

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Proposed Headquarters Notice--Internal Accounting and Administrative Controls

FROM: Edward L. Sherman
Director of Finance
1212 Key Bldg.

EXTENSION

NO. ADPP 163-83-48

DATE 25 August 1983

LOGGED

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

12 OCT 1983

	DATE		OFFICER'S INITIALS
	RECEIVED	FORWARDED	
1. DDA 7D-18 Hqs.		29 AUG 1983	[Signature]
2.			
3. General Counsel 7D-00 Hqs.	23 SEP 1983		[Signature]
4.			
5. Inspector General 6E-08 Hqs.	26 SEP 1983		[Signature]
6.			
7. Executive Director 7D-55 Hqs.	6 Oct 83 [Signature]		
8.			
9. DDCI 7D-6011 Hqs.			
10. Return to EXDIN for signature			
11. DCI 7D-60 Hqs.			
12.			
13. DDA 7D-18 Hqs.			
14. D/Finance 1212 Key Bldg.			
15.			

There's considerable boiler-plate here, so much so that the [unclear] recommends that it go as is. So be it.

See Attached memo from OGC

DCI EXEC REG

4 OCT 1983

ADPP 163-83-48

MEMORANDUM FOR: Director of Central Intelligence

VIA: Deputy Director of Central Intelligence
Executive Director
Inspector General
General Counsel
Deputy Director for Administration

FROM: Allen R. Elkins
Director of Finance

SUBJECT: Proposed Headquarters Notice - Internal
Accounting and Administrative Control Directive

1. Attached is a recommended Headquarters Notice which would prescribe Agency policies and standards for internal controls as required by the Federal Managers' Financial Integrity Act of 1982 (PL 97-255, approved 8 September 1982). The intent of internal controls is to reasonably ensure effective control over, and accountability for, assets and make certain of the day-to-day involvement of Agency chains of command in the process of appropriate authorization and approval, consistent with standards prescribed by the Comptroller General.

2. As further required by the Act, the Director of Management and Budget has established guidelines that the head of each executive agency shall follow in evaluating the internal control systems of the Agency to decide whether the systems are providing the necessary effective control and accountability for assets. By 31 December of each year (beginning in 1983), the head of each executive agency, based on the foregoing evaluation, shall prepare a statement on whether the internal control systems of the Agency are in compliance with the requirements of the Act. If the head of an agency decides the systems are not in compliance, the statement shall include a report identifying any material weakness in the systems and describing the plans and schedule for correcting the weakness. All statements and reports will be signed by the head of each executive agency and submitted to the President and Congress.

3. Essentially, the Federal Managers' Financial Integrity Act is an expansion of the Budget and Accounting Procedures Act of 1950. It is a positive effort to transform the expectations of the 1950 Act into reality by a fixing of personal responsibility and definition of requirements for reducing fraud, improving management controls, and eliminating errors in the administration of Government programs. This Agency is in substantial compliance with the requirement for systems of

internal controls through its organizational structure and regulatory system. The assignment of individual authorities and responsibilities to senior Agency officials for activities within their organizations provide the on-going planning, direction, and control mechanisms for evaluation of the effectiveness of our systems throughout the Agency.

4. The OMB guidelines require a periodic review of the susceptibility of a program or function to the occurrence of waste, loss, unauthorized use, or misappropriation. Such reviews are known as vulnerability assessments and are the mechanism with which an Agency can determine the relative potential for loss in programs and functions and schedule internal control reviews and related action. Although not specifically addressed in the proposed notice, it is intended that these assessments be accomplished by the Executive Committee based on their own working knowledge of the programs and administrative functions, their general impressions about the control environment, and the effectiveness of existing controls. This can be done at periodic sessions of the Committee called to review selected subjects such as operational approval and regulatory systems, etc. The requirements for vulnerability assessments are that: (1) the process and the major considerations in determining the relative rankings are documented and (2) the Agency head will approve and defend their rankings.

5. In sum, publication of the proposed notice will formalize the structure and methods of the Agency's internal control systems. It provides for annual statements, assessing the operation of these controls, to be prepared by the Directors of ICS and NIESO, Deputy Directors, Heads of Independent Offices, and the Director of Finance. The statements will be submitted to the Executive Director through the Inspector General and will serve as the basis for your report to the President and Congress. A proposed internal control statement has been prepared as an attachment to the notice. As required by the Act, it includes a statement concerning conformance of the Agency accounting system to the principles, standards, and requirements of the Comptroller General.

6. Given your approval of this document and any revisions that may be required, I will forward the final version to Regulations Control Division, OIS, for processing and publication under your signature.



STAT

Allen R. Elkins

Attachments As Stated

SUBJECT: Proposed Headquarters Notice - Internal
Accounting and Administrative Control Directive

CONCUR:

[Redacted Signature]

Deputy Director for Administration

8/29/83
Date

STAT

[Redacted Signature]

General Counsel

23 SEP 1983
Date

STAT

[Redacted Signature]

Inspector General

26 Sept 83
Date

STAT

Executive Director

Date

Deputy Director of Central Intelligence
APPROVED:

Date

Director of Central Intelligence

Date

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Proposed Internal Control Statement
(assuming no substantive weaknesses)

Dear Mr. President:

As required by the Federal Managers' Financial Integrity Act of 1982 this is to inform you that for the year ended September 30, 19--, reviews of the results of application of the Agency systems of internal accounting and administrative controls satisfy me that those controls provide reasonable assurances that

- obligations and costs comply with applicable law;
- assets are safeguarded against waste, loss, unauthorized use, and misappropriation; and
- revenues and expenditures applicable to agency operations are recorded and accounted for properly so that accounts and reliable financial and statistical reports may be prepared and accountability of the assets may be maintained.

This is also to inform you that Comptroller General principles, standards and related requirements for accounting systems have been and continue to be used as the guidelines against which the Agency accounting system has been developed and is being maintained.

William J. Casey
Director of Central Intelligence