



DEPARTMENT OF THE NAVY
COMMANDER, NAVY INSTALLATIONS COMMAND
2713 MITSCHER ROAD, SW
ANACOSTIA ANNEX, DC 20373-5802

CNICINST 7500.1
NOOG

JAN 30 2007

CNIC INSTRUCTION 7500.1

From: Commander, Navy Installations Command

Subj: COMMANDER, NAVY INSTALLATIONS COMMAND INSPECTOR GENERAL
EXTERNAL OVERSIGHT GUIDANCE

Ref: (a) DOD Directive 7650.4
(b) SECNAVINST 5040.3A
(c) SECNAVINST 5200.34E
(d) SECNAVINST 5740.25D
(e) SECNAVINST 5740.26B
(f) SECNAVINST 5740.30
(g) SECNAVINST 7510.7F

Encl: (1) CNIC External Oversight Process
(2) Guidance for Responding to Draft Reports and Open
Recommendations

1. Purpose. Per references (a) through (g), Commander, Navy Installations Command (CNIC) Inspector General (IG) provides external audit oversight policy; assigns responsibilities for external audits, inspections, reviews, area visits, and special studies; and outlines procedures for the external oversight process. For the remainder of this instruction, external assessment will refer to an audit, inspection, review, area visit, or special study by an external agency.

2. Background. CNIC programs, operations, processes, activities, and funds may be audited, inspected, and/or reviewed by external agencies; e.g., the Government Accountability Office (GAO), Department of Defense (DoD) IG, and Naval Inspector General (NAVINSGEN). Audits by external agencies generally consist of five phases: (1) preliminary planning, (2) survey, (3) verification, (4) reporting, and (5) resolution or follow-up.

a. Preliminary Planning Phase. The main purpose of the preliminary planning phase is to provide a foundation for conducting the audit. Auditors may request to meet with CNIC staff during this phase. For the remainder of this instruction, external auditors, inspectors, and/or evaluators will be referred to as auditors.

b. Survey Phase. The survey phase is a familiarization process designed to provide auditors with information, without detailed verification, on CNIC and/or its programs, operations, processes, activities, and management of funds. The main purpose of the survey is to identify areas warranting additional review and to obtain information for use in planning and performing a detailed assessment. Generally, the survey phase begins with an entrance conference and concludes with a decision to either continue or terminate the audit.

c. Verification Phase. This phase provides for detailed examination of selected programs, operations, processes, activities, functions, transactions, or management of funds. The verification phase begins when detailed audit work is initiated and concludes when the work has been completed and working paper summaries have been prepared by the auditor.

d. Reporting Phase. This phase consists of the writing, review, approval, and issuance of the preliminary/discussion draft, official draft, and final report.

e. Resolution or Follow-up Phase. The resolution phase begins after the final report is issued and concludes when all recommendations are closed. CNIC is responsible for responding timely, and taking corrective actions with sufficient documentation to close all of a report's recommendations. Audit reports should be resolved within six months of report issuance and closed as expeditiously as possible.

3. Policy

a. CNIC will maintain an effective and efficient external oversight response capability. CNIC IG and Regional IGs will provide assistance to N-codes, Special Assistants (SAs), Regional Commanders (RCs), Installation Commanding Officers (ICOs), subject matter experts (SMEs) and points of contact (POCs) with the external assessment process as shown in enclosure (1).

b. CNIC IG shall provide oversight for all external assessments, draft reports, findings, and open recommendations.

c. CNIC IG and Regional IGs shall:

(1) Schedule and attend entrance and exit conferences and other related assessment meetings.

(2) Monitor external assessments in relation to stated objectives and scope.

(3) Coordinate requests and work with SMEs and POCs.

(4) Provide assistance and oversight to staff as they develop written responses to draft and final reports, findings and recommendations, and email or written communication with external agencies.

(5) Serve as the lead for written responses and appropriate in-house coordination.

d. N-codes, SAs, RCs, and ICOs shall provide full support and cooperation to CNIC IG and Regional IGs during external assessments to include the prompt review of draft reports and consideration of audit recommendations, and the timely initiation and completion of appropriate resolution actions. Staff will follow guidance provided at enclosure (2) for responding to draft reports and open recommendations.

e. CNIC IG and Regional IGs shall have access to all CNIC records, supporting documents, source documents, systems, property, facilities, and personnel records relating to external assessments. If access to classified material is required to perform these duties, CNIC IG and Regional IG staffs will coordinate with the appropriate security manager.

f. The functions and responsibilities assigned to CNIC IG and Regional IGs shall not relieve N-codes, SAs, RCs, and ICOs of the responsibilities assigned to them, replace established lines of operating authority, or eliminate the need for managers to assess their own programs, operations, processes, activities, functions, transactions, or funds.

g. CNIC IG will establish internal controls for monitoring compliance with external assessment statutory guidelines and for responding to draft reports and open recommendations.

4. Applicability. This instruction applies to all commands under the CNIC claimancy.

5. Responsibilities and Procedures

a. CNIC IG will:

(1) Receive external related-assessment documents.

(2) Coordinate with N-codes, SAs, Regional IGs, and CNIC staff and identify CNIC POCs for responding to external assessment actions.

(3) Coordinate assessment visits and meetings, e.g., entrance and exit conferences and assessment meetings.

(4) Assist CNIC POCs with timely and factual responses to draft reports and open recommendations. If CNIC cannot respond to external agencies' as required, CNIC IG and/or Regional IGs will request extensions before the required response date.

(5) Inform CNIC and senior CNIC officials of external assessment progress, draft and final reports, and open recommendations.

(6) Provide regional IGs with information as required to ensure situational awareness.

(7) Establish, implement, and maintain CNIC's external assessment database for tracking and monitoring responses to draft and final reports, open recommendations, historical purposes.

(8) Coordinate external audit findings and recommendations with CNIC Managers' Internal Control (MIC) and Inspections Program Managers. The IG will identify the external oversight assessable unit(s) for compliance with CNIC MIC Program and coordinate external assessment findings with Inspections Program Manager.

(9) Ensure CNIC staff allocates external oversight actions as a labor assignment in CNIC's Activity-Based Cost Management (ABCM) tool. The IG will monitor cost of supporting external assessments.

b. Regional IGs will:

(1) Receive external related assessment documents.

(2) Coordinate with regional and installation staff and identify POC for responding to external assessment actions.

(3) Coordinate assessment visits and meetings relating to entrance and exit conferences and assessment updates.

(4) Assist regional/installation POCs with timely and factual responses to draft reports and open recommendations.

(5) Ensure appropriate regional staff or IG signs draft report responses. IGs will keep RCs and appropriate regional and installation staff informed of external audit progress.

(6) Provide regional and installation staff with information as required ensuring situational awareness, including best available information regarding visits by external assessment team members.

(7) Input regional external audit-related information in CNIC's external oversight database and monitor required regional response requirements.

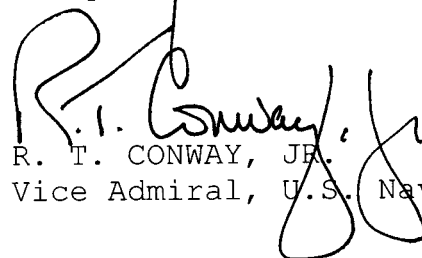
(8) Coordinate external assessment findings and recommendations with Regional MIC Program Coordinator.

(9) Ensure regional staff allocates external oversight actions as a labor assignment in CNIC's ABCM tool. The Regional IG will monitor cost of supporting external audits and oversight.

6. Action. CNIC, N-codes, SAs, RCS, and ICOs will disseminate the information provided in this instruction throughout areas under their purview. They will maintain and demonstrate a supportive attitude toward external assessments.

7. Effective Date. This instruction is effective upon the signature date.

8. Responsibility. CNIC IG is responsible for keeping this document current.

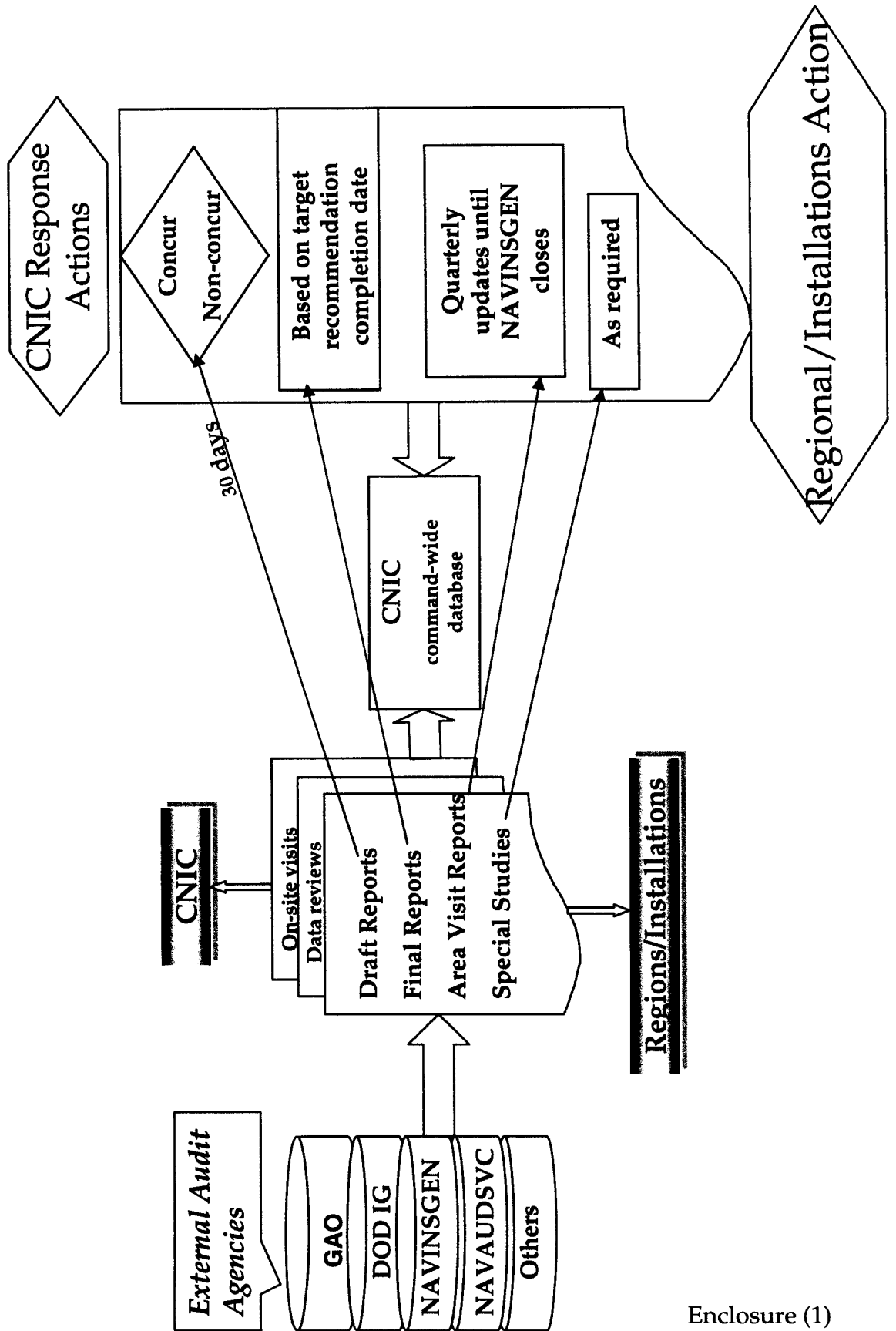

R. T. CONWAY, JR.
Vice Admiral, U.S. Navy

Distribution:

Electronic only via CNIC Portal web site
<https://cnicportal.cnic.navy.mil>

Copy to:
NAVINSGEN

CNIC EXTERNAL OVERSIGHT PROCESS



**GUIDANCE FOR RESPONDING TO
DRAFT REPORTS AND OPEN RECOMMENDATIONS**

DRAFT REPORTS are usually preceded by preliminary or discussion drafts and require a written response within 30 days of the draft report issuance date. Responses shall be a serialized letter and requires concurrence or non-concurrence with each recommendation in the draft report. Auditor/auditee should identify non-concurrence during review of preliminary or discussion draft report. Correspondence submitted to a draft audit report becomes part of the final report as an appendix labeled, "Management Response ... "

- Format for responding to each recommendation within letter is:

Recommendations (#) (copy from draft report)

Response. (CNIC, Region, or Installation) concurs or non-concurs with recommendation.

- o Concurrence requires an explanation of actions to be taken and projected time for completion of actions.
- o Non-concurrence requires an explanation, as well as support for non-concurrence decision.

The CNIC Inspector General (IG) will be the signature authority for responses to draft and official reports addressed to CNIC, unless the IG and/or program personnel determine that CNIC should do so. Regional Commanders (RCs) and/or Regional IGs will be the signature authority for responses to draft and official reports addressed to RCs.

FINAL REPORTS REQUIRING FOLLOW-UP. Final reports are preceded by official draft report and require follow-up for any open recommendation(s) until the auditing agency closes the recommendation. Follow-up reporting is based on completion dates stated in the final report. Follow-up responses shall be a serialized letter, using same format as in draft report (see above section).

- CNIC/Regional/Installation staff should concur with a recommendation during follow-up, except for unique and unusual circumstances. Such action requires Installation/Regional staff to notify CNIC IG who will coordinate with external audit agency.

Enclosure (2)

- Follow-up action that is considered appropriate to close recommendation should be explained in response section and end with, "Based on this/these actions CNIC/Region/Installation respectfully request closure of this recommendation."
- External audit agencies determine if a recommendation is to be closed, not CNIC/Regional/Installation staffs.

AREA VISIT OPEN RECOMMENDATION FOLLOW-UP are handled the same as audit report open recommendations, except Naval Inspector General (NAVINSGEN) requires response on Implementation Status Report (ISR), OPNAV FORM 5040/2 (11-68) S/N-0107-774-1000, rather than with a serialized letter. For each open recommendation, NAVINSGEN requires the submission of the name, telephone number, and email address of a point of contact (POC) within 30 days of the area visit report date. Initial responses to open recommendations are usually required by the end of the following quarter and each quarter thereafter, 31 Dec, 31 Mar, 30 Jun, or 30 Sep, until NAVINSGEN closes the recommendation.

- When staff believes they have taken actions that satisfy the recommendation, include "Based on this/these actions CNIC/Region/Installation respectfully request closure of this recommendation."