



INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
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ARLINGTON, VIRGINIA 22202-4704

July 20, 2006

## INSPECTOR GENERAL INSTRUCTION 5010.40

SUBJECT: Managers' Internal Control Program

References:

- a. DoD Instruction 5010.40, "Managers' Internal Control (MIC) Program Procedures," January 4, 2006
- b. Section 3512 of title 31, United States Code (also referred to as Public Law 97-255 and the Federal Managers' Financial Integrity Act (FMFIA) of 1982)
- c. Office of Management and Budget Circular No. A-123, Revised, "Managements' Responsibility for Internal Control," August 5, 2005
- d. Government Accountability Office, "Standards for Internal Control in the Federal Government," November 1999

**A. Purpose.** This Instruction provides the Department of Defense Office of Inspector General (DoD OIG) internal policy, responsibilities, procedures, and reporting requirements for:

1. Establishing and maintaining the OIG Managers' Internal Control (MIC) Program.
2. Ensuring the OIG compliance with the policy and guidance stated in references (a) through (d).

**B. Cancellation.**

1. This Instruction supersedes IGDINST 5010.38, *Internal Management Control Program*, July 2, 1997.
2. Policy memorandum, *The Office of the Inspector General Internal Control Program*, July 25, 2005, is hereby cancelled.

**C. Applicability.** This Instruction applies to the Office of the Inspector General, the Deputy Inspectors General, the Assistant Inspectors General who report to the Inspector General, the Dean of Instruction, and the Director, Equal Employment Opportunity, hereafter referred to collectively as the OIG Components.

**D. Definitions.** Terms used in this Instruction are defined in Appendix A.

**E. Policy.** It is the OIG policy under references (a) through (d) that each OIG component shall implement a comprehensive strategy for the MICs that provides reasonable assurance that:

1. Obligations and costs comply with applicable law.
2. Assets are safeguarded against waste, loss, unauthorized use, and misappropriation.
3. Revenues and expenditures applicable to the OIG operations are recorded and accounted for properly to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the assets (emphasizing activities involving funds, property, and other assets for which managers are responsible).
4. Programs and administrative and operating functions are efficiently and effectively carried out in accordance with applicable law and management policy.
5. The MIC process emphasizes prevention of fraud, waste, mismanagement, and timely correction of MIC weaknesses.

**F. Managers' Internal Control (MIC) Program Process**

1. The MIC process shall be integrated into the daily management practices of all OIG managers and shall:
  - a. Be consistent with, and draw heavily upon, the guidance and procedures provided by references (a) through (d). Reporting on the MIC by the Inspector General and the OIG components is addressed in paragraph I of this Instruction.
  - b. Address all significant operations and mission responsibilities and not limit evaluations to operations applicable to financial management.
  - c. Be designed, documented, and operated to provide reasonable assurance that the specific standards and objectives enumerated in references (c) and (d) are met. The OIG managers will continuously monitor and improve the effectiveness of vital MICs. Continuous monitoring and other periodic evaluations should provide the basis for the annual statement about reasonable assurance.
  - d. Where possible, and to the greatest extent possible, rely on organizationally required and other contributing information sources (such as management and oversight reviews, computer security reviews, financial system reviews, audits, inspections, investigations, internal review studies, quality management initiatives, and management and/or consulting reviews). The MIC program evaluation should not cause the duplication of existing information that pertains to assessing the effectiveness of the MICs or information that may be used for that purpose. Evaluation of the MICs of an assessable unit should not be limited to existing information if that information does not allow for coverage of the full scope of vital MICs

applicable to that unit. When existing data does not provide for adequate review of the MICs, appropriate reviews should be planned and provided that will enable management to make reasonable judgments about the effectiveness of the MICs under reference (d). When considering the scope and necessity for reviewing or testing of the MICs, managers should determine whether controls should be classified as “vital” or “non-vital.” In the final analysis, management's opinion about the status of a component's MICs is based primarily on the status of its vital MICs.

e. Involve management at all levels and provide for the assignment of overall responsibility for program design, direction, and implementation to a designated senior management official who is, or is directly accountable to, the OIG Component Head.

f. Assign to the manager of each assessable unit responsibility and accountability for execution and evaluation of MICs in a manner consistent with this Instruction.

2. Each OIG Component Head shall submit to the Inspector General, based on the execution of his or her MIC Program, a statement of assurance that indicates whether or not the MIC systems meet the program standards, goals, and objectives of sound and effectively implemented MICs. Component statements, individually and in total, will serve as support for the statement of assurance to be provided by the Inspector General to the Secretary of Defense under reference (a). The Office of Communications and Congressional Liaison (OCCL) shall provide annual guidance about this activity. Reporting will be in accordance with Section I of this Instruction.

3. In the most cost-effective manner, the OIG components should provide managers throughout their organization with training consistent with their MIC responsibilities and obligations. Mutually beneficial and consolidated training efforts are encouraged.

4. Policies, procedures, and responsibilities for the evaluation of MICs that are an integral part of a financial management system.

5. There is established the Senior Management Council for Internal Control which shall evaluate selected controls on an annual basis. The Council consists of the OIG component heads.

## **G. Responsibilities**

1. The **Assistant Inspector General for Communications and Congressional Liaison** (AIG OCCL) shall:

a. Serve as the OIG senior official under references (a) through (d) for policy guidance, direction, and coordination with the OIG components on the MIC matters.

b. Establish the OIG MIC policy and oversee its implementation and operation throughout the OIG.

- c. Issue guidance to further define responsibilities and policies for the MIC Program.
- d. Periodically perform and report on evaluations of the OIG component compliance with this Instruction.
- e. Provide technical assistance to the OIG components on MIC matters.
- f. Provide to the OIG components any OIG, Government Accountability Office, or other audit, inspection, or review finding that discloses a potential weakness in MICs and the reported status of agreed-on corrective actions.

2. Each **OIG Component Head** shall:

- a. Evaluate select controls on an annual basis as part of their participation in the Senior Management Council for Internal Control, established by paragraph F.5.
- b. Appoint a senior management official to be responsible for establishing and implementing the component's MIC Program in accordance with the procedures detailed in this Instruction. This individual shall be known as the "OIG Component MIC Senior Responsible Official."
- c. Emphasize prevention and correction of fraud, waste, and mismanagement in all MIC plans and guidelines, and provide for appropriate cost-effective training of affected managers to assure their fulfillment of those responsibilities.
- d. Issue applicable guidance and assign adequate resources to ensure that the policy provisions of this Instruction are implemented fully.
- e. Ensure accountability for appropriate compliance with the MIC guidance by requiring job performance evaluations of civilian and military managers having significant MIC responsibilities. Reference (d) emphasizes management accountability.
- f. Monitor implementation of the MIC Program and establish follow-up systems to ensure acceptable performance and prompt correction of all material weaknesses. The follow-up systems shall be coordinated with other management reporting systems, when feasible.

**H. Procedures.** Each OIG component shall develop a MIC Program that shall include the following elements:

- 1. A MIC Process. After the OIG Component Heads have developed and established MICs as required by this Instruction, and as elaborated by references (a) through (d), a MIC process shall be established that will conclude with the reporting of management's opinion about the effectiveness of its MICs. The process includes, as appropriate, assigning responsibilities and providing personnel for planning, directing, and executing the MIC Program; developing internal reporting and tracking capabilities; ensuring periodic evaluations of the MICs, as required by references (a) through (d); and maintaining appropriate documentation.

2. Assessable Units. All programs and operations of each OIG component shall be segment along organizational, functional, or programmatic lines into assessable units. Each OIG component shall establish and maintain an inventory of its assessable units. The inventory shall be a part of every OIG component's Managers' Internal Control Plan (MICP) and shall be reviewed and updated annually, along with the control objectives, control techniques, and control tests within each assessable unit.

3. Evaluation. Evaluate the effectiveness of the MICs through a documented process or mechanism determined by each OIG Component Head to meet his or her specific requirements. The evaluations shall be consistent with the guidance contained in references (a) and (b). The process should maximize the use of already existing management evaluation data and, to the greatest extent possible, minimize the creation of processes solely for the execution of the MIC Program.

4. Identify, Report, and Correct MIC Weaknesses. Each OIG component shall establish and maintain a process that identifies, reports, and corrects MIC weaknesses, as follows:

a. Identification. The OIG components may identify weaknesses in their MIC through a variety of objective sources. Those sources should include, but not be limited to, audits, inspections, investigations, management assessments and reviews, creditable information of nonGovernmental origin, staff meetings, and the MIC evaluations.

b. Reporting. Weaknesses in the MICs should be reported if they are deemed to be material. Materiality is defined in Appendix B.

c. Correction. References (a) and (b) require the OIG component managers to take timely and effective actions to correct weaknesses in their MICs. Correcting the MIC weaknesses is an integral part of management accountability. Tracking corrective actions should be commensurate with the severity of the weakness. Corrective action plans should be developed for all material weaknesses, and progress in implementing those plans should be periodically assessed and reported to management. A determination that a material weakness has been corrected should be made only when sufficient actions have been taken and the desired results achieved. The last milestone in each corrective action plan shall include correction validation.

5. Annual Statement of Assurance. The OIG components shall submit an Annual Statement of Assurance to the AIG OCCL based on a general assessment of the effectiveness of their MICs. The statement shall also include material weaknesses and the plan to correct them, and be consistent with annual OCCL guidance about the content and structure of the statement. The statement must be signed by the OIG Component Head and submitted to the AIG OCCL at least one month before the date due to the Secretary of Defense.

## **I. Reporting**

1. The Inspector General is required under reference (a) to submit the Annual Statement of Assurance to the Secretary of Defense addressing whether the OIG has established a MIC Program consistent with the requirements of references (a) and (b) and whether the Program provides reasonable assurance that it meets the FMFIA objectives under reference (c). The statement is due to the Secretary of Defense and to the Office of the Under Secretary of Defense (Comptroller), Deputy Chief Financial Officer (CFO) about 10 weeks before the Secretary must submit the Department's Annual Statement of Assurance to the Office of Management and Budget (OMB) and Congress on November 15<sup>th</sup> of each year.

2. At least 2 weeks before the due date required by the annual Office of the Secretary of Defense MIC guidance memoranda, the AIG OCCL shall prepare the Statement of Assurance for the Inspector General's signature and submission to the Secretary of Defense.

3. Each OIG Component Head shall submit an Annual Statement of Assurance based on a general assessment of the MICs conducted in accordance with foregoing guidance and shall consider the MIC weaknesses disclosed by all sources, including: management studies; internal or external audits, inspections, investigations, or internal review reports; and the DoD OIG and the Government Accountability Office reports. The statement, signed by the OIG Component Head, shall be submitted to the Inspector General at least one month before the date due to the Secretary of Defense (recent history shows this date would be August 1) each year in the format provided by annual OCCL guidance. One copy of the statement and accompanying reports shall be furnished to the AIG OCCL by the same deadline. The submission shall include the following:

a. A cover memorandum, signed by the OIG Component Head, providing the component's senior management assessment as to whether there is reasonable assurance that the component's MICs are in place and operating effectively as required under references (a) through (d). The statement of assurance must take one of three forms:

(1) An unqualified statement of assurance ("I have reasonable assurance that..."). Each unqualified statement must have a firm basis for that position, which will be summarized in the cover memorandum. A more extensive explanation of that position must be clearly articulated in the body of the statement.

(2) A qualified statement of assurance ("I have reasonable assurance that ... except for..."). The material weaknesses in the MICs that preclude an unqualified statement should be cited in the cover memorandum.

(3) A negative statement ("I do not have reasonable assurance that ..."). The basis for this position should be summarized in the cover memorandum.

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

c. Uncorrected material weaknesses (current year and prior year disclosures) and the specific plans and schedules for correction. The specific plans and schedules shall include the actions that will correct a weakness. Although the actions to correct the weakness may be in development, the weaknesses should be reported and the tentative actions should be disclosed in a manner consistent with management's current perceptions.

d. Material weaknesses corrected in the current year (current year disclosures and prior year disclosures corrected in the current year) and a description of the actions taken. Each corrected material weakness will include, as the last milestone, a validation milestone that evaluates and certifies the effectiveness of the corrective action.

e. Other disclosures or special presentations, including significant MIC accomplishments, that may arise from time to time due to specific requests or inquiries.

FOR THE INSPECTOR GENERAL:



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3 Appendices - a/s

**APPENDIX A****DEFINITIONS**

1. **Assessable Unit.** Any organizational functional, programmatic, or other applicable subdivision capable of evaluation by the MIC assessment procedures. An assessable unit should be a subdivision of an organization that ensures a reasonable level of span of MIC to allow for adequate control analysis. Assessable units usually have specific MICs that are applicable to their responsibilities, as well as other guidance that has broad organizational application. Occasionally, some organizational units (field activities or offices) will have fundamentally the same MIC structure but be considered individual assessable units because of geographic separation. Assessable units are responsible for conducting the MIC evaluations. Each assessable unit shall have documented control objectives, control techniques, and control tests. (See Definitions 3, 4, and 22.)
2. **Comptroller General Standards.** The 5 standards issued by the Comptroller General to be applied by all managers in the Federal Government in developing, establishing, and maintaining the MICs are under reference (d).
3. **Control Objective.** A specific aim, goal, condition, or level of control, established by a manager for an assessable unit that provides reasonable assurance that the resources allocated to that activity are safeguarded or protected adequately against fraud, waste, or mismanagement, and that organizational, operational, or administrative objectives are accomplished. Control objectives are not absolutes. Limiting factors, such as budget constraints, statutory, and regulatory restrictions, staff limitations and cost benefits of each control technique are to be considered in determining desired control objectives.
4. **Control Technique.** Any form of organizational procedure or document flow that is relied upon to accomplish a control objective.
5. **Documentation.** Documentation for the MIC systems includes the following types of written materials:
  - a. **Review Documentation.** Shows the type and scope of review, the responsible official, the pertinent dates and facts, the key findings, and the recommended corrective actions. Documentation is adequate if the information is understandable to a reasonably knowledgeable reviewer.
  - b. **System 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. Documentation of the MIC activities is required to the extent needed by management to control their operations effectively and may be generated by activities not specifically established to meet the requirements of the MIC Program.

6. **Event Cycle.** A series of steps taken to get something done. Any program or function performed within an organization contains such processes used to start and perform related activities, create necessary documentation, and gather and report related data.
7. **General Control Environment.** The environment in which an event cycle operates, including management attitude; organization structure; personnel competence; delegation of authority and responsibility; policies, procedures, budgeting, and reporting practices; and organizational checks and balances.
8. **IG Functional Proponent.** The OIG component responsible for policy and oversight of a particular area that cuts across the OIG component organizational lines.
9. **Managers' Internal Control (MIC) Program.** The MIC is a system of guidance, instructions, regulations, procedures, rules, or other organization instructions intended to determine the methods to be employed to carry out mission or operational actions or objectives and ensure that programs achieve intended results. This plan of organization, methods, and procedures adopted by management provides reasonable assurance that the objectives of reference (c) are met. The MICs support the effectiveness and the integrity of every step of a process and provide feedback to management; they are the rules, procedures, techniques, and devices employed by managers to ensure that what should occur in their daily operations does occur on a continuing basis. Under reference (d), "...management controls should be an integral part of the entire cycle of planning, budgeting, management, accounting, and auditing. They should support the effectiveness and the integrity of every step of the process and provide continual feedback to management." (See Definition 23.)
10. **Managers' Internal Control (MIC) Evaluation.** A documented evaluation of the MICs of an assessable unit to determine whether adequate control techniques exist and are implemented to achieve cost-effective compliance with references (a) through (d). The MIC evaluations are of the following types:
  - a. **Alternative Managers' Internal Control Review (AMICR).** A process to determine that the control techniques are operating properly or a process developed for other organizational purposes that provides adequate information on the effectiveness of control techniques. This type of process may use computer security reviews; quality assessments; financial systems reviews; Inspector General, Government Accountability Office, or OIG component audits, inspections, or investigations; internal review studies; and management and/or consulting reviews. Such alternative reviews must assist in determining overall compliance, and, when possible, include testing of controls and documentation. The process employed should have a reasonable associated testing aspect.
  - b. **Managers' Internal Control Review (MICR).** Detailed examination of a system of MICs in an assessable unit using the methodology specific to that purpose. Reviews should be conducted only when a reliable alternative source of information is not available and the review

produces otherwise unavailable written materials documenting what was done and what was found. (See Definition 5.) The process employed should have a reasonable associated cost-effective testing aspect.

11. **Managers' Internal Control Plan (MICP).** A brief, written plan (updated annually) that indicates the number of scheduled and accomplished MIC evaluations, the identity of the OIG component assessable units and progress toward accomplishment of annual program requirements. The data contained in, or summarized by, the MICP shall be consistent with information reported in the OIG component's Annual Statement of Assurance.
12. **Managers' Internal Control (MIC) Program.** The full scope of management control responsibility is under references (a) through (d). That responsibility extends from management's development of effective MICs, through the evaluation and correction of deficiencies, to the reporting requirements of this Instruction.
13. **Managers' Internal Control (MIC) Program Evaluations.** The formal effort of an organization to ensure that MIC systems are working effectively, including the reporting of findings and conclusions to senior management. The OIG components are encouraged to prevent this process from becoming an isolated exercise outside the daily operating and management activities. Consolidating the evaluations with other evaluative activities is encouraged.
14. **Managers' Internal Control (MIC) Standards.** Reference (a) is the most pertinent yardstick for this factor.
15. **Managers' Internal Control (MIC) System.** The sum of an OIG component's methods and measures used to achieve the MIC objectives--both the controls and the evaluations of those controls. It is not a separate system, but an integral part of the systems used to operate programs and functions.
16. **Managers with Significant Managers' Internal Control (MIC) Responsibilities.** This includes top-level managers, down through operational managers of all programs and activities, in which funds, property, and other assets must be safeguarded against fraud, waste, or mismanagement and in which programs, operations, and resources must be managed efficiently and effectively. While all managers are expected to comply with annual MIC evaluation requirements, the OIG components may not require full participation of all managers to adequately develop conclusions regarding MICs or to adequately produce year-end reports. Managers of assessable units shall have significant MIC responsibilities in their performance appraisals.
17. **Material Weakness.** Specific instances of noncompliance with references (a) and (c) are of such sufficient importance as to warrant reporting of the control deficiency to the next higher level of management. Such weaknesses significantly impair or may impair the fulfillment of an OIG component's mission or operational objective; deprive the public of needed services; violate

statutory or regulatory requirements; significantly weaken safeguards against fraud, waste, or mismanagement of funds, property, or other assets; or result in a conflict of interest. (See Appendix B for further information.) The MIC weaknesses should be identified using one of the reporting categories provided in Appendix C.

18. **Reasonable Assurance.** A judgment by an OIG Component Head based on all available information that OIG component systems of MICs are operating as intended by references (a) through (d.)
19. **Risk.** The probable or potential adverse effects from inadequate MICs that may result in the loss of Government resources or cause an OIG component program or operation to fail to accomplish significant mission objectives through fraud, error, or mismanagement.
20. **Senior Management Council.** A committee of senior managers convened to advise an OIG Component Head on MIC matters, to include the identification of MIC weaknesses that merit reporting as material weaknesses. The responsibilities of the Council need not be devoted exclusively to oversight of MICs.
21. **Systemic Weakness.** A systemic weakness is a MIC weakness that is present in more than one OIG component because of ineffective implementation of the OIG or the DoD guidance and/or requirements or because such guidance and/or requirements did not identify or define the policy, procedures, or internal controls adequately.
22. **Testing.** Procedures to determine through observation, examination, verification, sampling, or other procedures whether the MIC systems are working as intended (in accordance with management's MIC objectives).
23. **Vital Managers' Internal Controls (MICs).** These are the MICs (see Definition 9) that are most important to the accomplishment of the mission or responsibilities of an assessable unit. Noncompliance with vital MICs would have an undesirable impact on the accomplishment of the assessable unit's mission and responsibilities and require the management of that assessable unit to disclose the noncompliance, or its impact, to senior management. Some MICs may be classified as "non-vital" because minor noncompliance would not have a significant impact on accomplishment of the mission or responsibilities of the assessable unit. However, noncompliance with non-vital MICs may become significant if the noncompliance is extensive enough to warrant disclosure of the noncompliance, or its impact, to senior management. The MICs may be considered vital at one organizational level, but not at another or more senior level. Every assessable unit has MICs that should be classified as vital for that specific unit.

## APPENDIX B

### GUIDANCE IN APPLYING THE DEFINITION OF MATERIAL WEAKNESS

#### A. A Material Weakness Must Satisfy Two Conditions

1. It must be a condition in which MICs, or compliance with them, do not provide reasonable assurance that the objectives of the MIC Program are being met. In effect, the weakness results from the MICs that are not in place, not used, or not adequate.

2. It must be a condition that requires the attention of the next higher level of management. As with many other aspects of the MIC Program, whether a weakness is material enough to warrant reporting to a level higher than that at which it was discovered shall always be a management judgment. Fundamentally, managers should consider reporting a weakness to the next higher level if the participation of management at a higher level is required to help resolve the problem. Although the problem can be resolved at the lower level, it is serious enough, in the judgment of the manager with the control weakness, to bring to the attention of higher level management as a point of information. The additional yardsticks provided in sections B and C, below, are to help managers understand the concept of materiality and are not intended to be determinants of materiality.

#### B. Discussion of Material Weakness Definition in Section A

1. A material weakness in the OIG system of the MICs may be due to lack of an applicable control, or more frequently, inadequate compliance with existing controls. The controls deal with all program, operational, and administrative functions; they are not limited to financial or accounting matters. Material weaknesses are considered at the following levels:

a. IG Level. When a weakness is serious enough to merit the attention of the Inspector General or exists in a majority of the OIG components.

b. OIG Component Organization Level. When a weakness is serious enough to merit the attention of the OIG Component Head or exists with frequency throughout the OIG component.

c. Assessable Unit Level. When a weakness requires the attention of managers responsible for an assessable unit or exists with frequency throughout the assessable unit.

2. In addition to the basic characteristics of a material weakness described in section A and subsection B1, above, the final determination to categorize a MIC weakness as material results from management judgment about the relative impact of the weakness. For example, scoring each of the following considerations as “significant” or “insignificant” might help a manager in determining whether the absence of, or noncompliance with, a control is a material weakness.

- a. Actual or potential loss of resources.
- b. Sensitivity of the resources involved.
- c. Magnitude of funds, property, or other resources involved.
- d. Frequency of actual and/or potential loss.
- e. Current or probable media interest (adverse publicity).
- f. Current or probable congressional interest (adverse publicity).
- g. Unreliable information causing unsound management decisions.
- h. Diminished credibility or reputation of management.
- i. Impaired fulfillment of essential mission or operations.
- j. Violation of statutory or regulatory requirements.
- k. Impact on information security.
- l. Deprived the public of needed Government services.

3. Monetary value impact generally shall be considered material when the weakness has caused or might cause loss of control over a significant amount of resources for which an organization is responsible (including money, personnel, equipment, etc.).

4. Open findings on the MICs from any source, agreed to by management, are candidates for a material weakness at the applicable level until all corrective actions are complete.

**C. Determining a Material Weakness.** This determination is a management judgment as to whether a weakness meets the criteria discussed in sections A and B. A higher or lower dollar threshold may be applicable in different contexts, depending on the nature and characteristics of the weakness and the level in the organization that the problem is identified.

## APPENDIX C

## MANAGER'S INTERNAL CONTROL (MIC) REPORTING CATEGORIES

1. **Contract Administration.** Covers the fulfillment of contractual requirements, including performance and delivery, quality control, and testing to meet specifications, performance acceptance, billing and payment controls, justification for contractual amendments, and actions to protect the best interests of the Government.
2. **Equal Employment Opportunity (EEO).** Covers activities associated with managing the OIG EEO Program.
3. **Comptroller.** Covers the budget process, finance, and accounting, cost analysis, and the general allocation, and continuing evaluation of available resources to accomplish mission objectives. Includes pay and allowances for all OIG personnel.
4. **Information Technology.** This area covers the design, development, testing, approval, deployment, use, and security of automated information systems (using a combination of computer hardware, software, data, or telecommunications that perform functions such as collecting, processing, storing, transmitting, or displaying information) and other technologies for processing management information. That includes requirements for justification of equipment and software.
5. **Maintenance and Repair.** Covers the management and operation of in-house and contractor-operated services associated with performing maintenance and repair of, and/or installation or modifications to, materiel, equipment, and supplies.
6. **MIC General Control Environment.** The environment in which an event cycle operates, including management attitude; organization structure; personnel competence; delegation of authority and responsibility; policies, procedures, budgeting, and reporting practices; and organizational checks and balances.
7. **Personnel and/or Organization Management.** Covers authorizations, recruitment, training, assignment, use, development, and management of the OIG military and civilian personnel. Also includes the operations of headquarters organizations. Contract personnel are not covered by this category.
8. **Procurement.** Covers the decisions to purchase items and services together with certain actions to award and amend contracts (e.g., contractual provisions, type of contract, invitation to bid, independent Government cost estimate, technical specifications, evaluation and selection process, pricing, and reporting).

9. **Program and Administrative Management.** This covers the basic management responsibilities and functions associated with mission accomplishment: planning, organizing, staffing, direction, MIC, evaluation, innovation, and coordination.
10. **Property Management.** Covers construction, rehabilitation, modernization, expansion, improvement, management, and control over real and installed property and facilities. Includes all phases of property life-cycle management from determination of need through disposition. Also covers disposal actions for materiel, equipment, and supplies.
11. **Security.** Covers the plans, programs, operations, systems, and management activities for accomplishing the mandated security missions. Includes safeguarding classified resources and assets. Also covers the programs for protection of classified information.
12. **Supply Operations.** Encompasses the supply operations from the initial determination of material requirements through receipt, storage, issue reporting, and inventory control (excluding the procurement of materials and supplies). Covers all supply operations, including the accountability and control for supplies and equipment of accountable property in the supply accounts of all units and organizations (excluding the procurement of material, equipment, and supplies).