

**Forest Service Manual
National Headquarters - Washington Office
Washington, DC**

**Forest Service Manual 1400 – Controls
Zero Code**

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Responsible Staff:

Explanation of changes: Following is an explanation of the changes throughout the directive by section.

1409.18: Adds a new code and caption to establish FSH 1409.18, Management Controls Handbook.

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The primary components of the Forest Service's management control program are the Directive System and the Management Review System. The Directive System sets the agency's policies and standards. The Management Review System measures the agency's performance against those standards and provides for adjustment of the standards or the performance where needed. The control system is different from the Performance Appraisal System, which sets individual performance standards and measures an individual's performance against those standards.

This title also covers Government Accountability Office (GAO) and Inspector General audits, Forest Service fiscal reviews of external organizations, special reviews or investigations by the Forest Service and external agencies, and Forest Service reviews of forestry grant recipients.

1401 - Authority

1. [Federal Managers' Financial Integrity Act of 1982 \(FMFIA\)](#) requires the Government Accountability Office (GAO) to issue standards for internal control in government and requires agencies to develop cost effective internal accounting and administrative controls to ensure that federal programs are operated efficiently, effectively, and in compliance with relevant laws.
2. [Office of Management and Budget \(OMB\) Circular A-123, Management's Responsibility for Internal Control, revised December 21, 2004](#) provides specific requirements for assessing and reporting on controls.
3. [Government Performance and Results Act of 1993](#) requires agencies to clarify their missions, set strategic and annual performance goals, and measure and report on performance toward those goals. Management/internal controls play a significant role in helping managers achieve these goals.
4. [Government Accountability Office \(GAO\) "Standards for Internal Control in the Federal Government," November 1999](#) provides the overall framework for establishing and maintaining internal control and for identifying and addressing major performance and management challenges and areas at greatest risk of fraud, waste, abuse, and mismanagement.
5. [USDA Management Control Manual, Departmental Manual 1110-002, November 29, 2002](#) establishes department-wide policy and detailed guidelines and procedures for all agencies and staff offices to: 1) improve the accountability and effectiveness of USDA programs and operations through the use of sound systems of management/internal controls, and 2) ensure compliance with laws and regulations.
6. [USDA Management Accountability and Control, Departmental Regulation \(DR\) 1110-002, April 14, 2004](#) establishes department-wide policy for all agencies and staff offices to follow to improve the accountability and effectiveness of USDA programs and operations through the use of sound systems of internal and management controls. This guidance

supplements and reinforces the statutory requirements of the FMFIA and the policy guidance contained in OMB Circular A-123, which pertains to all federal managers.

7. [Federal Financial Management Improvement Act of 1996 \(FFMIA\)](#) requires that agencies implement and maintain financial management systems that substantially comply with federal financial management system requirements, applicable Federal accounting standards, and the USSGL at the transaction level.

1402 - Objective

To establish sufficient controls that reasonably ensures achievement of the following basic management goals:

1. Adherence to law, orders, regulation, and policy.
2. Efficient and effective operations.
3. Protection against waste, loss, and misuse.
4. Use of reliable information in managing programs.

1403 - Policy

1. Use the Directive System to document and communicate management systems and management objectives and controls (FSM 1405).

2. Use the Management Review System to:

a. Improve the efficiency and effectiveness of management systems.

b. Ensure that the management objectives are:

(1) Logical. To support the basic management goals.

(2) Applicable. To address reduction of the risks of waste, loss, and misuse.

(3) Complete. They are identified for all important aspects of the activity.

c. Ensure that the management controls are:

(1) Efficient. They are designed to derive maximum benefit with minimum effort and are appropriate to the level of risk. Their costs do not exceed the benefits derived.

(2) Effective. They help achieve the objectives.

(3) Functioning. They are in use in actual operations.

3. Use informal reviews to solve technical and operational problems in implementing direction.

1404 - Responsibility

All managers, whether line or staff officers, are responsible for establishing, evaluating, reporting on, and improving controls in their areas of responsibility.

1404.1 - Washington Office

1404.11 - Associate Deputy Chief for Business Operations/Chief Financial Officer (CFO)

The Associate Deputy Chief for Business Operations/CFO has the responsibility for overall agency management controls.

1404.12 - The Agency Management Control Officer

The Agency Management Officer has the responsibility to develop and coordinate the agency-wide process for evaluating, reporting on, and improving agency controls.

1404.13 - Deputy Chiefs

The Deputy Chiefs have the responsibility to evaluate, report on, and improve controls for their deputy areas and their assigned programs.

1404.2 - Regional Foresters, Station Directors, Area Director, and Institute Director

The Regional Foresters, Station Directors, Area Director, and Institute Director have the responsibility to evaluate, report on, and improve controls for their staffs and programs.

1405 - Definitions

Activity. One of the activities within a program element in FSH 1309.16, National Activity Structure Handbook or one of the entities traditionally defined along organizational or budget lines within Business Operations, National Forest System, State and Private Forestry, or Research programs.

Loss. Financial loss (of personnel, capital, or information) or non-financial loss, such as failure to accomplish targeted outputs, endangerment of health/safety, public controversy, loss of public confidence, negative impact on relations with external groups, and loss of productivity.

Management Controls. The organization, policies, and procedures used to reasonably assure that:

- a. programs achieve their intended results;

- b. resources are used consistently with agency mission;
- c. programs and resources are protected from waste, fraud, and mismanagement.
- d. laws and regulations are followed; and
- e. reliable and timely information is obtained, maintained, reported and used for decision-making.

Controls are not separate systems and processes, they are the tools used by managers to achieve desired results. Examples include separation of duties, reconciliation of records from two sources, limiting access, providing supervision, documentation of processes and procedures, and written delegations of authority.

Management Objectives. The desired results to be achieved in managing a program and activity. They are documented in the Directive System.

Management Systems. The broad management functions of planning, organization, direction, review and accountability, internal and external coordination, human resources management, and information management that make up the unit or program's overall control environment.

Misuse. Activities such as furnishing excessive services, violating regulations, obtaining resources unlawfully through misrepresentation, or other abuses affecting personnel, capital, or information.

Program. One of the program elements set forth in FSH 1309.16, National Activity Structure Handbook or one of the traditional programs in Business Operations, National Forest System, State and Private Forestry, or Research.

Reasonable Assurance. A satisfactory level of confidence under given consideration of costs, benefits, and risks. This standard recognizes that managers must accept some level of risk.

Waste. Personnel, capital, or information consumed or produced in a given operation without returning an economic or productive output.

1409 - Handbooks

1409.1 - Internal Service-wide Handbooks

1409.11 - Fiscal Review and Analysis Handbook (FSH)

This Handbook provides guidance for conducting Fiscal and Accounting Management reviews.

1409.15 - Auditing Concessions Handbook (FSH)

This Handbook gives procedures for auditing commercial public-service special uses.

1409.18 - Management Controls Handbook (FSH)

This Handbook establishes the types of reviews which constitute the Forest Service management review system.