

**BY ORDER OF THE  
SECRETARY OF THE AIR FORCE**

**DEPARTMENT OF THE AIR FORCE  
POLICY DIRECTIVE 65-2**



**23 FEBRUARY 2023**

**Financial Management**

**RISK MANAGEMENT AND INTERNAL  
CONTROL PROGRAM**

**COMPLIANCE WITH THIS PUBLICATION IS MANDATORY**

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(Ms. Kristyn E. Jones)

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This Policy Directive implements Department of Defense Instruction 5010.40, *Managers' Internal Control Program Procedures*. The Department of Defense supports the government's commitment to the responsible use of resources and use of cost-effective internal controls to the best advantage in accomplishing their assigned operations and missions. This Directive establishes Department of Air Force (DAF) policy for the Risk Management and Internal Control (RMIC) Program. This directive applies to all uniformed members of the Regular Air Force, United States Space Force, Air Force Reserve, and Air National Guard, all DAF civilian employees, the Civil Air Patrol when conducting missions as the official Air Force Auxiliary, and those with a contractual obligation to abide by the terms of DAF issuances. Ensure all records generated as a result of processes prescribed in this publication adhere to Air Force Instruction 33-322, *Records Management and Information Governance Program*, and are disposed in accordance with the Air Force Records Disposition Schedule, which is located in the Air Force Records Information Management System. Recommended changes and questions about this publication should be sent through the appropriate functional chain of command using Department of the Air Force Form 847, *Recommendation for Change of Publications*, to the Office of Primary Responsibility (OPR) for SAF/FM RMIC Policy, SAF/FMFA, [SAF.FM.A.123.Internal.Controls@us.af.mil](mailto:SAF.FM.A.123.Internal.Controls@us.af.mil). This DAFPD may not be supplemented.

## ***SUMMARY OF CHANGES***

This revision addresses recommendations resulting from a fiscal year 2020 Government Accountability Office (GAO) Audit (GAO-20-332), *Enhanced Enterprise Risk Management and Internal Control Assessments Could Improve Accountability over Mission-Critical Assets*.

**1. Policy.** It is the Department of the Air Force's (DAF's) policy that:

**1.1. Senior Leaders, Commanders, Directors, and Managers will:**

1.1.1. Identify, assess, respond, and report on risks to achieving the operations, reporting, financial systems, and compliance objectives of their respective organizations and deficiencies in internal control resulting from realized risks.

1.1.2. Establish and maintain internal control to achieve objectives when the benefits exceed the costs, and correct deficiencies to internal control when identified.

1.1.3. Apply a risk-based approach to assess and report on internal control effectiveness.

1.1.4. Monitor and oversee deficiencies in internal control.

1.1.5. Integrate enterprise risk management and internal control functions.

**1.2. The DAF establishes governance to monitor and oversee enterprise risk management and the DAF's system of internal control associated with risks at both the process and enterprise levels.**

**1.3. The DAF submits a Statement of Assurance (SoA) to the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) annually, asserting to the effectiveness of the DAF's system of internal control.**

**1.4. Integrate internal controls and risk management processes, consistent with functional needs and requirements, in order to escalate risk discussions where applicable beyond insulated programs.**

**2. Roles and Responsibilities.**

**2.1. The Assistant Secretary of the Air Force, Financial Management and Comptroller (SAF/FM) shall:**

2.1.1. Oversee and administer the DAF's Internal Controls over Financial Reporting and Internal Controls over Financial Systems to satisfy the responsibilities of the Senior Assessment Team (SAT).

2.1.2. Compile the DAF's annual SoA and supplementary templates required to be reported by the OUSD(C).

2.1.3. Represent the DAF as the RMIC Program Manager. This role may be delegated as necessary to the Principal Deputy Assistant Secretary of the Air Force (PDAS), SAF/FM.

2.1.4. Represent the DAF as the RMIC Program's Senior Accountable Official to OUSD(C). This role may be delegated as necessary to the PDAS, SAF/FM.

2.1.5. Provide training to RMIC Program stakeholders annually on the DAF'S RMIC Program.

**2.2. The Deputy Under Secretary of the Air Force, Management (SAF/MG) shall:**

2.2.1. Oversee and administer the DAF's Enterprise Risk Management (ERM) Program and governance to satisfy the responsibilities of the Risk Management Council (RMC) as the DAF's Chief Risk Officer.

2.2.2. Oversee and administer the DAF's Internal Controls over Operations to satisfy the responsibilities of the Senior Management Council (SMC).

2.2.3. Oversee and administer the integration of the DAF's ERM and Internal Control Programs.

**2.3. Regular Air Force and United States Space Force, Air Force Reserve, and Air National Guard Commanders and Managers shall:**

2.3.1. Identify, assess, respond, and report on risks to achieving the operations, reporting, financial systems, and compliance objectives of their respective organizations and deficiencies in internal control resulting from realized risks.

2.3.2. Establish and maintain internal control to achieve objectives when the benefits exceed the costs, and correct deficiencies of internal control when identified.

FRANK KENDALL  
Secretary of the Air Force

## Attachment 1

### GLOSSARY OF REFERENCES AND SUPPORTING INFORMATION

#### *References*

Office of Management and Budget Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, 15 July 2016

Department of Defense Instruction 5010.40, *Enterprise Risk Management and Managers' Internal Control Program Procedures*

Air Force Instruction 33-322, *Records Management and Information Governance Program*, 23 March 2020

#### *Prescribed Forms*

None

#### *Adopted Forms*

AF Form 847, *Recommendation for Change of Publication*

#### *Abbreviations and Acronyms*

**AFI**—Air Force Instruction

**AFPD**—Air Force Policy Directive

**DAF**—Depart of the Air Force ERM – Enterprise Risk Management

**GAO**—Government Accountability Office

**OPR**—Office of Primary Responsibility

**OUSD(C)**—Office of the Under Secretary of Defense (Comptroller)

**RMC**—Risk Management Council

**RMIC**—Risk Management and Internal Control

**PDAS**—Principal Deputy Assistant Secretary of the Air Force

**SAF/FM**—Assistant Secretary of the Air Force for Financial Management and Comptroller

**SAF/FMFA**—Assistant Secretary of the Air Force for Financial Management and Comptroller, Accounting and Financial Oversight

**SAF/MG**—Deputy Under Secretary of the Air Force, Management

**SAT**—Senior Assessment Team

**SMC**—Senior Management Council

**SoA**—Statement of Assurance

### *Terms*

**Statement of Assurance**—An annual statement, in memorandum format, that provides the Secretary of the Air Force’s (SECAF’s) explicit level of assurance on whether internal controls are effective. The statement of assurance is based on self-assessments and testing of internal controls developed for mission-essential functions relative to risk and identifies any material weaknesses found during the analysis.

**Enterprise Risk Management**—An enterprise-wide framework and governance structure that provides a strategically aligned portfolio view of organizational risks, issues, challenges, and potential opportunities to provide insight into how to proactively address performance issues and most effectively prioritize resource allocations to ensure successful mission delivery.

**Internal Control**—A process effected by an entity’s oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved.

**Internal Control Assessment**—A documented review performed by an assessable unit to determine whether internal control techniques are effectively designed and implemented to accomplish administrative, operational, and mission objectives.

**Internal Control System**—A continuous built-in component of operations, effected by people, that provides reasonable assurance—not absolute assurance—that an entity’s objectives will be achieved.

**Risk Management Council (RMC)**—Governance body that oversees the establishment of the Agency’s risk profile, regular assessment of risk, and development of appropriate risk response. RMC structures will vary by Agency, and in some cases may be integrated with existing management structures. An effective RMC will include senior officials for program operations and mission-support functions to help ensure those risks are identified which have the most significant impact on the mission outcomes of the DAF. The DAF executes the responsibilities of the RMC through the DAF’s governance construct.

**Senior Assessment Team (SAT)**—A team of senior level executives that provide oversight and monitoring of the effectiveness of Internal Controls Over Reporting for Financial Reporting and Financial Systems. The DAF executes the responsibilities of the SAT through the DAF’s Executive Steering Committee.

**Senior Leaders, Commanders, Directors, and Managers**—Is inclusive of Commanders, Directors, and RMIC Program Managers across the DAF.

**Senior Management Council (SMC)**—A team of senior level executives that provide oversight and monitoring of the effectiveness of Internal Controls Over Reporting for Operations.