DEPARTMENT OF THE ARMY
Corps of Engineers, Portland District
P.O. Box 2946
Portland, Oregon 97208-2946

CENWP-IR
Regulation
No. 11-1-2 15 December 2001

Army Programs
INTERNAL REVIEW

History. This issue is a revision of previously issued NPPR 11-1-2.

Summary. This regulation is revised to update the district office designations as well as higher echelon offices.

1. PURPOSE. This regulation prescribes policies, procedures, responsibilities, and scope of the Internal Review function within the Portland District. It describes the District policy for conducting internal reviews and responsibility of divisions and separate, resident, and project offices to respond to findings and recommendations as reported in internal reviews and follow-up reviews.

2. APPLICABILITY. This regulation is applicable to all elements of the Portland District **(NWP).**

3 REQUIRED REFERENCES.

a. DOD 7600.7-M (Department of Defense Internal Audit Manual). Cited in App B, paragraph 1.

b. AR 11-2 (Internal Control Systems). Cited in Appendix B.

c. AR 11-7 with USACE Suppl 1 (Internal Review). Cited in App B, paragraph 2b and c.

d. AR 36-2 (Processing Internal and External Audit Reports and Follow-up on Findings and Recommendations). Cited in Appendix B.

e. AR 36-5 (Audit Service in the Department of the Army). Cited in Appendix B.

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*This regulation supersedes NPPR 11-1-2, 20 April 1990.

e. AR 36-7 (Professional Audit Standards). Cited in App B.

f. Department of the Army, Office of the Comptroller of the Army, Internal Review Audit Manual. Cited in App B.

4. OBJECTIVES. The overall function of internal review is to furnish the Commander with an independent and objective evaluation of operations and related internal controls. Audit compliance services, including follow-up of all external and internal audit reports, are included in this responsibility. These responsibilities require the internal review staff to:

a. Appraise the adequacy and effectiveness of proposed and existing policies, systems, procedures, and practices in all areas of command operations and make constructive recommendations for their improvement.

b. Analyze problem areas for recommending actions necessary to ensure solutions or to eliminate causes leading to the recurrence of known problems.

c. Perform audit compliance services (follow-up reviews) of all internal reviews and external audits by the General Accounting Office (GAO), Defense Audit Service (DA), **U.S.** Army Audit Agency (USAAA), and HQUSACE Internal Review Audit Team **(CEIR).**

5. DISCUSSION. The specific details concerning the Internal Review Program and the Internal Review Audit Process are contained in appendices A and B, respectively.

FOR THE COMMANDER:

VL Ashenbrenner
VICKIE L. ASHENBRENNER
Executive Assistant

2 Appendices
App A - Internal Review Program
App B - Internal Review Process

DISTRIBUTION:
Chiefs, Divisions and Staff Offices,
Field, Branch Chiefs

APPENDIX A

INTERNAL REVIEW PROGRAM

1. INTERNAL REVIEW PROGRAM. The Chief of the Internal Review Office will develop the Annual Internal Review Program based on the direction of the Commander and input received from division/separate offices and other functional managers. Programs should be problem-oriented with balanced coverage of all functional areas, including known or suspected problems, and should promote use of available resources. The functional areas include division, separate, resident, and project offices. The annual program process includes:

a. Annual Planning Call. The annual planning call for the internal review program. The Chief of the Internal Review Office will prepare a letter on or about 1 August of each year requesting the chiefs of divisions, separate, resident, and project offices to submit suggestions.

b. Audit Suggestions. Audit suggestions will be in the format, as shown in Figure 1, and will include (but not limited to) mission and/or support oriented programs, accounting systems, and other automated or manual systems.

c. Tentative Annual Program. A tentative annual program will be developed by the Chief of the Internal Review Office for review and approval by the Commander. This program will include follow-up reviews, audit compliance requirements, planned training for auditors, administrative time, scheduled annual leave, allowance for sick leave, and holiday leave.

d. Final Annual Program. The final approved annual program will be issued by the 31st of December each year. Extracts will be issued to all division and staff offices, as to the approximate quarter of the calendar year (CY) which the review will be performed, subject of review, and responsible agency (e.g. Contracting Division).

2. QUARTERLY REVISIONS TO THE ANNUAL PROGRAM. The annual program will be revised as necessary to reflect actual workdays expended in each during the preceding quarter(s) and project the workload for the remainder of the calendar year. Quarterly, the Chief, Internal Review Office will reevaluate project priorities with the Commander/Deputy and make necessary adjustments.

3. SUBMISSION OF THE ANNUAL PROGRAM AND QUARTERLY UPDATES. The approved annual program will be submitted to HQUSACE **(CEIR)** through Northwestern Division (**CENWD-IR**) not later than the 20th of January each year. The approved quarterly updates will be submitted, in the same manner, not later than the 20th of the month following the end of the preceding quarter (i.e. 1st Quarter Update is due on the 20th of April).

CENWP- (11-7a) (date)

MEMORANDUM FOR **CENWP-IR**

SUBJECT: Request for Internal Review

1. Title/Subject: What is the area that needs to be reviewed?

2. References: What is (are) the public law(s), regulation(s), or other guidance that cover this subject?

3. Recommended Priority: If there is more than one audit for the calendar year (CY), list each audit and its priority.

4. Date of last Audit and Name of Audit Agency: If there has been an internal review and/or audit by any outside agency, list the agency and date of audit.

5. Suggested Time Frame: What quarter of the calendar year (CY) or date should the audit be completed by and estimated time to be devoted to the review?

6. Justification for the Suggestion: Briefly describe the current situation and the rationale for the proposed audit. What are the major issues and resource implications? Is there a known or potential problem?

7. Objectives of Proposed Audit: Outline desired audit objectives.

8. Potential Monetary and Other Benefits: What monetary or other benefits are projected if the audit is conducted?

9. Point of Contact: Name, phone number, and location of knowledgeable individual(s) who can provide additional information in your and /or other offices concerning this review.

10. Location: List the location(s) of the audit.

11. Other Comments/Remarks:

NAME
Title

Figure 1

APPENDIX B

INTERNAL REVIEW AUDIT PROCESS

1. AUDIT POLICY. Internal Review personnel will follow the auditing standards promulgated by the Comptroller General of the United States and supplemented by audit standards and procedures prescribed by the IG, DOD and The Auditor General of the Army. The standards are explained in the GAO publication, Government Auditing Standards (yellow book), the DOD 7600.7-M, and AR 36-7.

2. AUDIT PRACTICES.

a. Performing Internal Audits. Internal Review personnel will perform all internal reviews, following the procedures as outlined in references 3b, 3c, and 3e..

b. Troubleshooting. AR 11-7, paragraph 4-2, describes troubleshooting as "quick reaction audits, based on a management request, which are normally unprogrammed and are geared to prevent serious problems from developing." In the event of such a request, upon approval of the Commander/Deputy, the Chief of the Internal Review Office retains the right to issue the audit report requiring normal follow-up and distribution if considered appropriate (e.g., severity of the problem, scope of the problem, potential sensitivity of the problem relative to command and/or community relations.)

c. Liaison. The Internal Review Office is the point of contact (POC) for monitoring all actions related to audits, surveys, and reviews performed by the USAAA and external audit agencies such as GAO; DOD; and commercial audit firms. (reference AR 11-7, paragraph 5-1).

d. Follow-up System.

(1) The primary objective of the audit follow-up process is to determine whether agreed-to audit findings and recommendations have been translated into management actions that will correct identified problems.

(2) Normally, audit follow-up reviews are conducted between 90 and 120 days from the date of the final report/review.

(3) Based upon milestone dates, set by the responsible division/office, and guidelines set forth in references in paragraph 3, a follow-up tracking system will be in place to assure the command of proper compliance with this policy.

(4) Utilizing the above tracking system, Internal Review Office personnel will be responsible for the submission of the semi-annual follow-up status report IAW AR 36-2.