

Naval Audit Service



Audit Report



Navy Reserve Southwest Region Annual Training and Active Duty for Training Orders

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MEMORANDUM FOR COMMANDER, NAVY RESERVE FORCES COMMAND

**Subj: NAVY RESERVE SOUTHWEST REGION ANNUAL TRAINING AND
ACTIVE DUTY FOR TRAINING ORDERS (AUDIT REPORT N2011-0017)**

Ref: (a) NAVAUDSVC Memorandum 7510 N2009-NMC000-0085.000, dated
27 Jan 09
(b) SECNAV Instruction 7510.7F, "Department of the Navy Internal Audit"

Encl: (1) Status of Recommendations
(2) Pertinent Guidance
(3) User Roles (Order Writing Activity, Order Specialist, Fund Approver) by
Reserve Activity
(4) Unit Approvers by Reserve Activity
(5) Command Endorsements
(6) Management Response from Commander, Navy Reserve Forces Command

1. Introduction.

a. The purpose of this audit report is to provide the Commander, Navy Reserve Forces Command (COMNAVRESFORCOM) with the results and recommendations of the subject audit announced in reference (a).

b. We assessed controls over Annual Training (AT) and Active Duty for Training (ADT) orders authorized within the Navy Region Southwest Reserve Component Command (NRSW RCC). We evaluated documentation and procedures that were designed to provide assurance that AT and ADT orders were: (1) valid (duty performed); (2) supportable; (3) properly authorized; and (4) for training that addressed the U.S. Navy's mission. We also followed up on two control weaknesses in the Navy Reserve Order Writing System (NROWS) that were addressed in a previous Naval Audit Service (NAVAUDSVC) report.¹

¹ Naval Audit Service Report N2007-0033, "Navy Reserve Order Writing System Database Accuracy," 11 May 2007.

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c. Although our audit was performed within NRSW RCC, controls over AT and ADT orders were comparable throughout the Navy Reserve. Therefore, in order to reasonably assure that risks related to AT and ADT orders throughout the Navy Reserve are mitigated, our recommendations are addressed to COMNAVRESFORCOM.

d. We found no evidence of falsified or unperformed orders among the AT and ADT orders that we examined during the audit. However, we found internal control weaknesses in both the authorization of orders and in the processing of completed orders. More specifically, we found the following:

- An excessive number of key user roles within NROWS had been assigned, which left the authorization process vulnerable to fraud and error and resulted in the unnecessary exposure of personally identifiable information (PII);
- Orders were created and authorized by a single individual, without any segregation of functions;
- Orders were created and authorized without Reserve unit approval, providing no assurance that orders were based on mission requirements;
- Endorsements of duty performed were often missing, illegible or incomplete.
- Record retention by Personnel Support Centers was unreliable;
- Orders were authorized without a clear statement of the operational support or training to be accomplished; and
- The command inspection guide was incomplete.

e. These control weaknesses occurred because management did not fully identify the risks associated with AT and ADT orders, establish the necessary controls, and provide the oversight required to deter fraud and prevent improperly authorized orders. The high level of accommodation extended to Selected Reservists (SELRES) in scheduling and performing their orders was a contributing factor, and is expected to remain a challenge to the proper authorization of orders.

f. **Noteworthy Accomplishments.** As a result of this audit, COMNAVRESFORCOM issued policy guidance specifying the circumstances when orders to a Navy Operational Support Center (NOSC) may be authorized.

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2. Reason for Audit, Scope, and Methodology.

a. Our objective was to verify that internal controls were in place to ensure that Annual Training and Active Duty for Training orders were valid, supportable, properly authorized, and the training addressed the U.S. Navy's mission. The audit took place between 27 January 2009 and 27 August 2010.

b. We examined AT and ADT orders authorized within NRSW RCC between 1 October 2007 and 31 December 2008. These orders either applied to duty at a NOSC, or served as "confirmation" orders. We considered AT and ADT orders to a NOSC as high-risk because the command that temporarily gained the Reservists was not independent of where the orders were authorized. Additionally, the operational support value or training value achieved by duty at a NOSC was not always clear. We considered confirmation orders to be high-risk because they were entered into NROWS after the duty had begun. We also followed up on recommendations addressed to COMNAVRESFORCOM in NAVAUDSVC Report N2007-0033, "Navy Reserve Order Writing System," 11 May 2007. This report had identified control weaknesses in NROWS user accounts and NROWS login procedures.

c. We discussed the controls with personnel from NRSW RCC and COMNAVRESFORCOM. To evaluate the effectiveness of internal controls, we:

- Reviewed pertinent policies and procedures;
- Examined the order authorization process at six NOSC's;
- Examined the approvals recorded in the authorization of each order;
- Examined orders for a clearly stated purpose of duty;
- Examined documentation to support the validity of orders; and
- Reviewed the command inspection guide to verify that the risks identified by our audit were addressed by inspections.

d. This audit was conducted in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our results and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our results and conclusions based on our audit objective.

e. We obtained order data from COMNAVRESFORCOM (N33). We did not perform a formal reliability assessment of the data. However, we were able to establish reliability for the data by comparing the AT and ADT order data with travel documents and other

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corroborating information. We did not find any material errors that would preclude the use of the data to meet the audit objective or that would change the conclusions of this report.

3. Background and Pertinent Guidance.

a. SELRES are required to perform AT each year. AT is arranged when SELRES are called (ordered) to ADT. NRSW RCC is responsible for processing AT and ADT orders for approximately 11,000 SELRES. During the period September 2007 through December 2008, NRSW RCC processed about 11,600 AT and 5,700 ADT orders through 29 reserve activities (20 NOSCs and 9 commissioned units) located in NRSW. For the purposes of this audit, AT and ADT orders are very similar,² and unless differentiation is needed, hereafter will be referred to as orders.

b. All orders from initial request through Reserve unit approval, order writing, travel arrangements, and fund approval are processed through the NROWS Web site. Each NOSC and commissioned unit is designated as an NROWS order writing activity. Their responsibilities include:

- Assigning and managing local NROWS user roles;
- Preparing orders based on requests approved by Reserve units;
- Authorizing funding for AT orders;
- Verifying command endorsements for completed orders; and
- Forwarding completed orders and approved travel vouchers for payment.

c. Order requests can be entered into NROWS by the Reservist, Unit Approver (UA),³ or Order Specialist (OS).⁴ Once requested, the order application should be routed to the service member's Reserve unit for approval or disapproval by a UA. The UA then forwards the approved order application to an OS at the NOSC (or commissioned unit), for completion of the orders' details. The orders are then routed to a Fund Approver (FA), who reviews the funding details and the orders' cost. The orders become official when the FA approves them based on available funding, mission requirements, and SELRES entitlements.

² Funding authority is a significant difference between AT and ADT orders. Funding for AT orders is administered by the NOSCs in cooperation with Reserve units to build and maintain an established level of readiness for every SELRES. Funding for ADT orders is administered by Active Component commands that use SELRES for operational support.

³ The Unit Approver role should be held by Reserve unit commanding officers, or their authorized representatives.

⁴ Orders requested and created by the Order Specialist bypass the reservist and Reserve unit.

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d. After completing training, the Reservist submits a copy of his/her endorsed orders to the NOSC, where an authorized user scans and uploads the order into the Transaction Online Processing System (TOPS). TOPS is a database that enables remote transaction submissions and desktop delivery of documents to a Personnel Support Center or Detachment (PSC/PSD) for processing and payment. The Reservist may also submit his/her completed orders directly to the supporting PSC/PSD for payment. If the orders involve travel, a travel voucher and applicable receipts are included in the submission to PSC/PSD for payment and reimbursement.

e. **Commander, Navy Reserve Forces Command Instruction (COMNAVRESFORCOM Instruction) 1571.1B, "Order Processing and Transportation Arrangements for Navy Reservists,"** provides policy and procedures regarding the use of NROWS. For paragraph references as well as other applicable guidance, refer to Enclosure (2).

4. **Federal Managers' Financial Integrity Act.** The Federal Managers' Financial Integrity Act (FMFIA) of 1982, as codified in Title 31, United States Code, requires each Federal agency head to annually certify the effectiveness of the agency's systems of internal accounting and administrative control. We identified internal control weaknesses in the management of key NROWS user roles, Reserve unit approval, documentation to support the validity of executed orders, and evidence to support the mission purpose of approved orders. In our opinion, the NROWS program weaknesses noted in this report may warrant reporting in the Auditor General's annual FMFIA memorandum identifying management control weaknesses to the Secretary of the Navy.

5. **Conclusions and Summary of Audit Results.** In our testing of orders, we determined that COMNAVRESFORCOM had significant control weaknesses in the management of user roles within NROWS, Reserve unit approval, the supportability of valid orders, and the mission purpose of orders. We also noted that these controls had not been identified for inspection by COMNAVRESFORCOM's Command Inspection Guide. Each of these areas is discussed in detail in the following paragraphs. Additionally, this audit followed up on previously reported⁵ control weaknesses in NROWS user accounts, and NROWS login procedures. We verified that corrective actions had been implemented by COMNAVRESFORCOM in these areas.

a. **Management of User Roles within NROWS.**

i. Controls over the assignment of user roles within NROWS were not sufficient to ensure segregation among key duties in the order authorization process, and allowed for the unnecessary exposure of PII. Government Accountability Office (GAO) "Standards

⁵ NAVAUDSVC Report N2007-0033, "Navy Reserve Order Writing System Database Accuracy," 11 May 2007.

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for Internal Control in the Federal Government” states that, “Key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud.”

ii. All roles in the order writing process are assigned by individuals given the Order Writing Activity (OWA) role. The primary OWA for each Reserve activity is assigned by the NROWS System Administrator. The OWA is responsible for assigning the local user roles that are needed to authorize orders in NROWS. Currently, roles can also be assigned with “Administrative Authority,” which allows the user to assign that role to additional users. The key roles in the order writing process are:

- Reserve Unit Approver (UA). This role should be assigned to a Reserve Unit Commanding Officer (CO) or a person designated by the Unit CO. The UA should approve/disapprove each order request based on mission requirements. Currently, NROWS allows orders to be processed without UA approval. We discuss this condition and address the UA role further in paragraph 5.b.
- Order Specialist (OS). This role is assigned to full time support (FTS) personnel located at Reserve activities. Personnel assigned the OS role can request, create (write), process, and modify orders in NROWS.
- Fund Approver (FA). This role is assigned to FTS personnel located at Reserve activities. The FA is the final approver in the authorization process, and has authority to release funds for the performance of the orders.

iii. To determine if the key roles were managed effectively, we reviewed the October 2009 NROWS’ “User Role Reports” for the 29 Reserve activities within NRSW RCC. Our review showed an excessive assignment of key user roles (Table 1 provides an overview of user role assignments, and Enclosure (3) shows assignments by Reserve activity). COMNAVRESFORCOM Instruction 1571.1B directed the OWA to assign a primary and alternate for the OS and FA roles,⁶ and review these roles periodically. Accordingly, for the OS and FA roles there should have been no more than 58 people (2 each at the 29 Reserve activities) assigned the OS and FA user roles within NRSW RCC (for further discussion see paragraph 5.a.vii.). In addition, most of these roles had been assigned with administrative authority.

⁶ COMNAVRESFORCOM Instruction 1571.1B does not address limiting the OWA or UA roles.

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Table 1: User Roles assigned at 29 Activities⁷ within NRSW RCC

User Role	Roles Assigned	Roles with Administrative Authority
OWA ⁸	246	191
OS	338	223
FA	224	182

iv. Our review also showed that within NRSW RCC, 174 people held both the OS and FA role and, therefore, had the ability to bypass key segregation of duties controls by creating, processing, and authorizing orders. To determine how often this occurred, we performed a detailed examination of 650 orders. This examination showed that segregation among key duties in the order authorization process was sufficient for 545 of 650 orders reviewed, but insufficient for 105 orders (16 percent). For those 105 orders, individuals autonomously created, processed, and authorized the orders.

v. These conditions occurred because COMNAVRESFORCOM guidance provided limited direction regarding the assignment and management of user roles within NROWS. The guidance did not require segregation of the processing (OS) and authorizing (FA) duties, nor did it take into consideration the workload realities at some of the larger NOSCs. Also, most users were assigned their roles with administrative authority. In an effort to expedite the order writing process, primary OWAs had assigned the OWA role (with administrative authority) to several users, which allowed those users to assign the roles (including administrative authority) to others. Consequently, the number of personnel assigned user roles multiplied, weakening the segregation of duties controls needed to protect the Navy from fraud and error. This condition also led to the unnecessary exposure of PII contained within NROWS. In order to control the assignment of user roles, no one other than the System Administrator should be able to assign administrative authority, and it should only be assigned to OWAs. OWAs need this authority to assign user roles, but they do not need the ability to provide administrative authority to others.

vi. In addition, NROWS system controls did not ensure the segregation of processing and authorizing duties. In our opinion, the OS and FA roles in the order writing process must be segregated. As noted above, personnel assigned the OS role can request, create, process, and modify orders in NROWS for any Reservist within his or her assigned area of responsibility. The FA is the final approver in the authorization process, and has authority to release funds for the execution of the orders. Without segregation of these two roles, a single individual can independently request, create, process, and authorize orders.

⁷ See Enclosure (3), "User Roles (OWA, OS, and FA) by Reserve Activity" for additional detail.

⁸ Because an OWAA (Assistant OWA) can assign user roles the same as an OWA, the OWAA roles assigned were included.

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vii. As stated above, COMNAVRESFORCOM Instruction 1571.1B, provided only limited guidance regarding the assignment of user roles within NROWS and did not take into consideration workload realities. Our review of the instruction showed the following weaknesses:

- Paragraph 203 requires the OWA to assign at least one alternate user for each of the local roles. The instruction does not discuss limiting those assigned the OWA role or UA role (UA discussed later). The only order writing duties of an OWA should involve assigning and managing the local user roles. Therefore, in our opinion, the OWA role should be limited to one person and one assistant. More specifically, the primary OWA role should be assigned to the NOSC CO, and the assistant role should also be assigned to a person of authority (e.g., Senior Petty Officer). Also, the primary OWA should maintain letters of designation for all assigned roles.
- Paragraphs 203.g. and 203.h. limit the assignment of the OS and FA roles to a primary and an alternate. This limitation does not take high volume workload conditions into account. At some NOSCs, over 1,700 orders are processed and authorized each year. Currently, there is a proliferation of personnel assigned these roles, but limiting the roles to two per NOSC could create a span-of-control issue for some of the larger NOSCs. For example, if only two NOSC OS personnel were responsible for processing such a significant number of orders, it would be difficult for them to be knowledgeable of the details for all 1,700 orders. An analysis is needed for better aligning the limits on these user role assignments to actual workload.

viii. In discussions with COMNAVRESFORCOM, they agreed that the OWA role should be limited to a primary and an assistant. They also agreed that the primary OWA should be assigned to the NOSC CO, and that the assistant should also be assigned to a person of authority (E-7 or above). COMNAVRESFORCOM Instruction 1571.1B will be updated to reflect that guidance. They agreed that the only local roles that require administrative authority are the OWA roles. System Administrators agreed to explore whether they can implement a programmed security measure within NROWS that will prevent administrative authority from being assigned to others.

ix. COMNAVRESFORCOM agreed to ensure the segregation of the processing and authorization duties by improving the programming of the NROWS authorization process. Because some personnel at the Reserve activities may still need to have both the OS and FA roles, System Administrators agreed to implement a programmed security measure within NROWS that will prevent the OS from also approving funding on any set

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of orders. This will prevent the same individual from creating, processing, and authorizing orders.

b. Reserve Unit Approval.

i. In the review of 650 orders, we found that 461 orders were approved by Reserve units, but 189 orders were not approved by the units as required by COMNAVRESFORCOM Instruction 1571.1B, paragraph 203(k). Reserve unit approval is a key control to provide reasonable assurance that authorized orders are based on mission requirements.

ii. To determine whether orders were approved by Reserve units, we examined the “Actions and Comments” section where NROWS records Reserve unit approvals. We then verified that the approvals were actually performed by the Reservist’s unit, rather than someone outside the unit. Our analysis of the 189 orders that were not approved by Reserve units found:

- NOSC Order Specialists initiated 96 of the order requests, created the orders, and forwarded them for final authorization without Reserve unit approval. This occurred because NROWS allowed for the processing of orders without documentation of unit approval.
- For 93 orders, the NOSC Order Specialists approved the orders acting in the Unit Approver role. They were able to do this because they had been assigned the Unit Approver role in order to expedite the processing of orders.

iii. For these orders, NRSW RCC had no assurance that Reservists’ order requests had been reviewed and approved by Reserve units based on mission requirements. In our opinion, the only way to prevent the processing of orders without unit approval is to make it a required field within NROWS.

iv. COMNAVRESFORCOM agreed to ensure Reserve unit approval of all orders by improving the programming of the NROWS authorization process. System administrators agreed to implement a programmed security measure within NROWS that will prevent the authorization of any set of orders without Reserve unit approval. To ensure approval is performed by properly authorized personnel from within the unit, the Reserve activity’s Primary OWA should maintain letters of designation for those authorized to hold the role of UA. Personnel assigned the role should be in a position to ensure the orders are based on mission requirements (e.g. Unit CO, Senior Petty Officer). This documentation should then be readily available for review by command management and during regularly scheduled command inspections.

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v. As noted above in paragraph 5.a.8., COMNAVRESFORCOM Instruction 1571.1B provided only limited guidance regarding the assignment of the UA role. A total of 503 Reserve units were attached to the 29 Reserve activities within NRSW RCC. In total, 1,994 individuals were assigned the UA role, with 866 having administrative authority. Further review showed an inconsistency in the assignment of the UA role (see Enclosure (4)). For example, NOSC Fort Carson, CO, which had 12 Reserve units, assigned 20 people the UA role; NOSC Moreno Valley, CA, which had 15 Reserve Units, assigned 106 people the UA role. An analysis would help determine the correct number of personnel needed for the UA role.

c. Valid and Supportable Orders.

i. We were able to obtain documentation to support the validity of 115 of 273⁹ orders. However, documentation was either missing or insufficient for 158 orders (40 missing and 118 unsupported) (58 percent). Department of Defense (DoD) Financial Management Regulations (FMR) require that all disbursing records and associated supporting documentation be retained for 6 years and 3 months. GAO Standards for Internal Control require that that these records be readily accessible. Without readily accessible documentation to support the validity of orders, management did not have assurance that Reservists completed their training or duty as ordered.

ii. While on AT or ADT orders, Reservists are often outside of the normal chain of command to which they regularly report. In order to confirm the training or duty was performed as ordered, the completed orders are endorsed by the gaining commands, usually with a command stamp. After the training is complete, endorsed orders are submitted to the servicing PSC/PSD, which processes the orders for payment. Currently, the majority of orders are submitted to PSCs/PSDs by the Reserve activities. Reservists may also submit their completed orders directly to the supporting PSC/PSD for payment. If the orders involve travel, a travel voucher and applicable receipts are included in the submission to PSC/PSD for payment and reimbursement.

iii. We were able to obtain documentation for 233 of the 273 orders as follows: 143 from the authorized PSCs/PSDs, and 90 from the Reserve activities. However, we could not obtain documentation for 40 of the 273 orders from either of these sources.

iv. We examined the supporting documents for 233 orders, and attempted to verify that each included a complete and legible gaining command endorsement. A complete

⁹ Of the 650 orders examined, 273 of them did not have segregation of duties between the OS and FA, or were not approved by the Reserve unit. We reviewed these orders to determine if they were valid and supportable.

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endorsement would have included: (1) the Reservist's arrival date, (2) the Reservist's departure date, (3) the unit name the Reservist reported to, and (4) the name and signature of the gaining command official who endorsed the orders as completed. If the orders involved travel, we also reviewed the travel voucher and applicable receipts. Examples of both valid and invalid endorsements are shown in Enclosure (5). Our review showed:

- Documentation for 115 orders contained a complete, legible, gaining command endorsement and applicable travel vouchers and receipts. This complete documentation provided assurance to the command that the Reservists completed the training as ordered. Also, the documentation provided a clear audit trail for review and oversight.
- Gaining command endorsements were missing for 32 orders. Without a gaining command endorsement, there was no documentation to support that the Reservist performed the orders.
- Gaining command endorsements were incomplete or illegible for 69 orders. For example, 50 endorsements did not contain an arrival or departure date. Therefore, a comparison could not be completed between the ordered dates of training and what was actually completed by the Reservist.
- Travel documentation was incomplete for 17 orders. Supporting travel documents for these orders did not include the required receipts for lodging or other items that were over \$75.

v. The insufficient controls over the maintenance of documentation for supporting the payment of orders was a result of general inattention to required procedures at the PSCs/PSDs, and insufficient management oversight by Reserve activities. Consequently, management did not have assurance that all orders that were processed for payment were valid.

vi. During our review, the PSCs/PSDs indicated that many of the documents were not available for review because documents were periodically transferred to the Federal Records Centers for storage. DoD FMR, Volume 5, Chapter 21, paragraph 210101, is very clear in requiring that documentation must be retained for 6 years and 3 months, and GAO "Standards for Internal Control" require that this documentation be readily available.

vii. On 7 May 2009, Department of Defense Inspector General (DoDIG) published Report D-2009-079, "Controls over DON [Department of the Navy] Military Pay Disbursed in Support of the Global War on Terror." The report found that disbursing

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centers did not always maintain supporting documentation according to record retention requirements. It included recommendations for strengthening controls in that area. The Navy concurred with all recommendations and as part of that corrective action, the Director of Pay and Personnel Support Center published Navy Pay and Personnel Support Center

Instruction 7250.1, "Retention of Disbursing Office Records." The instruction requires the PSCs/PSDs to comply with the procedures set forth in the aforementioned DoD FMR guidance regarding record retention and also provides a list of disbursing office records that must be maintained, including orders, endorsements, travel claims, and receipts. This report does not contain any recommendations for weaknesses that we identified at the PSCs/PSDs because they were addressed in the DoDIG report, which was published during the course of our field work.

viii. Although the formal responsibility for the maintenance of disbursing documents related to AT and ADT orders resides with the PSCs/PSDs, a fundamental responsibility for basic management controls to ensure processes are functioning as intended resides with Navy Reserve management.

ix. COMNAVRESFORCOM agreed to modify NROWS to ensure that all printed orders would contain a standard endorsement "stamp." The stamp will print automatically as a template on the front of every set of AT and ADT orders. The template will prompt the endorsers to legibly complete the required elements. This action should facilitate review, and improve the level of assurance of completed duty provided by the command endorsement.

x. Currently, no formal guidance requires Reserve activities to confirm endorsements and applicable travel documentation before they forward orders to the PSCs/PSDs to be processed for payment.¹⁰ In order to ensure all orders are valid before being processed for payment, COMNAVRESFORCOM needs to develop and document procedures that direct Reserve activities to ensure all orders are properly endorsed and that applicable travel vouchers are accurate and supported with required receipts. One way to ensure the proper endorsement of completed orders would be to require that all completed orders be routed through Reserve activities prior to the PSCs/PSDs processing them for payment.

d. Mission Purpose of Orders.

i. We found that the mission purpose of 149 of 273 orders was clearly stated in the NROWS order records, but was missing or unclear for 124 orders. In addition,

¹⁰ NRSW RCC inspection guide includes a step to verify that copies of endorsed orders were retained.

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2,394 of the 17,361 (about 14 percent) total orders within NRSW RCC for the period reviewed did not contain a gaining command unit identification code (UIC). SELRES are required to perform AT each year as scheduled by their unit CO. The training received should be relevant to the Reserve unit and the U.S. Navy's mission, and clearly documented as required by the GAO "Standards for Internal Control," which states: "All transactions and other significant events need to be clearly documented, and the documentation should be available for examination." Documentation that clearly identifies the gaining command and shows a clear mission purpose for the orders provides reasonable assurance to the command that its resources are properly applied.

ii. NROWS contains an orders justification field that is available to document the mission purpose of orders. We reviewed NROWS system documentation for 273 orders to determine if the mission purpose was clearly stated. Our review showed:

- Documentation for 149 orders clearly described the nature and purpose of the training received. For example, the justification for one set of orders to NOSC Moreno Valley was, "participating in FY 2009 CPO Select Indoctrination, required for completion of transition process." This clear description gives assurance to the command that the training received was relevant to both the Reserve unit and the U.S. Navy's mission. Also, the documentation provided a clear audit trail for review.
- Documentation for 124 orders either did not contain any statement of the orders' purpose, or did not clearly describe their purpose. For example, the order justification for one set of orders to NOSC North Island, CA was, "Annual AT to meet Fiscal Year requirement." This description does not provide any information about the training the Reservist received. For these orders, there was no convenient way for the reviewer to evaluate whether the training was relevant to the Reserve unit's mission.

iii. In addition, 2,394 of the 17,361 AT and ADT orders (about 14 percent) authorized during the period reviewed did not contain a gaining command UIC. Without this information, it was unclear at what command the Reservists had performed their ordered duty. Documenting the gaining command UIC in each order is useful for management oversight and review of how resources are applied.

iv. These conditions occurred because the NROWS data fields, orders justification, and gaining command UIC, were optional. Management had not identified the risks associated with not clearly identifying the gaining command UIC and ensuring a clearly stated purpose for each set of orders. This increased their vulnerability to fraud and error.

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v. As noted in paragraph 2, we considered orders to a NOSC high-risk because the operational support value or training value achieved by duty at a NOSC was often unclear. NRSW RCC and COMNAVRESFORCOM personnel both stated that there are some instances in which orders for duty at a NOSC are appropriate, but that in general, they were of questionable training benefit and not required for operational support. Chief Petty Officer Induction would be an example of an appropriate set of orders to a NOSC.

vi. During our review, we determined that for the period of 1 October 2007 to 31 December 2008, a total of 1,068 of 11,623 AT orders (about 9 percent) within NRSW RCC were for duty at a NOSC.¹¹ For these orders, it was difficult to evaluate whether the training was relevant to the Reserve unit's mission, because there was no clear policy describing when AT orders for duty at a NOSC would be appropriate. Without a clear policy that sets standards for meaningful duty at a NOSC, neither we nor management could effectively evaluate the orders and determine whether the orders were in the best interests of the Reserve unit and the Navy.

vii. During the course of the audit, COMNAVRESFORCOM issued budgetary guidance (dated 30 September 2009), that clarified and restricted the circumstances when their subordinate commands may authorize AT orders for duty at a NOSC. COMNAVRESFORCOM agreed to make the budgetary guidance a permanent policy. COMNAVRESFORCOM also agreed to modify NROWS programming to ensure that the order justification and gaining command UIC are required fields in the authorization of AT and ADT orders.

e. **Command Inspection.** The COMNAVRESFORCOM Command Inspection Guide did not address many of the control weaknesses that we identified in other areas of this report. Reserve activities rely on the Command Inspection Program to determine if their operations are functioning as management intended. Accordingly, the inspection guide should be designed to review controls over the effectiveness and efficiency of critical and high risk areas. A review of the guide showed that it had not identified all of the risks associated with the processing and authorization of orders, leaving these critical processes vulnerable to fraud and error. The guide should be updated to ensure:

- Key NROWS user roles are limited;
- Orders contain complete, legible endorsements and all applicable travel documentation before being forwarded to PSC/PSDs for payment;
- Orders document the mission purpose of the training;

¹¹ Beginning in Fiscal Year (FY) 2009, NRSW RCC required the NOSC's to report the number of AT orders for duty at a NOSC each month. The practice reduced the number of AT orders for duty at a NOSC by about one-third (from 9.3 percent in FY 2008 to 6.1 percent in FY 2009).

Subj: **NAVY RESERVE SOUTHWEST REGION ANNUAL TRAINING AND ACTIVE DUTY FOR TRAINING ORDERS (AUDIT REPORT N2011-0017)**

- Letters of designation are maintained for personnel authorized to hold NROWS roles; and
- Compliance with the guidance in COMNAVRESFORCOM Note 1001, 30 September 2009, paragraph 2.b(7) is maintained for AT orders to a NOSC.

6. Communication with Management. During this audit, we held discussions with management personnel at NRSW RCC, COMNAVRESFORCOM, and the Reserve activities that we visited:

- NRSW RCC Commander and Chief Staff Officer, 12 January 2009, San Diego, CA (opening conference);
- NOSC North Island Operations Officer and supporting staff, 23 March 2009, San Diego (site visit meeting);
- NOSC San Diego Commanding Officer and supporting staff, 26 March 2009, San Diego (site visit meeting);
- NOSC Port Hueneme Commanding Officer and supporting staff, 4 August 2009, Port Hueneme, CA (site visit meeting);
- NOSC Point Mugu Commanding Officer and supporting staff, 5 August 2009, in Point Mugu, CA, (site visit meeting);
- NRSW RCC Commander and staff members, 13 August 2009, San Diego (mid audit briefing to discuss potential findings and audit milestones);
- NOSC Salt Lake City Commanding Officer and supporting staff, 22 September 2009, Salt Lake City, UT (site visit meeting);
- NOSC Ft. Carson Commanding Officer and supporting staff, 24 September 2009, Ft. Carson, CO (site visit meeting);
- COMNAVRESFORCOM N3, N33, and N002, 5 November 2009, Norfolk, VA (briefing with senior staff to discuss results and recommendations);
- COMNAVRESFORCOM, N00B Executive Director, N3, N33, N7, Judge Advocate General (JAG), N002, and NRSW RCC Commander, 19 January 2010, Norfolk, VA (briefing with Commander to discuss results and recommendations); and
- COMNAVRESFORCOM N33 and supporting staff, 24 March 2010, San Diego via teleconference, (discussion of an additional recommendation for controlling the assignment of user roles).

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7. **Recommendations.** We recommend that the Commander, Navy Reserve Forces Command:

Recommendation 1. Update Commander, Navy Reserve Forces Command Instruction 1571.1B, establish controls, and provide oversight to ensure that the number of Order Writing Activity roles assigned within each Navy Reserve Order Writing System work center is limited to one primary (Reserve activity commanding officer) and one assistant (E-7 and above personnel).

Commander, Navy Reserve Forces Command response to Recommendation 1. Concur. Action is in progress. The Order Writing Activity role should be limited to a primary and an assistant. The primary Order Writing Activity should be assigned to the Commanding Officer and the assistant Order Writing Activity should also be assigned to a person of authority (E-7 or above). Commander, Navy Reserve Forces Command Instruction 1571.1C has been updated to reflect this guidance, and is en route for approval; expected signature by 31 March 2011.

Naval Audit Service comments on response to Recommendation 1. The revision of Commander, Navy Reserve Forces Command Instruction 1571.1 will establish controls to ensure that Navy Reserve Order Writing System work centers are limited to one primary and one assistant Order Writing Activity. Actions taken and in progress meet the intent of the recommendation, which remains open pending verification of the changes in the revised Commander, Navy Reserve Forces Command Instruction 1571.1C. Action taken in response to Recommendation 11, to verify that key Navy Reserve Order Writing System user roles are limited, established continuing oversight.

Recommendation 2. Update Commander, Navy Reserve Forces Command Instruction 1571.1B, establish controls, and provide oversight to ensure that administrative authority can only be assigned by the System Administrator who, in turn, can only assign it to the Order Writing Activity role and the Order Writing Activity Assistant role.

Commander, Navy Reserve Forces Command response to Recommendation 2. Concur. Action is in progress. To control the assignment of Navy Reserve Order Writing System user roles, no one other than the System Administrator should be able to assign administrative authority, and it should only be assigned to Order Writing Activities. Order Writing Activities need administrative authority to assign user roles, but they do not need the ability to pass on administrative authority. Commander, Navy Reserve Forces Command Instruction 1571.1C has

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been updated to reflect this guidance, and is en route for approval; expected signature by 31 March 2011.

Naval Audit Service comments on response to Recommendation 2.

The revision of Commander, Navy Reserve Forces Command Instruction 1571.1 will establish controls to ensure that only the System Administrator will be able to assign administrative authority, and that it only be assigned to the Order Writing Activity roles that require it. Action in progress will meet the intent of the recommendation, which remains open pending the verification of the changes in the revised Commander, Navy Reserve Forces Command Instruction 1571.1C. Action taken in response to recommendation 11, to verify that key Navy Reserve Order Writing System user roles are limited, establishes continuing oversight.

Recommendation 3. Perform an analysis and develop a matrix that properly aligns the number of orders processed (workload) by Reserve centers and Reserve units with the number of personnel assigned to the Order Specialist, Fund Approver, and Unit Approver roles.

Commander, Navy Reserve Forces Command response to Recommendation

3. Concur. Action is in progress. Workload assignment should be at the discretion of the Commanding Officer. Commander, Navy Reserve Forces Command will develop a Reserve Force N3 numbered standard operating procedure, which will include a matrix to reflect a usable guide for Navy Operational Support Centers and Reserve Units. The standard operating procedure will be located on the N33 Sharepoint Web site. Expected completion by 31 March 2011.

Naval Audit Service comments on response to Recommendation 3.

Action in progress will meet the intent of the recommendation. The recommendation remains open pending verification that the standard operating procedure to align the number of Order Specialist, Fund Approver, and Unit Approver roles to workload has been developed.

Recommendation 4. Update Commander, Navy Reserve Forces Command Instruction 1571.1B to include guidance regarding the proper assignment of the Order Specialist, Fund Approver, and Unit Approver roles according to the matrix discussed in Recommendation 3. Also, establish controls, and provide oversight to ensure that the Order Specialist, Fund Approver, and Unit Approver user roles are assigned according to the matrix and therefore properly aligned with workload.

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Commander, Navy Reserve Forces Command response to Recommendation

4. Concur. Action is in progress. Upon development of the standard operating procedure to align the number of Order Specialist, Fund Approver, and Unit Approver roles with workload, N33 will include the standard operating procedure in the revised Commander, Navy Reserve Forces Command Instruction 1571.1. The expected completion date for the standard operating procedure and the revised Commander, Navy Reserve Forces Command Instruction 1571.1 is 31 March 2011.

Naval Audit Service comments on response to Recommendation 4.

Actions taken and planned by Commander, Navy Reserve Forces Command will meet the intent of the recommendation, which remains open until the standard operating procedure to align assigned roles with workload is completed, and made part of the revised Commander, Navy Reserve Forces Command Instruction 1571.1. Action taken in response to recommendation 11, to verify that key Navy Reserve Order Writing System user roles are limited, establishes continuing oversight.

Recommendation 5. Establish a Navy Reserve Order Writing System control that ensures the segregation of the Order Specialist and Fund Approver roles in the authorization process.

Commander, Navy Reserve Forces Command response to Recommendation

5. Concur. Action completed. The Order Specialist and Fund Approver roles are now segregated in the Navy Reserve Order Writing System. With the two roles segregated, a single individual cannot independently create, process, and authorize orders.

Naval Audit Service comments on response to Recommendation 5.

Action taken by Commander, Navy Reserve Forces Command meets the intent of the recommendation, which is closed. In subsequent conversations with command personnel, we learned these actions were complete as of 4 January 2011.

Recommendation 6. Update Commander, Navy Reserve Forces Command Instruction 1571.1B, establish controls, and provide oversight to ensure that Reserve activities maintain letters of designation for all personnel authorized to hold Order Writing Activity, Order Writing Activity Assistant, Order Specialist, Fund Approver, and Unit Approver Navy Reserve Order Writing System user roles, and that these roles are assigned to personnel with the appropriate rank and authority.

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Commander, Navy Reserve Forces Command response to Recommendation 6. Concur. Action is in progress. Commander, Navy Reserve Forces Command Instruction 1571.1C has been updated to reflect this guidance, and is en route for approval; expected signature by 31 March 2011.

Naval Audit Service comments on response to Recommendation 6. Actions taken and planned by Commander, Navy Reserve Forces Command meet the intent of the recommendation, which remains open until the revised Commander, Navy Reserve Forces Command Instruction 1571.1 is issued. Action taken in response to recommendation 11, to verify that Reserve Activities maintain letters of designation for personnel authorized to hold Navy Reserve Order Writing System roles, establishes continuing oversight.

Recommendation 7. Establish a Navy Reserve Order Writing System control that prevents the authorization of orders without Reserve unit approval.

Commander, Navy Reserve Forces Command response to Recommendation 7. Concur in principle. On rare occasions, a Reserve Activity may be unable to contact a unit for approval of a short turnaround set of orders. Those designated as the Unit Approvers may be on leave, etc. At that point, the Navy Operational Support Center overseeing the unit will need to approve orders without unit approval. Commander, Navy Reserve Forces Command N33 will develop a Reserve Force N3 numbered standard operating procedure that will include this procedure; expected completion by 31 March 2011. N33 will include the standard operating procedure in Commander, Navy Reserve Forces Command Instruction 1571.1C which is en route for approval; expected signature by 31 March 2011.

Naval Audit Service comments on response to Recommendation 7. In subsequent discussion with the command, they stated they agreed a control was necessary to ensure unit approval but a system control was too restrictive and would impact their ability to override the requirement in an emergency situation. They agreed to develop standard operating procedures to specify and limit the circumstances when orders can be authorized without unit approval. Guidance will also be established to provide continuing oversight. Actions planned by Commander, Navy Reserve Forces Command will meet the intent of the recommendation. The recommendation will remain open until the standard operating procedure describing how the Navy Operational Support Centers should authorize orders when unit approval cannot be obtained is 1) completed and 2) made

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part of the revised Commander, Navy Reserve Forces Command Instruction 1571.1.

Recommendation 8. Modify the Navy Reserve Order Writing System to automatically include a standard endorsement stamp on all orders. Also, establish controls and provide oversight to ensure that the command endorsements are properly filled out for all orders and applicable travel documentation is complete before forwarding to Personnel Support Center/Personnel Support Detachment for payment.

Commander, Navy Reserve Forces Command response to Recommendation 8. Concur. Navy Reserve Order Writing System modification “Build 12” now ensures that all printed orders contain a standard endorsement stamp.

Naval Audit Service comments on response to Recommendation 8. Actions planned by Commander, Navy Reserve Forces Command now ensure that all printed orders contain a standard endorsement stamp. In subsequent conversations with command personnel, we learned this action was complete as of 4 January 2011. Our review of the draft Commander, Navy Reserve Forces Command Instruction 1571.1C showed that Commander, Navy Reserve Forces Command also plans to establish this control by requiring completed orders to be endorsed. Actions taken and planned meet the intent of the recommendation, which remains open until Commander, Navy Reserve Forces Command issues the revised Commander, Navy Reserve Forces Command Instruction 1571.1 stating the requirement for completed orders to be endorsed.

Recommendation 9. Establish a Navy Reserve Order Writing System control that ensures all orders include a gaining command unit identification code and a clear justification for the orders.

Commander, Navy Reserve Forces Command response to Recommendation 9. Concur. The Navy Reserve Order Writing System has been modified to allow members to correct their reporting unit identification code using a Web site “pull down” option that contains unit identification codes for all Naval Activities that have a unit identification code. The Navy Reserve Order Writing System has also been modified so that members can enter comments describing the nature of the orders.

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Naval Audit Service comments on response to Recommendation 9.

Actions taken by Commander, Navy Reserve Forces Command meet the intent of the recommendation, which is closed. In subsequent conversations with command personnel, we learned these actions were complete as of 4 January 2011.

Recommendation 10. Revise Commander, Navy Reserve Forces Command Instruction 1571.1B to incorporate the Annual Training policy stated in paragraph 2.b(7) of Commander, Navy Reserve Forces Command Note 1001, 30 September 2009.

Commander, Navy Reserve Forces Command response to Recommendation 10. Concur in principle. Commander, Navy Reserve Forces Command Instruction 1571.1 has been updated to reflect the Annual Training policy stated in paragraph 2.b(7) of Commander, Navy Reserve Forces Command Note 1001, 30 September 2009. Current Commander, Navy Reserve Forces Command Instruction 1571.1C draft is in route for approval and is expected to be signed by 31 March 2011.

Naval Audit Service comments on response to Recommendation 10.

Action planned by Commander, Navy Reserve Forces Command meets the intent of the recommendation, which remains open until the revised Commander, Navy Reserve Forces Command Instruction 1571.1 is issued.

Recommendation 11. Modify the Commander, Navy Reserve Forces Command Inspection Guide to include steps that ensure:

- Key Navy Reserve Order Writing System user roles are limited;
- Orders contain complete and legible endorsements, and all applicable travel documentation before they are forwarded to Personnel Support Centers/Personnel Support Detachments for payment;
- Orders document the mission purpose of the training;
- Letters of designation are maintained for personnel authorized to hold Navy Reserve Order Writing System roles; and
- Compliance with the guidance in Commander, Navy Reserve Forces Command Note paragraph 2.b (7) for annual training orders to a Navy Operational Support Center.

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Commander, Navy Reserve Forces Command response to Recommendation 11. Concur. Corrective actions completed. The Command Inspection Guide, Commander, Navy Reserve Force Instruction 5040.1C, has been updated to include the recommended steps. Current 5040.1C was signed on 24 September 2010.

Naval Audit Service comments on response to Recommendation 11.
The action taken by Commander, Navy Reserve Forces Command meets the intent of the recommendation, which is closed.

8. Any request for this report under the Freedom of Information Act must be approved by the Auditor General of the Navy as required in reference (b). This report is also subject to follow-up in accordance with reference (b).

9. We appreciate the cooperation and courtesies extended to our auditors during their visit.



XXXXXXXXXXXXXXXX
Assistant Auditor General
Internal Controls, Contracting, and
Investigative Support Audits

FOIA (b)(6)

Copy to:
UNSECNAV
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ASSTSECNAV FMC
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DON CIO
NRSW RCC
NAVINGEN (NAVIG-4)
AFAA/DO

Enclosure (1)**Status of Recommendations**

Finding ¹²	Rec. No.	Pg. No.	Subject	Status ¹³	Action Command	Target or Actual Completion Date	Interim Target Completion Date ¹⁴
1	1	16	Update Commander, Navy Reserve Forces Command Instruction 1571.1B, establish controls, and provide oversight to ensure that the number of Order Writing Activity roles assigned within each Navy Reserve Order Writing System work center is limited to one primary (Reserve activity commanding officer) and one assistant (E-7 and above personnel).	O	Commander, Navy Reserve Forces Command	3/31/11	
1	2	16	Update Commander, Navy Reserve Forces Command Instruction 1571.1B, establish controls, and provide oversight to ensure that administrative authority can only be assigned by the System Administrator who, in turn, can only assign it to the Order Writing Activity role and the Order Writing Activity Assistant role.	O	Commander, Navy Reserve Forces Command	3/31/11	
1	3	17	Perform an analysis and develop a matrix that properly aligns the number of orders processed (workload) by Reserve centers and Reserve units with the number of personnel assigned to the Order Specialist, Fund Approver, and Unit Approver roles.	O	Commander, Navy Reserve Forces Command	3/31/11	

¹² / + = Indicates repeat finding.

¹³ / O = Recommendation is open with agreed-to corrective actions; C = Recommendation is closed with all action completed; U = Recommendation is undecided with resolution efforts in progress.

¹⁴ If applicable.

Finding¹²	Rec. No.	Pg. No.	Subject	Status¹³	Action Command	Target or Actual Completion Date	Interim Target Completion Date¹⁴
1	4	17	Update Commander, Navy Reserve Forces Command Instruction 1571.1B to include guidance regarding the proper assignment of the Order Specialist, Fund Approver, and Unit Approver roles according to the matrix discussed in Recommendation 3. Also, establish controls, and provide oversight to ensure that the Order Specialist, Fund Approver, and Unit Approver user roles are assigned according to the matrix and therefore properly aligned with workload.	O	Commander, Navy Reserve Forces Command	3/31/11	
1	5	18	Establish a Navy Reserve Order Writing System control that ensures the segregation of the Order Specialist and Fund Approver roles in the authorization process.	C	Commander, Navy Reserve Forces Command	1/04/11	
1	6	18	Update Commander, Navy Reserve Forces Command Instruction 1571.1B, establish controls, and provide oversight to ensure that Reserve activities maintain letters of designation for all personnel authorized to hold Order Writing Activity, Order Writing Activity Assistant, Order Specialist, Fund Approver, and Unit Approver Navy Reserve Order Writing System user roles, and that these roles are assigned to personnel with the appropriate rank and authority.	O	Commander, Navy Reserve Forces Command	3/31/11	
1	7	19	Establish a Navy Reserve Order Writing System control that prevents the authorization of orders without Reserve unit approval.	O	Commander, Navy Reserve Forces Command	3/31/11	

Finding ¹²	Rec. No.	Pg. No.	Subject	Status ¹³	Action Command	Target or Actual Completion Date	Interim Target Completion Date ¹⁴
1	8	20	Modify the Navy Reserve Order Writing System to automatically include a standard endorsement stamp on all orders. Also, establish controls and provide oversight to ensure that the command endorsements are properly filled out for all orders and applicable travel documentation is complete before forwarding to Personnel Support Center/Personnel Support Detachment for payment.	O	Commander, Navy Reserve Forces Command	3/31/11	
1	9	20	Establish a Navy Reserve Order Writing System control that ensures all orders include a gaining command unit identification code and a clear justification for the orders.	C	Commander, Navy Reserve Forces Command	1/04/11	
1	10	21	Revise Commander, Navy Reserve Forces Command Instruction 1571.1B to incorporate the Annual Training policy stated in paragraph 2.b(7) of Commander, Navy Reserve Forces Command Note 1001, 30 September 2009.	O	Commander, Navy Reserve Forces Command	3/31/11	

Finding ¹²	Rec. No.	Pg. No.	Subject	Status ¹³	Action Command	Target or Actual Completion Date	Interim Target Completion Date ¹⁴
1	11	21	<p>Modify the Commander, Navy Reserve Forces Command Inspection Guide to include steps that ensure:</p> <ul style="list-style-type: none"> • Key Navy Reserve Order Writing System user roles are limited; • Orders contain complete and legible endorsements, and all applicable travel documentation before they are forwarded to Personnel Support Centers/Personnel Support Detachments for payment; • Orders document the mission purpose of the training; • Letters of designation are maintained for personnel authorized to hold Navy Reserve Order Writing System roles; and • Compliance with the guidance in Commander, Navy Reserve Forces Command Note paragraph 2.b (7) for annual training orders to a Navy Operational Support Center. 	C	Commander, Navy Reserve Forces Command	9/24/10	

Pertinent Guidance

Government Accountability Office (GAO) “Standards for Internal Control in the Federal Government,” November 1999, states: “Key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud. This should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets.”

Internal controls and all transactions and other significant events need to be clearly documented, and the documentation should be readily available for examination.

Office of Management and Budget Circular A-123, “Management’s Responsibility for Internal Control,” December 2004, states that management has a fundamental responsibility to develop and maintain effective internal control. The proper stewardship of Federal resources is an essential responsibility of agency managers and staff. Federal employees must ensure that Federal programs operate, and Federal resources are used efficiently and effectively to achieve desired objectives. Programs must operate and resources must be used consistent with agency missions, in compliance with laws and regulations, and with minimal potential for waste, fraud, and mismanagement.

Management is responsible for developing and maintaining effective internal controls. Effective internal controls provide assurance that significant weaknesses adversely affecting the agency’s ability to meet its objectives are prevented or detected in a timely manner.

Department of Defense Financial Management Regulation (DoD FMR) Volume 5, Chapter 21, paragraph 210101, October 2008, requires disbursing offices to keep original disbursing office records and associated papers, as well as supporting documentation, for 6 years and 3 months.

Secretary of the Navy Instruction 5211.5E, “Department of the Navy Privacy Program,” paragraphs 18d and 18d(3), December 2005, requires that Privacy Act Coordinators work closely with command officials to conduct training and evaluate how to reduce personally identifiable information (PII) exposure in order to ensure appropriate processes are in place to minimize the misuse and overuse of PII information that could be used to commit identity theft. To this end, Department of the Navy (DON) activities shall examine business practices to eliminate the unnecessary collection, transmittal and Internet/Intranet posting of PII.

Commander, Navy Reserve Forces Command Instruction 1571.1B “Order Processing and Transportation Arrangements for Navy Reservists,” October 2007, establishes policy and procedures for the processing of Annual Training and Active Duty for Training orders for Selected Reservists (SELRES). Paragraph 203, “NROWS (Navy Reserve Order Writing System) Roles,” states that:

- System Administrator (SA): COMNAVRESFORCOM Director of Force Travel/Order Management (N33) assigns this role. The SA has oversight over the entire system. This role is responsible for assignment of users such as the Comptroller, Schools, and Order Writing Activity (OWA) roles in NROWS.
- Order Writing Activity (OWA): The SA assigns this role. The OWA role is responsible for assigning personnel to fill the roles of Order Specialist (OS), Fund Approver (FA), and Unit Approver/Reviewer (UA/UR) in NROWS for their area of responsibility.
- Order Specialist (OS): The OWA assigns a primary and an alternate for this role.
- Fund Approver (FA): The OWA assigns a primary and an alternate for this role. This is normally the official order approval authority. The FA is responsible for approving orders based on available funding, mission requirements, and members' entitlements.
- Unit Approver (UA)/Unit Reviewer (UR): The OWA assigns these roles to unit commanding officers (CO) and personnel designated by unit COs. UAs and URs review all requests and either approve or disapprove each request based on mission requirements.

Enclosure 3:**User Roles (OWA, OS, FA) by Reserve Activity (As of October 2009)**

Navy Operational Support Center/ Reserve Activity	Number of OWAs	With Admin. Authority	Number of Order Specialists	With Admin. Authority	Number of Fund Approvers	With Admin. Authority
Alameda	7	6	8	7	4	3
Albuquerque	14	13	20	12	11	9
Denver	6	3	7	4	4	3
Ft. Carson	4	4	9	3	5	4
Guam	3	2	6	2	2	2
Las Vegas	6	6	6	6	5	5
Lemoore	12	8	17	9	8	7
Los Angeles	3	3	12	9	3	2
Moreno Valley	10	9	12	11	9	7
North Island	25	25	26	25	38	35
Pearl Harbor	6	2	13	5	1	2
Phoenix	7	6	25	7	6	4
Pt. Mugu	9	7	8	7	5	5
Port Hueneme	9	5	12	6	8	5
Reno	6	4	6	4	4	4
Sacramento	7	4	9	6	7	4
Salt Lake City	4	4	4	4	3	3
San Diego	9	7	27	13	14	11
San Jose	10	7	12	7	11	8
Tucson	5	4	8	6	4	4
VR 57	10	9	9	9	9	9
VR 55	5	5	5	5	5	5
VFA 125	6	6	7	6	7	5
VFA 122	4	4	9	9	5	5
OST 1	14	4	17	5	11	3
HC 85	12	8	12	8	5	5
EOD 1	8	8	8	8	8	8
RIA 4	15	10	16	15	13	9
RIA 5	10	8	8	5	9	6
Totals for 29 Activities	<u>246</u>	<u>191</u>	<u>338</u>	<u>223</u>	<u>224</u>	<u>182</u>

Enclosure 4:**Unit Approvers (UAs) by Reserve
Activities (As of October 2009)**

NOSC/ Reserve Activity	Number Of Units	Number of Unit Approvers	With Administrative Authority
Alameda	28	91	7
Albuquerque	13	55	31
Denver	24	62	21
Ft. Carson	12	20	3
Guam	10	16	12
Las Vegas	13	40	5
Lemoore	14	33	21
Los Angeles	34	126	27
Moreno Valley	15	106	79
North Island	42	199	171
Pearl Harbor	33	63	3
Phoenix	19	92	23
Pt. Mugu	13	37	31
Port Hueneme	37	91	17
Reno	7	31	25
Sacramento	17	46	5
Salt Lake City	19	58	20
San Diego	76	435	149
San Jose	18	47	16
Tucson	11	26	10
VR 57	1	9	9
VR 55	1	8	8
VFA 125	1	9	7
VFA 122	1	9	8
OST 1	26	122	33
HC 85	1	12	8
EOD 1	2	11	10
RIA 4	10	100	85
RIA 5	5	40	22
Totals for 29 Activities	503	1994	866

Enclosure 5:

Command Endorsements

VALID/ STAMPED		
<p>CNFK HQ Port Hueneme, CA Date Reported <u>0730/24 FEB 08</u> Date Departed <u>1630/07 MAR 08</u> Messing/Berthing were/not available [REDACTED]</p>	<p>Endorsement valid because it was legible and included: the unit name, the arrival and departure dates, and the name of the endorser</p>	FOIA (b)(6)
VALID/ HANDWRITTEN		
<p>[REDACTED] BY DIRECTION</p> <p>Check in: 29 DEC 08 0700 CNFK [REDACTED]</p> <p>Check out: 14 JAN 09 1600 CNFK NASNT [REDACTED]</p> <p>FOR OFFICIAL USE ONLY 2</p>	<p>Endorsement valid because it was legible and included: the unit name, the arrival and departure dates, and the name of the endorser</p>	FOIA (b)(6)
		FOIA (b)(6)
		FOIA (b)(6)
INVALID/ INCOMPLETE: NO DEPARTURE DATE		
<p>San Diego NAS North Island REPORTED [REDACTED] DEPARTED [REDACTED] TIME [REDACTED] DATE [REDACTED]</p> <p>DDGDCD</p> <p>FROM: COMMANDER OFFICER NASC NORTH ISLAND TO: [REDACTED]</p> <p>SUBJ: NEGOTIATION TO RT; CASE OF [REDACTED]</p> <p>ORIGINAL</p> <p>FOR OFFICIAL USE ONLY PROTECT SENSITIVE</p> <p>1275 ACOM/210766/3 DDI, HRAO/082756/1 23 JUN 2006</p>	<p>Endorsement invalid because it is incomplete. It does not contain the departure date.</p>	FOIA (b)(6)

Enclosure 6:

Management Response from Commander, Navy Reserve Forces Command



DEPARTMENT OF THE NAVY
COMMANDER NAVY RESERVE FORCES COMMAND
1915 FORRESTAL DRIVE
NORFOLK, VIRGINIA 23551-4615

IN REPLY REFER TO:
7510
Ser N002/0018
4 Jan 11

From: Commander, Navy Reserve Forces Command
To: Mrs. Joan T. Hughes, Assistant Auditor General for
Internal Controls, Contracting, and Investigative Support
Audits

Subj: COMMANDER, NAVY RESERVE FORCES COMMAND CORRECTIVE ACTION
FOR AUDIT REPORT N2009-NMC000-0085

Ref: (a) SECNAVINST 7510.7F
(b) NAVAUDSVC Draft Audit Report N2009-NMC000-0085

1. Per reference (a), we have reviewed the open recommendations from reference (b). Corrective action has been taken as follows:

Recommendation 1. Update COMNAVRESFORCOMINST 1571.1B, establish controls, and provide oversight to ensure that the number of OWA roles assigned within each NROWS work center is limited to one primary (Reserve activity commanding officer) and one assistant (E-7 and above personnel).

CNRFC RESPONSE: CONCUR. In progress. The OWA role should be limited to a primary and an assistant. The primary OWA should be assigned to the Commanding Officer and the assistant should also be assigned to a person of authority (E-7 or above). COMNAVRESFORCOMINST 1571.1C has been updated to reflect this guidance. Current 1571.1C DRAFT en route for approval; expected signature by 31MAR2011.

Recommendation 2. Update COMNAVRESFORCOMINST 1571.1B, establish controls, and provide oversight to ensure that administrative authority can only be assigned by the System Administrator who, in turn, can only assign it to the OWA role and the OWA Assistant role.

CNRFC RESPONSE: CONCUR. In progress. In order to control the assignment of user roles, no one other than the System Administrator should be able to assign "Administrative Authority," and it should only be assigned to OWAs. OWAs need "Administrative Authority" to assign user roles, but they do not need the ability to pass on administrative authority. COMNAVRESFORCOMINST 1571.1C has been updated to reflect this

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guidance. Current 1571.1C DRAFT en route for approval; expected signature by 31MAR2011.

Recommendation 3. Perform an analysis and develop a matrix that properly aligns the number of orders processed (workload) by Reserve centers and Reserve units with the number of personnel assigned to the OS, FA, and UA roles.

CNRFC RESPONSE: CONCUR. In progress. Workload assignment should be at the discretion of the Commanding Officer. The OS and FA roles in the order writing process are to create, process, and modify orders in NROWS for any SELRES under the command cognizance. A CO has direct responsibility for these measures under his/her cognizance. CNRFC N33 will develop a Reserve Force N3 numbered SOP which will include a matrix to reflect a usable guide for NOSC's and Reserve Units to reference. Expected completion by 31MAR2011. Matrix SOP will be located on the CNRFC N33 Sharepoint site. Upon development, N33 will include in the CNRFCINST 1571.1C.

Recommendation 4. Update COMNAVRESFORCOMINST 1571.1B to include guidance regarding the proper assignment of the OS, FA, and UA roles according to the matrix discussed in Recommendation 3. Also, establish controls, and provide oversight to ensure that the OS, FA, and UA user roles are assigned according to the matrix and therefore properly aligned with workload.

CNRFC RESPONSE: CONCUR. In progress. Workload assignment should be at the discretion of the Commanding Officer. COMNAVRESFORCOMINST 1571.1C has been updated to reflect this guidance. Current 1571.1C DRAFT en route for approval; expected signature by 31MAR2011. CNRFC N3 numbered SOP completion by 31MAR2011.

Recommendation 5. Establish an NROWS system control that ensures the segregation of the OS and FA roles in the authorization process.

CNRFC RESPONSE: CONCUR. Complete from NROWS Build 12. The OS and FA roles in the order writing process are now segregated in NROWS. Personnel assigned the OS role can create, process, and modify orders in NROWS for any SELRES under their cognizance. The FA is the final approver in the authorization process, and has authority to release funds for the execution of the orders.

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With the segregation of these two roles, a single individual can not independently create, process, and authorize orders.

Recommendation 6. Update COMNAVRESFORCOMINST 1571.1B, establish controls, and provide oversight to ensure that Reserve activities maintain letters of designation for all personnel authorized to hold OWA, OWAA, OS, FA, and UA NROWS user roles, and that these roles are assigned to personnel with the appropriate rank and authority.

CNRFC RESPONSE: CONCUR. In progress. COMNAVRESFORCOMINST 1571.1C has been updated to reflect this guidance. Current 1571.1C DRAFT en route for approval; expected signature by 31MAR2011. To ensure Reserve Unit approval is performed by properly authorized personnel from within the Reserve Unit, the Reserve Activities' Primary OWAs will maintain letters of designation from the Reserve Units for those authorized to hold the role of Unit Approver, and only assign the role to those authorized.

Recommendation 7. Establish an NROWS system control that prevents the authorization of orders without Reserve unit approval.

CNRFC RESPONSE: CONCUR IN PRINCIPAL. In progress. COMNAVRESFORCOMINST 1571.1C has been updated to reflect this guidance. Like Recommendation 6, to ensure Reserve Unit approval is performed by properly authorized personnel from within the Reserve Unit, the Reserve Activities' Primary OWAs will maintain letters of designation from the Reserve Units for those authorized to hold the role of Unit Approver, and only assign the role to those authorized. Those designated Approvers assigned are the preventative measure of control from other approving. The control is having the Authorizers designated by letter, put into the CNRFCINST 1571.1C DRAFT; expected signature by 31MAR2011. On rare occasions, a NOSC may be unable to contact a Unit for a short turnaround set of orders needing approval or the Reserve Unit approver may be on leave, medical issue, etc. Thus, at that point, the NOSC overseeing the Unit will need to approve orders without Unit Approval. CNRFC N33 will develop a Reserve Force N3 numbered SOP which will include this procedure. Expected completion by 31MAR2011. Matrix will be located on the CNRFC N33 Sharepoint site. Upon development, N33 will include in CHANGE 1 to the CNRFCINST 1571.1C.

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Recommendation 8. Modify NROWS to automatically include a standard endorsement stamp on all orders. Also, establish controls and provide oversight to ensure that the command endorsements are properly filled out for all orders and applicable travel documentation is complete before forwarding to PSC/PSD for payment.

CNRFC RESPONSE: CONCUR. Complete. Integral part of NROWS Build 12. A modification now ensures that all printed orders will contain a standard endorsement "stamp". The stamp will print automatically as a template on every set of orders.

Recommendation 9. Establish an NROWS system control that ensures all orders include a gaining command UIC and a clear justification for the orders.

CNRFC RESPONSE: CONCUR. Complete. NROWS Build 12 allows member the ability to change UIC in a pull down for all Naval Activities that have a UIC, along with the ability to now enter comments in a NROWS justification block.

Recommendation 10. Revise COMNAVRESFORCOMINST 1571.1B to incorporate the AT policy stated in paragraph 2.b(7) of COMNAVRESFORCOM Note 1001, 30 September 2009.

CNRFC RESPONSE: CONCUR IN PRICIPAL. In progress. COMNAVRESFORCOMINST 1571.1C has been updated to reflect this guidance. Current 1571.1C DRAFT en route for approval; expected signature by 31MAR2011.

Recommendation 11. Modify the COMNAVRESFORCOM Command Inspection Guide to include steps that ensure:

- Key NROWS user roles are limited.
- Orders contain complete and legible endorsements, and all applicable travel documentation before they are forwarded to PSCs/PSDs for payment.
- Orders document the mission purpose of the training.
- Letters of designation are maintained for personnel authorized to hold NROWS roles.
- Compliance with the guidance in COMNAVRESFORCOM Note par. 2.b (7) for AT orders to a NOSC.

CNRFC RESPONSE: CONCUR. Complete. COMNAVRESFORINST 5040.1C has been updated to reflect this guidance. Current 5040.1C was signed 24SEP2010.

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2. COMNAVRESFORCOM believes that all recommendations currently listed as "In progress" will be complete by 31MAR2011 when COMNAVRESFORCOMINST 1571.1C is approved and N3 SOP's are in place.

3. This report does not contain information that is deemed "For Official Use Only."

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By direction

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