DEFENSE LOGISTICS AGENCY
THE DEFENSE CONTRACT MANAGEMENT COMMAND
8725 JOHN J. KINGMAN ROAD, SUITE 2533
FT. BELVOIR, VIRGINIA 22060-6221

IN REPLY REFER TO AQBC

MAR 11 1997

MEMORANDUM FOR COMMANDERS, DEFENSE CONTRACT MANAGEMENT DISTRICTS
COMMANDERS, DCMC CONTRACT ADMINISTRATION OFFICES
EXECUTIVE DIRECTOR, OPERATIONAL ASSESSMENT AND PROGRAMMING
EXECUTIVE DIRECTOR, CONTRACT MANAGEMENT POLICY
DIRECTOR, SPECIAL PROGRAMS
DIRECTOR, DEFENSE PROCUREMENT CIM SYSTEM CENTER
STAFF DIRECTOR, ACQUISITION OFFICE

SUBJECT: DCMC Policy Memorandum No. 97-03, DLAD 5000.4, Part II, Chapter 9: The Management Control and Assessment Process (Interim)(POLICY)

This is a POLICY memorandum. It expires when content is included in DLAD 5000.4, Contract Management (One Book), not to exceed one year. Target Audience: All DCMC managers and supervisors.

DoD Directive 5010.38, "Management Control (MC) Program" has been extensively revised, and a new DoD Instruction, 5010.40, "Management Control (MC) Program Procedures" has been established. These changes result from revision of OMB Circular No. A-123, "Management Accountability and Control," dated June 21, 1995. Major changes in OMB and DoD policy and procedures are as follows:

- The program name changes from Internal Management Control (IMC) Program" to "Management Control (MC) Program."
- Emphasis is placed on management controls related to core mission and program objectives.
- Use of "multiple sources of information" for evaluation of programs and management controls is encouraged.

An interim policy which integrates the DCMC assessment processes with these OMB and DoD changes is provided as Part II, Chapter 9, of DLAD 5000.4, "The Management Control and Assessment Process" (Attachment 1). This interim *One Book* chapter is provided for immediate implementation.

The intent under the revised policy is to implement a risk-based organizational performance and management control process that ties together performance review, management control review, the Unit Self-Assessment (USA), performance planning, and budgeting. The relationships are that performance and management control review support assessment of USA Category 6 (Process Management) which, in turn, leads to identification of improvement areas, gap analysis, corrective actions, and, when necessary, revised performance plans and budget requirements. All of these assessment activities support the Annual Statement of Assurance. The revised Chapter 9:

- Establishes management control and assessment requirements for risk assessment, self-assessment schedules, Monthly Management Reviews, Management Control Reviews (MCRs), USAs, IOAs, follow-up actions, activity reports, and Annual Statements of Assurance.

- Replaces the five year cycle for Internal Management Control reviews with a three year cycle (with annual review) for Risk Assessment and MCRs. Delegates Risk Assessment and MCR process selection to CAOs.

- Establishes a requirement for annual assessment schedules and quarterly reporting of progress against the schedules.

- Tasks the DCMC Executive Council with providing quality control feedback on assessment processes.

The DCMC "Management Control Review Criteria" (Guidebook), is provided as Attachment 2 to serve as a guide for management controls and MCRs. The guidebook is intended to be a companion document to the DLA Performance Improvement Criteria. Together, these guide-books support MCR and USA self-assessment processes. MCRs and USAs will continue to be validated during Internal Operations Assessments (IOAs).

The first Quarterly Assessment Activity Report [Chapter II-9, paragraph 5D(11)] must be submitted by April 14, 1997. For further information, please contact Mr. Tom McDonnell, AQBC, Chief, Performance Assessment Team, commercial 703-767-2415, DSN 427-2415, Internet thomas_mcdonnell@hq.dla.mil.

ROBERT W. DREWES
Major General, USAF
Commander

Attachments:
1. Interim Chapter 9
2. MCRC (Guidebook)

PART II CHAPTER 9: THE MANAGEMENT CONTROL AND ASSESSMENT PROCESS (INTERIM)

1. Last revision: June, 1995. **MAR 11 1997**

2. This chapter is about DCMC policies and processes that implement the DoD Management Control Program:

A. Purpose - The purpose of this chapter is to provide for establishment and assessment of management controls to meet requirements of policy and procedural directives referenced below:

OMB Circular A-123, Management Accountability and Control, June 25, 1995
DoD Directive 5010.38, Management Control (MC) Program, August 26, 1996
DoD Instruction 5010.40, Management Control (MC) Program Procedures, Undated

B. Background: Management within DoD involves the following framework of management principles:

(1) *Management:* Management is commonly defined as planning, organizing (including resource allocation), directing, and controlling an organization, business or any other activity where the intent is to achieve a general or specific goal or objective.

(2) *Management Controls:*

a. Plans, organizational structure, policies, procedures and resource allocations normally include characteristics that ensure objectives are met and “check and balance” problems as they occur. These control characteristics are called *management controls* and include delegation of authority, separation of duties, oversight responsibility, and requirements for reporting results to higher organizational levels. Management controls ensure achievement of objectives, compliance with quality, product and service standards, operational and financial efficiency and personal integrity. Managers and supervisors at all levels are required to execute management controls established by higher levels and to institute management controls at their level when appropriate.

b. Management controls are defined by OMB Circular A-123 as the organization, policies, and procedures used to reasonably ensure that:

Programs (organizations) achieve their intended (mission) results.
Resources are used consistent with mission.
Programs and resources are protected from waste, fraud, and mismanagement.
Laws and regulations are followed.
Reliable and timely information is obtained, maintained, reported and used for decision making.

c. This Directive (DLAD 5000.4), as supplemented by DCMC policy letters, is a set of policies and procedures for managing and conducting contract administration services. As such, the One Book establishes primary policies, procedures, and management controls for CAO mission, management and administrative processes. Contract administration processes and their inherent management controls focus on contract performance and protection of government resources. Other DoD, DLA and DCMC policies and procedures provide additional management controls.

(3) *Management Control Reviews (MCRs):* Managers and supervisors are also required to review management controls for the purpose of assessing their adequacy, identifying needed improvements, taking corresponding corrective action, and reporting annually on management control effectiveness. MCRs conducted by DCMC activities may identify two types of problems: 1) problems with One Book processes or other requirements which should be referred to HQ DCMC for resolution and 2) problems with execution of a One Book process or other requirements which should be resolved locally). The results of MCRs and other reviews are reported through the Annual Statement of Assurance and the Report of Material Weaknesses.

C. Synopsis of DCMC's Program:

(1) Management controls for DCMC mission, management, and administrative functions are established by DoD, DLA, DCMC and other activities. Supplementation by DCMC field activities is made primarily to ensure proper execution and to address unique operational circumstances.

(2) DCMC management control review requirements are met through a Management Control and Assessment Process (MCAP) involving all levels of the Command—Contract Administration Offices (CAOs), District Headquarters, and DCMC Headquarters.

(3) Review of management controls in DCMC occurs through many sub-processes and is based on many sources of information:

a. Monthly Management Reviews (MMRs) of operational performance measures and indicators (metrics) are conducted at each organizational level to determine effectiveness and efficiency of operations. At the DCMC Headquarters level, an Executive Management Council and a Resource Utilization Council formed from senior District and Headquarters managers review monthly progress and resource allocation issues. The DCMC Performance Plan and other performance standards are used as performance baselines for these reviews.

b. External sources of information such as IG and GAO reports, audits, inspections, reviews, investigations, and hotline complaints provide indications of problems with management controls.

c. Self-assessment by each organization unit (CAO, District HQ, DCMC HQ) is a primary approach used by DCMC to review operational and organizational effectiveness. Self-assessment using the DCMC Management Control Review Criteria

(guidebook) provides risk-based assessment of compliance with basic mission, management, and administrative processes and review of management controls (through MCRs). Risk assessment is performed at least once every three years and is reviewed annually. Self-assessment using the DLA Performance Improvement Criteria (guidebook) provides a cross-functional perspective of the effectiveness of an overall organization. The resulting Unit Self-Assessment (USA) is conducted annually.

d. Additionally, DCMC uses an on-site Internal Operations Assessment (IOA) conducted by a central assessment activity to validate self-assessments (both the USA and MCRs including testing of management controls). IOAs are conducted on a three-year cycle.

e. Other assessment methodologies, used on an "as required" basis, include Contractor Assessments, Special Process Reviews, and Internal Customer Support visits (as described in paragraph 5.D (8)).

3. We do this because the DCMC Management Control and Assessment Process:

- ✓ Provides self-assurance that we are providing contract administration services that meet regulatory and customer requirements.
- ✓ Facilitates continuous improvement of mission, management, and administrative processes and stakeholder and customer satisfaction.
- ✓ Strengthens our capability for providing an accurate "Annual Statement of Assurance" to the Director, DLA and, ultimately, to the President and Congress.

4. DCMC's Policy is that:

A. Managers and supervisors at all levels shall be responsible for and shall take timely and substantive action to assure quality and timely organizational performance, increased productivity, cost control, mitigation of adverse aspects of operations, achievement of intended mission results, integrity, and compliance with applicable law and regulations.

B. Managers and supervisors at all levels shall comply with the DoD Management Control Program and the DCMC Management Control and Assessment Process established by this directive.

C. Managers and supervisors at all levels shall establish management controls (where existing management controls are not adequate or when needed for local implementation), review performance information from all sources along with review of management controls, assess whether or not management controls are adequate, identify needed improvements, and take corresponding corrective action. In addition,

Managers and supervisors at all levels shall review material weaknesses referred from subordinate levels and support or direct corrective actions as required.

D. CAO Commanders, District Commanders, and Headquarters Directors shall provide an annual report each year on the effectiveness of management controls (the Annual Statement of Assurance and Report of Material Weaknesses). District Statements and Reports with supporting CAO Statements and Reports shall be provided to HQ DCMC by August 31 of each year.

E. The DCMC Headquarters Executive Team, comprised of the Associate Director, the Executive Directors, and chaired by the Commander, DCMC, shall review Command-wide results and Command-wide material weaknesses identified through MCR, USA, IOA and ASA processes or any other source, direct corrective actions as required, and report material weaknesses that constitute a Command material weakness or require Agency attention to the DLA Director.

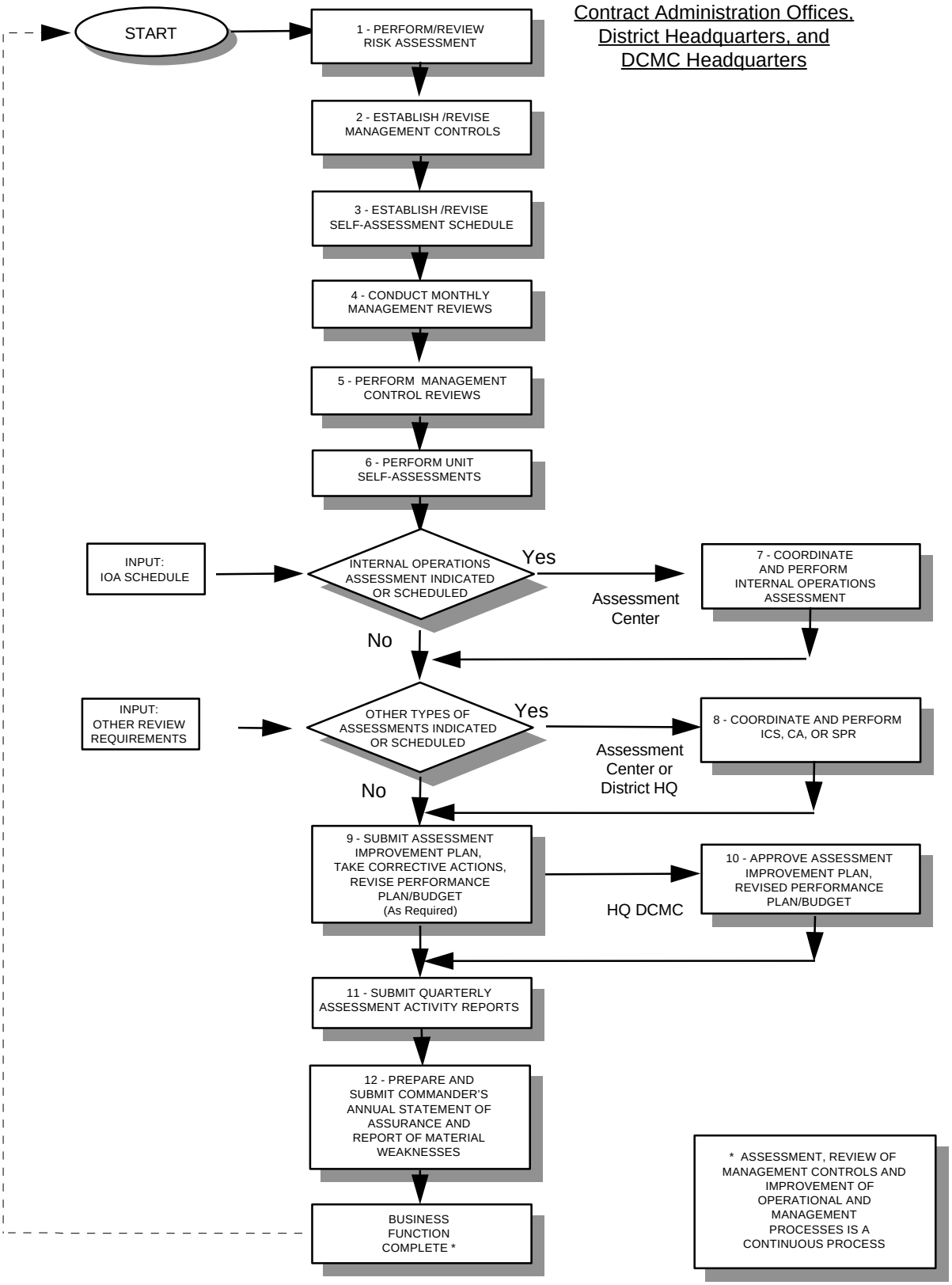
F. The DCMC Executive Council, comprised of the Associate Director, the Executive Directors, the District Commanders, and chaired by the Commander, DCMC, shall monitor and provide advice regarding the quality of assessment processes across the command.

G. The DLA Performance Improvement Criteria and the DCMC Management Control Review Criteria shall be used for evaluating management and management control effectiveness. USA reports shall be retained internally except when released by the organization Commander or the Commander, DCMC. MCR reports shall be forwarded to District headquarters. Internal Operations Assessments shall address both management effectiveness and mission, management and administrative process execution.

5. The process and who is responsible:

Inputs/Outputs	Who is Responsible
A. Inputs:	
(Start) Results of previous MCRs, assessments and external reviews.	CAO, District HQ, HQ DCMC
IOA Schedule	Assessment Center
Requirements for other reviews.	District HQ, HQ DCMC
B. Outputs:	
Self-assessment schedule	CAO, District HQ, HQ DCMC
Assessment or review report	CAO, District HQ, HQ DCMC
Improvement plan	CAO, District HQ, HQ DCMC
Revised Performance Plan	CAO, District HQ, HQ DCMC
Revised budget	CAO, District HQ, HQ DCMC
Quarterly activity reports	CAO, District HQ, HQ DCMC
Annual Statement of Assurance and Report on Management Control Weaknesses	CAO, District, HQ Staff Directors, DCMC

C. Process Flowchart:



D. Process Steps

(1) Perform/Review Risk Assessment - CAOs, Districts and Headquarters Directors shall prioritize mission, management and administrative processes based on potential for noncompliance using the Management Control Review Criteria (guidebook). Findings from external reviews and previous assessments as well as Command and District guidance shall be incorporated. The risk assessment shall be conducted at a maximum interval of every three years and shall be reviewed at least annually. The risk assessment is the basis for establishing management controls in step 2 and scheduling MCRs in step 3.

(2) Establish/Revise Management Controls - Managers and supervisors at all levels shall establish guidance, organization, policies, procedures, rules or other organizational instructions sufficient to carry out mission and operational actions or objectives and to ensure that intended results are achieved. Management controls must be cost effective. Command and senior management controls include planning and budgeting systems, disciplinary authority, internal review procedures, policy and procedure approval authority, and review of aggregate operational and financial information. Middle management controls include separation of duties, approval authority, review boards, performance metrics, and personnel evaluations. Traditional supervisory controls include reviewing work-in-process, review or sampling of products and services at their completion, and comparison of work hours against standards.

(3) Establish/Revise Self-Assessment Schedule - CAOs, Districts and Headquarters Directors shall establish and maintain an annual Self-Assessment Schedule for USAs and MCRs based on the Risk Assessment.

(4) Conduct Monthly Management Reviews - Commander's and their direct reports shall review metrics data, MCR reports, performance plan progress, USA progress and information from other relevant sources on a monthly basis for the purpose of evaluating organizational performance and the effectiveness of management controls.

(5) Perform Management Control Reviews:

a. MCRs shall be conducted to evaluate mission, management and administrative processes and management controls using the Management Control Review Criteria (guidebook). MCRs shall include appropriate testing and documentation of findings. Sufficient MCRs shall be conducted to support the Annual Statement of Assurance.

b. Commanders may assign MCR coordination lead to any organizational entity. At CAOs, it is envisioned that the Technical Assessment Group (TAG) will have substantial involvement in coordinating MCRs among subject matter experts. In the interest of "separation of duties" principles, MCRs shall not be conducted by associates or immediate supervisors involved with the process being reviewed. MCRs identify management control weaknesses and support the process management category of the USA (category 6 in 1997).

(6) Perform Unit Self-Assessments - Unit Self-Assessments (USAs) shall be conducted by CAOs, District Headquarters, and HQ DCMC to evaluate overall organizational effectiveness using the DLA Performance Improvement Criteria. Organizations have the latitude to complete USAs as a single once-a-year process or as an ongoing, incremental process. Commanders may assign USA coordination lead to any organizational entity. USAs shall produce summaries of organizational strengths and weaknesses by Criteria Category and Item.

(7) Coordinate and Perform Internal Operations Assessment - A central Assessment Center, reporting to DCMC Headquarters, shall conduct Internal Operations Assessments (IOAs) at all levels of the Command on a three year cycle for the purpose of validating MCRs and USAs. IOAs focus on mission, management and administrative processes, and the effectiveness of management controls. IOAs also identify promising practices which may benefit other components of the organization.

(8) Coordinate and Perform other Types of Assessments. The following assessments are conducted on an "as required" basis after approval by the District Commander or HQ DCMC as indicated:

a. Internal Customer Support (ICS) - Internal Customer Support Visits may be conducted by Headquarters and/or district teams to provide consultation and feedback on selected key processes. The scope and content are discussed prior to the visit and linked to the Performance Improvement Criteria and this Directive (DLAD 5000.4). Output of the ICS is a feedback report provided to the organization being visited and the initiating office.

b. Contractor Assessment - Contractor Assessments may be conducted by the DCMC Assessment Center using multi-functional teams to assess contractor management systems and performance relative to contract requirements. Contractor Assessments are independent, multi-functional reviews for assessing the overall performance of a contractor's functional management system relative to individual or multiple DoD contracts. These assessments are full or partial in scope as determined prior to the assessment. Each affected management system, process, procedure and output product is analyzed in terms of contractual and regulatory requirements, organizational performance, impact on other functions, and total contractor performance at the system, process or product levels. These assessments are designed to isolate areas of concern, to facilitate the development of a performance baseline against which improvement can be measured, and to promote contractor self-governance.

(c) Special Process Review (SPR) - Special Process Reviews may be conducted by Headquarters and/or district teams based on special events, issues, or requests. A SPR is an event or issue driven review of an internal or external organization's functional and management performance relative to selected processes or programs. The SPR may be requested by a Program Manager, Process Owner, District or CAO Commander, or other client responsible for the management of the process.

(9) Submit Assessment Improvement Plan, Take Corrective Actions, Revise Performance Plan/Budget (As Required)

a. Organizations receiving an IOA or SPR report shall analyze the report to determine the critical areas, in order of priority, which may require improvement actions and shall design an Improvement Plan consisting of improvement commitments and implementing actions. The organization shall ensure that an adequate and realistic milestone schedule is established for these improvement actions and that the schedule is met. Improvement commitments should be included in performance plan and budget updates as appropriate. The Improvement Plan shall address, as a minimum, all Serious, Major, and Minor concerns and shall be provided concurrently to the District Headquarters and the Commander, DCMC. Serious and major concerns must be individually addressed. Minor concerns may be addressed individually or collectively as appropriate. Root cause analysis should not be limited to individual concerns, but should also address overarching organizational, process and management control improvements that will ensure future process and management system performance.

b. HQ DCMC staff elements (AQO/AQB) shall coordinate joint review of Improvement Plans among the CAO, District Headquarters, and the Assessment Center and provide consolidated recommendations to the Commander, DCMC.

c. AQBC shall provide overall Headquarters DCMC staff coordination for all aspects of IOA reports and Improvement Plans.

(10) Approve Assessment Improvement Plan

a. The Commander, DCMC shall review and approve acceptable CAO Improvement Plans.

b. The District Headquarters shall monitor execution of the Improvement Plan, provide assistance as appropriate, and validate satisfactory progress and closure in meeting improvement commitments.

c. Follow-up assessment visits shall be conducted by the Assessment Center when appropriate.

d. Assessment reports shall be reviewed collectively by the Assessment Center and Districts to identify Command-wide and District-wide trends. Status of remedial actions shall be provided when called upon by the DCMC Commander.

e. Assessment follow-up responsibilities are summarized in the table below. Events and timeframes are sequential from the completion of the on-site IOA.

Action/Timeframe	DCMC Commander	AQB/ AQO	Assessment Center	District	CAO
Publish Report (3 weeks)			X		
Prepare Improvement Plan (3 weeks)					X
Provide Recommendations on Improvement Plan (2 weeks)		Lead	X	X	
Approve Improvement Plan (2 weeks)	X				
Provide Assistance (As Required)		X	X	Lead	
Monitor/Validate Execution (3-6 months)				X	
Follow-Up Visit (As Required)			X		

(11) Submit Quarterly Assessment Activity Reports - Each DCMC activity shall submit a quarterly Assessment Activity Report indicating schedule changes (with a brief explanation) and completed assessment events. MCRs, USAs and external reviews from any source shall be included. Forward the initial report for each fiscal year by October 31 and quarterly updates to the District and DCMC Headquarters (AQBC) MCAP process owners by the tenth working day after the end of each quarter. (A sample report is provided in Appendix A.)

(12) Prepare and Submit Commander's Annual Statement of Assurance and Report of Management Control Weaknesses - Each CAO and District commander, Executive Director, Director and Staff Director shall submit an Annual Statement of Assurance and associated disclosures. The Annual Statement of Assurance (ASA) and the associated Report on Management Control Weaknesses shall be forwarded through the reporting chain to the DCMC Commander who shall provide an overall DCMC ASA to the DLA Director. District ASAs with supporting CAO ASAs and Reports shall be submitted to HQ DCMC by August 31 of each year. (It is not required that Annual Statements of Assurance be prescribed below the CAO Commander level. Definitions pertaining to the ASA are provided by references cited in paragraph 2.A) The annual submission shall include the following:

a. A cover memorandum, signed by the Commander providing the organization's senior management assessment as to whether there is reasonable assurance that the organization's management controls are in place and operating effectively. The statement of assurance must take one of the following three forms:

Unqualified statement of assurance: "I have reasonable assurance that management controls for mission, management, administrative, and financial objectives are in place and operating, a process for evaluating their effectiveness is operational and effective, and a procedure for correcting or evaluating any material weakness is being followed."

Qualified statement of assurance: "I have reasonable assurance that management controls for mission, management, administrative, and financial objectives are in place and operating, a process for evaluating their effectiveness is operational and effective, and a procedure for correcting or evaluating any

material weakness is being followed except that the following material weaknesses were found and remain uncorrected."

Negative statement of assurance: "I DO NOT have reasonable assurance that management controls for mission, management, administrative, and financial objectives are in place and operating, a process for evaluating their effectiveness is operational and effective, and a procedure for correcting or evaluating any material weakness is being followed."

b. A description of how the evaluation was conducted and a statement, based on that evaluation, on the reasonable assurance achieved.

c. A summary of uncorrected material weaknesses for the current and prior years including specific plans, actions, and schedules for correction.

d. A summary of material weaknesses for the current and prior year that were corrected during the current year.

e. A report of the status of accounting systems (OMB Circular A-127), if required.

f. Other disclosures or special presentations, as required.

g. Other disclosures as required.

6. Additional process information: (Pending final version.)

Additional information, guidebook, lessons learned, etc.

Reference to performance plan.

7. Competencies/certifications/resources required to execute this process:
(Pending final version.)

Training or competency requirements
Title, Frequency - USA and MCR Training, initially for conducting USAs and MCRs.
Certifications - None required.
Resources
Job series and title of positions performing - As directed by local Commander.
Budget requirements - As identified through Performance Plan/Budget process.

8. PLAS reporting code(s):

Process	Programs
011/011T - Assessment Architecture process*	NP 011 - USA NP 012 - IOA NP XXX* - MCR

*PLAS code title will be changed to "Management Control and Assessment Process and an additional program code added for MCRs.

9. Process Owner and alternate at DCMC Headquarters:

Mr. John Glover, 703-767-2414 (DSN 427); Internet: John_Glover@hq.dla.mil.
Mr. Chuck Crippen, 703-767-2432 (DSN 427); Internet: Charles_Crippen@hq.dla.mil.
Office Symbol: AQBC

DEFENSE CONTRACT MANAGEMENT COMMAND

Management Control Review Criteria

Guidebook

January 13, 1997

The Management Control Review (MCR) Criteria provide a system for evaluating individual Contract Administration Service, management, and administrative processes for their effectiveness in both approach and deployment.

This Management Control Review (MCR) Criteria guidebook is intended to serve as a companion document to the DLA Performance Improvement Criteria (PIC) guidebook. The PIC focus on overall process management and provide a cross-organizational perspective of quality performance, customer satisfaction, and organizational capability. Use of the MCR Criteria directly relates to evaluation and improvement of service, support, and supplier/partnering processes under PIC Category 6, Process Management (Areas 6.1b, 6.2a and 6.3a).

These two sets of evaluation criteria provide a balanced approach to self-assessment of process compliance, continuous improvement, effective and efficient mission accomplishment, and ultimately customer satisfaction.

FRANK K. TODA
Colonel, USAF
Chief, Assessment Center

DCMC MANAGEMENT CONTROL REVIEW CRITERIA

1. REFERENCES:

A. OMB Circular A-123 revised June 25, 1995
B. DoD Directive 5010.38, Management Control (MC) Program, August 26, 2996
C. DoD Instruction 5010.40, Management Control (MC) Program Procedures, Undated
D. DLAD 5000.4, Contract Management

2. INTRODUCTION

A. Purpose - The purpose of this Management Control Review Criteria guidebook is to provide methodologies for risk assessment of contract administration mission and administrative processes, prioritizing those processes, and conducting Management Control Reviews of those processes. These methodologies support the requirements for risk assessment established by DLAD 5000.4, Part II, Chapter 9, "The Management Control and Assessment Process."

B. Background: As government agencies continue to "right size" in an ever-changing environment, the application of risk management principles to organization processes becomes increasingly important. The consistent application of certain principles remains paramount to successful risk management. A number of publications about risk management address the following principles: 1) the use of a logical approach for risk analysis and management, 2) a consistent application of that approach, 3) the constant monitoring and refinement of the approach, and 4) planning for alternate approaches should risk become unacceptable. Risk management within DoD involves the following framework of management principles:

(1) *Management:* Management is commonly defined as planning, organizing (including resource allocation), directing, and controlling an organization, business or any other activity where the intent is to achieve a general or specific goal or objective.

(2) *Management Controls:*

a. Plans, organizational structure, policies, procedures and resource allocations normally include characteristics that ensure objectives are met and that "check and balance" problems as they occur. These control characteristics are called *management controls* and include delegation of authority, separation of duties, oversight responsibility, and requirements for reporting results to higher organizational levels. Management controls ensure achievement of objectives, compliance with quality, product and service standards, operational and financial efficiency and personal integrity. Management controls, in the broadest sense, include the plan of organization and methods and procedures adopted by management to ensure that its goals are met. Management controls include processes for planning, organizing, directing and controlling program operations. Management controls must be cost effective and provide reasonable assurance that assets are safeguarded against waste, loss,

unauthorized use, and misappropriation. Managers and supervisors at all levels are required to establish appropriate management controls.

b. Management controls are defined by OMB Circular A-123 as the organization, policies, and procedures used to reasonably ensure that:

Programs achieve their intended results.
Resources are used consistent with mission.
Programs and resources are protected from waste, fraud, and mismanagement.
Laws and regulations are followed.
Reliable and timely information is obtained, maintained, reported and used for decision making.

c. DLAD 5000.4 (*One Book*) is a set of policies and procedures for managing and conducting contract administration services. As such, One Book establishes primary policies, procedures, and management controls for Contract Administration Office (CAO) mission, management and administrative processes. Contract administration processes and their inherent management controls focus on contract performance and protection of government resources. Other DoD, DLA and DCMC policies and procedures provide additional management controls.

(3) *Management Control Reviews (MCRs):* Managers and supervisors are also required to review management controls for the purpose of assessing their adequacy, identifying needed improvements, taking corresponding corrective action, and reporting annually on management control effectiveness. MCRs conducted by DCMC activities may identify three types of problems: 1) problems with One Book processes or other requirements which must be referred to HQ DCMC for resolution, 2) problems with execution of a One Book process or other requirements which must be resolved locally, and 3) unacceptable risk that can only be alleviated through adjustments in acquisition strategy which must be referred to HQ DCMC or the buying office for resolution. The results of MCRs and other reviews are reported through the Annual Statement of Assurance and the Report of Material Weaknesses.

3. ADDITIONAL DEFINITIONS:

A. Mission, Management and Administrative Processes - Mission, management and administrative processes are the contract administration processes contained in DLAD 5000.4 and policies and procedures contained in other DoD, DLA, and DCMC policies and procedures applicable to DCMC organizations.

B. Vital Management Controls - Vital management controls are those controls that are most important to mission accomplishment or organizational responsibilities. Noncompliance with vital management controls would have undesirable impact on the accomplishment of the unit's mission and responsibilities and would require disclosure to more senior management. Some management controls are nonvital because

individual noncompliances would not have a significant impact on accomplishment of the unit mission or responsibilities. However, noncompliance with nonvital management controls may become significant if noncompliances in total are extensive enough to impact mission or unit responsibilities and warrant disclosure to more senior management.

C. Objectives and Techniques - Management Controls include objectives and techniques. An objective is a specific policy, aim, goal, condition, or level of control established by a manager. A control technique is any form of organization procedure or document flow that is being relied on to accomplish a control objective.

D. Testing - Testing is defined as procedures to determine through observation, examination, verification, sampling, or other procedures whether management controls are working as intended (achieving management control objectives).

E. Documentation - Management control documentation includes policies and procedures, organizational charts, manuals, flow charts, and related written and graphic materials necessary to describe organizational structure, operating procedures, and administrative practices and to communicate responsibilities and authorities for accomplishing programs and activities. Management Control Review reports, corrective action plans and status documentation are also included.

F. Manager Responsibilities - Managers and supervisors at all levels must take systematic and proactive measures to develop and implement appropriate, cost-effective management controls. Management controls guarantee neither the success of agency programs, nor the absence of waste, fraud, and mismanagement, but they are a means of managing the risk associated with Federal programs and operations. To help ensure that controls are appropriate and cost-effective, managers and supervisors should consider the extent and cost of controls relative to the importance and ***risk*** associated with a given program.

G. Risk - Defense Systems Management College (DSMC) literature describes risk as the potential for (and the consequential loss of) not achieving a defined goal. Risk relative to management controls refers to the probable or potential adverse effects and consequences of undetected waste, fraud, error, or mismanagement. Risk may result in the loss of Government resources or failure to accomplish significant mission objectives.

4. MANAGEMENT CONTROL REVIEW REQUIREMENTS

A. Managers and supervisors are required to continuously monitor and improve the effectiveness of management controls associated with their mission.

B. Managers and supervisors are allowed to use a variety of information sources in assessing management controls provided that consideration is given as to whether or not, or to what extent, sources used specifically address or evaluate management controls.

C. A Management Control Review (MCR) is a process used to determine that control techniques are operating properly or that a process developed for other organization purposes provides adequate information on the effectiveness of control techniques. MCRs must assist in determining overall process compliance and, whenever possible, must include testing of controls and documentation.

D. Management control review documentation must identify the type and scope of a management control review, the responsible official, the pertinent dates and facts, the key findings, the recommended corrective actions, and resolution and closure of corrective actions.

5. MANAGEMENT CONTROL REVIEW CRITERIA. Specific management control standards or criteria are as follows:

Policy

A. Established mission, management and administrative policies and procedures must provide reasonable assurance that 1) programs, organizations and organizational units achieve intended results, 2) resources are used consistent with mission, 3) programs and resources are protected from waste, fraud and mismanagement, 4) laws and regulations are followed, and 5) reliable and timely information is obtained, maintained, reported and used for decision making.

Authority

B. Appropriate authority, responsibility and accountability should be defined and delegated to accomplish the mission.

C. To the maximum extent possible, controls and related decision-making authority should be in the hands of line managers and supervisors (chain of command) and staff.

Responsibility

D. Employees should follow established procedures and standards in exercising empowered delegation of responsibility.

E. Managers and supervisors should exercise appropriate oversight to ensure individuals observe established procedures and standards and do not exceed or abuse their assigned authorities.

Organizational Structure

F. Appropriate organizational structure should be established to effectively carry out mission responsibilities.

G. Key duties and responsibilities in authorizing, processing, recording, and reviewing official transactions should be separated among individuals.

Resources and Records

H. Access to resources and records should be limited to authorized individuals.

I. Accountability for the custody and use of resources should be assigned and maintained.

J. Transactions should be promptly recorded, properly classified and accounted for in order to prepare timely accounts and reliable financial and other reports.

K. Documentation for transactions, management controls, and other significant events must be clear and readily available for examination.

Follow-Up

L. Resolution of audit findings and other deficiencies should be promptly evaluated and proper actions determined in response to known deficiencies, reported audit and other findings, and related recommendations. Managers and supervisors should complete, within established timeframes, all actions that correct or otherwise resolve the appropriate matters brought to management's attention.

6. RISK MANAGEMENT

As suggested in paragraph 3F above, management controls and reviews should be risk based. In general, as either potential for not achieving success or potential loss increases, so does risk. Risk management is an organized means of identifying risk and developing, selecting, and managing options for handling these risks. Risk management includes several related actions: risk assessment, risk analysis, risk handling, and risk monitoring. These actions are defined as follows:

(1) Risk Assessment - Examining a situation and identifying the areas of potential risk.

(2) Risk Analysis - Determining the probability of events and associated consequences.

(3) Risk Handling - Techniques and methods developed to reduce or control risk. Techniques for reducing or controlling risk fall into the following categories: avoidance, prevention or control (management controls), assumption, transfer, knowledge and research.

(4) Risk Monitoring - Continuous monitoring of risk areas by managers and supervisors.

7. RISK MANAGEMENT WITHIN DCMC

A. Mission Risk (Oversight of Contract Performance):

(1) Contract performance risk may arise from a contractor's inability (for any reason) to complete a contract on time, within cost, or to performance requirements. Contract administration oversight processes are designed to provide safeguards for timely detection and prevention of contract performance shortfalls. Contract performance risk, therefore, is the combined effect of 1) the potential that a contract will not be completed in accordance with its terms and conditions, 2) the potential loss resulting from contractor non-compliance, and 3) the potential savings provided by CAO oversight. (The role of the Program Management Office is not addressed, but would parallel the CAO.)

(2) Contractor controlled factors may involve technology, management, quality systems, resources, production operations, etc. Examples of CAO controlled safeguards associated with delegated contract administration functions include progress payment monitoring, quality assurance inspection, engineering change order review, and property management oversight.

B. Management and Administrative Risk:

(1) For internal management and administrative processes, risk may arise from an organization's inability to establish adequate policies or procedures including management controls, to obtain and allocate adequate resources, to monitor operational and financial results, or to use and report reliable and timely information. Management and administrative risk, therefore, is the combined effect of 1) the potential that an organization may not effectively manage its resources, 2) the potential loss, and 3) the potential savings provided by management controls.

(2) Organization controlled factors may include procedures, separation of duties, supervisory controls and management reviews.

8. RISK AND MANAGEMENT CONTROLS

A. The implication of these relationships is that risk assessment should be structured to identify risky situations (potential contractor and/or internal process non-compliance) and to provide appropriate risk handling methods and reliable safeguards (management controls) to overcome them. If appropriate management controls are available, risk can be reduced to an acceptable level.

B. The purpose of DCMC Management Control Reviews, then, must be to assess *management controls* (both management control adequacy and organizational effectiveness in management control implementation) against current and/or future risk and to balance the cost of controls to potential losses and savings.

C. A methodology for prioritizing mission and administrative MCRs based on risk is presented in paragraph 9 below.

9. PRIORITIZING MANAGEMENT CONTROL REVIEWS BY RISK

A. Each organizational mission, management and administrative process should be qualitatively rated using the elements of risk discussed above (potential non-compliances, losses and savings). High, medium or low ratings may be qualitatively assigned to the risk elements by senior CAO managers based on functional experience and knowledge of contractor and CAO capability. DCMC Metrics, the DCMC Performance Based Assessment Model, and PROCAS provide additional information for assessing risk. The following tables provide an approach for rating and prioritizing mission, management and administrative processes.

(1) Mission processes should be rated as high, medium or low (as illustrated in the following table) and be placed in risk order based on the relative number of high, medium or low ratings. For instance, three “highs” would be a “high potential for non-compliance, high potential for loss, and high potential for savings.” Such a rating would deserve priority for a MCR to ensure that optimum controls are in place, operating properly, and providing a high certainty of successful oversight.

Mission Processes

Mission Process	Contractor **Potential for Non-Compliance**	**Potential Loss**	**Potential Savings** from Oversight
Process A	High/Medium/Low	High/Medium/Low	High/Medium/Low
Process B	High/Medium/Low	High/Medium/Low	High/Medium/Low
Process C, etc.	High/Medium/Low	High/Medium/Low	High/Medium/Low

(2) Similarly, management and administrative processes should be rated as high, medium or low and be placed in risk order based on the relative number of high, medium or low ratings. Three “highs” would be a “high potential for non-compliance, high potential for loss, and high potential savings.” Such a rating would deserve priority for a MCR to ensure that optimum controls are in place, operating properly, and providing and a high certainty of internal compliance.

Management and Administrative Processes

Administrative Process	Organization **Potential for Non-Compliance**	**Potential Loss**	**Potential Savings**
Process A	High/Medium/Low	High/Medium/Low	High/Medium/Low
Process B	High/Medium/Low	High/Medium/Low	High/Medium/Low
Process C, etc.	High/Medium/Low	High/Medium/Low	High/Medium/Low

B. The resulting rating and risk ordering of processes provides the basis for scheduling MCRs.

10. CONDUCTING MANAGEMENT CONTROL REVIEWS

Exhibits 1 to 6 on the following pages provide supporting forms and guidelines for conducting MCRs.

EXHIBIT 1

BACKGROUND INFORMATION CHECKLIST

DCMC ACTIVITY: _____ ELEMENT: _____

PROCESS TITLE: _____ REVIEWER: _____

DO YOU HAVE:		YES	NO	N/A
• Current organizational charts?	Date_____			
• Mission and function statement(s)?				
• Higher Headquarters/Command Directives pertaining to				
DoD Management Control Program;				
One Book Part II, Chapter 9?				
The Process (DLAD 5000.4, One Book, or other source?				
Other background information?				
List: _____				
• Local Directives (e.g. MC Workbook, IOMs, etc.) pertaining to.				
Management Controls?				
The Process?				
Other background information?				
List: _____				
• Standard Operating Procedures (i.e., desk procedures)?				
• Process/Workflow Descriptions?				
• Past Audits/Evaluation Reports?				

INSTRUCTIONS FOR EXHIBIT 1

1. The purpose of Exhibit 1 is to assist in the collection and/or location of background information and source authorities necessary to conducting a Management Control Review (MCR).

2. Review past audits/evaluations/assessment reports (Internal Review, past Command Oversight Assistance and Resource (COARs), Internal Operations Assessment Reviews (IOARs), GAO/DoD IG reports, etc.) and include any deficiencies identified by them in your MCR as well as the corrective action taken or how the deficiencies were resolved.

3. You will need to establish a MCR file with copies of background information and/or you must indicate where such information can be found. It is sufficient to refer to a MCR master file of background information for common, organization-wide background information. However, process peculiar information should be documented as part of the MCR.

EXHIBIT 2

DOCUMENTING THE WORK PROCESS

DCMC ACTIVITY: _____ ELEMENT: _____

PROCESS TITLE: _____ REVIEWER: _____

BEGINNING POINT: _____ ENDING POINT: _____

WORK PROCESSING STEPS	RESPONSIBILITY (Job Title/Office)	SUPPORTING DOCUMENTS	RECIPIENT (Job Title/Office)

List sources used to identify steps:

INSTRUCTIONS FOR EXHIBIT 2

1. This Exhibit is not necessary if process documentation in the form of existing instructions, a graphic description of the process (a flow chart), or a “One Book” chapter is available.

2. The purpose of Exhibit 2 is to identify the basic steps and procedures to accomplish a process when reliable documentation of the process is not available. A process is defined as a group of related work processing steps or actions that are held together by a significant beginning and ending point. The objective is to segment a process into a series of steps in order to facilitate the identification and evaluation of management controls or the lack thereof.

3. Complete this Exhibit in the following sequence:

   a. List the beginning and ending points.

   b. List all work processing steps in sequence.

   c. List the job title of individuals responsible for each step and supporting documentation used.

   d. List the output recipients of each step.

   e. Identify sources used in identifying process steps (interviews, related documentation or regulations).

EXHIBIT 3

IDENTIFYING RISKS/OBJECTIVES AND CONTROLS

DCMC ACTIVITY: _____ ELEMENT: _____

PROCESS TITLE:: _____ REVIEWER: _____

PROCESS RISK/RISK CONTROL OBJECTIVES	PROCESS CONTROLS	TYPE OF CONTROL	CONTROL RATING

TYPE OF CONTROL(S)

D - DOCUMENTATION
R - RECORDS
A - AUTHORIZATION
O - OTHER
ST - STRUCTURE
SU - SUPERVISION
SC - SECURITY

RATING OF CONTROL

S - STRONG
A - ADEQUATE
W - WEAK
E - EXCESSIVE

PREPARED BY: _____ TEL #: _____ DATE: _____

REVIEWED BY: _____ TEL #: _____ DATE: _____

INSTRUCTIONS FOR EXHIBIT 3

1. This exhibit is not necessary if process documentation in the form of existing instructions or descriptions such as a One Book chapter are available and adequately identify risks and control objectives.

2. The purpose of Exhibit 3 is to identify the existing management controls within a process. This step will highlight areas for management attention and determine the adequacy of management controls.

3. The form is divided into four parts:

a. Process Risk/Process Objectives are the specific risks associated with each process and the objectives of procedures established to control process risk (i.e., accurate data, protect assets, efficient use of resources).

b. Process Controls are the procedures used to achieve these objectives (i.e., data verification, separation of duties, suspense systems, control logs).

c. Type of Control reflects the General Accounting Office standards pertaining to control techniques and are used to help you identify controls for each control objective.

Types of controls are defined as follows:

(1) Documentation - Written descriptions of process goals, operational procedures, and other control activities and permanent records of Management Control Reviews including results and findings.

(2) Records - Files maintained to provide an audit trail.

(3) Authorization - Procedures in place to prevent personnel from exceeding their authority.

(4) Structure - The overall framework for work performance which delineates the separation of key duties among individuals within the work setting.

(5) Supervision - The assignment, review and approval of work within the control environment to reduce losses and improve achievement of results.

(6) Security - Systems within the control environment which assign accountability, limit access, and safeguard resources.

d. Control Rating calls for an evaluation of the effectiveness and efficiency of the process controls by indicating whether they are strong, adequate, weak or excessive.

4. Two examples are as follows:

PROCESS RISK/RISK CONTROL OBJECTIVES	PROCESS CONTROLS	TYPE OF CONTROL	CONTROL RATING
Overpayment of Progress Payments. Insure only authorized payments are made.	Accounting system review. Audit of progress payments. Supervisory review.	R ST SU	A A A
Unauthorized access to computer data. Safeguard computer data.	Use of passwords to limit access.	SC	S

EXHIBIT 4

ANALYZING THE CONTROL ENVIRONMENT

DCMC ACTIVITY: _____ ELEMENT: _____

PROCESS TITLE: _____ REVIEWER: _____

FACTOR	YES		NO		COMMENTS/DATA SOURCE		CORRECTIVE ACTION
ORGANIZATIONAL STRUCTURE							
1. Is the organization chart current?							
2. Does the structure help rather than hinder work performance?							
3. Does the structure provide for proper amounts of supervision?							
4. Does the structure support a system of management controls?							
5. Is the process supported with:							
a. Accurate and up-to-date performance standards?							
b. Accurate and up-to-date position descriptions?							
6. Overall, is the organizational structure satisfactory?							
DELEGATION & SEPARATION OF DUTIES							
1. Does delegation of authority							
a. Exist in writing?							
b. Clearly delineate duties and responsibilities?							
c. Prevent overlapping, duplication and conflicts of duties and responsibilities?							
d. Grant sufficient authority to officials to carry out their responsibilities?							
e. Divide responsibility so that no single person controls all phases of critical transactions?							
2. Does delegation of authority support a system of management controls?							
3. Overall, is the delegation of authority satisfactory?							

EXHIBIT 4

ANALYZING THE CONTROL ENVIRONMENT

DCMC ACTIVITY: _____ ELEMENT: _____

PROCESS TITLE: _____ REVIEWER: _____

FACTOR	YES		NO		COMMENTS/DATA SOURCE		CORRECTIVE ACTION
POLICIES/PROCEDURES/RESULTS 1. Are policies, procedures, and results in accordance with applicable directives and instructions (e.g. DLAD 5000.4). 2. Are policies and procedures a. Current and in writing? b. Consistent with statutory authority? c. Simple and easy to understand? d. Revised and updated as necessary? 3. Do policies and procedures help rather than hinder work performance? 4. Do policies and procedures support a system of internal controls? 5. Do managers and supervisors exercise oversight? 6. Overall, are the policies and procedures satisfactory? **REPORTING** 1. Are reports timely, accurate, useful, and distributed to appropriate users? 2. Do progress or performance reports show comparisons with planned performance, budget allowances, and/or past performance? 3. Are reports made in accordance with prescribed directives? 4. Are personnel required to report only on matters within their control? 5. Are reports made on Management Controls? 6. Overall, is the reporting process satisfactory?							

EXHIBIT 4

ANALYZING THE CONTROL ENVIRONMENT

DCMC ACTIVITY: _____ ELEMENT: _____

PROCESS TITLE: _____ REVIEWER: _____

FACTOR	YES		NO		COMMENTS/DATA SOURCE		CORRECTIVE ACTION
RESOURCE & RECORDS PROTECTION							
1. Is data safeguarded to prevent unauthorized access, improper changes, or loss?							
2. Is accountability for the custody and use of resources assigned and maintained?							
3. Do appropriate controls exist to detect unauthorized use of resources/records?							
4. Are procedures in place to ensure that data entered is: authorized/approved, complete,							
5. Are procedures in place to ensure that data outputs are: complete, accurate, and timely?							
6. Is documentation for transactions, management controls, and other events clear and readily available for examination?							
7. Are personnel aware of the control risks in resources or records systems?							
8. Overall, are resource/records management systems satisfactory?							
CHECKS/BALANCES							
1. Are program evaluations/management reviews routinely performed?							
2. Are audits routinely performed?							
3. Are audit and review findings corrected in a timely manner?							
4. Does the activity have an audit follow-up program?							
5. Does the activity have a fraud, waste, and abuse awareness program?							
6. Have objectives for management controls been identified and developed?							
7. Overall, is the system of checks and balances satisfactory?							

EXHIBIT 4

ANALYZING THE CONTROL ENVIRONMENT

DCMC ACTIVITY: _____ ELEMENT: _____

PROCESS TITLE: _____ REVIEWER: _____

FACTOR	YES		NO		COMMENTS/DATA SOURCE		CORRECTIVE ACTION
PROFESSIONALISM 1. Do personnel practices include: a. Dissemination of Standards of Ethical Conduct? b. Provisions for conflict of interest disclosures? **COMMUNICATIONS** 1. Do performers receive feedback as a result of supervisory monitoring? 2. Does the communication among staff support a system of management controls? 3. Does a mechanism exist for sharing of information across work areas? 4. Does a mechanism exist for management to get suggestions or other information from personnel? 5. Overall, is the communication within the organization satisfactory? **SUMMARY** 1. Do management controls and the execution of management controls provide reasonable assurance of intended results; proper use of resources; protection from waste, fraud, and mismanagement; compliance with laws and regulations; and reliable and timely information for decision making?							

INSTRUCTIONS FOR EXHIBIT 4

1. This exhibit is not necessary if the work setting for a process being reviewed has been analyzed within the previous year and has not materially changed.

2. The purpose of analyzing the control environment is to determine the type of control environment that applies to the work setting for a process being reviewed and to make sure that the work environment satisfies DCMC Management Control Criteria. The control environment includes aspects of the work setting that supports a comprehensive system of management control. The analysis is performed using standard management review factors. Nine factors are identified and each factor is subdivided into elements.

3. Insert the appropriate response after each element. If a response is “NO,” include comments.

EXHIBIT 5

TESTING PROCESS PROCEDURES

DCMC ACTIVITY: _____

ELEMENT: _____

PROCESS TITLE: _____

PROCESS CONTROLS TESTED	TEST METHOD	SAMPLE PLAN/RATIONALE	TEST RESULTS (Complies with Process/Customer Requirements?)

INSTRUCTIONS FOR EXHIBIT 5

1. This exhibit represents the core of Management Control Reviews -- checking to make sure that management controls are working and that intended results are being achieved. Testing controls provides confidence based on statistical results.

2. Select a test method to determine if management controls are working to meet process requirements:

a. Document Analysis: Reviewing existing records. (List documents reviewed/findings.)

b. Observations: Watching the performance of procedures and their controls. (Provide synopsis.)

c. Interviews: Eliciting information from personnel who perform processes and controls or related personnel. (List personnel interviewed, questions asked, and responses.)

d. Measurement: Measuring activities, functions, real and personal property, funds, etc. (Provide detailed explanation.)

e. Questionnaires: Sending out questionnaires to elicit information, opinions. (Provide copy of questionnaire and the responses.)

3. Determine the universe to be tested and describe the sample testing plan. To determine how large a sample should be tested, begin with "10% of the whole" as a general rule of thumb, then consider either decreasing or increasing the percentage as follows:

a. Decrease to 1% - 9%: When control environment is strong; when controls have operated satisfactorily in the past, and no major changes have occurred; when controls are fairly routine.

b. Increase to 11% - 100%: When control environment is weak; when only a small margin of error is acceptable; when an important resource is at stake.

4. Indicate test results. Are processes being followed and are controls functioning as intended, and are they adequate to ensure intended results and safeguard against waste, fraud, and mismanagement. Do the products/services resulting from the process meet process or customer requirements.

5. An audit trail necessitates that you indicate where copies of documents, or other physical evidence that controls are working, can be located or the location of the retained copies, if these records are to be purged within one year.

6. An example of testing controls for "Timely Contract Compliance/Closeout" follows:

PROCESS: Timely Contract Completion/Closeout TEST PERIOD: 1 Jul 96 - 31 Dec 96.

PROCESS CONTROLS TESTED	TEST METHOD	SAMPLE PLAN/RATIONALE	TEST RESULTS (Complies with Process/Customer Requirements?)
Final DD Form 250 Final Payment Documentation DD Forms 1597	Document Analysis Interview Process Review Checklist	A random sample (20%) was taken of contracts closed in the last six months. The review included all types of contracts and interviews were conducted with the functional specialists.	The test disclosed a tendency for the closeout cycle to be delayed due to either non-receipt or late receipt of final payment notification.

EXHIBIT 6

MCR RECORD

DCMC ACTIVITY: _____

PROCESS TITLE: _____

DESCRIBE THE PROCESS USED TO VERIFY THE PROGRAM (EVENT CYCLE).

DOCUMENTS, REGULATIONS, SOP's REVIEWED

REFERENCE	TITLE	DATE OF PUBLICATION

INTERVIEWS CONDUCTED

SUBJECT	PERSON INTERVIEWED	TITLE	INTERVIEWED BY	DATE

RECORDS REVIEWED

TYPE	CONTROL NUMBER/DATE	RESULTS

EXHIBIT 6

MCR RECORD

DCMC ACTIVITY: _____

PROCESS TITLE: _____

DESCRIBE THE PROCESS USED TO VERIFY THE PROGRAM (EVENT CYCLE).

OBSERVATIONS CONDUCTED

STEP OBSERVED	PERFORMED BY	OBSERVED BY	DATE

COMMENTS: (DEVIATIONS FROM DOCUMENTED STEPS; ALTERNATE STEPS IMPLEMENTED)

PREPARED BY: _____ TEL #: _____ DATE: _____

REVIEWED BY: _____ TEL #: _____ DATE: _____

INSTRUCTIONS FOR EXHIBIT 6

1. Complete the sections of the record with information not already recorded in the previous Exhibits.

2. It is important to identify sample items (i.e. file folders) or events observed (date, time, participants) for testing accomplished under Exhibit 5.

IDENTIFYING, DOCUMENTING & TRACKING CORRECTIVE ACTIONS

DCMC ACTIVITY: _____

ACTIVITY: _____

PROCESS TITLE: _____

CURRENT PROBLEM PROCEDURE (from the Work Process at Exhibit 2):

RECOMMENDED SOLUTION:

CORRECTIVE ACTION PLAN:

a. Date corrective action was implemented: _____
(identify the steps taken; attach the documentation to support the corrective action)

b. Corrective action completed/not completed: _____
(indicate yes or no; state reason(s) for not being completed)

c. To be completed by: _____ _____ _____
(Name & Position) (Date)

d. Has a tracking system been established? Are the time frames still realistic?

UNRESOLVED PROBLEMS: (outside the authority of the activity to correct)

PREPARED BY: _____ TEL #: _____ DATE: _____
REVIEWED BY: _____ TEL #: _____ DATE: _____