by GAO, it is of utmost importance to update AR 11-2 to reflect the new GAO standards since it creates a major gap in regulatory Army guidance for management controls.

Functional Category: Comptroller and Resource Management

Pace of Corrective Action:

Year Identified: FY 2002

Original Targeted Correction Date: FY 2003

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: FY 2003

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: Army, various appropriations

Validation Process: Internal Review

Results Indicators: Army Assessable Unit Managers, managers and supervisors will execute a more detailed and updated Management Control Process by applying new GAO standards and guidance prescribed in the GAO handbook "Internal Control Management and Evaluation Tool."

Source(s) Identifying Weakness: 100th ASG MCP Administrator initiated this report since a review of the GAO website surfaced the new and revised GAO Standards of Internal Control along with an outstanding handbook titled "Internal Control Management and Evaluation Tool."

Major Milestones in Corrective Action:

A. Completed Milestones: N/A

B. Planned Milestones (Fiscal Years 2003 and 2004):

Date: 15 Sep 03

Milestone: HQDA publish revised AR 11-2

HQDA publish revised AR 11-2 incorporating new GAO standards and their application as prescribed in Standards for Internal Controls in the federal government and in “Internal Control Management and Evaluation Tool.”

C. Planned Milestones (Subsequent fiscal years): N/A

HQDA Functional Proponent Participating in Corrective Actions: ASA(FM)

MACOM Point of Contact: Sandra L. Weeks, USAREUR Management Control Program Manager, HQ USAREUR, ATTN: AEAGF-C, Unit 29351, APO AE 09014, DSN 370-6279, sandra.weeks@hq.hqusareur.army.mil

MATERIAL WEAKNESS

USAREUR #02008

Title and Description of Material Weakness: Child Development Services. CYS is dependent on outside proponents to process the Child Care National Agency Check With Inquiries (CNACI). Until CYS employees/contractors are cleared on all background checks, they must work under Line of Sight Supervision (LOSS). Current processing times for the CNACI far exceed the timeline as set out in the new agreement between HQDA and OPM. A large majority of CYS employees/contractors are working without LOSS because of the lag time in processing the CNACI coupled with the constant high turnover of staff. This situation poses a child abuse risk for the programs and command.

Functional Category:

Pace of Corrective Action:

Year Identified: 2001

Original Targeted Correction Date: 2002

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: 2002

Reason for Change in Dates: N/A

Component/Appropriation/Account Number: Army

Validation Process: MCYET, ICYET and CIP

Results Indicators: CYS proponent agencies process the CNACI IAW HQDA/OPM timelines

Source(s) Identifying Weakness: Checklist-CIP Report

Major Milestones in Corrective Action:

A. Completed Milestones

Date: Jan 01

Milestone: ASG working group formed

B. Planned Milestones (Fiscal Year 2002):

Date: Aug 02

Milestone: 26th ASG SOP coordinated/signed

C. Planned Milestones (Subsequent fiscal years): October 02: Revalidate background check times

Date: Oct 02

Milestone: Revalidate background check times

HQDA Functional Proponent Participating in Corrective Actions:

MACOM Point of Contact: Sandra M. Hill, School Liaison Officer, 26th ASG S1 RFS, Unit 29237, APO AE 09102, DSN 373-8141, Sandra.hill@26asg.heidelberg.army.mil

TAB B-3

MATERIAL WEAKNESSES (CORRECTED) FOR ASAFM&C AWARENESS:

98002 Management and Control of Mobile Radio Telephones

CORRECTED MATERIAL WEAKNESS

USAREUR ID #98002

Title and Description of Material Weakness. Management and Control of Mobile Radio Telephones (MRTs). Current practices and procedures for managing and controlling cellular telephones/MRTs are not sufficient to ensure proper usage, accurate accountability and minimal cost incurrence. The IRACO audit that is the source of this material weakness found instances of: (1) MRTs being used for unofficial calls; (2) activities being billed for MRTs not assigned to them; and (3) inactive phones unnecessarily incurring monthly base fee charges which needed deactivating. In addition, USAREUR units for the most part do not have an effective program implemented to prevent abuse of MRT services or to collect reimbursement when abuse is identified.

Functional Category. Communications

Pace of Corrective Action.

Year Identified: FY98

Original Targeted Correction Date: 30 Sep 99

Targeted Correction Date in Last Year's Report: 15 Oct 00

IRACO Validation: 2 Jun 02

Component/Appropriation/Account Number. Army

Results Indicators. More efficient management and control of MRT resources. Decrease in the frequency of abuse calls and increase in collections for identified abuse of MRT service.

Sources Identifying Weakness. IRACO Audit Report #98001, Audit of Cellular Telephones, 24 Feb 98

Major Milestones in Corrective Action.

A. Completed Milestones:

Feb 98. Instituted an efficiency initiative to reduce number of MRTs to authorized level.

Feb 98. Directed the information management acquisition request (IMAR) approving office to perform periodic, at least annually, reconciliation of theater MRT authorizations to activate MRT cards that are maintained by the various USAREUR organizations and activities.

Feb 98. Reviewed static charges to identify inactive MRTs for deactivation to avoid incurring unnecessary costs.

Feb 98. 5th Signal Command formally requested that the host nation telephone company provide itemized bills timelier and include charge totals in itemized bills.

Feb 98 to May 00. Conscientiously reviewed requests for MRTs in excess of those authorized to various levels of USAREUR commands as reflected in Table D-1 of USAREUR 25-22.

Feb 00. AR 25-1 was published with an effective date of 15 Mar 00. The AR provides strict guidelines for use and management of MRTs.

Mar 00. Created a Telecommunications Oversight Section within ODOSIM that is tasked to review the usage of all telecommunication assets in USAREUR (to include MRTs).

Apr/May 00. Reviewed usage of C-net (within Germany) to determine continued need. The need was substantiated for a small number of users who would utilize C-net to effect STU III communications connectivity.

Apr 00. 5th Signal Command renegotiated new MRT contract that reduced costs across the board (MRC dropped from 42 DM to 30.6 DM per month; cost per minute in Germany sank from 25 to 23 pfennings per minute).

May 00. Telephone Control Officer (TCO) briefing that included guidance in the draft USAREUR Supplement to AR 25-1 was completed.

May 00. ODOSIM Memorandum forwarded draft USAREUR Supplement 1 to AR 25-1 to USAREUR commands and HQ USAREUR/7A staff for review and comments. Suspense: 23 Jun 00.

May 00. Published Change 3 to USAREUR 25-22, which delegates to USAREUR commanders the authority to review, approve and acquire MRTs within their command.

Feb 01. TCO briefing that included guidance in the draft USAREUR Supplement 1 to AR 25-1 was placed on the ODOSIM web page.

Apr 01. Published USAREUR Supplement to AR 25-1 with greatly expanded guidance on the control and management of telecommunications assets to include cellular phones.

May 01. Portions of AR 25-1 and USAREUR Supplement to AR 25-1 that pertain to TCOs were placed on the ODOSIM web page.

May 01. A person is hired specifically to teach TCO duties and responsibilities at the ASGs, MSCs and BSBs.

Jun 01. The prototype web-based MRT detailed usage system ready for testing.

B. Planned Milestones (Fiscal Year 2001):

Periodically. Continue to stringently review exceptions to Table D-2 (USAREUR 25-22) for HQ

USAREUR staff elements that are not affected by the delegation in Change 3. Only recommend to USAREUR Chief of Staff for approval those requests that are adequately justified.

Periodically. Schedule and make staff assistance visits to USAREUR commands to ensure that they are managing the MRT program within their command IAW guidelines contained in USAREUR Supplement 1 to AR 25-1.

Quarterly. Review the MRT card activations/deactivations for USAREUR commands as a result of delegating MRT approval to that level.

Oct 01. An Information Infrastructure Assistance Team (I2AT) started visits to USAREUR units to ensure compliance with USAREUR automation and telecommunications policies.

Oct 01. TCO training schedule published for ASGs, MSCs and BSBs

Nov 01. Creation and distribution of TCO SOP and distribution of TCO training briefs to each NSC in USAREUR.

Mar 02. ODCSIM initiated IRACO follow-up audit.

Jun 02. Completed IRACO follow-up audit and validation of corrective actions.

Jul 02. Received IRACO follow-up audit report validating corrective actions and concurrence to close material weakness.

C. Planned Milestones (Beyond Fiscal Year 2001): N/A

HQDA Functional Proponent Participating in Corrective Actions. N/A

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