



Department of Defense

Federal Managers' Financial Integrity Act

Statement of Assurance

Fiscal Year Guidance

Revision 2
April 18, 2013

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Please address all comments and concerns to the Financial Improvement and Audit Readiness Directorate in the Office of the Under Secretary of Defense (Comptroller) at (571) 256-2207 or (571) 256-2708.

Requirements for Annual Statement of Assurance

The purpose of this guidance is to establish requirements for the preparation of the annual Statement of Assurance (SOA), required by the Federal Managers Financial Integrity Act of 1982 (FMFIA) and Department of Defense Instruction (DoDI) 5010.40, “Managers’ Internal Control Program Procedures.”

Office of Management and Budget (OMB) Circular No. A-123, “Management’s Responsibilities for Internal Control,” defines management’s responsibility for internal control in federal agencies. OMB Circular A-123 and the FMFIA, the statute it implements, are at the center of existing federal requirements to improve internal controls. The OMB Circular: (1) provides guidance for federal managers on improving the accountability and effectiveness of federal programs; (2) establishes requirements for conducting management’s assessment of the effectiveness of internal controls over financial reporting; and (3) emphasizes the need for the Department to integrate and coordinate internal control assessments with other internal control-related activities.

The Office of the Secretary of Defense (OSD), Military Departments, Joint Staff, Combatant Commands, Department of Defense (DoD) Office of Inspector General, Defense Agencies, and DoD Field Activities (referred to as “Components” for purposes of this guidance) must provide reasonable assurance as to whether their organizations are in compliance with the three objectives of internal controls:

- Effectiveness and efficiency of operations;
- Reliability of financial reporting; and
- Compliance with applicable laws and regulations.

Appendix 1 to this guidance identifies the DoD Component and the assertions that are required to be submitted to the Secretary of Defense each year. Appendix 2 specifies the required format and reporting templates for the different sections that are to be submitted with the Component’s Statement of Assurance.

The Component’s annual SOA must be signed by the Component head (or principal deputy) and addressed and submitted to the Secretary of Defense via the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) no later than the first Wednesday following Labor Day. The signature authority may not be delegated below the Principal Deputy level. No extensions in the SOA submission date will be authorized, because late Component submissions jeopardize the Department’s ability to meet OMB reporting deadlines.

The annual SOA includes a signed statement that indicates the Component’s separate level of assurance over its internal controls over operations, internal controls over financial reporting (ICOFR), and internal controls over financial systems (ICOFS).

Unqualified Assurance – An unqualified SOA provides reasonable assurance that the Component’s internal controls are effective and there are no reported material weaknesses, or that the integrated financial management systems (IFMS) are in conformance with federal requirements. Each unqualified statement should describe how the level of assurance is supported and how assessments were conducted.

Qualified Assurance – A qualified SOA provides reasonable assurance that the Component’s internal controls are effective, with the exception of one (or more) material weakness(es) that, in the aggregate, does not warrant management to provide a statement of no assurance, and/or that the IFMS are in conformance with federal requirements with the exception of one (or more) nonconformances. The SOA must cite the material weaknesses in internal controls that preclude an unqualified statement. Each qualified statement should describe how the level of assurance is supported and how the assessments were conducted.

No Assurance – A statement of no assurance on the effectiveness of internal controls is provided when few or no assessments were conducted, the noted material weaknesses are pervasive across many key operations, and/or the IFMS are pervasively noncompliant with federal requirements.

The Component head (or principal deputy) must submit the SOA using the form and content requirements contained in this guidance. As outlined in Appendix 2, “Format of the Statement of Assurance,” multiple tabs may be required. The requirements for financial reporting and financial systems risk and control assessments and reporting are provided in the references listed in Enclosure 1, DoDI 5010.40, “Managers’ Internal Control Program Procedures.”

Corrective action plans submitted under Tab D will be reviewed during quarterly Defense Business Council (DBC) meetings. OUSD(C) will request updates on the status of corrective actions quarterly for presentation to the DBC. Components that are not completing corrective actions according to their plans will be required to present their challenges and revised plans to the DBC.

Each Component shall submit both Microsoft Word and PDF files of its signed SOA via email to the Managers’ Internal Control Program (MICP) account at MICP@osd.mil. The electronic versions of each Component SOA are required no later than the first Wednesday following Labor Day.

The DoD Agencies and Field Activities must coordinate their SOAs through the respective Principal Staff Assistants (PSAs) prior to submission to the OUSD(C). (Please refer to Appendix 1 for a list of Defense Agencies and DoD Field Activities required to submit through PSAs.) Defense Agency/DoD Field Activity SOAs will not be accepted as complete without PSA coordination review. Each PSA is required to consolidate all of its respective Components’ SOAs with its own and submit a single SOA to the OUSD(C). Prompt reporting is the responsibility of the Component head (or principal deputy). Defense Agencies/DoD Field

Activities are responsible to meet submission timelines to OUSD(C) with PSA coordination and should plan accordingly.

Finally, it should be clearly understood that the reporting process for submitting each organization's SOA to OUSD(C) includes the seven smaller OSD entities that formerly submitted their SOAs to the Director of Administration and Management for consolidation (see Appendix 1 for the OSD entities required to submit directly to OUSD(C)). Similarly, all Combatant Commands must submit their SOAs directly to OUSD(C) instead of routing them through the Joint Staff. Further, the act of reporting should be the byproduct of a sound, well managed Component internal control program that supports efficiency and effective mission accomplishment.

Appendix 1

Components Required to Submit an Annual Statement of Assurance to the Secretary of Defense

Component	Operational SOA	ICOFR SOA	ICOFS SOA	Coordinate through PSA
Military Departments	✓	✓	✓	
Joint Staff	✓			
<ul style="list-style-type: none"> • National Defense University 	✓			✓
Office of the Under Secretary of Defense (Acquisition, Technology and Logistics)	✓	✓	✓	
<ul style="list-style-type: none"> • Defense Advanced Research Projects Agency 	✓	✓	✓	✓
<ul style="list-style-type: none"> • Defense Contract Management Agency 	✓	✓	✓	✓
<ul style="list-style-type: none"> • Defense Logistics Agency 	✓	✓	✓	✓
<ul style="list-style-type: none"> • Defense Technical Information Center 	✓	✓	✓	✓
<ul style="list-style-type: none"> • Defense Threat Reduction Agency 	✓	✓	✓	✓
<ul style="list-style-type: none"> • DoD Test Resource Management Center 	✓			✓
<ul style="list-style-type: none"> • Missile Defense Agency 	✓	✓	✓	✓
<ul style="list-style-type: none"> • Office of Economic Adjustment 	✓			✓
Office of the Under Secretary of Defense (Comptroller)	✓	✓	✓	
<ul style="list-style-type: none"> • Defense Contract Audit Agency 	✓	✓	✓	✓
<ul style="list-style-type: none"> • Defense Finance and Accounting Service 	✓	✓	✓	✓
Office of the Under Secretary of Defense (Intelligence)	✓	✓	✓	✓
<ul style="list-style-type: none"> • Defense Intelligence Agency 	✓	✓	✓	✓
<ul style="list-style-type: none"> • Defense Security Service 	✓	✓	✓	✓
<ul style="list-style-type: none"> • National Geospatial-Intelligence Agency 	✓	✓	✓	✓
<ul style="list-style-type: none"> • National Reconnaissance Office 	✓	✓	✓	✓
<ul style="list-style-type: none"> • National Security Agency 	✓	✓	✓	✓
Office of the Under Secretary of Defense (Personnel & Readiness)	✓	✓	✓	✓
<ul style="list-style-type: none"> • Defense Commissary Agency 	✓	✓	✓	✓
<ul style="list-style-type: none"> • DoD Education Activity 	✓	✓	✓	✓
<ul style="list-style-type: none"> • DoD Human Resources Activity 	✓			✓
<ul style="list-style-type: none"> • TRICARE Management Activity 	✓	✓	✓	✓
Office of the Under Secretary of Defense (Policy)	✓	✓	✓	✓
<ul style="list-style-type: none"> • Defense POW/Missing Personnel Office 	✓			✓
<ul style="list-style-type: none"> • Defense Security Cooperation Agency 	✓	✓	✓	✓
<ul style="list-style-type: none"> • Defense Technology Security Administration 	✓			✓
Office of the Deputy Chief Management Officer	✓			
U.S. Special Operations Command	✓	✓	✓	
U.S. Transportation Command	✓	✓	✓	

Component	Operational SOA	ICOFR SOA	ICOFS SOA	Coordinate through PSA
Combatant Commands (all remaining)	✓			
Office of the Assistant Secretary of Defense for Legislative Affairs	✓			
Office of the Assistant Secretary of Defense for Public Affairs	✓			
• Defense Media Activity	✓			✓
Office of the Chief Information Officer	✓	✓	✓	
• Defense Information Systems Agency	✓	✓	✓	✓
DoD Office of the General Counsel	✓			
• Defense Legal Services Agency	✓			✓
Operational Test and Evaluation	✓			
Cost Assessment and Program Evaluation	✓			
DoD Office of Inspector General	✓	✓	✓	
Office of the Assistant to the Secretary of Defense for Intelligence Oversight	✓			
Office of the Director of Administration and Management	✓			
• Pentagon Force Protection Agency	✓			✓
• Washington Headquarters Services	✓	✓	✓	✓
Office of Net Assessment	✓			
Joint Improvised Explosive Device Defeat Organization	✓	✓	✓	
Military Retirement Fund *	✓	✓	✓	✓

* OMB Designated Reporting Entity, per OMB Bulletin No. 01-02, Appendix B

Appendix 2

Sample Format of the Statement of Assurance

Contents

- Cover Letter Template: Signed Statement of Assurance
- TAB A-1: Description of Concept of Reasonable Assurance and How the Evaluation was Conducted (How the MICP Program was evaluated during FY 20xx)
- TAB A-2: Significant MICP Accomplishments (Most significant MICP accomplishments achieved during FY 20xx)
- TAB B: Operational Material Weaknesses/Corrective Actions
- TAB C: Financial Reporting/Integrated Financial Management System Material Weaknesses/ Corrective Actions
- TAB D: Corrective Action Plan
- TAB E: DoD Assessment of Internal Controls over Acquisition Functions Template

Note: Component can eliminate Tabs B-E from the submission, if not applicable

SAMPLE STATEMENT OF ASSURANCE

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT: Annual Statement Required Under the Federal Managers' Financial Integrity Act for Fiscal Year 20xx

1. As *(enter Title of Head of Component here)* of the *(Component adds name here)*, I recognize that the *(Component adds name here)* is responsible for establishing and maintaining effective internal controls to meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA). Tab A provides specific information on how the *(Component adds name here)* conducted the assessment of operational internal controls, in accordance with OMB Circular A-123, *Management's Responsibility for Internal Control*, and provides a summary of the significant accomplishments and actions taken to improve the *(Component adds name here)* internal controls during the past year.

2. *[Required for those Components listed in Appendix 1 that must provide an SOA related to operations.]* I am able to provide *[the statement must take one of three forms: (1) "an unqualified statement of assurance" (no material weaknesses noted); (2) "a qualified statement of assurance" (one or more material weaknesses noted); or (3) "no assurance" (processes not in place or pervasive nonconformance)]* that operational internal controls of the *(Component adds name here)* meet the objectives of FMFIA *[only use the following language in the case of a qualified statement of assurance: "with the exception of (#) unresolved material weaknesses described in Tab B"]*. *[Only use the following language in the case of a qualified statement of assurance or no assurance: "These weaknesses were found in the internal controls over the effectiveness and efficiency of operations and compliance with applicable laws and regulations, as of the date of this memorandum."]* *[Only use the following language in the case of a qualified statement of assurance: "Other than these material weaknesses, the internal controls were operating effectively."]*

3. *[Required for those Components listed in Appendix 1 that must provide an SOA related to financial reporting.]* The *(Component adds name here)* conducted its assessment of the effectiveness of internal controls over financial reporting in accordance with OMB Circular A-123, Appendix A, *Internal Control Over Financial Reporting*. Tab A provides specific information on how the *(Component adds name here)* conducted this assessment. Based on the results of this assessment, the *(Component adds name here)* is able to provide: *[the statement must take one of three forms: (1) "an unqualified statement of assurance" (no material weakness is being reported); (2) "a qualified statement of assurance" (one or more material weaknesses being reported); or (3) "no assurance" (processes not in place to assess all controls or pervasive material weaknesses)]* that the internal controls over financial reporting as of June 30, 20xx, were operating effectively *[if qualified "with the exception of (number) material weakness(es) noted in Tab C"]*.

4. *[Required for those Components listed in Appendix 1 that must provide an SOA related to integrated financial management system (IFMS) controls.]* The *(Component adds name here)* also conducted an internal review of the effectiveness of the internal controls over the integrated financial management systems. Tab A provides specific information on how the *(Component*

adds name here) conducted this assessment. Based on the results of this assessment, the *(Component adds name here)* is able to provide: *[the statement must take one of three forms: (1)“an unqualified statement of assurance” (no nonconformance is being reported); (2)“a qualified statement of assurance” (one or more nonconformances being reported); or (3)“no assurance” (processes not in place to assess all controls or pervasive nonconformance)] that the internal controls over the integrated financial management systems as of June 30, 20xx, are in compliance with the Federal Financial Management Improvement Act and OMB Circular A-127 [if qualified “with the exception of (number) nonconformance(es) noted in Tab C”].*

Signed by Component Head or Principal Deputy

TAB A-1

DESCRIPTION OF THE CONCEPT OF REASONABLE ASSURANCE AND HOW THE EVALUATION WAS CONDUCTED

The *(Component adds name here)* mission is to *(Expand on Component mission here)*. *(Component adds name here)* is comprised of the following organizations:

- *List all Component Organizations (Headquarters, J1, J2.....).*

(Component adds name here)'s senior management evaluated the system of internal controls in effect during the fiscal year as of the date of this memorandum, according to the guidance in Office of Management and Budget (OMB) Circular No. A-123, "Management's Responsibility for Internal Control," December 21, 2004. The OMB guidelines were issued in conjunction with the Comptroller General of the United States, as required by the "Federal Managers' Financial Integrity Act of 1982." Included is our evaluation of whether the system of internal controls for *(Component adds name here)* is in compliance with standards prescribed by the Comptroller General.

The objectives of the system of internal controls of *(Component adds name here)* are to provide reasonable assurance of:

- Effectiveness and efficiency of operations,
- Reliability of financial reporting, and
- Compliance with applicable laws and regulations.

The evaluation of internal controls extends to every responsibility and activity undertaken by *(Component adds name here)* and applies to program, administrative, and operational controls. Furthermore, the concept of reasonable assurance recognizes that (1) the cost of internal controls should not exceed the benefits expected to be derived, and (2) the benefits include reducing the risk associated with failing to achieve the stated objectives. Moreover, errors or irregularities may occur and not be detected because of inherent limitations in any system of internal controls, including those limitations resulting from resource constraints, congressional restrictions, and other factors. Finally, projection of any system evaluation to future periods is subject to the risk that procedures may be inadequate because of changes in conditions, or that the degree of compliance with procedures may deteriorate. Therefore, this statement of reasonable assurance is provided within the limits of the preceding description.

(Component adds name here) evaluated the system of internal controls in accordance with the guidelines identified above. The results indicate that the system of internal controls of *(Component adds name here)*, in effect as of the date of this memorandum, taken as a whole, complies with the requirement to provide reasonable assurance that the above mentioned objectives were achieved. This position on reasonable assurance is within the limits described in the preceding paragraph.

Using the following process, (*Component adds name here*) evaluated its system of internal controls and maintains sufficient documentation/audit trail to support its evaluation and level of assurance.

- a. Management Control Testing: Discuss the Component’s approach to testing the system of internal controls. The approach generally includes:
 - i) *Identifying key controls to be tested;*
 - ii) *Developing the test plan (consider the nature, extent (including sampling technique) and timing of the execution of the controls tests;*
 - iii) *Selecting the test method (inquiry, observation, inspection, or re-performance);*
 - iv) *Selecting the sample size, sampling technique, and acceptable number of tolerable misstatements;*
 - v) *Executing testing of automated versus manual controls;*
 - vi) *Summarizing and analyzing test results.*

- b. Office of the Inspector General, DoD (DoD IG); DoD Audit Agency (e.g. Naval Audit Service); GAO; or Component IG findings. *In the table below, please report the findings that were deemed Material Weaknesses:*

<u>Dates of Reports</u>	<u>Description of Findings</u>	<u>Assessable Unit (AU)</u>	<u>Inspection Entity</u>

- c. Assessment of the Acquisition Functions (if applicable). *Summarize the results of the Components assessment of the Acquisition Functions. The assessment includes:*
 - i) *Completing the DoD Assessment of Internal Control over Acquisition Functions Template (TAB E) to evaluate acquisition functions;*
 - ii) *Determining if there are any new deficiencies or material weaknesses and developing corrective action plans. (Material weaknesses will be reported in TAB B);*
 - iii) *Explaining how the DoD Template was used to determine deficiencies and weaknesses;*
 - iv) *Summarizing the results.*

TAB A-2

SIGNIFICANT MICP ACCOMPLISHMENTS

Most significant MICP accomplishments achieved during FY 20xx

Significant accomplishments will be reported in the Management's Discussion and Analysis (MD&A) section of the Department's Annual Financial Report (AFR). Highlight areas where your organization became more effective or efficient in operations, improved fiscal stewardship, or complied with applicable laws and regulations. Provide details on accomplishments achieved in the execution of the MICP since you issued the previous SOA. Each significant accomplishment must be identified with one of the internal control categories identified in Enclosure 5, DoDI 5010.40.

Internal Control Reporting Category:

Description of the Issue:

Accomplishment:

Components required to report on the effectiveness of operational controls (per Appendix 1) and which identified material weaknesses will submit TAB B in the following template format.

TAB B
OPERATIONAL MATERIAL WEAKNESSES/CORRECTIVE ACTIONS

Operational Material Weakness(es) Reporting Template

Uncorrected Material Weaknesses Identified During the Period:

Internal Control Reporting Category	Description of Material Weakness	Targeted Correction Year	Page #	Corrective Action Summary
(a)	(b)	(c)	(d)	(f)

Uncorrected Material Weaknesses Identified During Prior Periods:

Internal Control Reporting Category	Description of Material Weakness	First Year Reported	Targeted Correction Year	Page #	Corrective Action Summary
(a)	(b)	(e)	(c)	(d)	(f)

Material Weaknesses Corrected During the Period:

Internal Control Reporting Category	Description of Material Weakness	First Year Reported	Page #	Corrective Action Summary
(a)	(b)	(e)	(d)	(f)

NOTES:

- a. Internal Control Reporting Category: Defined in Enclosure 5, DoDI 5010.40.
- b. Description of Material Weakness: Provide a brief description, approximately 50-75 words in length, of the overall weakness and its impact to the organization.
- c. Targeted Correction Year: Expected date of resolution. If this date has changed, provide a brief explanation in the Corrective Action Summary cell as to why the date changed.
- d. Page #: The first page number of the corrective action plan and milestones (Tab D).
- e. First Year Reported: The fiscal year in which this material weakness was first reported in your SOA. This date will not change once the weakness has been identified.
- f. Corrective Action Summary: Provide a brief corrective action summary, approximately 50-75 words in length, for each material weakness identified, as well as a brief explanation if the expected resolution date resolution has changed. Briefly describe the steps necessary to correct the deficiency. Explain how your organization will validate that the deficiency no longer exists. The validation may either be a documented independent audit review or the accomplishment of a pre-established reported metric.

Components required to report on the effectiveness of internal controls over financial reporting and/or financial systems controls (per Appendix 1) and which identified material weaknesses must submit TAB C, using the following template format.

TAB C

**FINANCIAL REPORTING/FINANCIAL SYSTEM
MATERIAL WEAKNESSES/ CORRECTIVE ACTIONS**

This section presents the internal control weakness information, as well as the Senior Assessment Team (SAT) Chairman-signed memorandum submitted in the current fiscal year. (Current FIAR Guidance):

Financial Reporting/Financial System Material Weakness(es) Template

Uncorrected Material Weaknesses Identified During the Period:

Internal Control Reporting Category	Description of Material Weakness	Targeted Correction Year	Corrective Action Summary
(a)	(b)	(c)	(f)

Uncorrected Material Weaknesses Identified During Prior Periods:

Internal Control Reporting Category	Description of Material Weakness	First Year Reported	Targeted Correction Year	Original Target Date	Corrective Action Summary
(a)	(b)	(e)	(c)	(d)	(f)

Material Weaknesses Corrected During the Period:

Internal Control Reporting Category	Description of Material Weakness	First Year Reported	Original Target Date	Corrective Action Summary
(a)	(b)	(e)	(d)	(f)

NOTES:

- a. Internal Control Reporting Category: Defined in Enclosure 5, DoDI 5010.40.
- b. Description of Material Weakness: Provide a brief description, approximately 50-75 words in length, of the overall weakness and the impact to the organization.
- c. Targeted Correction Year: Expected date of resolution. If this date changes, provide a brief explanation in the Corrective Action Summary cell as to why this date changed.
- d. Original Target Date: The date originally targeted for resolution of the material weakness.
- e. First Year Reported: The fiscal year in which this material weakness was first reported in your SOA. This date will not change once the weakness has been identified.
- f. Corrective Action Summary: Provide a brief corrective action summary, approximately 50 – 75 words in length, for each material weakness identified, as well as a brief explanation if the

expected date of resolution has changed. Briefly describe the steps necessary to correct the deficiency. Explain how your organization will validate that the deficiency no longer exists. The validation may either be a documented independent audit review or the accomplishment of a pre-established reported metric.

Components with material operational weaknesses will submit TAB D (required template format below) as Components must maintain a more detailed corrective action plan in order to properly oversee the status. These corrective action plans will be reviewed during quarterly senior leader updates and are intended for the Components' use in tracking and reporting updates.

TAB D

CORRECTIVE ACTION PLANS AND MILESTONES

**Detail of Uncorrected and Corrected Material Weaknesses,
Corrective Action Plans and Milestones Template**

Detail of Uncorrected and/or Corrected Material Weaknesses and Corrective Action Plans

Internal Control Reporting Category: *(Note a, below)*

Targeted Correction Date: *(Note b, below)*

Description of Material Weakness: *(Note c, below)*

Detailed Corrective Action Plan: *Provide a detailed corrective action plan (including milestones) for each material weakness identified (example below). Describe the steps necessary to correct the deficiency. Explain how your organization will validate that the deficiency no longer exists and validate actions taken. The validation may either be a documented independent audit review or the accomplishment of a pre-established reported metric.*

<i>4th Qtr, FY 20xx</i>	<i>Review policies to support standardizing data and processes established across the Command.</i>
<i>1st Qtr, FY 20xx</i>	<i>Identify two programs for implementation of revised processes and begin tracking compliance and use.</i>
<i>2nd Qtr, FY 20xx</i>	<i>Develop and deploy a formal training program.</i>
<i>3rd Qtr, FY 20xx</i>	<i>Training curriculum developed and deployed.</i>
<i>3rd Qtr, FY 20xx</i>	<i>Surveillance/oversight in place to support annual report of compliance to the expected standard.</i>
<i>4th Qtr, FY 20xx</i>	<i>Implement recommended changes for centralization of the process ownership and consistent support for programs.</i>
<i>4th Qtr, FY 20xx</i>	<i>Implement recommended changes for staffing levels and oversight of processes.</i>
<i>4th Qtr, FY 20xx</i>	<i>Implement recommended changes to address shipbuilding program office capability and support.</i>
<i>4th Qtr, FY 20xx</i>	<i>Policy compliance meets target level.</i>
<i>4th Qtr, FY 20xx</i>	<i>Validate corrective action plan effectiveness by testing shipbuilding program office compliance with the program changes.</i>

NOTES:

- a. Internal Control Reporting Category: Defined in Enclosure 5, DoDI 5010.40.
- b. Targeted Correction Date: Expected date of resolution. If this date changes, provide a brief explanation in the Corrective Action Summary cell.
- c. Description of Material Weakness: Provide a brief description, approximately 50 – 75 words in length, of the overall weakness and the impact to the organization.

Components that assess the effectiveness of internal control over acquisition functions will submit TAB E (if not submitted previously, or if anything reported previously has changed). See the template below for the required format.

TAB E

DOD ASSESSMENT OF INTERNAL CONTROL OVER ACQUISITION FUNCTIONS

DoD Assessment of Internal Control over Acquisition Functions Template

Cornerstonesⁱ	Control Environment (What are the standards or objectives that set the tone or provide the discipline and structure?)	Risk Assessment (What are the relevant risks to properly implementing the standards or objectives?)	Control Activities (What are the policies and procedures that help ensure the necessary actions are taken to address risks?)	Monitoring (What monitoring activities or separate evaluations are in place to assess performance over time?)
Organizational Alignment and Leadership <ul style="list-style-type: none"> ▪ Aligning Acquisition with Agency Mission and Needs ▪ Commitment from Leadership 				
Policies and Processes <ul style="list-style-type: none"> ▪ Planning Strategically ▪ Effectively Managing the Acquisition Process ▪ Promoting Successful Outcomes of Major Projects 				

Cornerstonesⁱ	Control Environment (What are the standards or objectives that set the tone or provide the discipline and structure?)	Risk Assessment (What are the relevant risks to properly implementing the standards or objectives?)	Control Activities (What are the policies and procedures that help ensure the necessary actions are taken to address risks?)	Monitoring (What monitoring activities or separate evaluations are in place to assess performance over time?)
Human Capital <ul style="list-style-type: none"> ▪ Valuing and Investing in the Acquisition Workforce ▪ Strategic Human Capital Planning ▪ Acquiring, Developing, and Retaining Talent ▪ Creating Results-Oriented Organizational Cultures 				
Information Management & Stewardship <ul style="list-style-type: none"> ▪ Identifying Data and Technology that Support Acquisition Management Decisions ▪ Safeguarding the Integrity of Operations and Data 				

ⁱ Cornerstone descriptions as described in the U.S Government Accountability Office report, *Framework for Assessing the Acquisition Function at Federal Agencies*, September 2005:

Organizational Alignment and Leadership: Organizational alignment is the appropriate placement of the acquisition function in the agency, with stakeholders having clearly defined roles and responsibilities. There is no single, optimal way to organize an agency’s acquisition function. Each agency must assess whether the current placement of its acquisition function is meeting its organizational needs. Committed leadership enables officials to make strategic decisions that achieve agency-wide acquisition outcomes more effectively and efficiently.

Policies and Processes: Implementing strategic decisions to achieve desired agency-wide outcomes requires clear and transparent policies and processes that are implemented consistently. Policies establish expectations about the management of the acquisition function. Processes are

the means by which management functions will be performed and implemented in support of agency missions. Effective policies and processes govern the planning, award, administration, and oversight of acquisition efforts, with a focus on assuring that these efforts achieve intended results.

Human Capital: The value of an organization and its ability to satisfy customers depends heavily on its people. Successfully acquiring goods and services and executing and monitoring contracts to help the agency meet its missions requires valuing and investing in the acquisition workforce. Agencies must think strategically about attracting, developing, and retaining talent, and creating a results-oriented culture within the acquisition workforce.

Knowledge and Information Management: Effective knowledge and information management provides credible, reliable, and timely data to make acquisition decisions. Each stakeholder in the acquisition process—program and acquisition personnel who decide which goods and services to buy; project managers who receive the goods and services from contractors; commodity managers who maintain supplier relationships; contract administrators who oversee compliance with the contracts; and the finance department, which pays for the goods and services—need meaningful data to perform their respective roles and responsibilities.