



DEPARTMENT OF THE ARMY  
U.S. ARMY CORPS OF ENGINEERS  
WASHINGTON, D.C. 20314-1000

REPLY TO  
ATTENTION OF:

CERM-P

31 October 2003

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY, FINANCIAL  
MANAGEMENT AND COMPTROLLER (SAFM-FOI-M), 109 ARMY PENTAGON,  
WASHINGTON, DC 20310-0109

SUBJECT: FY03 Annual Statement of Assurance on Management Controls

1. I have reasonable assurance that management control systems throughout the U.S. Army Corps of Engineers (USACE) are in place and working except for the enclosed uncorrected material weaknesses. This statement accurately reflects all known management control material weaknesses in all functional areas of responsibility guided by Headquarters, Department of the Army and USACE regulations. My assessment is based on my overall knowledge of these management controls, evaluations of their effectiveness, all known audits, inspections, investigations, and reviews, and the overall awareness of my staff. Regulations are being maintained to ensure Corps-wide understanding of essential policies and requirements that must be enforced. The corrective actions shown for all USACE material weakness are appropriate and will be monitored to ensure that the material weaknesses are resolved in a timely manner.
2. As stated last year, we have been actively pursuing methods for improving our capabilities in economic analysis of projects, financial documentation for construction projects, and Civil Works cost-sharing controls. I am very pleased to tell you that corrective actions we have implemented over the past year have resulted in a 90% reduction in the value of non-compliant cost-shared Civil Works projects.
3. I am proud to share with you the highlights of significant management control accomplishments. As requested by the Director for Management Services, Office of the Assistant Secretary of the Army (Financial Management and Comptroller), we have included these accomplishments in the administration of the management control program throughout USACE and the efforts by our functional offices to improve controls in their programs or processes at TAB B-4.

FOR THE COMMANDER:

Encl

A handwritten signature in black ink, appearing to read "Robert H. Griffin".

ROBERT H. GRIFFIN  
Major General, USA  
Deputy Commander

## **TAB A**

### **HOW THIS ASSESSMENT WAS CONDUCTED**

#### **LEADERSHIP EMPHASIS –**

During FY03, our command continued to emphasize the importance of the management control program and issued guidance on updating the Management Control Inventory, updating headquarters and field Management Control Plans and conducting required evaluations, and preparing our Annual Assurance Statements. We discussed what reported Material Weaknesses were systemic and what other internal processes warranted attention and reporting upward.

Management control mechanisms within USACE include meetings of HQ USACE Command, Issues Management Boards, Major Subordinate Commands' Boards of Directors, Regional Management Boards, Quality Councils, and Quarterly Review Boards; operating budget/manpower reviews; Project Review Board meetings and Line Item reviews; Command Staff Inspections; and Command Management Reviews.

This year, we took time during Command Staff Inspections and video teleconferences to ensure that management control responsibilities are included in the performance plans of Commanders, Assessable Unit Managers, and other appropriate personnel.

We continue to emphasize the importance of the Chief Financial Officer's (CFO) Act items through audits, inspections, and internal evaluations. We have imbedded CFO Act issues into our operating business practices and the USACE 5-year Management Control Plan.

These examples of leadership emphasis coupled with similar initiatives implemented within USACE divisions and centers have enhanced our overall management controls program.

#### **TRAINING –**

USACE staff activities and field organizations conducted management control training during FY03 utilizing the Army Management Control Administrators and Managers Courses; in-house training by management control administrators; websites that contain program guidance and key controls lists from HQDA, Army and Engineer Regulations governing the programs/areas to be evaluated, and USACE policy, guidance, and toolboxes.

Nine USACE Management Control Administrators from various levels within the command attended Army's two-day Management Controls Symposium and the U.S. Department of Agriculture Graduate School's two-day Army Management Control Administrators Course in June 2003.

## **EXECUTION –**

Throughout the year, HQUSACE used e-mail to send all management control information to Corps organizations, to correspond with and provide guidance to headquarters and field management control administrators, and to coordinate actions in preparing our annual statement of assurance.

We have developed a homepage for USACE employees' easy access to internal management control information and links to other USACE and Army management control homepages. Planned improvements to this homepage include the addition of the seven Management Control Courses and the Management Control Toolbox provided by the Training Subcommittee of the Management Control Steering Committee. In addition, we will continue to link to DA approved websites for training courses in Management Control topics.

Many USACE management control evaluations are integrated into normal management processes such as quarterly command management reviews, staff visits, program management reviews, command inspections, and internal audits. Checklists, conference results, and independent reviews by GAO and USAAA are other tools used to monitor and evaluate our key management controls.

USACE districts, divisions, centers, and staff offices tested key management controls for areas requiring evaluation in FY03, prepared their statements of assurance, and submitted these statements through their chains of command to HQUSACE. Functional proponents reviewed audit findings and field-reported material weaknesses and issues.

## **INTERNAL REVIEW SUPPORT –**

The HQUSACE Internal Review Office continues to support the Management Control Process in a variety of ways. Internal Review staff at the headquarters and throughout the command reviewed completed management control evaluation, certification statements for reasonableness and clarity. Auditors spoke with responsible personnel, reviewed supporting documentation, and reviewed pertinent regulations. Audits throughout the year included a review of management controls pertaining to that audit. This included Chief Financial Officer Act validations, reviews, and follow ups to Inspector General findings, if any. During visits, Internal Review personnel review management control working papers, reports, and support for annual assurance statements. Internal Review personnel provided over 15,000 man-hours of support to the Management Control Process USACE-wide during FY03.

**TAB B-1**

**FY03 Material Weaknesses**

**UNCORRECTED — For HQDA Awareness**

<b><u>MW# (FY Identified)</u></b>	<b><u>Description</u></b>
<u>COE-00-001</u>	Computer System Control
<u>COE-00-002</u>	Sub-Contracting Plans for Small Business
<u>COE-01-002</u>	Information Technology (IT) Capital Planning and Investment Decision Process

**CORRECTED**

<b><u>MW# (FY Identified)</u></b>	<b><u>Description</u></b>
NONE	

**TAB B-2**

**Uncorrected  
Material Weaknesses**

## UNCORRECTED MATERIAL WEAKNESS

MW # COE-00-001

**Title and Description of Material Weakness:** Information Systems Security – Computer System Control Weaknesses.

Weaknesses in system controls were identified at the Corps data processing centers and district sites that could facilitate both hackers and legitimate users to improperly modify, inappropriately disclose, and/or destroy sensitive and financial data.

**Functional Category:** Information Technology

**Pace of Corrective Action:**

**Year Identified:** October 2000

**Original Targeted Correction Date:** September 2001

**Targeted Correction Date in Last Year's Report:** October 2002

**Current Target Date:** March 2004

**Reason for Change in Dates(s):** Cancelled follow up on the GAO – FISCAM Audit. At this time the DoD-IG is beginning the follow up actions.

**Component/Appropriation Account Number:** Army/Military and Civil Works

**Validation Process:** Validated by USACE CIO and/or DoD IG Audit follow up report.

**Results Indicator:** Technical teams from HQUSACE and CEEIS have validated the appropriate actions are complete.

**Source(s) Identifying Weaknesses:** GAO Audit Report Number GAO/AIMD-00-235 dated September 2000; Subject: Computer Control Weaknesses over Corps of Engineers Financial Management System. GAO audited using their Jan 1999 Financial Information System Controls Audit Manual (FISCAM).

**Major Milestones in Corrective Actions:**

**A. Completed Milestones:**

**Date:**

October 2000 – January 2001

**Milestone:**

USACE Internal Review reviews the centers and districts review the non-technical GAO FISCAM audit issues following CEIR guidance.

October 2000 – September 2001      USACE Corporate Information, Security and Law Enforcement, and Finance Staffs work to correct all the USACE Commander agreed upon GAO FISCAM audit issues.  
**Corrective Action:** There will be continuing follow-ups of open audit issues until they are closed.  
**Corrective Action: The USACE Commander 28 August 2000 command response to the GAO was used as the corrective action guide.**

December 2000      Memorandum from USACE to HQDA requesting review/revision of AR 380-19 to update current systems needs and technology because of the GAO Audit. Additionally, HQDA should establish updated standards that consider the GAO FISCAM guidance.  
**Corrective Action: A memorandum was sent to HQDA.**

October 2001 - March 2002      USACE Corporate Information and Finance Staffs work to correct the USACE Commander agreed upon and new GAO FISCAM audit issues.  
**Corrective Action: The USACE Commander 8 March 2002 command response to the GAO will be used as the corrective action guide and it can be modified by subsequent negotiated agreements made with GAO during future discussions.**

October 2002      Corrective action validated by AAA, USACE IR, and CERM-P (MCA).

**B. Planned Milestones (Fiscal Year 2004):**

**Date:      Milestone:**  
July 2003 – March 2004      Corrective action validated by USACE CIO and/or DoD IG Audit.

**C. Planned Milestones (Beyond Fiscal Year 2004):**

**Date:      Milestone:**  
None

**OSD or HQDA Action Required:** None

**Points of Contact:** CECI-A – Sondra Charlton (CECI-A) (202) 761-1736; CECI-A – Tom Aubin; CERM-F – Mike Walsh; CEFC-Z – Tom Brockman; CEIR – John Templeton

## UNCORRECTED MATERIAL WEAKNESS

MW # COE-00-002

**TITLE AND DESCRIPTION OF MATERIAL WEAKNESS:** **Subcontracting Plans for Small Business.** Many of the field contracting offices are in noncompliance with applicable public laws and implementing policies and procedures as they pertain to small business subcontracting. USACE procedures are not adequate for evaluating and negotiation of acceptable subcontracting plans and for monitoring, evaluating and documenting contractor performance.

**FUNCTIONAL CATEGORY:** Contract Administration

**PACE OF CORRECTIVE ACTION:**

**YEAR IDENTIFIED:** Fiscal Year 2000

**ORIGINAL TARGET DATE:** Originally Sep 2001; however, the Pilot Automated System Development to assist in correcting the weakness was completed Sep 2001, but not presented for acceptance; a Beta Test in Corps Districts was planned for Oct 2001 – Sep 2002; but because of non-acceptance of the system for enhancements the beta test slipped until FY 2003; the system has now been accepted, but there has not been funding for the testing; the system was briefed to the HQDA PARC's Governance Board which approves the piloting and development of automation systems to enable paperless contracting and improve efficiency in contracting. The HQDA Governance Board assesses and approves systems for funds prioritization to complete the beta testing and piloting of the system to determine proof of principle for Army-wide implementation. The Contract Compliance System's acceptance as a pilot should be determined during 1<sup>st</sup> Quarter, FY04; therefore system readiness cannot be foreseen until Sep 2004.

**TARGET DATE IN LAST YEAR'S REPORT:** Sep 2003

**CURRENT TARGET DATE:** NLT Sep 2004

**REASON FOR CHANGE IN DATE:** Lack of funds is the issue for implementation of the System. The PARC has launched an aggressive strategy to ensure that this system becomes a part of the enterprise technology infrastructure for the Army by making the Contract Compliance System part of the Army's funding prioritization. The system has been developed and is ready for operational testing as a pilot within a Division with current USACE Projects. The system requires the Prime Contractors to submit names of all Subcontractors to the lowest tier who comprise the approved subcontract plan. Each time there is an outlay of payments to a subcontractor, the subcontractor will independently enter the web-based system

specifying: the amount of payment; the service or product provided; contract number; business size; and appropriate comments on participation in the project rather than the government having unilateral dependence upon the validity of the 294/295 prime contractor submissions for subcontract plan compliance.

**COMPONENT/APPROPRIATION:** Army/Military and Civil Works

**VALIDATION PROCESS:** The PARC conducted a survey of all the Districts and other contracting entities in the Corps during Fiscal Year 2003 to obtain a description of the current process of acceptance and validation of Subcontracting Plans; the critical points of negotiation for the plans; how prime subcontracting plans compliance is monitored; the evaluative criteria for acceptance of the plan; documentation of prime contractor performance and whether complaints are being received that Primes are not complying to their approved plans. Overwhelmingly, the process throughout the Corps was comprehensive and rigorous. Excellent and aggressive procedures are being executed with full collaboration with the Contract Specialist, Contracting Officer, SADBU, SBA, ACO and the Contractor. The PARC will promulgate all unique initiatives Corps-wide for continuous improvement. Generally, all subcontracting plans are provided to the procurement analyst for scoring using the AFARS Appendix DD Subcontracting Plan Evaluation Guide. If the apparently successful offeror/bidder fails to negotiate a subcontracting plan that is acceptable to the Contracting Officer, in consultation with the Deputy for Small Business, the offer is ineligible for award. The Contracting Officer, Deputy for Small Business, and Contract Administrator must cooperate on approvals and reviews of subcontracting plans. The plans are also submitted to the Small Business Administration (SBA) for review and comment. The activity SADBU must provide assistance to the Contracting Officer throughout the contracting process for matters relating to the small business program. Contractors must, in accordance with contract terms and conditions, document their performance in submissions twice yearly to the contracting officer on the Standard Form 294, Subcontracting Report for Individual Contracts, and Standard Form 295, Summary Subcontract Report. The Deputy for Small Business receives copies of these reports from the Contracting Officer and provides input to the Department of Defense on agency performance. The Contracting Officer is responsible for taking any necessary actions relating to enforcement of the Subcontracting Plan. Internally, both the contracting and small business program provide compliance reviews and training opportunities for contracting staff, small business staff, and contractors. Current procedures require that both the Contracting Officer and Deputy for Small Business sign and approve all subcontracting plans. The internal compliance reviews and training continue to be provided by CT and SADBU at the local contracting entities. The SADBU/KO sign the plan and pass it on to the ACO for administration. The Subcontract Plan is briefed at the Pre-performance Conference and 294's/295's are reviewed by the Contract Specialist assigned to the Project. The PARC generated surveys in FY03 that have proven beneficial in

**MW # COE-00-002**

leveraging subcontract-related initiatives among the field elements. The PARC included subcontracting in agendas for the Road Shows to the Districts and also the annual PARC Roundtable/Conference contained training on Subcontracting Plan Compliance. The Acquisition Management Surveys (AMS) reviews at the Divisions and OPARC have placed a new aggressive focus on Subcontract Management that will improve monitoring and validation of the processes embraced by the Districts. Upon HQDA funding approval of the pilot system, our capability to independently validate 294/295 submissions by prime contractors and major subcontractors (subcontracts greater than \$500 thousand or \$1 million for construction) will be greatly enhanced. This will add to our confidence in effectiveness of subcontract plan administration as the OPARC Pilot automated system for the management of Subcontract Compliance is implemented.

**RESULTS INDICATORS:** The FY 03 surveys have indicated that it has been at least two years since the Corps has had specific complaints regarding prime contractors not in compliance with their approved plans. There is aggressive post award administration and cooperation between Contracting Officers and Deputies for Small Business. Liquidated damages can be assessed for failure to meet subcontracting plan commitments under FAR 52.219-16. The Deputies for Small Business also conduct random compliance reviews that are noted in the performance evaluation of contractors not meeting subcontracting plan goals, so that information can be utilized in future selections. The PARC surveys will be continued on an annual basis. The automated system will ensure timely submission 294/295 reports by contractors or provide "red flag" alerts and notification. The capability to ensure accuracy in reporting will also be administered through the effective use of the OPARC Pilot Program on Subcontract Compliance which will capture the independent web-based notification from subcontractors of all receipts of payments from the prime and a clear explanation of the type of work performed so that subcontractors receive the proper experience to prepare them for future prime competitions.

**SOURCE(S) IDENTIFYING WEAKNESS:** HQ, USACE Internal Review.

**MAJOR MILESTONES IN CORRECTIVE ACTION:**

**A. Completed Milestones:**

**Date:**

December 2000

**Milestone:**

PARC TO ISSUE POLICY AND GUIDANCE ADDRESSING THE APPLICATION OF CURRENT PUBLIC LAW AND REGULATION AS IT PERTAINS TO SMALL BUSINESS SUBCONTRACTING IN USACE

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progress in subcontracting for all contracts in excess of \$500,000 (\$1,000,000 for construction); and requiring greater execution of liquidated damages when agreed upon contracting goals were not met. The field was requested to send in copies of all Standard Operating Procedures (SOPs) for Contractor Reviews so that the accountable OPARC analyst could ferret out "best of breed" standardized procedures that could be incorporated in the automated system that was being designed for independent and aggressive management of subcontract plans by the government and provide enhancements to the formal policy distribution which was planned for release with the pilot automated compliance system in August 2001. The pilot automated system will be released for pilot testing after 1<sup>st</sup> Quarter FY 04 should funds be approved by the HQDA Governance Board or the concurrent UFR in the USACE budget process is approved. During the execution of the pilot any additional formal policy, which leverages all lessons learned, will be released concurrently.

September 2003

PARC to develop a command-wide monitoring process that effectively identifies and tracks compliance with the PARC's policy and guidance on small business subcontracting.

The PARC accepted for Beta Testing a Pilot Contract Compliance System in early August 2002, which was developed under the Corps of Engineers Pilot Program for Small Businesses with "seed money" provided by HQDA. The contract (GS00K97AFD2191) was awarded in FY 2000 for the development and prove-out of a Subcontract Compliance System, which would track the actual execution and actual outlays to small businesses under approved Subcontracting Plans. The Contractor, SYMBIONT, INC, a small disadvantaged business, developed the system to prove-out the new innovation in the Corps. The new automated system supports paperless contracting and will serve as an independent tool for validating compliance never before available.

**UPDATE (SEPTEMBER, 2003):** The automated system implementation is the key to ensuring Contract Compliance and funding must be strongly considered to approve a UFR should the system fail to be placed in the funding priority

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lists of the HQDA Governance Board. The PARC also instituted a Survey Initiative to the field to capture how the process is actually performed without automation. The PARC accepted the automated system for Contract Compliance, developed by Symbiont, Inc., to prove-out its capability to track the actual execution and actual outlays to small businesses under approved subcontracting plans. In May 2001, Symbiont, Inc. completed its review of the current SOPs of all the operating contracting offices, compiled the lessons-learned and offered a suggested solution for the Pilot Contract Compliance System. The Contractor at the PARC Roundtable/Conference, 11-15 June 2001, first demonstrated the system. Out of this review potential enhancements evolved which were subsequently incorporated into the system. The enhanced system was accepted by the PARC in August 2002, but has not completed beta-testing as was planned during FY 03 because of lack of funding. Some of the system provisions are as follows: Simultaneous with transcribing the award of prime contracts in excess of \$500,000 (\$1,000,000 for construction), the prime contractor and every tier of subcontractor will be listed in the system by name; the system is web-based for subcontractors to enter payments received from their prime contractors on monthly basis. The Primes will continue to submit their 294/295 semi-annually, but the system will allow validation of the 294/295 independently by the government. The system will provide a variety of reports to support the SABDU offices, monitor contract compliance and support PARC Acquisition Management Surveys assessments. The implementation of the system will be managed at Corps Headquarters. The system already resides of the Headquarters' server as of August 2002. Since the system is web-based, any Corps office can review, query, or generate reports on compliance. The implementation includes training acceptance testing of the new system. Reports from the web-based system will help the districts in their periodic or monthly meetings with prime contractors being able to discuss-"real-time" performance under an approved subcontracting plan.

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Remaining Project Schedule:

<u>TASK</u>	<u>COMPL DATE</u>
• PARC acceptance of the Web-based Pilot System	8/2002
• Implementation of the Web-based Pilot System for Beta-Testing/Policy distribution	4/2004
• Monitor and Evaluate the Web-based Pilot System	8/30/2004
• IR Validate Corrective Actions	9/30/2004
• Implement System Corps-wide	10/15/2004

**B. Planned Milestones (Fiscal Year 2004):**

**Date:**

September 2003

**Milestone:**

PARC to develop a reporting process to advise the Chief of Engineers, on a semi-annual basis, of the command-wide status of implementation of the compliance with the PARC's policy and guidance on small business subcontracting.

September 2003 UPDATE: Task Completed. Progress in Monitoring of Subcontract Plans is reported to the Deputy Chief of Engineers during each Command Staff Inspection for each district within a Division and in the PARC's formal report to the Division. Routinely, subcontract monitoring is an issue reported to the Chief of Engineers during Command Management Reviews (CMRs) and during the Weekly Staff Meetings when there are issues regarding unrestricted competitions that the small industry believes should be set-aside. The CMR has been selected as the official forum for report-out to the Chief of Engineers. After the beta testing and when the automated system is fully implemented, reports of anomalies by division will be reported weekly if subcontracting goals on approved subcontracting plans are not being met. Because of the effectiveness of the on-going report outs and the plans after the implementation of the automated system, this task is complete.

31 January 2004

SB will provide command-wide oversight to assure effective, accurate and timely implementation of the PARC's policy relating to small business subcontracting. Original Target date, 01 Feb 01. Slipped Date: Oversight cannot begin until the system is fully implemented Corps-wide.

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**C. Planned Milestones (Beyond Fiscal Year 2004):**

30 October 2004

Corrective Actions validated by Internal Review and CERM-P, Management Control Administrator. Original Target Date: 30 October 2002.

**OSD or HQDA Action Required:** None

**Point Of Contact:** Ms. Bunnatine Greenhouse, (CEPR-ZA) (202) 761-8642

## UNCORRECTED MATERIAL WEAKNESS

MW # COE-01-002

**Title and Description of Material Weakness:** **Information Technology (IT) Capital Planning and Investment Decision Process.** Weaknesses in the IT Capital Planning and Investment Decision Process were identified for the selection, control and evaluation of USACE IT Investments. The Clinger-Cohen Act of 1996 and AR 25-1 require that Federal Agencies institutionalize a USACE IT Capital Planning and Investment Decision Process. This process integrates the programming and budgeting for IT Investments through policies, guidance and committees which monitor and track these investments through the USACE IT Investment Portfolio. Currently the process is fragmented and senior level approval continues to be given to high visibility projects that have not been through the process. This weakness impacts corporate decisions on the ranking and prioritization of IT Investments and their contribution to the mission of US Army Corps of Engineers.

**Functional Category:** Information Technology

**Pace of Corrective Action:**

**Year Identified:** FY 2001

**Original Targeted Correction Date:** Sep 2003

**Targeted Correction Date in Last Year's Report:** Sep 2003

**Current Target Date:** Sep 2004

**Reason for Change in Dates:** Briefing to the Issues and Management Board (formerly the USACE Command Council) on the IT Capital Planning and Investment Process was postponed from 6-28-03, due to organizational issues, and has not been rescheduled.

**Component/Appropriation:** Army/Multiple Military and Civil Works appropriations.

**Validation Process:** AAA follow-up Audit as part of the annual Chief Financial Officers Act (CFO) Audit.

**Results Indicator:** The ability to capture the business-related benefits of our IT investments and their contribution to the USACE mission, and the reconciliation of programming and execution of USACE IT investments.

**Source Identifying Weaknesses:** USACE Command/Staff inspections/audits/reviews.

**Major Milestones in Corrective Actions:**

**A. Completed Milestones:**

**Date:**

December 2001 – March 2002

**Milestone**

The publication of Engineer Regulation 25-1-103, Information Technology Capital Planning and Investment Decision Policy.

***Corrective Action: The policy for IT capital planning and investment decision was published in Engineering Circular 25-1-303, Information Technology Investment Management (ITIM), 1 Aug 2002.***

**B. Planned Milestones (Fiscal Year 2004):**

**Date:**

March 2002 – September 2004

**Milestone**

The publication of EM 25-1-XXX, Information Technology Capital Planning and Investment Decision Process.

***Corrective Action: Completion of this item was delayed due to other directorate priorities, e.g., OMB E-Gov initiative. Target date for completion was December 2002; new target date is 30 September 2004***

March 2002 – September 2004

Conduct three regional training sessions for Division, District, Field Operating Activity, and Lab Planners responsible for IT Capital Planning for their organization between.

***Corrective Action: The regional training sessions have not been conducted as planned due to reduced funding in Fys 2002 and 2003. However, we conducted training sessions during the DIM/CIM Conference in Kansas City in April 2002 (Central) and provided guidance/training during two regional Division meetings (NAD and MVD) via video teleconference. Additional training was conducted during the DIM/CIM Symposium in Orlando, July 2003 (East).***

March 2002 – September 2004

Conduct Command Staff Inspections of Division/District/FOA/Lab for implementation of IT Capital Planning and Investment Decision Process.

***Corrective Action: Questionnaire/Survey is provided to the Division/District/FOA/Lab for implementation of IT Capital Investment Decision Process for evaluation by CECI staff.***

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September 2004

Brief the USACE Command Council on the IT Capital Planning and Investment Decision Process.

***Corrective Action: Not started.***

**C. Planned Milestones (Beyond Fiscal Year 2004):**

**Date:**

**Milestone**

October 2004

USACE IR and CERM-P (MCA) validate corrective actions.

**OSD or HQDA Action Required:** None

**Point of Contact:** CECI-T – W. Ward Sevila (202) 761-7700; CERM-P – MCA.

**TAB B-3**

**CORRECTED  
MATERIAL WEAKNESSES**

**CORRECTED MATERIAL WEAKNESS**

**(NONE)**

**TAB B-4**

**Management Control Program And  
Related Accomplishments**

## **Management Control Program And Related Accomplishments**

### **Management Control Training**

#### **Description of the Issue:**

- US Army Corps of Engineers Management Control Administrators needed easy access to management control training materials to share with commanders, Assessable Unit Managers, and other interested parties at all levels.

#### **Accomplishments:**

The Headquarters and subordinate command Management Control Administrators within USACE now use email and web-based presentations to share Management Control materials and train at all levels.

- The presentations we share are auto-tutorial and can be changed to accommodate special emphasis or needs within a given office or District when used to train groups.
- The recent Army-level initiative to provide a modular training program will greatly enhance this locally developed program.

## **Huntsville Center Links Performance Measures and Awards to Management Controls**

#### **Description of the Issue:**

- Many organizational performance measures of key functions at the Huntsville Center, Corps of Engineers, Huntsville, Alabama, are directly related to key management controls.

#### **Accomplishments:**

Huntsville Center established links between many reportable organizational performance measures of key functions with appropriate key management controls.

- Employee performance evaluations and awards are tied to the successful accomplishment of measurable key functions within the organization. For example, "Appropriate Labor Costing" is a key Resource Management control function.
- The timeliness and quality of labor cost transfers is one of the reportable organizational performance measures for Resource Management personnel. That organizational measure directly relates to the "Appropriate Labor Costing" management control function for the Resource Management Office.

## **Northwestern Division Shares Good Ideas**

### **Description of the Issue:**

- Leadership of the Northwestern Division of the US Army Corps of Engineers needed to be proactive in its application of the management controls process.

### **Accomplishments:**

The Division MCA established a Management Controls Public Folder for the purpose of collecting and sharing "good ideas" from the District MCAs. The Public Folder is:

- Accessible to all AUMs, MCAs, managers, and property holders throughout the entire Northwestern Division.
- Used to identify and highlight best business practices at high-performing Districts specifically related to Management Controls and to disseminate these best practices to all elements within the Northwestern Division.

## **South Atlantic Division Incorporates Mission Essential Task List (METL) Process With Management Control Process**

### **Description of the Issue:**

- Incorporating METL with MCP is designed to ensure training within the division supports the division collective mission essential tasks (MET) and scarce resources are allocated to ensure capabilities are maintained and enhanced in critical areas.

### **Accomplishments:**

During FY03 the Division continued to implement and refine the METL Process.

- Each staff chief identified MET and conducted an assessment on current competency levels for each to determine shortfalls.
- Improvement plans were developed to close these gaps.
- Training plans (individual and collective) are updated each year.
- Resources are identified to support required training.