



DEPARTMENT OF THE NAVY
HEADQUARTERS UNITED STATES MARINE CORPS
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WASHINGTON DC 20350-3000

NOTICE OF INCORRECT PCN

Short Title: MCO 7540.2F

Long Title: RESOURCE EVALUATION AND ANALYSIS (REA) FUNCTION

This copy of the publication you are reading contains an incorrect Publication Control Number (PCN). For reference purposes, the correct PCN for this document is as follows:

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The error has been identified, and the correct PCN will be used in subsequent versions of the document.

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MCO 7540.2F
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25 Sep 2018

MARINE CORPS ORDER 7540.2F

From: Commandant of the Marine Corps
To: Distribution List

Subj: RESOURCE EVALUATION AND ANALYSIS (REA) FUNCTION

Ref:

- (a) Federal Managers Financial Integrity Act of 1982
- (b) Section 101 of Title 31, United States Code, "Chief Financial Officers' Act of 1990"
- (c) Section 552 of Title 5, United States Code, "Freedom of Information Act"
- (d) Section 1517 of Title 31, United States Code, "Anti-deficiency Act"
- (e) Office of Management and Budget (OMB) Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, 15 Jul 2016
- (f) OMB Circular No. A-123, Appendix A, 15 Jul 2016
- (g) SECNAVINST 7510.7G
- (h) MCO 5200.24D
- (i) MCO 7300.21B
- (j) MCO 7510.2E
- (k) 5 U.S.C. 552a
- (l) SECNAVINST 5211.5E
- (m) SECNAV M-5210.1

1. Situation. The requirement to conduct resource evaluation and analysis has existed for several years, and the Marine Corps remains dedicated to leveraging this critical function. The REA function serves as a resource for the Commandant of the Marine Corps and Commanders. The roles and responsibilities identified below provide significant financial management oversight throughout the Marine Corps. Commands must design and implement a robust REA program within the Comptroller/G8 office that effectively analyzes resources and risks. Engaged leadership and the performance of diligent reviews by responsible personnel is paramount.

2. Cancellation. MCO 7540.2E.

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3. Mission. Commanders will maintain a REA program that evaluates and reports the effectiveness of resources throughout their organizations in order to ensure effective operations, optimally align resources with programs, and compliance with laws and regulations.

4. Execution.

a. Commander's Intent and Concept of Operations

(1) Commander's Intent. The purpose of the REA is to assist commanders and comptrollers in ensuring effective, efficient, and accurate control of funds and resources. This will be accomplished through a critical examination of the control processes and financial data associated with programs and processes. The purpose is to ensure adequate controls are in place for collecting, processing, recording and reporting accurate financial data needed to manage resources for enhanced operational capability.

(2) Concept of Operations

(a) Internal Review. The REA function within the local commander/comptroller office is responsible for the following:

1. Performing reviews.

2. Implementing the Financial Management Evaluation and Assessment (FMEA) program along with risk and compliance analysis. These are usually (but not exclusively) resource-related (i.e., involving economy, efficiency, effective utilization or potential waste and abuse of Marine Corps funds, material and manpower).

3. Responding to inquiries and requests from higher headquarters on potential problems.

4. Reviewing and providing oversight of financial management performance efforts such as Tri-Annual Reviews (TAR), Internal Controls Over Financial Reporting (ICOFR) and Marine Corps Financial Statement Audits. (Currently awaiting direction from Higher Headquarters regarding change of ICOFR to Internal Controls Over Reporting (ICOR) as stated in reference (e)).

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(b) Managers Internal Control Program (MICP). The REA function must be highly engaged in the MICP to assist the MICP coordinator (if not already assigned as the MICP coordinator). The MICP Coordinator is responsible for the implementation and oversight of the risk assessment and control testing process as needed. Through the MICP, the REA function ensures adequate controls exist, are functioning properly, adhere to policy, and are reviewed annually. This alleviates impediments to clean audit opinions.

(c) External Audit Focal Point. This function includes audit liaison and coordination, audit responses, and audit follow-up (tracking and on-site verification) for all audits external to the command. Audit oversight is required to be coordinated with and linked to the MICP to ensure integration of internal control issues are properly addressed and reported as required.

(d) Optional Functions. REA functions may also include, but are not limited to fund management assessment, fund management assistance visits, cash collection verification, training requirements, Garrison Property and Real Property audit readiness, review and analysis of non-appropriated fund matters, process reviews, economy/efficiency related studies and Anti-Deficiency Act Investigations. Other REA functions may be performed at the discretion of the Comptroller.

b. Tasks

(1) DC, P&R. The Director, Fiscal Division, Programs and Resources Department, Headquarters Marine Corps (RFD) will provide policy, procedures and technical assistance for the REA Program within the Marine Corps.

(2) Commanders.

(a) Commanders/Comptrollers are required to establish and maintain an REA function as part of the permanent Comptroller organizational structure. The REA is an essential element to effective resource management and sound internal controls. This function is required at all Commands that have a Comptroller.

(b) Commanders/Comptrollers have the responsibility to ensure effective management controls are established, reviewed, working, and adhered to in accordance with reference (f). Effective management control will ensure, among other

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benefits, accurate financial and accounting data are recorded in the accounting system. This will allow the Marine Corps to comply with reference (b) requirements to develop clean auditable financial statements.

(c) Commanders shall staff the REA function at an adequate level to perform the requisite resource management oversight responsibilities under references (b) through (d). Qualifications and technical expertise of REA personnel will normally be in financial management and MICP. Audit experience or knowledge of audit procedures is highly encouraged as this position is highly involved with supporting financial statement audits. Appropriate job series classification for civilians should be 0501/0510 or other series supporting analysis and evaluation duties especially in the financial areas. Military personnel will normally be from the financial management military occupational specialties.

5. Administration and Logistics. Except in the cases of reviews requested by a senior command, reports or other documents produced by the REA function will normally be provided only to the command. However, these documents are subject to reference (i) guidelines and procedures as other documents produced by the command.

a. Records created as a result of this Order shall be managed according to National Archives and Records Administration approved dispositions per reference (k) to ensure proper maintenance, use, accessibility and preservation, regardless of format or medium.

b. Privacy Act. Any misuse or unauthorized disclosure of Personally Identifiable Information (PII) may result in both civil and criminal penalties. The DON recognizes that the privacy of an individual is a personal and fundamental right that shall be respected and protected. The DON's need to collect, use, maintain, or disseminate PII about individuals for purposes of discharging its statutory responsibilities will be balanced against the individuals' right to be protected against unwarranted invasion of privacy. All collection, use, maintenance, or dissemination of PII will be in accordance with the Privacy Act of 1974, as amended in reference (l) and implemented per reference (m).

6. Command and Signal.

- a. This Order is applicable to the USMC Total Force.
- b. This Order is effective on the date signed.

A handwritten signature in dark ink, appearing to read "G. L. Thomas", with a large, sweeping flourish extending from the end of the name.

G. L. THOMAS
Deputy Commandant for
Manpower and Reserve Affairs

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