

Reclamation Manual

Directives and Standards

Realignment of the Internal Control Program



United States Department of the Interior

BUREAU OF RECLAMATION

84-52000
ADM-7.00

VIA ELECTRONIC MAIL ONLY

MEMORANDUM

To: Director, Management Services Office
Director, Policy and Administration

From: Grayford F. Payne
Deputy Commissioner – Policy,
Administration and Budget

MAR 19 2014

Subject: Realignment of the Internal Control Program

The Bureau of Reclamation's Internal Control Program (ICP) is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA) and comply with the Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Internal Controls*, including Appendix A, *Internal Control over Financial Reporting*. Since fiscal year (FY) 2012, overall responsibility for the ICP has been held by the Director, Policy and Administration (Policy), with responsibility for financial reporting held by the Director, Management Services Office (MSO).

In order to clarify the processes between programmatic and financial reporting, and to promote efficiency, effective October 1, 2014, Policy will continue to be responsible for complying with the programmatic aspects of Circular A-123, and MSO will be responsible for complying with the requirements of Appendix A of Circular A-123 (financial reporting). In order to complete the separation between programmatic and financial internal controls, responsibility for seven assessable units (AU) will transfer to MSO (see attachment).

Governance

- Senior Management Council (SMC): The SMC will be streamlined to the Deputy Commissioner - Policy, Administration and Budget and the Deputy Commissioner – Operations. The Director, Policy and Director, MSO will present the internal control information for which they are responsible to the two Deputies for consideration and approval.
- Senior Assessment Team: Two Senior Assessment Teams will be established. Representation on each team will be determined by the areas of responsibility of the two directorates responsible for the ICP: Policy and MSO.

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ICP Deliverables

- Component Inventory and 3-Year Review Plan: Policy will continue to manage and report this deliverable as in the past for all AUs except those which are transferring to MSO. MSO will manage and report the AUs for which they are responsible (see attachment).
- Entity Level Questionnaire: Policy will coordinate and report this deliverable for programmatic issues. MSO will coordinate and report entity level assessment information for any financial components, if needed.
- Integrated Risk Rating Tool (IRRT): Policy and MSO will manage and report risk ratings for all programmatic AUs for which they are responsible to the Deputy Commissioner - Policy, Administration and Budget. MSO will continue to manage and report risk rating processes for financial reporting.
- Annual Assurance Statement (AAS): Policy and MSO will issue statements to the Deputy Commissioner - Policy, Administration and Budget, to be rolled up into the Commissioner's AAS.

ICP Automated Tracking System

- Currently Reclamation uses a database software application *Governance, Risk, and Compliance (GRC)* to document programmatic and financial internal control information, as well as single audit information. Policy is currently the business owner of this application, and as such, coordinates with users across Reclamation (including MSO users) to resolve issues and implement changes. Policy will continue to be the business owner of GRC through FY 2014. In FY 2015, MSO will become the business owner of GRC. GRC's approved budget of \$161,000 and budget responsibilities will transfer to MSO at that time.
- Policy is developing requirements for a SharePoint-based application to document programmatic internal control information. In FY 2015, Policy will submit a Business Decision Document to the Information Technology Investment Council for approval and will continue to use GRC until the SharePoint application is implemented.

Policy will work with MSO to complete this year's reporting cycle. Other processes and documents will be developed and distributed as this transition progresses.

If you have any questions, please contact me at 202-513-0509.

Attachment

cc: 91-00000 (Pimley, Rice), 91-10400 (Armani), 94-00000 (Oates), 94-30000 (Quarles, Wolf), 96-43000 (Ives), 96-00000
84-21000 (Bickford, Smiley), 84-21200 (DeNiro), 84-27000 (Speck), 84-27410 (Morrow), 84-27700 (Nicholson), 84-27820 (Terrell), 84-40000 (Baals, Howard), 84-41000 (GAnderson, Feltman), 84-50000 (Shepet), 84-52000 (Kunkel-Shields, Massengill), 84-52100 (Evans, Tanglen), 84-55000 (Stock), 84-57000 (Herrera), 84-58000 (Hulick, Sjerven), 84-59000 (Sutherland), 86-50000 (McCalman, Spiker), 86-62000 (Knipps),

Continued on next page.

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cc: Continued from previous page.

86-43200 (VCook), 86-68000 (GMartinez)
PN-1822 (PHill), PN-3020 (Relf), PN-3438 (Hovde), PN-3651 (Cuhiciyan), MP-115 (Burks),
LC-7300 (CChavez), LC-7201 (Stemmer), LC-7301 (KNelson), LC-7606 (Saxton),
UC-361 (Miles), UC-364 (Overdiek), GP-3000 (Snoozy), GP-3300 (Rohde)
(w/att to each)

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U.S. Department of the Interior
Bureau of Reclamation

| No. | Component | Assessable Unit | Responsible Directorate |
|-----|--|---|-------------------------|
| 1 | Acquisitions & Property Management | Acquisitions | MSO |
| 2 | Acquisitions & Property Management | Charge Card Fleet Business Line | MSO |
| 3 | Acquisitions & Property Management | Charge Card Purchase Business Line | MSO |
| 4 | Acquisitions & Property Management | Charge Card Travel Business Line | MSO |
| 5 | Acquisitions & Property Management | Property Policy Management | MSO |
| 6 | Asset Management | Associated Facilities RO&M Review | Policy |
| 7 | Asset Management | Security | Policy |
| 8 | Asset Management | NERC/WECC | Policy |
| 9 | Asset Management | PRO&M Review | Policy |
| 10 | Dam Safety | EAP | Policy |
| 11 | Dam Safety | Dam Safety | Policy |
| 12 | Direct Funding Agreements with PMAs | BPA Direct Funding Agreement and Sub-Agreements | MSO |
| 13 | Engineering & Cost Estimating | DEC Reviews | Policy |
| 14 | Engineering & Cost Estimating | Value Engineering | Policy |
| 15 | Environmental Management | Environmental Management Compliance | Policy |
| 16 | Environmental Management | NEPA/ESA Mitigation | Policy |
| 17 | Financial Assistance | Financial Assistance | MSO |
| 18 | Human Capital Management | EEO Program Compliance | Policy |
| 19 | Human Capital Management | Ethics | Policy |
| 20 | Human Capital Management | HR Program Compliance Accountability | Policy |
| 21 | Information Technology | IT Performance and Operational Management | Policy |
| 22 | Information Technology | IT Investment/Portfolio Management | Policy |
| 23 | Information Technology | IT Risk Management | Policy |
| 24 | Land Resource Management | Cultural Resources | Policy |
| 25 | Land Resource Management | Land Resources | Policy |
| 25 | Land Resource Management | Recreation Management | Policy |
| 27 | Native American Affairs - Self Determination/Self Governance | 638 Contracts | Policy |
| 28 | Planning Studies | Feasibility Studies | Policy |
| 29 | Planning Studies | Other Planning Studies | Policy |
| 30 | Reclamation Law Compliance | Acreage Limitations | Policy |
| 31 | Reclamation Law Compliance | Incidental Revenues | Policy |
| 32 | Reclamation Law Compliance | Water Contracting | Policy |
| 33 | Safety & Health | Safety | Policy |