



# **DOE A-123 FY 2008 All Hands Training**

**Oak Ridge – November 6  
Albuquerque – November 8  
Rockville – November 15**

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**A-123 Project Management Team**



# Training Agenda

8:30

## General Overview

- What have we accomplished ?
- What has changed for FY08 ? (ARCA at a Glance)
- Where are we going ?

## ARCA Training

- Detail training in the new ARCA functionality and AART 5.x

11:30

## Lunch

1:00

## General Discussion Forum

- Testing
- DOE Benchmarks / Statistics / Analyses
- Risks / Controls Identification
- AART – REPT: AART Reporting Tool
- Q&A

4:00



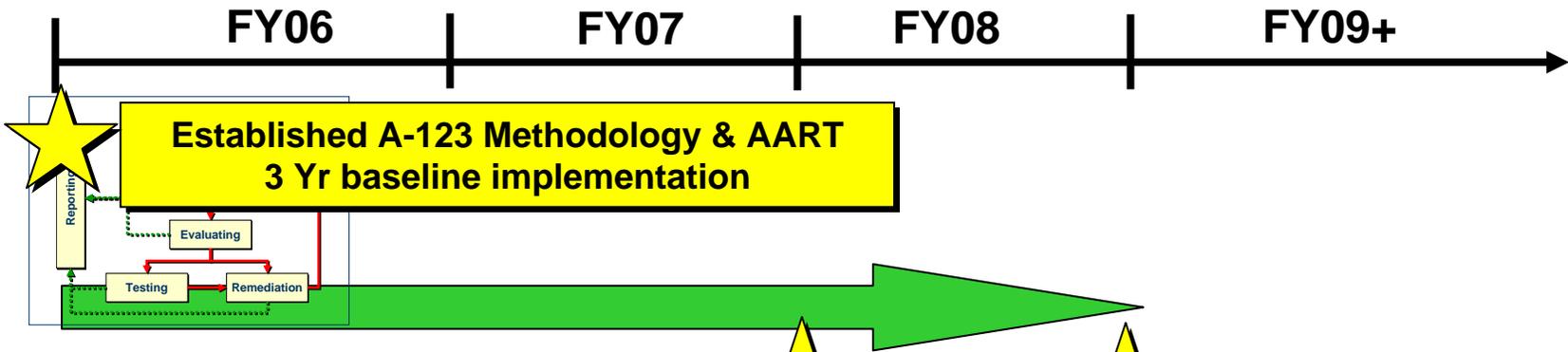
# General Overview

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# What have we accomplished?

## Building the Foundation



**Contractors**

**Feds**

**Department wide Rollup**

Entity (ICS)	Control Operating Effectively
+ Process (PCO)	No Material Weaknesses
Assurance	

Control Operating Effectively  
No Material Weaknesses

**100%**

**Over 6000 Risk Activities/ Control Sets**



- Improved AART and QSGs
- AART REPT – AART Reporting Tool
- Process Catalog Prototype
- Training Videos

# Ensuring Ongoing Effective Operational Controls

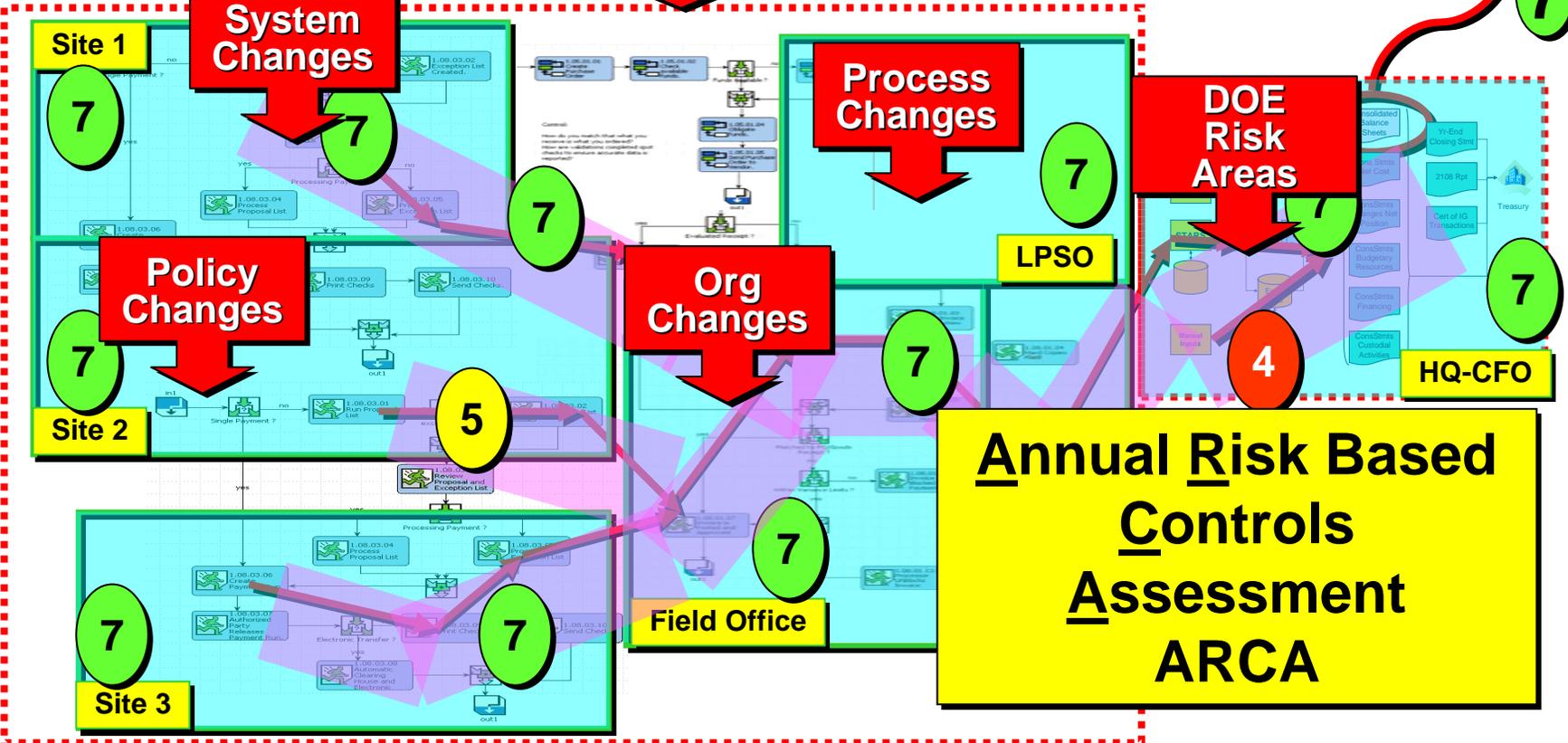


**OMB  
3-Year  
Assessment**



**Balance Sheet**

Assets	MMS
- Accounts Receivable	
Liabilities	
- Accounts Payable	2,546,769





# ARCA Objectives

- **Develop an approach that:**
  - Is consistent with OMB Appendix A and CFO Council Implementation Guide
  - Integrates early assessment of those controls where significant changes in the operational environment have occurred, or where management is aware of potential risks and exposures
  - Provides flexibility in planning the assessment and for managing local implementation resources
  - Is seamlessly integrated with existing implementation methodology



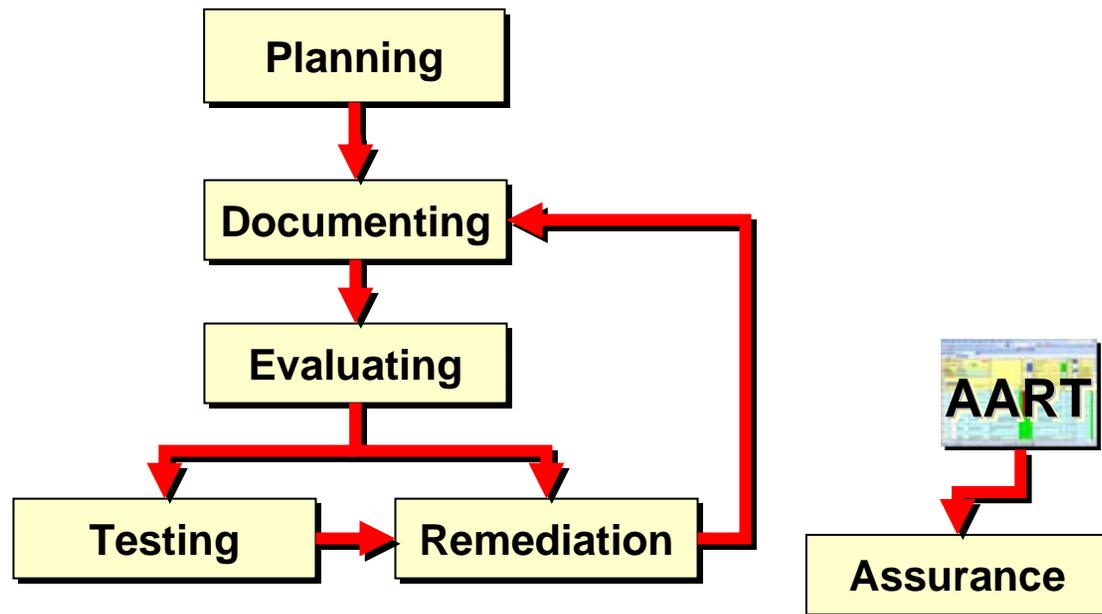


# ARCA at a Glance

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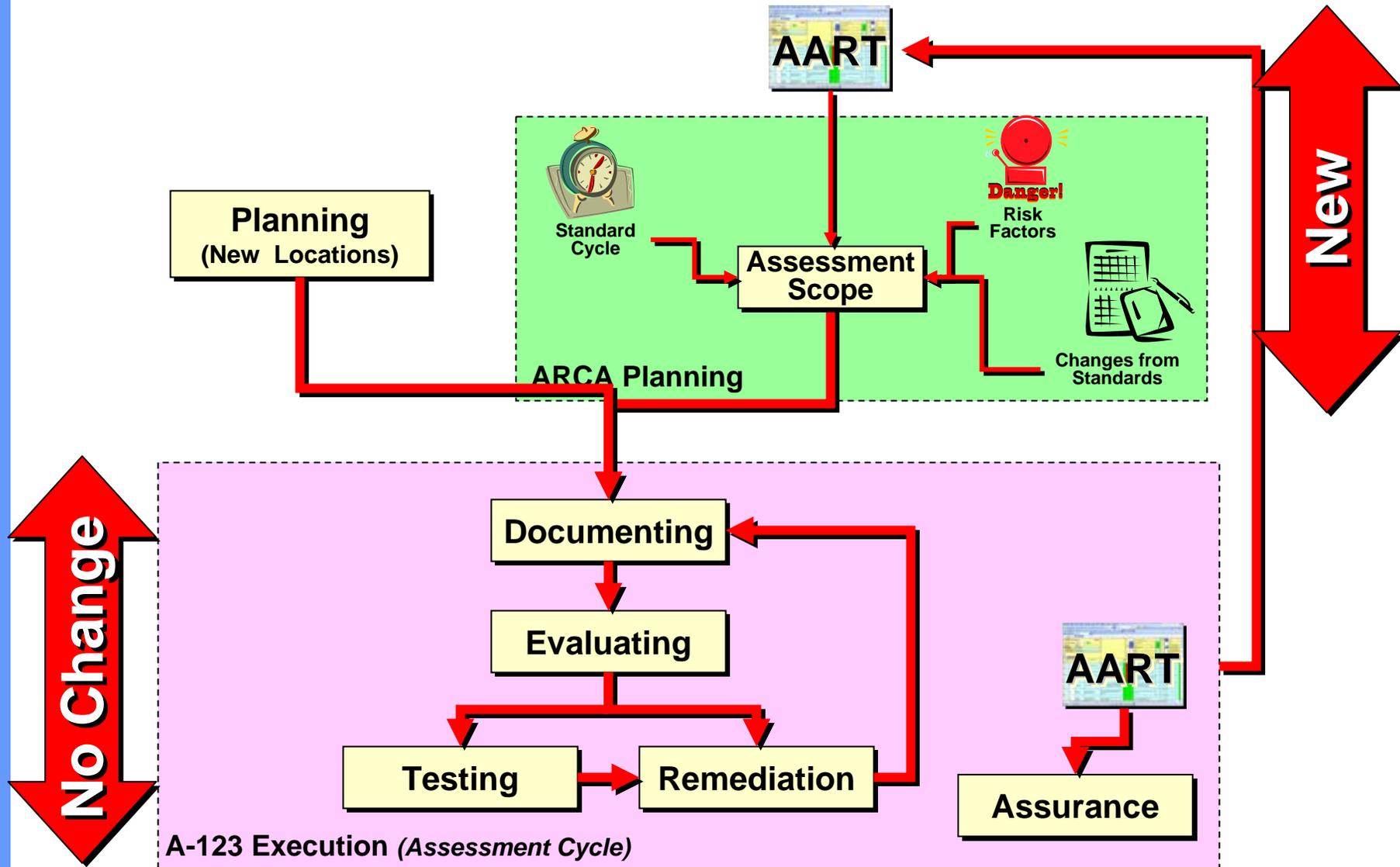


# A-123 Methodology





# A-123 Methodology with ARCA



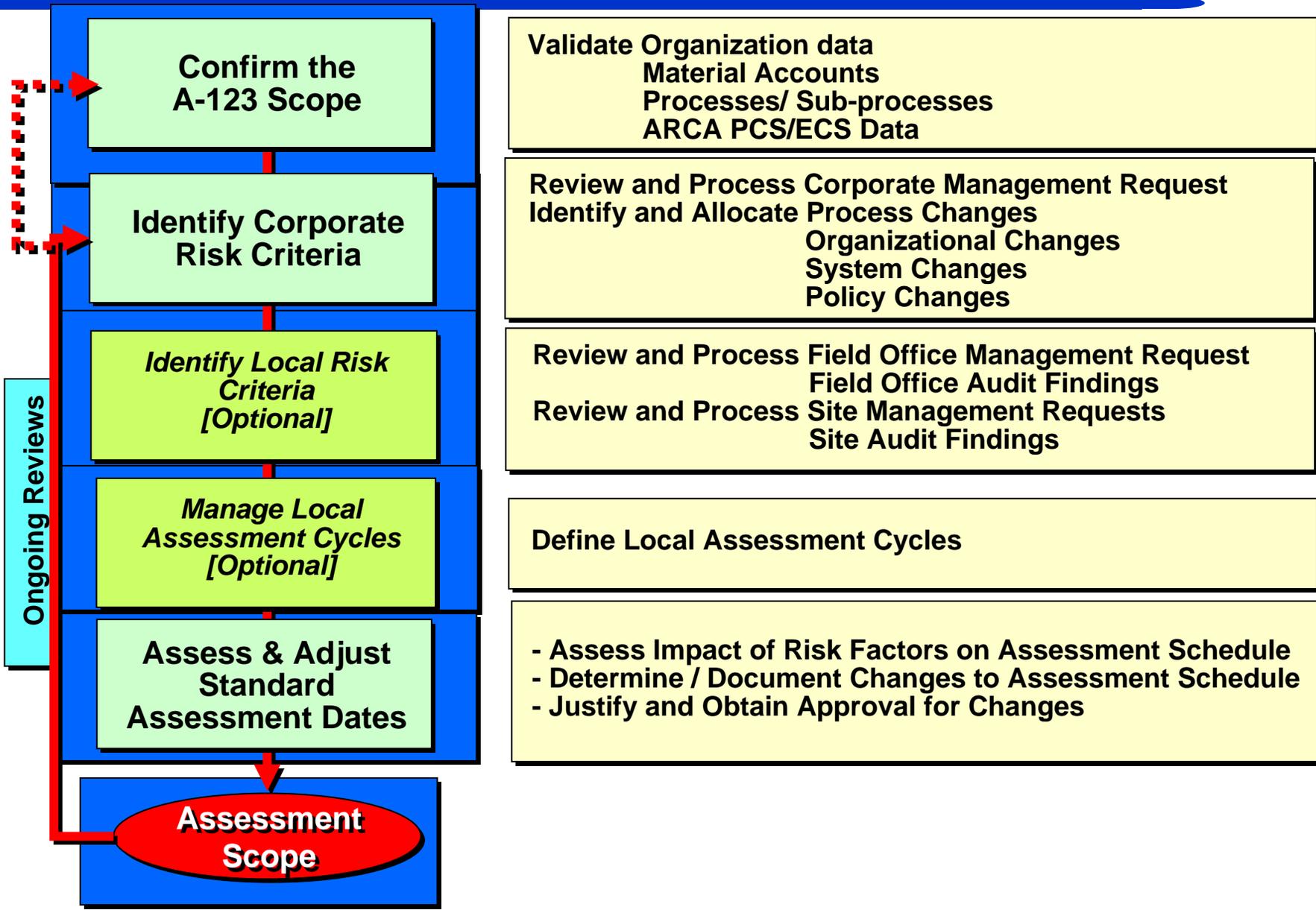


# ARCA at a Glance

- **Manage the Assessment scope at the sub-process / sub-category level : Key risk/controls information is automatically summarized:**
  - Risk Assessment: Highest Risk Assessment
  - Test Rating: Lowest Test Rating
  - Test Date: Oldest control set test date
- **Identify and assess changes in the operational environment –**  
**Corporate Risk Criteria:**
  - Corporate Management Requests: Alerts issued by the PMT
  - Corporate Change Criteria: Changes affecting local operations:
    - Process Changes
    - Organizational Changes
    - System Changes
    - Policy Changes
- **Flexibility at the Local Level to target assessment scope – Local Risk Criteria**
- **Management judgment to be able to adjust standard assessment dates**



# ARCA Planning Steps





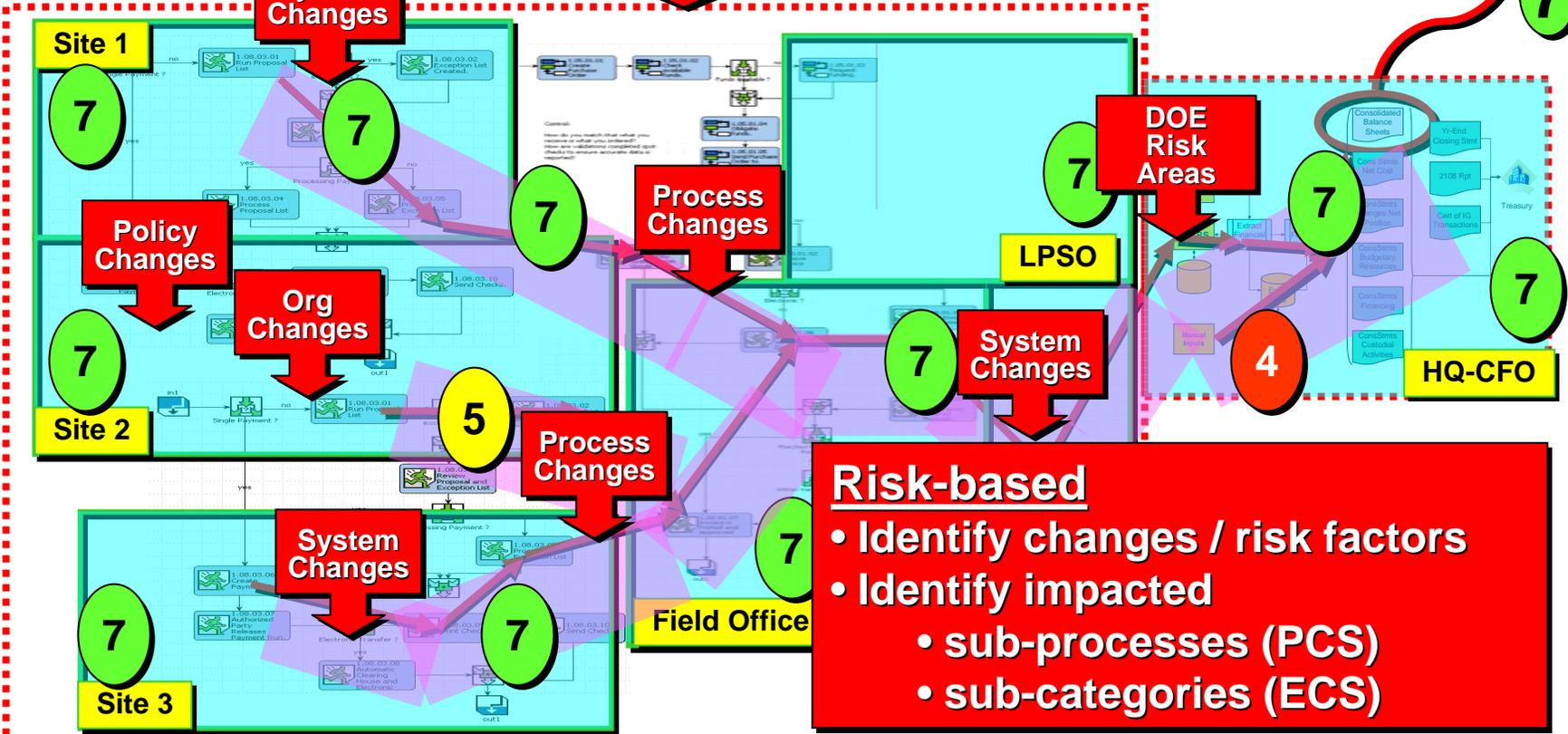
# ARCA Planning

**OMB  
3-Year  
assessment  
(Cyclical)**



**Balance Sheet**

Assets	MMS
- Accounts Receivable	
Liabilities	
- Accounts Payable	2,546,769





# AART 5.x ARCA - PCS

<b>ARCA: PCS</b> <span style="color: red;">VERSION 1.0</span>		Select view <input type="button" value="v"/>	<input type="button" value="HELP"/>	<input type="button" value="ARCA Update"/>	<input type="button" value="AART Update"/>	<b>Local RA Cycle</b>	
Site	East Tennessee Technology Park			<input type="button" value="Clear All"/>		<span style="color: red;">H</span>	
Attester	Judith M. Penry					<span style="color: green;">M</span>	
Cycle End	6/30/2008	<input type="button" value="Detail View"/>		<input type="button" value="Delete Row"/>		<span style="color: green;">L</span>	

Scope			Process Information				Corporate Criteria					Local Criteria						
6/30/2008	6/30/2009	6/30/2010	Process Cycle	Process	Sub-Process	Risk Assessment	Max Test Cycle	Mgmt Req	Process Changes	Org Changes	System Changes	Policy Changes	Corporate Cycle	FO Mgmt Req	FO Audit Findings	Site Mgmt Req	Site Audit Findings	Local Cycle
x			P2P	Payable Management	Vendor Information Management	H	3			y	y		1					1
x			P2P	Payable Management	Processing Accounts Payable	H	3			y	y		1					1
	x		P2P	Payable Management	Disbursements	H	3						3					3
	x		B2C	FBWT	Wire Transfers	H	3						3					3
		x	ERM	Payroll	Pension Processing	M	3						3					3
x			ERM	Benefits	Post-Retirement Benefits	L	3	y					1					1
	x		B2C	General Ledger Management	Future Funded Cost Accrual	H	3						3					3
x	x		B2C	Cost Management	Cost Set-Up	H	3						3		y			1
		x	ERM	Payroll	Timekeeping	M	3						3					3

**Scope**

**Sub-Processes**

**Risk Criteria**



# AART 5.x ARCA - PCS

Changes from Standards			Test Dates					All Factors Accounted for in Completed Tests		
Changes from Standards	Rationale for Change	Revised Test Date	Oldest Test Date	Corp. Required Test Date	Local Required Test Date	Criteria Selection Rationale	Documentation Location		User Field 1	User Field 2
			06/19/06	06/30/08	06/30/08			No		
			05/09/06	06/30/08	06/30/08			No		
			05/08/06	06/30/09	06/30/09					
			06/19/06	06/30/09	06/30/09					
			05/31/07	06/30/10	06/30/10					
			05/31/07	06/30/08	06/30/08			No		
			06/16/06	06/30/09	06/30/09					
			05/19/06	06/30/09	06/30/08			No		
			05/16/07	06/30/10	06/30/10					
			05/22/06	06/30/09	06/30/09					

**Changes from Standard**

**Detail Dates**

**Documentation**

**User Fields**

**ARCA-ECS is identical**



# PCS/ECS Test: Assessment Scope by Year

	A	B	C	D	E	F	G	I	J	K	L	M	N	
1	AART: PCS Test													
2	School Year: <input type="text" value="2023-2024"/> <input type="button" value="OK"/> <input type="button" value="Cancel"/>													
3	Site: <input type="text" value="EYF"/>													
4	Auditor: <input type="text" value="Julie M. Prang"/>													
5	Supervisor: <input type="text" value="John Winkler"/>													
6	Date By: <input type="text" value="June 27, 2024"/>													
14	Ref. Cat.	Process Cat.	Process	Sub-Process	Control Set	Risk	Ctrl.	Test Description	Test	Pass Test	Test Result Rationale	Documentation Location (where documentation is filed)	Risk Number	
60	BIC	Feeds Management	Feeds Management	Feeds Allocation	CE5 - Feeds Management exercises Control of Feed received from DOE Cash calls with the Financial Plan balances received from DOE Planning and Budget. Plan reconciliation	H	S	For 3 months, obtain reconciliation of Control of Feed received from DOE Cash calls to Financial Plan Balances from DOE Planning & Budget. Examine supporting documentation for reconciling items. Obtain Feeds Management reconciliation report.	Y	000000	Sample analysis - Monthly Rationale - The controls in place adequately reduce the risk that Feeds received from DOE do not match the Feeds authorized by DOE.	Detailed test plan is stored at P:\Missouri\Assessing\0-12\B Test Plan\Finished Test Plan Supporting documentation is stored in building K-1007, room 1101 (Tanya Dale).	046	
61	BIC	Feeds Management	Feeds Management	Feeds Control	CE7 - Feeds Management electronically assigns allocations from an approved list only.	H	S	For 3 months obtain evidence that Feeds Management reviews the Allocation after Control of Feeds reports. Examine evidence that allocations with null list and funding have been corrected. For 3 months obtain the Plan Change Report. Examine for evidence of review by GL and Feeds Management. Examine supporting documentation for corrections identified.	Y	000000	Sample analysis - Monthly Rationale - The controls in place adequately reduce the risk that a financial plan exists for allocations assigned to charge centers.	Detailed test plan is stored at P:\Missouri\Assessing\0-12\B Test Plan\Finished Test Plan Supporting documentation is stored in building K-1007, room 1101 (Tanya Dale).	045	
62	BIC	Feeds Management	Feeds Management	Feeds Control	CE8 - Feeds Management prepares reporting of transaction pending review and reconciliation. All approved, all suspense items are resolved.	H	S	For 3 months obtain Administration Control of Feeds reports and examine for evidence of review by Feeds Management. Examine supporting documentation for resolution of any issues identified. Verify via inquiry with Feeds Management that reporting is completed with all issues are resolved.	Y	000000	Sample analysis - Monthly Rationale - The Administration Control of Feeds (ACF) reports have been reviewed by Feeds Management for both months tested and the issues identified have been researched and subsequently resolved by Feeds Management for both months tested.	Detailed test plan is stored at P:\Missouri\Assessing\0-12\B Test Plan\Finished Test Plan Supporting documentation is stored in building K-1007, room 1101 (Tanya Dale).	044	
63	BIC	General Ledger Management	General Ledger Management	Comprehensive GL Analysis and Reconciliation	CP6 - Status of general ledger annual reconciliation is tracked with monthly reporting of test date reconciled as work GL.	H	S	Obtain the Green Tracker Summary report for 3 months showing all of the accounts reconciled for that period. Select a sample of 45 accounts that are reconciled monthly for each of the 3 months and review reconciliation for completion, allocation of proper banks for an account reconciliation, and managerial review.	Y	000000	Test result - 2; Identified 7 GL accounts that have not been reconciled; Control is not working as intended. Control review appears adequate. The breakdown would be look of follow-up.	Detailed test plan is stored at P:\Missouri\Assessing\0-12\B Test Plan\Finished Test Plan	042	
64	BIC	General Ledger Management	General Ledger Management	Financial Reporting to STARS	CP7 - Oracle Financials tables and programs are updated/modifies only by authorized personnel through the Oracle Financials Change and Administration interface	H	S	Obtain a list of individuals with authorized permission to access STARS tables. Confirm that authorized users can access the tables and that unauthorized users cannot access the tables.	Y	000000	Test result - 2; Identified an authorized user able to access the database and the unauthorized employee access and ability access the database.	Detailed test plan is stored at P:\Missouri\Assessing\0-12\B Test Plan\Finished Test Plan	040	
65	BIC	General Ledger Management	General Ledger Management	Financial Reporting to STARS	CP8 - Loading of Oracle Financials data into STARS is done only after notification that the data is complete and final.	H	S	Select 3 months and obtain e-mail from Rex to DOE stating that the Oracle Financials data is complete and ready for upload into STARS.	Y	000000	Test result - 2; The exception audit controls are in place and working effectively to minimize the likelihood that inaccurate data is loaded to STARS.	Detailed test plan is stored at P:\Missouri\Assessing\0-12\B Test Plan\Finished Test Plan	043	
66	BIC	General Ledger Management	General Ledger Management	Financial Reporting to STARS	CP9 - STARS integrated audit rules and controls are performed against the MO compliance	H	S	Select 3 months and obtain a copy of the rules performed against the DOE/NO STARS database.	Y	000000	Test result - 2; Feed controls for all three months; the control is in place and working as intended.	Detailed test plan is stored at P:\Missouri\Assessing\0-12\B Test Plan\Finished Test Plan	038	
67	BIC	General Ledger Management	General Ledger Management	Financial Reporting to STARS	CP10 - STARS data is updated monthly.	H	S	Obtain proof of STARS data updating for 3 months.	Y	000000	Test result - 2; Feed controls for all three months; the control is in place and working as intended.	Detailed test plan is stored at P:\Missouri\Assessing\0-12\B Test Plan\Finished Test Plan	039	
68	BIC	General Ledger Management	General Ledger Management	Financial Reporting to STARS	CP11 - Supplier database has timely access	H	S	Employer with access to BPS shall attempt to access the BPS Supplier	Y	000000	Test result - 2; The restriction to the Supplier Field in BPS is in	Detailed test plan is stored at P:\Missouri\Assessing\0-12\B Test Plan\Finished Test Plan	031	

Year 2

Year 1

Year 3

# Ensuring Ongoing Effective Operational Controls

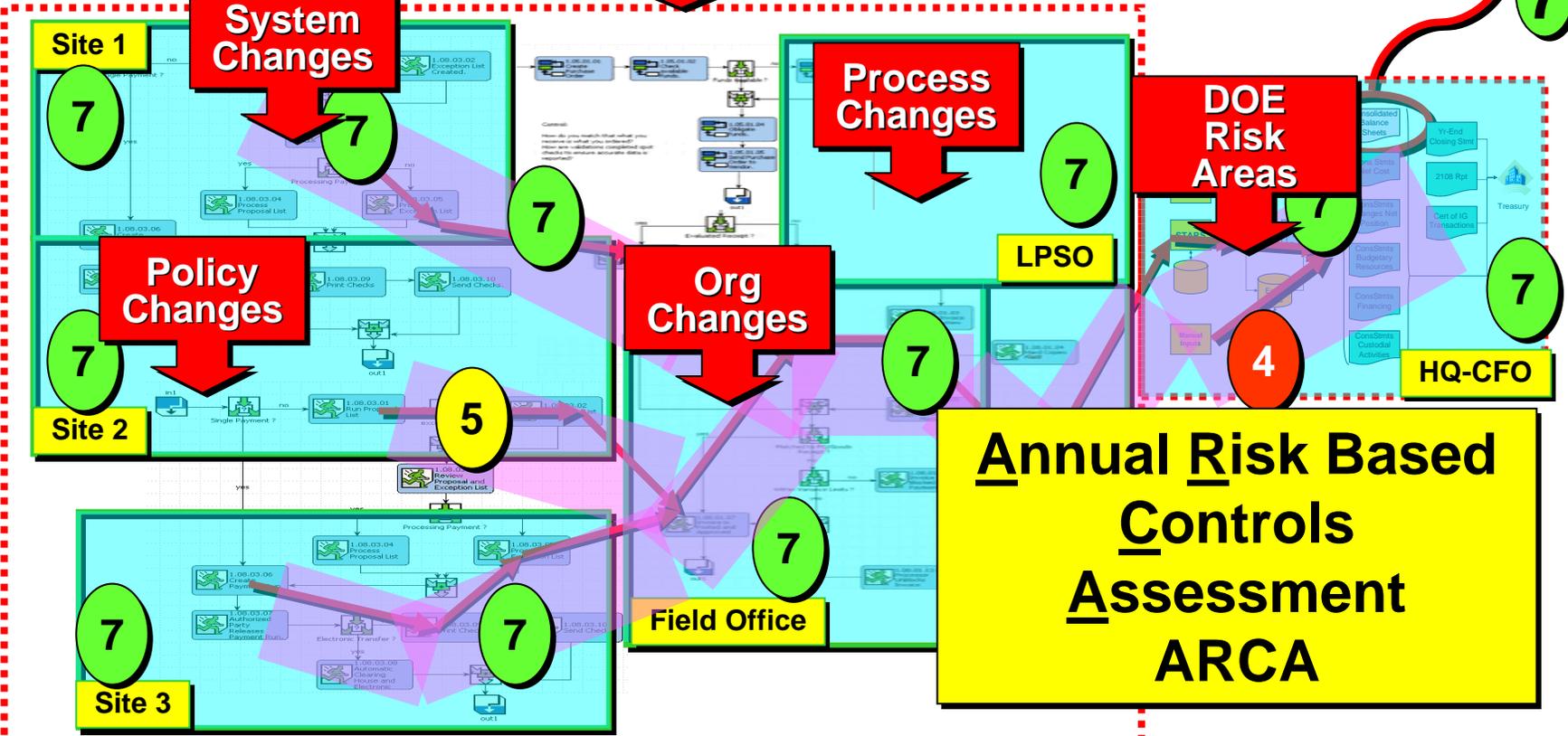


**OMB  
3-Year  
Assessment**



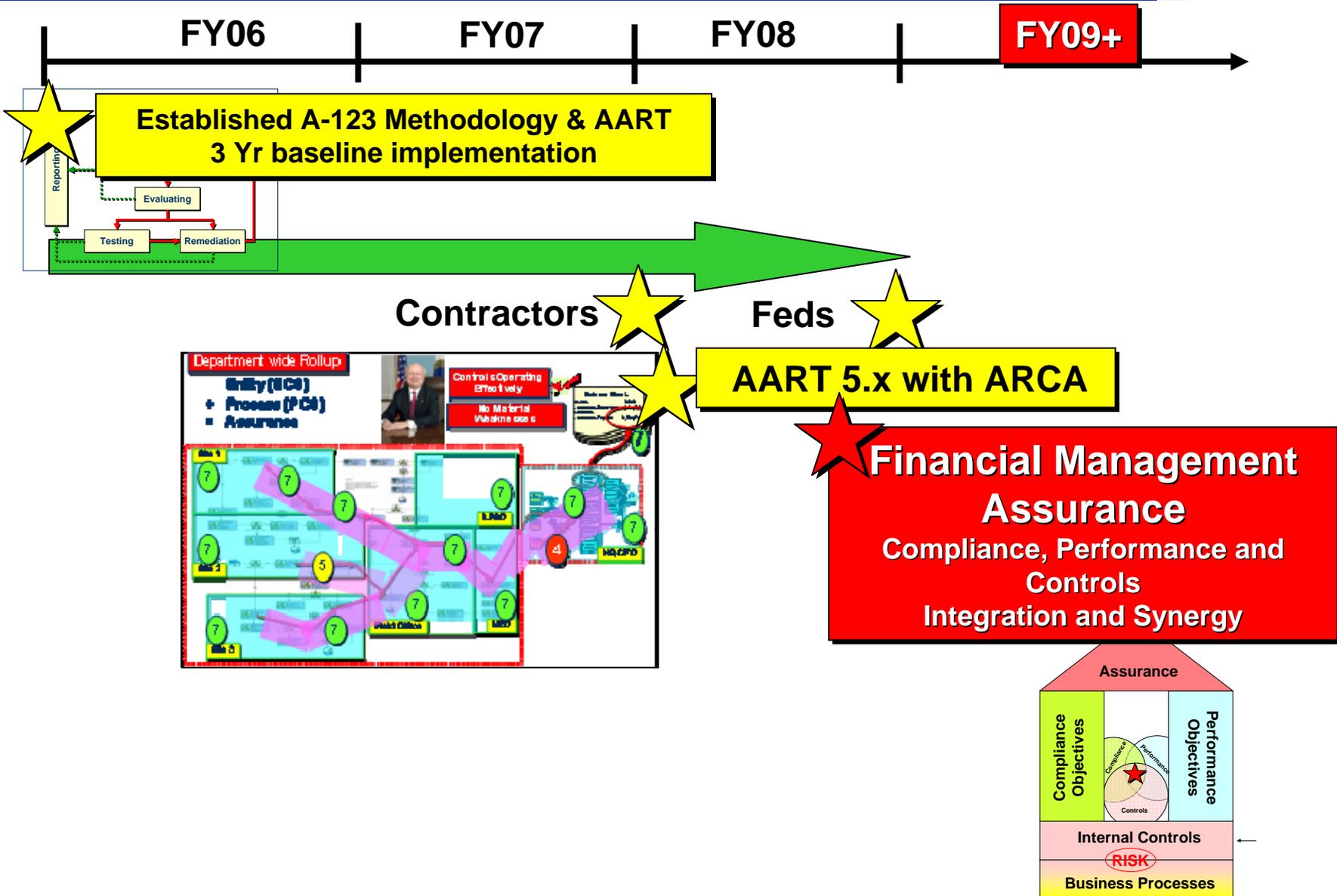
**Balance Sheet**

Assets	MMS
- Accounts Receivable	
Liabilities	
- Accounts Payable	2,546,769





# What is next ?



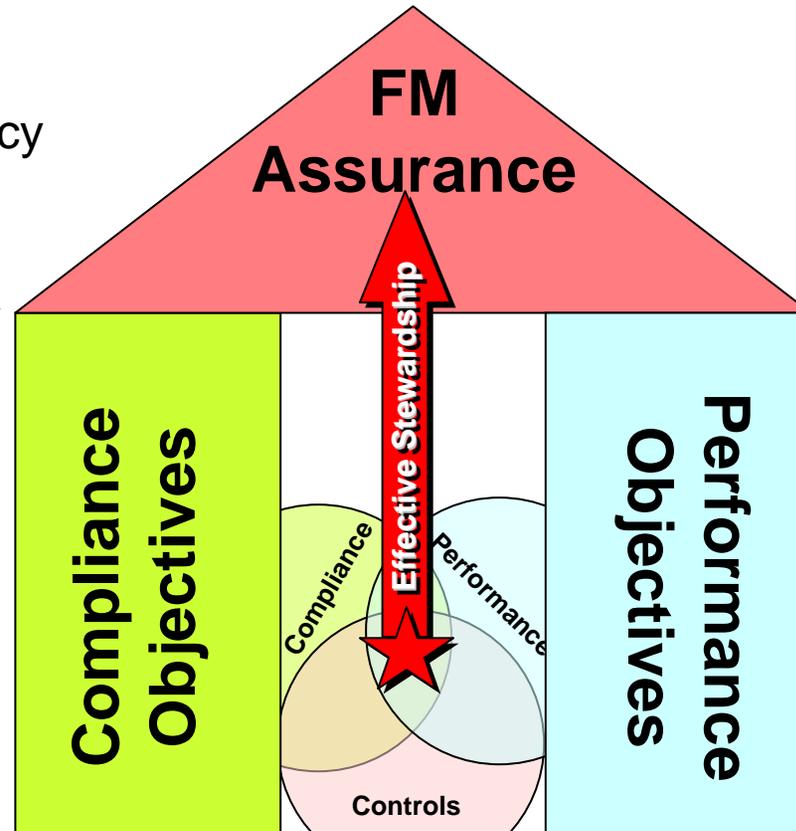


# Where are we going?

## Financial Management Assurance: Leveraging our A-123 Investment

- Accountability
- Timeliness/Accuracy
- Compliance

- Efficiency & Effectiveness
- Improvements
- Best Value



### • We Must Comply

- A-123** GPRA
- FFMIA IPIA
- FMIA DEAR
- FISMA FAR
- CAS GAAP
- GMRA

- Controls Support Compliance

We Must Achieve our Goals

Many Controls Drive Performance

Controls Support Effectiveness

**AART Framework**



**Leveraging our Investment**



# Financial Management Assurance: Key Benefits

- Leverages your information (investments) in A-123 
- Establishes consistent oversight expectations
- Ensures completeness and focus on key risks
- Eliminates duplicative efforts / Supports the effective use of resources
- Allows for assurance of the overall health of financial management within the Department
- Provides for cross-cutting management approach
- Integrates and leverages existing oversight activities

**This is not a new requirement .....**

**it is a means of better managing the various assurance requirements  
that already exist**



# Financial Management Assurance: Status

- **Oversight Workgroup Established**

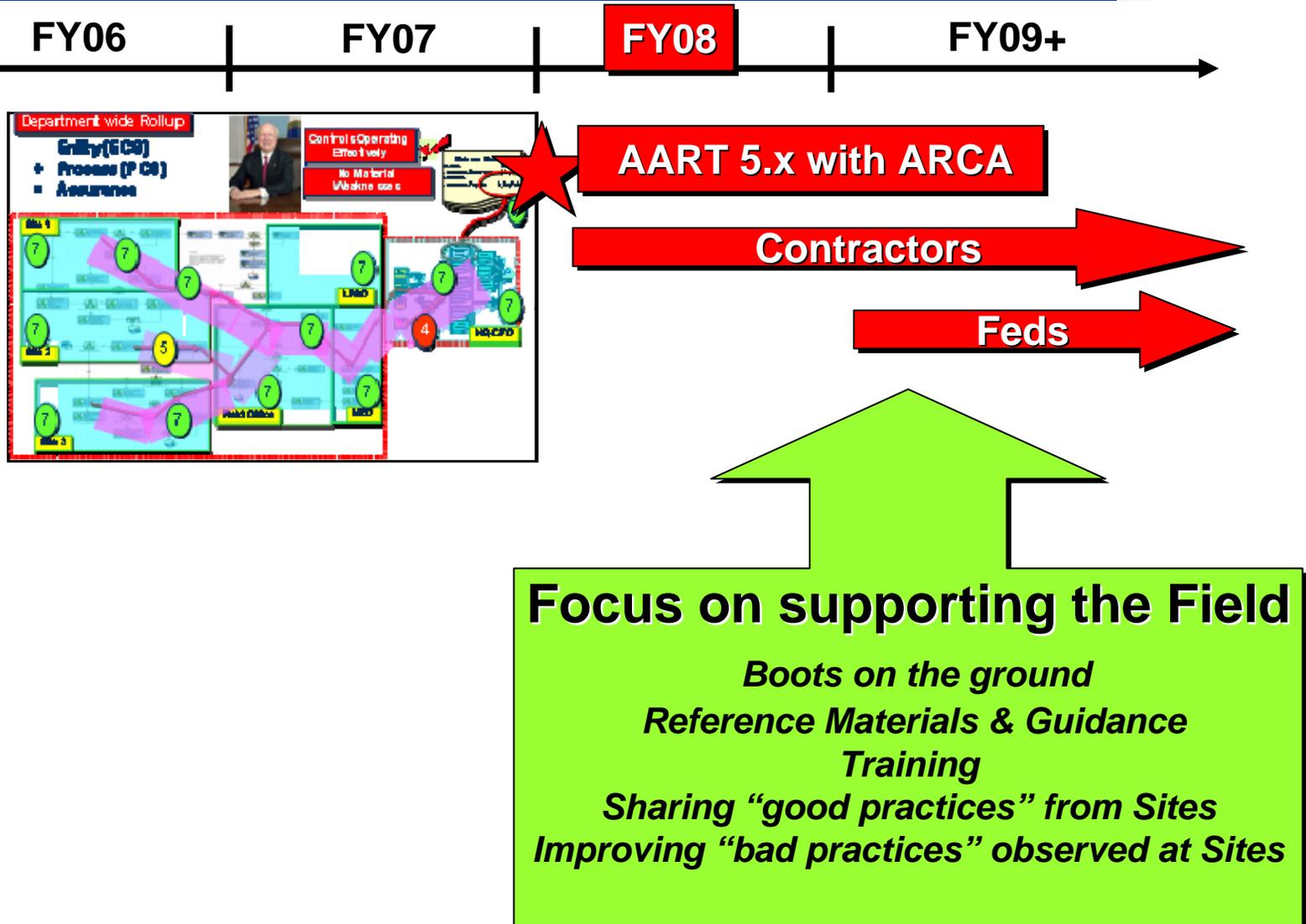
- **Workgroup Members:** Headquarters and Field representatives
- **Chair:** Office of Internal Review (Dean Childs)
- **Co-Chair:** NNSA (Chad Glines)
- **Senior Oversight Council** TBD

- **Next Steps**

- Establish the Senior Oversight Council
- Determine the implementation timeframe
- Establish working level groups to work through issues and turn the vision into a reality



# Where are we going? Support from PMT





# General Overview

Questions

Feedback



# ARCA Training

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# ARCA Training Topics

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- **Upgrading to AART 5.x**
  - Pre-Upgrade Preparation
  - Upgrade
  - Post Upgrade Activities
  - Demo
- **A-123 Lifecycle Activities**
  - ARCA Planning – Defining the Annual Assessment Scope
  - Executing the Scope
  - Monitoring Completion
- **Special Topics**
- **Q&A**

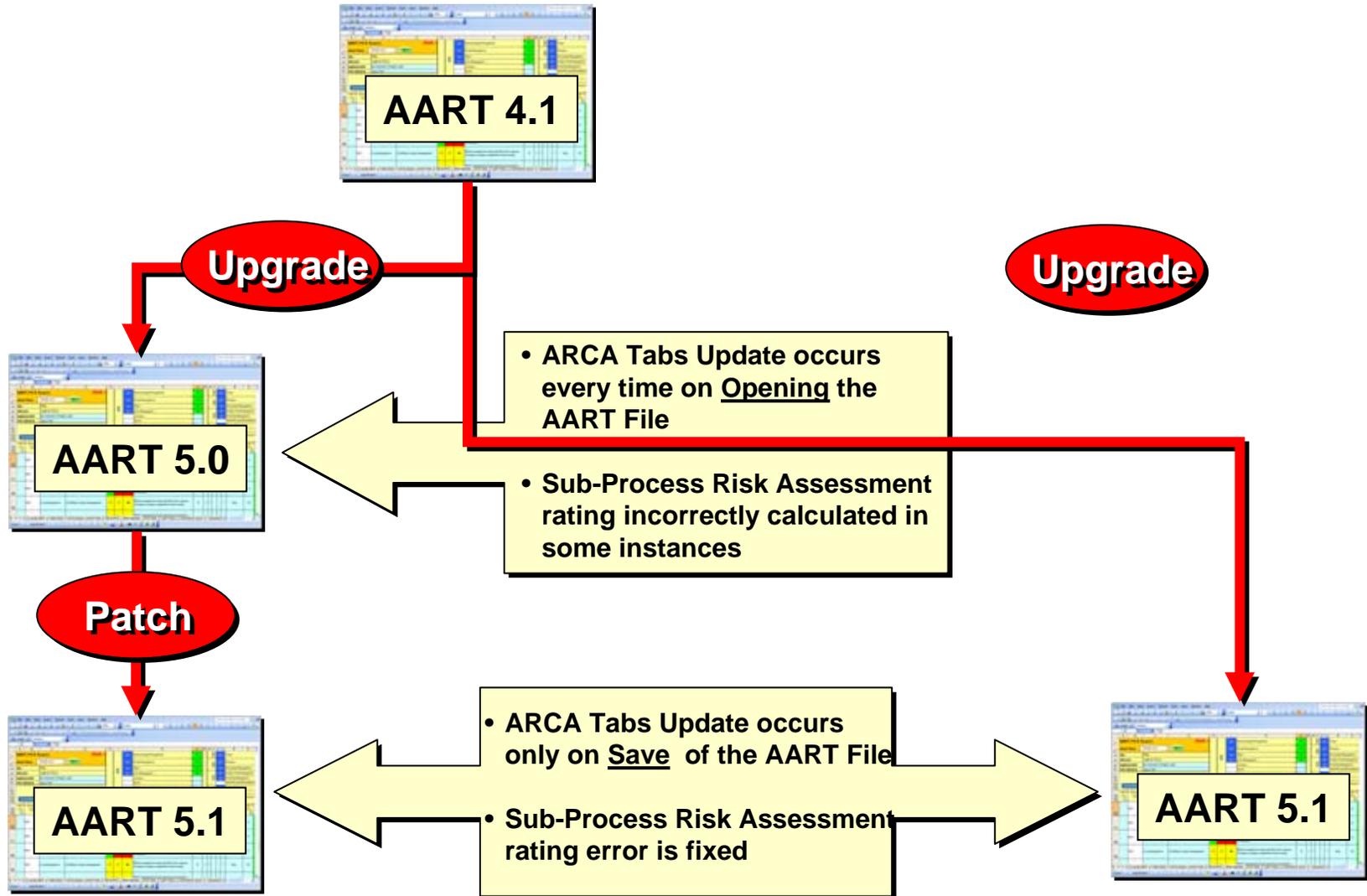


# Upgrading to AART 5.1

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# Upgrading to AART 5.1





# Upgrading from AART 4.1 to AART 5.1

- **Pre-Upgrade Preparation**
  - Ensure the AART is at the 4.1 Level
  - Run the Data Check Utility to ensure validity of critical fields for ARCA
- **Upgrade**
  - Execute Upgrade from AART 4.1
  - or Create New AART 5.1
- **Post Upgrade Activities**
  - Open the Upgraded AART
  - Validate that all data has been migrated correctly
  - Check for any invalid dates or ratings

A-123 Tool Suite  
Upgrade Guide



Department of Energy

A-123 Product Tool Suite

Release 5.0



# Patch for AART 5.0

- **Pre-Upgrade Preparation**

- Ensure the AART is at the 4.1 Level
- Run the Data Check Utility to ensure validity of critical fields for ARCA

- **Upgrade**

- Execute Patch (“Upgrade”) from AART 5.0

- **Post Upgrade Activities**

- Open the Upgraded AART
- Validate that all data has been migrated correctly
- Check for any invalid dates or ratings

A-123 Tool Suite  
Upgrade Guide



Department of Energy

A-123 Product Tool Suite

Release 5.0



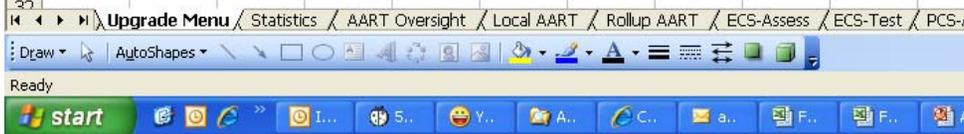
Department of Energy

FY07 A-123 Product Tool Suite

Release 5.0

**Live Demo**

- Data Check Tool
- Upgrade to AART 5.1





# Troubleshooting: Invalid Ratings

## ARCA-ECS: Detail

Scope			Entity Information			Control Attributes						Scope Detail	
6/30/2008	6/30/2009	6/30/2010	Cycle	Area	Sub-Category	Risk Assessment	Sub Category Risk Assess	Adjusted Sub-Category Risk Assess	Lowest Test Result	No of Control Sets	No of Control Sets In Rem or UnTested	Corporate Scope	Local Scope
		x	EC	Control Environment	Integrity and Ethical Values	M	M		7	6		3	3
o			EC	Control Environment	Management's Commitment to Competence	H	H		7	6	2	o	o
o			EC	Control Environment	Management's Philosophy and Operating Style	H	H		7	9	3	o	o
o			EC	Control Environment	Organizational Structure	L	L		7	9		3	3
			EC	Control Environment	Assignment of Authority and Responsibility	H	H		7	5	2	o	o
		x	EC	Control Environment	Human Resources Policies and Practices	L	L		7	9			3
			EC	Control Environment	Relationship with Oversight Agencies	L	L		7	1		4	4
####	####	####	EC	Control Activities	Top Level Reviews of Actual Performance	L	L		7	1		###	###
o			EC	Control Activities	Reviews by Management at the Functional or Activity Level	H	H		Pass	1	1	o	o

Invalid Ratings

## Data Check Tool

Assignment of Authority and Responsibility	Pass	41
Assignment of Authority and Responsibility	Pass	43



# Troubleshooting: Invalid Dates

Scope			Entity Information			Control Attributes						Scope Detail	
6/30/2008	6/30/2009	6/30/2010	Cycle	Area	Sub-Category	Risk Assessment	Sub Category Risk Assess	Adjusted Sub-Category Risk Assess	Lowest Test Result	No of Control Sets	No of Control Sets In Rem or UnTested	Corporate Scope	Local Scope
		x	EC	Control Environment	Integrity and Ethical Values	M	M		7	6		3	3
o			EC	Control Environment	Management's Commitment to Competence	H	H		7	6	2	o	o
o			EC	Control Environment	Management's Philosophy and Operating Style	H	H		7	9	3	o	o
		x	EC	Control Environment	Organizational Structure	L	L		7	3		3	3
o			EC	Control Environment	Assignment of Authority and Responsibility	H	H		7	5	2	o	o
		x	EC	Control Environment	Human Resources Policies and Practices	L	L		7	9		3	3
			EC	Control Environment	Relationship with Oversight Agencies	L	L		7	1		4	4
#####	#####	#####	EC	Control Activities	Top Level Reviews of Actual Performance	L	L		7	1		###	###
o			EC	Control Activities	Reviews by Management at the Functional or Activity Level	H	H		Pass	1	1	o	o

Invalid Date ??

ECS-Test

7 07/06/07

Data Check Tool

Top Level Reviews of Actual Performance			<space> 07/06/07	56
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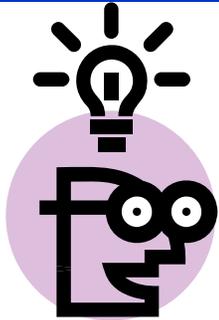


# Data Check Tool

Filename	Area	Sub-Category	CDE Rating	Test Ratings	Test Date Tst Compl. Value	Row Ref
TJNAF 3rd Q FY07 AART.xls	#N/A				<space>	16
TJNAF 3rd Q FY07 AART.xls	Control Environment	Management's Commitment to Competence		Pass		23
TJNAF 3rd Q FY07 AART.xls	Control Environment	Management's Commitment to Competence		Pass		24
TJNAF 3rd Q FY07 AART.xls	Control Environment	Assignment of Authority and Responsibility		Pass		43
TJNAF 3rd Q FY07 AART.xls	Control Activities	Top Level Reviews of Actual Performance			<space> 07/06/07	56
TJNAF 3rd Q FY07 AART.xls	Control Activities	Reviews by Management at the Functional or Activity Level		Pass		57
TJNAF 3rd Q FY07 AART.xls	Control Activities	Controls Over Information Processing		Pass		59

**Data Check Tool can be run on  
AART 4.1 and AART 5.x**

# Don't Forget:



- **Validate that all data has been transferred correctly from your old AART**
- **ARCA Planning relies on correct and valid data for all Test Dates as well as all Ratings**
  - PCS-Test / ECS-Test
  - PCS Assess / ECS Assess
- **Use the AART Data Check Tool**



A-123 Tool Suite  
Upgrade Guide



Department of Energy

A-123 Product Tool Suite

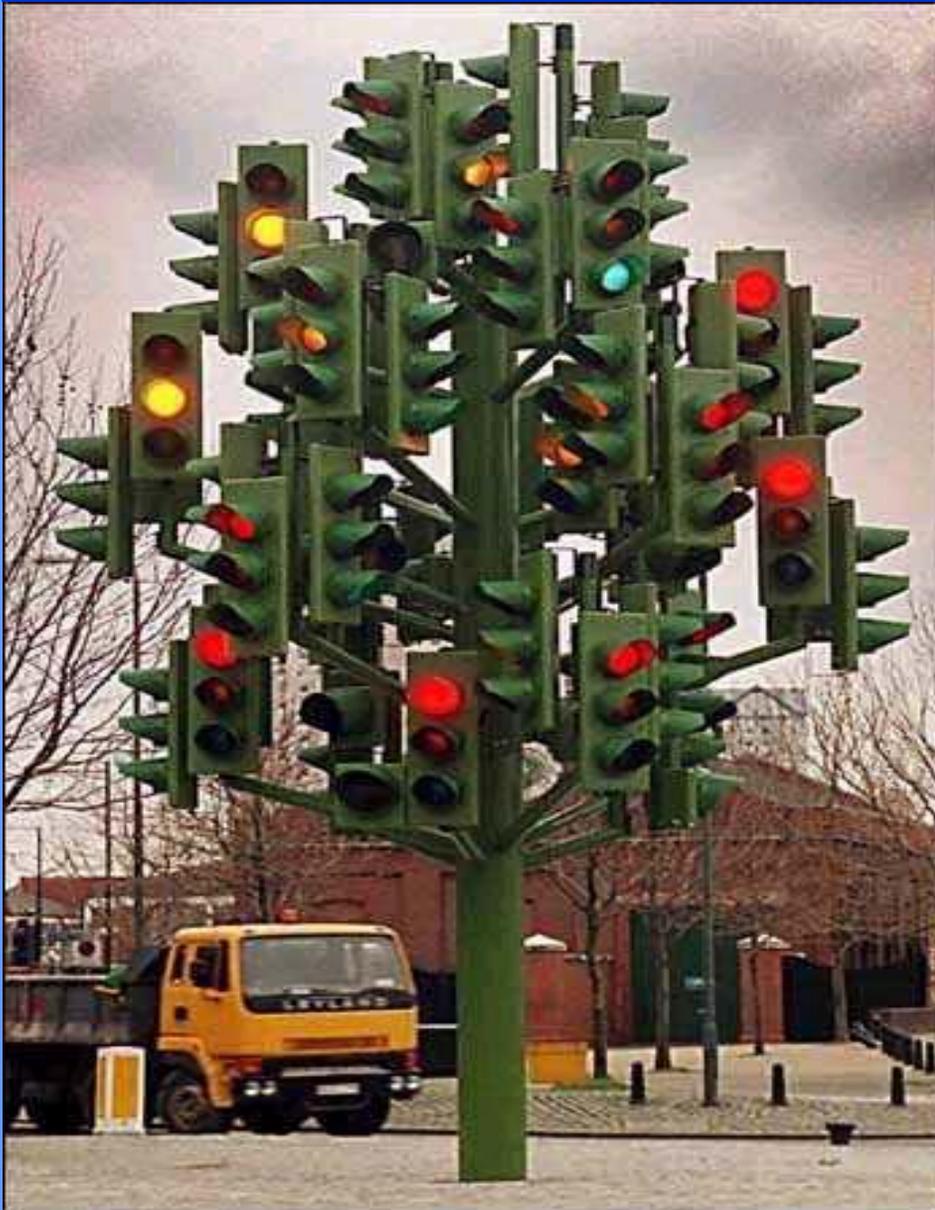
Release 5.0



# Some questions you may have



- **What is the difference between AART 5.0 and 5.1?**
- **I have already upgraded to AART 5.0 when do I have to apply the Patch for AART 5.1?**
- **Can I upgrade to AART 5.1 from earlier versions of the AART, e.g. 4.0?**
- **You always talk about Patch and Upgrade, what is the difference?**
- **Can I use the Data Check Tool on both 4.1 and 5.x?**



# Upgrading to AART 5.1

Questions

Feedback



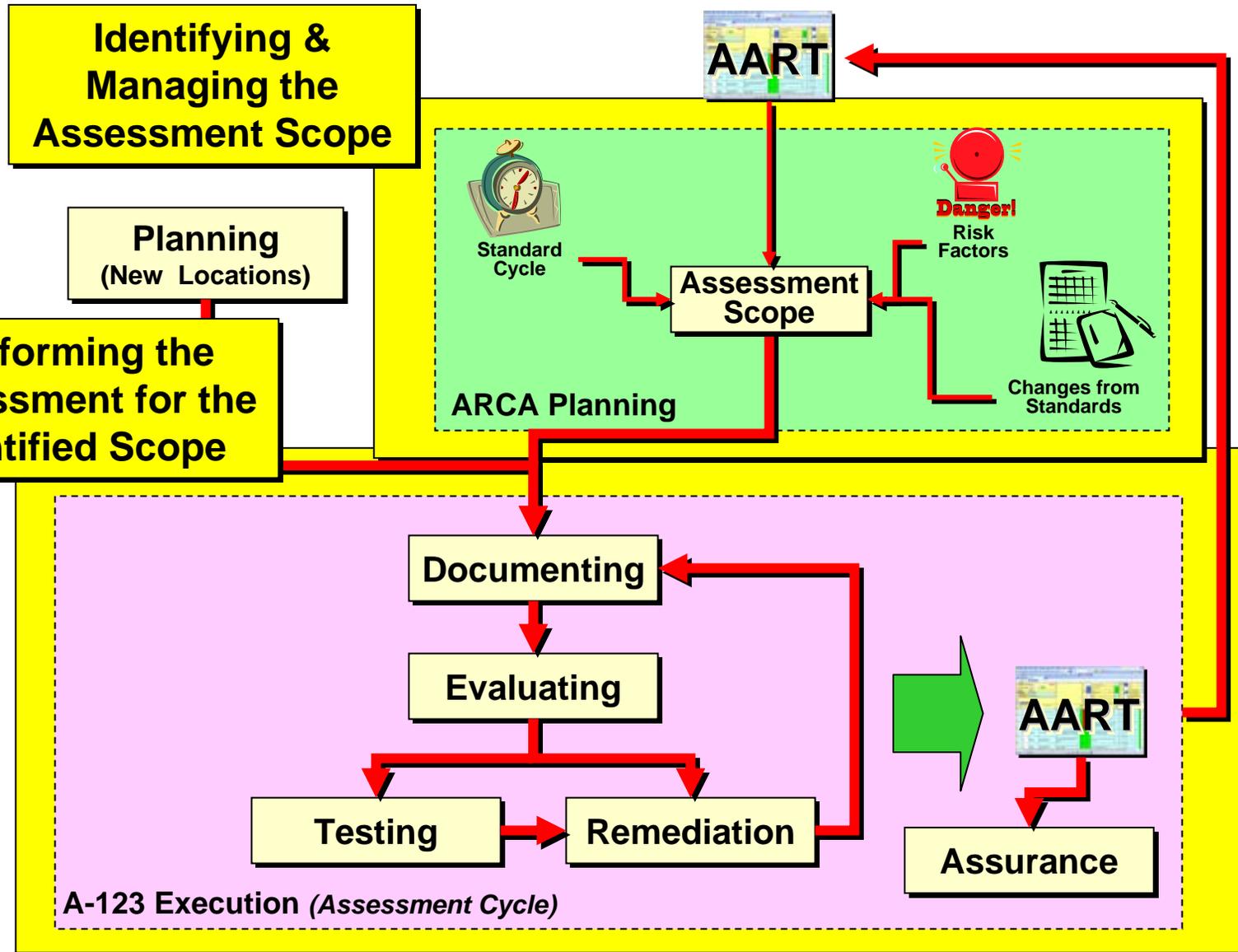
# **A-123 Lifecycle Activities**

## **Walkthrough of the Annual Cycle**



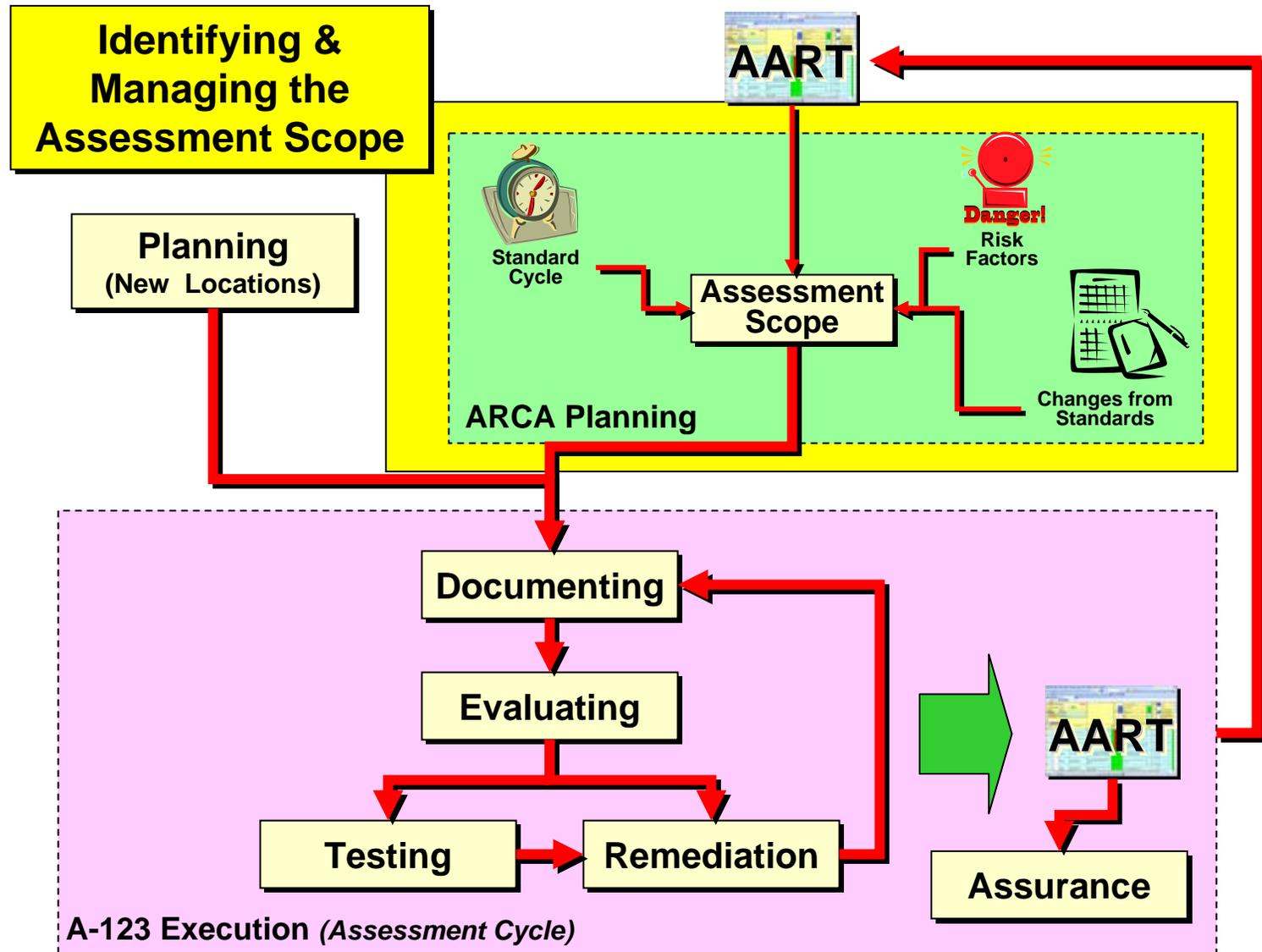


# A-123 Methodology with ARCA: Lifecycle





# A-123 Methodology with ARCA



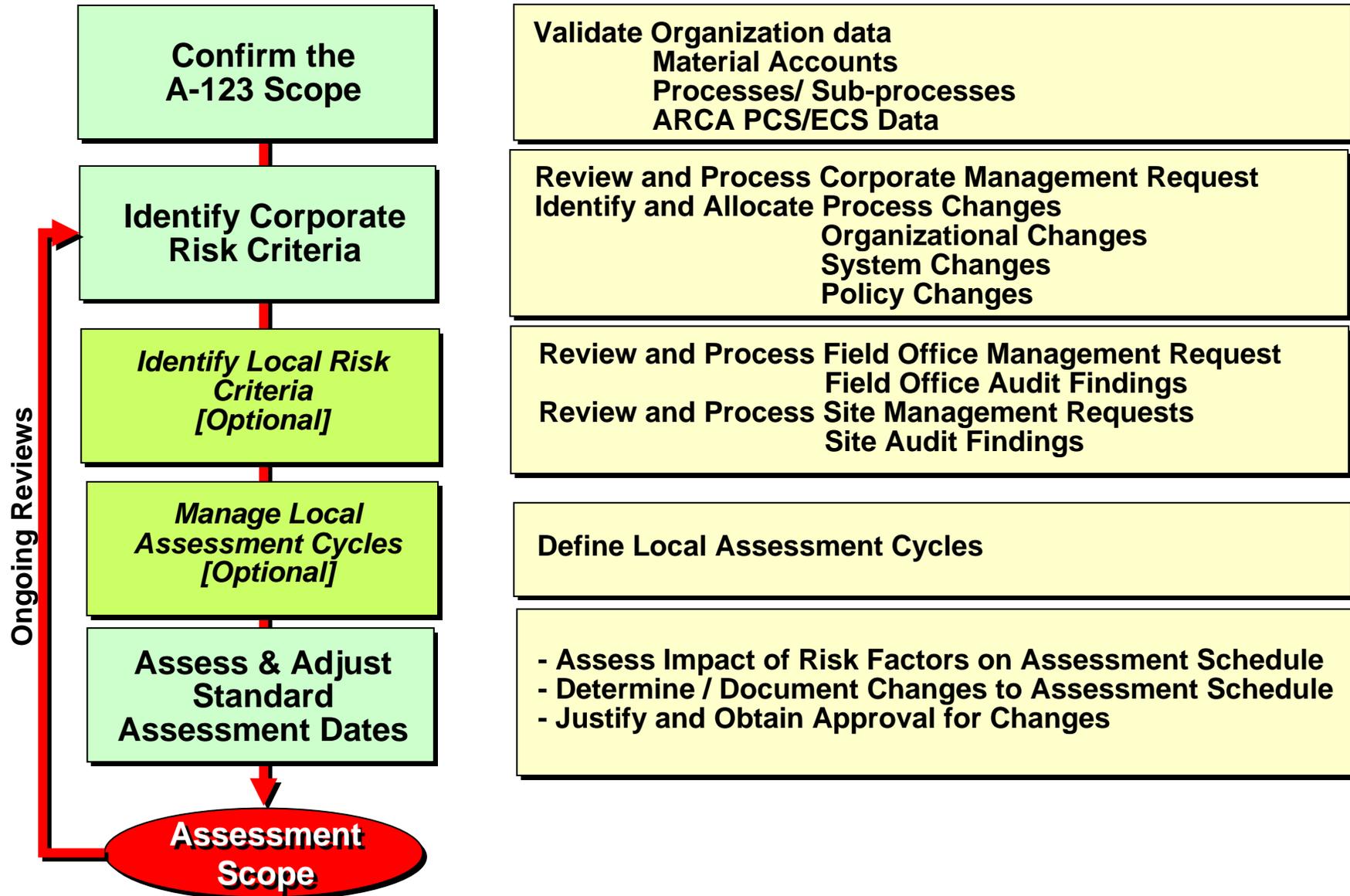


# ARCA Planning

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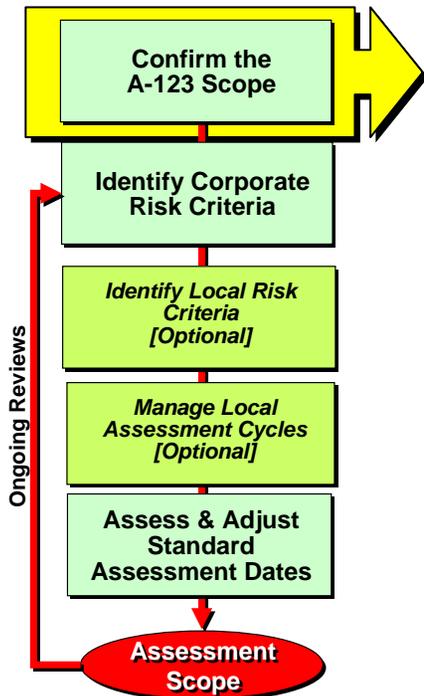


# Key Planning Steps





# Confirm the A-123 Scope



- Purpose:
  - To ensure that the baseline information in the AART is correct and current
- Tasks:
  - Validate the reporting structure in the Org. Hierarchy Tab.
  - [Field Office only] Review reporting structure in the Rollup AART
  - Validate material account selections
  - Validate process to material account allocations, e.g.
    - New Process additions including updates for the process to material account allocations
    - Material account obsolescence
    - Process removal
  - Validate the contacts and roles in the Assessment Team tab.
  - Validate correct sub-processes in ARCA-PCS
  - Validate / Review the Sub-Process attributes in the ARCA-PCS and ARCA-ECS tabs.

# ARCA-PCS – Process Summary: Review



**In the absence of any changes, the assessment will be truly cyclical (it would be based on oldest test date for the sub-process/sub-category)**

**Detail Button**

ARCA: PCS		VERSION	ARCA Update										Cycle								
Site	East Tennessee Technology		Clear All										H								
Attester	Judith M. Penry		Delete Row										M								
Cycle End	6/30/2008		Detail View										L								
Scope			Process Information				Corporate Criteria					Local Criteria			Test Dates						
6/30/2008	6/30/2009	6/30/2010	Process Cycle	Process	Sub-Process	Risk Assessment	Max Test Cycle	Mgmt Req	Process Changes	Org Changes	System Changes	Policy Changes	Corporate Cycle	FO Mgmt Req	FO Audit Findings	Site Mgmt Req	Site Audit Findings	Local Cycle	Oldest Test Date	Corp. Required Test Date	Local Required Test Date
	x		P2P	Payable Management	Vendor Information Management	H	3						3					3	06/19/06	06/30/09	06/30/09
	x		P2P	Payable Management	Processing Accounts Payable	H	3						3					3	05/09/06	06/30/09	06/30/09
	x		P2P	Payable Management	Disbursements	H	3						3					3	05/08/06	06/30/09	06/30/09
	x		B2C	FBWT	Wire Transfers	H	3						3					3	06/19/06	06/30/09	06/30/09
		x	ERM	Payroll	Pension Processing	M	3						3					3	05/31/07	06/30/10	06/30/10
		x	ERM	Benefits	Post-Retirement Benefits	L	3						3					3	05/31/07	06/30/10	06/30/10

**Scope**

**Sub-Processes**

**Oldest Test Dates**



# ARCA-PCS: Review: Detail View

**Summary  
Button**

<b>ARCA: PCS</b>		VERSION	NO	HELP
Site	East Tennessee Technology			
Attester	Judith M. Penry			
Cycle End	6/30/2008	Summary View		

Scope			Process Information			
6/30/2008	6/30/2009	6/30/2010	Process Cycle	Process	Sub-Process	Risk Assessment
	x		P2P	Payable Management	Vendor Information Management	H
	x		P2P	Payable Management	Processing Accounts Payable	H
o			P2P	Payable Management	Disbursements	H
	x		B2C	FBWT	Wire Transfers	H
		x	ERM	Payroll	Pension Processing	M
		x	ERM	Benefits	Post-Retirement Benefits	L
o			B2C	General Ledger Management	Future Funded Cost Accrual	H
	x		B2C	Cost Management	Cost Set-Up	H

Process Catalog Reference	Control Attributes				Scope Detail		
Sub-Process	Sub Process Risk Assess	Adjusted Sub-Process Risk Assess	Lowest Test Result	No of Control Sets	No of Control Sets In Rem or Un Tested	Corporate Scope	Local Scope
	H		7	2		2	2
	H		7	6		2	2
	H		3	6	1	o	o
	H		7	1		2	2
	M		7	1		3	3
	L		7	3		3	3
	H		7	2		o	o
	H		7	6		2	2

Test Dates		
Oldest Test Date	Corp. Required Test Date	Local Required Test Date
06/19/06	06/30/09	06/30/09
05/09/06	06/30/09	06/30/09
05/08/06	Overdue	Overdue
05/31/07	06/30/10	06/30/10
05/31/07	06/30/10	06/30/10
01/01/03	06/30/05	06/30/05
05/19/06	06/30/09	06/30/09

**Scope**

**Sub-Process  
Attributes**

**Test  
Dates**

# ARCA-ECS – Entity Summary: Review



**PCS and ECS work in identical ways**  
**All Training examples and demos will be with PCS**

ARCA: ECS		VERSION 1.0	Select v
Site	Brookhaven National Lab		
Attester	John Hauser and Kevin J. Fox		
Cycle End	6/30/2008	Detail view	

Scope			Entity Information				Corporate Criteria					Local Criteria				Test Dates					
6/30/2008	6/30/2009	6/30/2010	Cycle	Area	Sub-Category	Risk Assessment	Max Test Cycle	Mgmt Req	Process Changes	Org Changes	System Changes	Policy Changes	Corporate Cycle	FO Mgmt Req	FO Audit Findings	Site Mgmt Req	Site Audit Findings	Local Cycle	Oldest Test Date	Corp. Required Test Date	Local Required Test Date
	x		EC	Control Environment	Integrity and Ethical Values	H	3						3					3	03/07/06	06/30/09	06/30/09
o			EC	Control Environment	Management's Commitment to Competence	M	3						3					3		Overdue	Overdue
o			EC	Control Environment	Management's Philosophy and Operating Style	L	3						3					3		Overdue	Overdue
	x		EC	Control Environment	Organizational Structure	H	3						3					3	04/16/06	06/30/09	06/30/09
	x		EC	Control Environment	Assignment of Authority and Responsibility	H	3						3					3	04/19/06	06/30/09	06/30/09
	x		EC	Control Environment	Human Resources Policies and Practices	H	3						3					3	04/19/06	06/30/09	06/30/09
	x		EC	Control Environment	Relationship with Oversight Agencies	H	3						3					3	04/19/06	06/30/09	06/30/09

**Scope**

**Sub-Categories**

**Oldest Test Dates**





## Live Demo

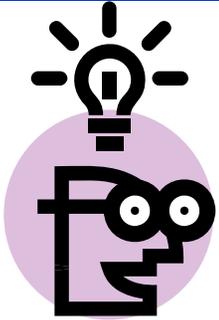
- Review of ARCA-PCS and ARCA-ECS
- Build of ARCA-PCS Sub-process summary

**PCS and ECS work in identical ways**

**All Training examples and demos will be with PCS**



# Don't Forget:



- **Correct Dates and Ratings are critical for ARCA:**
  - Run the Data Check Tool
- **Use the Detail Button to get necessary information**



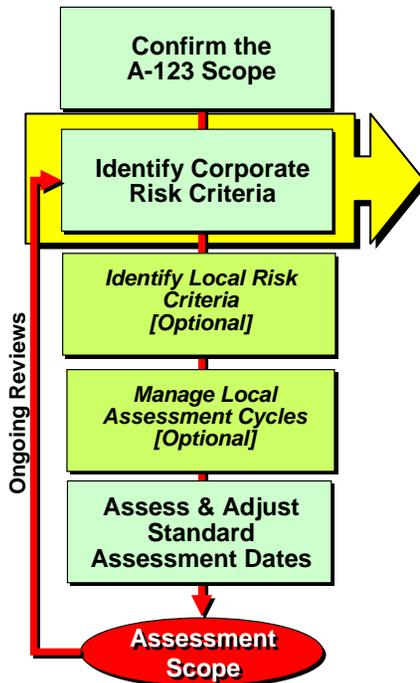
# Some questions you may have



- **What do I do if my Material Accounts have changed?**
- **What do I do if the reporting hierarchy has changed, e.g. a Site has been added/removed from my Field Office cognizance?**
- **Why am I showing some sub-processes / sub-categories as Overdue?**
- **I tested some controls in July 07, why do they need to be assessed in FY11 instead of FY 10, i.e. 4 years instead of 3 ?**
- **Why do processes in remediation cause an Overdue status, I thought I only needed to test them not also remediate them during the baseline period?**
- **Why are some sub-processes not highlighted in the Scope column?**
- **Do ECS controls have to be retested every three years if there were no changes in the environment?**



# Identify Corporate Risk Criteria



- **Purpose:**
  - To identify **Corporate-defined Risk Criteria** that may affect the effectiveness of the operational controls.
  - Plan a current year assessment of the affected controls to ensure continued effectiveness of the control environment
- **Tasks:**
  - Review **Corporate Management Requests**, issued by the PMT and identify the affected sub-processes/sub-categories.
  - Identify if any of the **Corporate Change Criteria** have occurred locally and identify the affected sub-processes/sub-categories.
    - Process Change:
    - Organizational Change
    - System Change:
    - Policy Change:



# Corporate Risk Criteria

- **Corporate Management Requests:**
  - Alerts issued by the PMT making local assessment teams aware of specific areas of concern requiring a current year assessment, e.g.
    - Common findings from audits and reviews
    - Recent incidents of significant control failures
    - High risk areas
    - .....

# Corporate Management Request: Sample



## FY 2008 Corporate Management Assessment Areas

In addition to any scope that may already be defined for their FY 2008 evaluations, sites responsible for assessing internal control over financial reporting will also need to evaluate the following areas or otherwise determine why local sub-processes/sub-categories are NOT impacted by these areas. Instructions for making this determination can be found in the ARCA Quick Start Guide, which is available on the Department's A-123 Website at <http://www.cfo.doe.gov/progliaison/doeA123/index.htm>.

Assessment Area & Possible Risk(s)	Possible Process Cycle(s) / Entity Area(s)	Possible Process(es) / Sub-Categories
<b>Obligations</b> <ul style="list-style-type: none"> <li>Obligations are not entered, deobligated or otherwise adjusted in the system of record in a timely manner, resulting in over accrual of liabilities; stale balances; over/understated account balances; and/or non-compliance with government regulations, including the Anti-Deficiency Act.</li> </ul>	P2P  B2C	Acquisition  Funds Management
<b>Purchase Cards</b> <ul style="list-style-type: none"> <li>Contractor purchase card programs do not comply with Departmental requirements (including timely review and approval of transactions, completion of regularly scheduled training, reconciliation of the service provider's monthly statement, etc.), resulting in waste, fraud, and / or erroneous financial statements</li> </ul>	P2P	Acquisition
<b>Work-in-Process</b> <ul style="list-style-type: none"> <li>Work-in-Process is not managed properly and the final products are not transferred into general PP&amp;E when required, resulting in inaccurate fixed asset values, depreciation calculations, and / or erroneous financial statements</li> </ul>	P2A	Project Cost Management



# Corporate Risk Criteria

- **Corporate Change Criteria**

- Risk factors that need to be locally assessed and, if present, require a current year assessment of the affected controls
- **Process Change**: Any local changes, or corporate changes directly affecting local operations, in the procedural execution of the business processes
  - transfer of specific activities to another site
  - streamlining, eliminating, and/or modifying the series of steps needed to perform the business process:
  - changes in the controls: redundant controls have been eliminated, additional controls have been added
  - Changes in the method of transmittal of information from one site to another
  - .....
- **Organizational Change**: Any local organizational changes, or corporate changes directly affecting local operations
  - transfer of responsibilities for specific business activities;
  - organizational restructuring through the creation or elimination of specific units
  - Significant downsizing of a unit
  - Significant influx of new hires within a unit
  - Key personnel changes
  - .....



# Corporate Risk Criteria

- **Corporate Change Criteria (cont.)**

- **System Change:** Any local system changes, or corporate changes directly affecting local operations, in the computer system and/or infrastructure supporting business functions
  - implementation of new computer applications to automate business functions;
  - significant changes to existing computer systems and/or infrastructure;
  - automation of manual controls
  - enhancements to existing applications
  - New security software installed for computer/application access
  - .....
- **Policy Change:** Any local changes, or corporate changes directly affecting local operations, in management directives, federal government directives and laws
  - Change to federal financial reporting guidelines;
  - new or changes to laws and/or regulations;
  - New or changes to DOE internal policies and/or directives.
  - .....

**In most cases more than one of these risk factors will occur concurrently**



# Corporate Risk Criteria

- Assign Risk Criteria to the affected
  - Sub-Processes (ARCA-PCS)

**PCS**

ARCA: PCS			VERSION	1.0	Select view	HELP	ARCA Update		AART U		
Site		East Tennessee Technology Park			Clear All						
Attester		Judith M. Penry			Delete Row						
Cycle End		6/30/2008			Detail View						
Scope		Process Information			Corporate Criteria						
	Process Cycle	Process	Sub-Process	Risk Assessment	Max Test Cycle	gmt Req	Process Changes	Org Changes	System Changes	Policy Changes	Corporate Cycle
x		P2P	Payable Management	Vendor Information Management	H	3	y		y		1
x		P2P	Payable Management	Processing Accounts Payable	H	3	y		y		1
x		P2P	Payable Management	Disbursements	H	3	y		y		1
	x	ERM	Payroll	Pension Processing	M	3					3
	x	ERM	Benefits	Post-Retirement Benefits	L	3					3
	x	B2C	General Ledger Management	Future Funded Cost Accrual	H	3					3
	x	B2C	Cost Management	Cost Set-Up	H	3					3
	x	ERM	Payroll	Timekeeping	M	3					3
x		B2C	Cost Management	Cost Distribution	L	3	y				1
		B2C	Cost Management	Cost and Commitment Reporting	L	3					3

Current Year assessment

New Accounts Payable System being implemented

PMT Alert regarding Cost Distribution re-evaluation



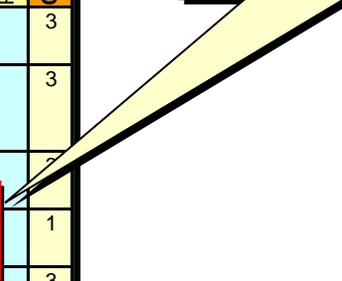
# Corporate Risk Criteria

- Assign Risk Criteria to the affected
  - Sub-Categories (ARCA-ECS)

**ECS**

ARCA: ECS							VERSION	1.0	Select view	HELP	ARCA Update					AART U
Site		East Tennessee Technology Park									Clear All					
Attester		Judith M. Penry														
Cycle End		6/30/2008			Detail View											
Scope		Entity Information						Corporate Criteria								
6/30/2008	6/30/2009	6/30/2010	Cycle	Area	Sub-Category	Risk Assessment	Max Test Cycle	Mgmt Req	Process Changes	Org Changes	System Changes	Policy Changes	Corporate Cycle			
<input type="radio"/>			EC	Control Activities	Top Level Reviews of Actual Performance	L	3						3			
<input type="radio"/>			EC	Control Activities	Reviews by Management at the Functional or Activity Level	L	3						3			
<input type="radio"/>			EC	Control Activities	Management of Human	L	3						3			
<input checked="" type="radio"/>			EC	Control Activities	Controls Over Information Processing	H	3				y		1			
<input type="radio"/>			EC	Control Activities	Physical Control Over Vulnerable Assets	L	3						3			

**New Accounts Payable System being implemented impacts security policies due to use of new biometric technology**





# Corporate Risk Criteria

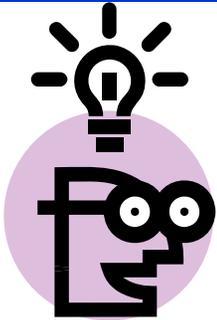
- Summarize Risk criteria rationale
- Documentation location [optional, but recommended]



ARCA: PCS										VERSION	1.0	Select view	HELP	ARCA Upd					
Site		East Tennessee Technology Park										Clear A							
Attester		Judith M. Penry										Delete R							
Cycle End		6/30/2008		Detail View															
Scope		Process Information										Corpe							
Process Cycle	Process	Sub-Process	Risk Assessment	Max Cycle	Mgmt	Process Changes	Criteria Selection Rationale				Documentation Location								
6/30/2008							New APIS system being implemented will automate most of the manual Payable Management functions currently being performed				\\projectserver\projectdocs\APIS Project Documentation								
6/30/2009							New APIS system being implemented will automate most of the manual Payable Management functions currently being performed				\\projectserver\projectdocs\APIS Project Documentation								
6/30/2010							New APIS system being implemented will automate most of the manual Payable Management functions currently being performed				\\projectserver\projectdocs\APIS Project Documentation								
x	P2P	Payable Management	Vendor Information Management	H	3	y													
x	P2P	Payable Management	Processing Accounts Payable	H	3	y													
x	P2P	Payable Management	Disbursements	H	3	y													
	x	ERM	Payroll	M	3														
	x	ERM	Benefits	L	3														
	x	B2C	General Ledger Management	H	3														
	x	B2C	Cost Management	H	3														
	x	ERM	Payroll	M	3														
	x	B2C	Cost Management	H	3														
x		B2C	Cost Management	L	3	y													
		x	B2C	Cost Management	L	3													



# Don't Forget:



- **All Corporate Management Requests are issued by PMT and need to be identified with a “Y” in the AART as a “Corporate Criteria” even if they do not have any impact on the local operation**
  - You will be able to exclude them from a current year assessment with the “Change to Standard” functionality
- **“Corporate Change Criteria” are commonly defined criteria across the agency, but the identification of whether they occur is the responsibility of the Local implementation team**
- **Multiple Corporate Criteria may and will probably be identified for the same sub-process/sub-category**
- **Corporate Criteria impacting PCS may also have a ripple effect into ECS controls**



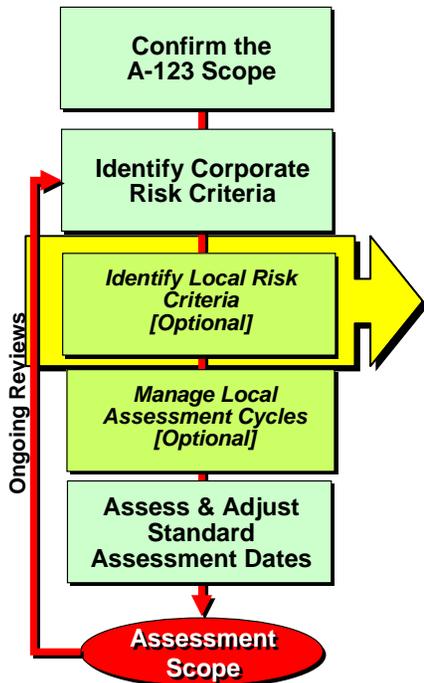
# Some questions you may have



- **How often will the PMT issue Corporate Management Requests?**
- **In regards to Corporate Change Criteria, how will the PMT know if I have a process, organizational, system or policy change at my location?**
- **Do I need to identify the Corporate Risk criteria only once at the beginning of the fiscal year?**
- **Many system changes are made by Corporate IT, we do not even know about them. Who is responsible for entering them into the AART?**
- **We have people often changing jobs, do we consider every move an “Organizational Change”?**
- **A significant change can impact a large number of sub-processes and sub-categories, do we have to put a “Y” in all of them ?**



# Identify Local Risk Criteria [Optional]



- **Purpose:**
  - To identify Local (Field Office / Site) Risk Criteria that may affect the effectiveness of the operational controls.
  - Plan a current year assessment of the affected controls to ensure continued effectiveness of the control environment
- **Tasks:**
  - Identify which of the following Local Risk Criteria have affected your location.
    - FO Management Requests: Alerts, issued by the Field Office, requesting Local Assessment Teams under their cognizance to initiate assessments of specific areas of concerns
    - FO Audit Findings: Sub-processes/sub-categories that are/have been root causes for field office audit findings.
    - Site Management Requests: Alerts, issued by Site Management, requesting Local Assessment Teams to initiate assessments of specific areas of concerns
    - Site Audit Findings: Sub-processes/sub-categories that are/have been root causes for local audit findings.



# Local Risk Criteria

- Assign Risk Criteria to the affected
  - Sub-Processes (ARCA-PCS)

Multiple Audit findings across Sites regarding Disbursements and Payables

ARCA: PCS										VERSION	1.0	Select view	HELP	ARCA Update	AART Update	Local RA Cycle		
Site		East Tennessee Technology Park										Clear All		H				
Attester		Judith M. Penry										Delete Row		M				
Cycle End		6/30/2008		Detail View												L		
Scope		Process Information					Corporate Criteria					Local Criteria						
	6/30/2008	6/30/2009	6/30/2010	Process Cycle	Process	Sub-Process	Risk Assessment	Max Test Cycle	Mgmt Req	Process Changes	Org Changes	System Changes	Policy Changes	Corporate Cycle	FO Mgmt Req	FO Audit Findings	Site Mgmt Req	Site Audit Findings
	x			P2P	Payable Management	Vendor Information Management	H	3		y		y		1				
	x			P2P	Payable Management	Processing Accounts Payable	H	3		y		y		1		y		
	x			P2P	Payable Management	Disbursements	H	3		y		y		1		y		
				B2C	FBWT	Wire Transfers	H	3						3				
			x	ERM	Payroll	Pension Processing	M	3						3				
			x	ERM	Benefits	Post-Retirement Benefits	L	3						3				

Current Year assessment

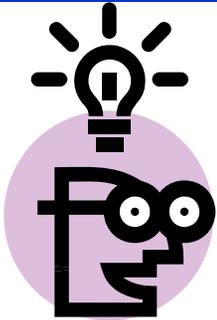


## Live Demo

- Corporate Risk Criteria
- Local Risk Criteria



## Don't Forget:



- **Use of Local Risk Criteria is optional**
- **Local Risk Criteria are intended to help you manage your local assessment (e.g., by targeting resources on assessment areas where there are known or suspected problems)**
- **You will need to determine if, and how, you will apply the Local Risk Criteria. (You may need to do this in conjunction with a cognizant organizational element.)**



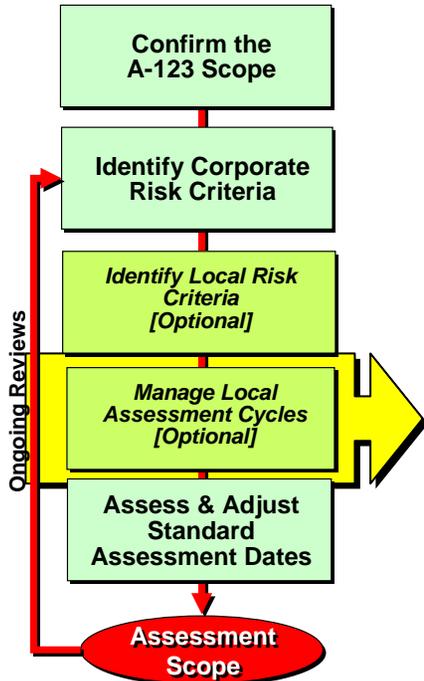
# Some questions you may have



- **There are only two categories for Local Risk Criteria (management requests and audit findings). What do I do if I have a risk criteria that does not fit into either category?**
- **How do I know if I have any applicable Local Risk Criteria? How often will I be notified and by whom?**
- **Do I need to identify the Local Risk Criteria only once at the beginning of the fiscal year?**
- **Does PMT monitor or report Local Risk Criteria?**
- **Why do we need Local Risk Criteria in the AART?**



# Manage Local Assessment Cycles [Optional]



- **Purpose:**
  - To provide local (Field Office / Site / LPSO/ CD) management the opportunity to define more stringent, i.e. shorter assessment cycles, based on the Risk Assessment rating of the sub-process / sub-category
- **Tasks:**
  - Assign the cycle year to selected or all Risk Assessment ratings.



# Local Assessment Cycles [Optional]

ARCA: PCS				VERSION	1.0	Select view	HELP	ARCA Update		AART Update		Local RA Cycle					
Site		East Tennessee Technology Park										H					
Attester		Judith M. Penry										M					
Cycle End		6/30/2008		Detail View								L					
Scope		Process Information				Corporate Criteria				Local Criteria							
6/30/2008	6/30/2009	6/30/2010	Process Cycle	Process	Sub-Process	Risk Assessment	Max Test Cycle	Mgmt Req	Process Changes	Org Changes	System Changes	Policy Changes	Corporate Cycle	FO Mgmt Req	FO Audit Findings	Site Mgmt Req	Site Audit Findings
	x		P2P	Payable Management	Vendor Information Management	H	3						3				
		x	ERM	Payroll	Pension Processing	M	3						3				
		x	ERM	Benefits	Post-Retirement Benefits	L	3						3				
	x		B2C	General Ledger Management	Future Funded Cost Accrual	H	3						3				

Local RA Cycle	
H	
M	
L	

x	x		P2P	Payable Management	Vendor Information Management	H											
		x	ERM	Payroll	Pension Processing	M							3				
		x	ERM	Benefits	Post-Retirement Benefits	L							3				
x	x		B2C	General Ledger Management	Future Funded Cost Accrual	H							3				

													3				
													3				
													3				

“High” are re-scheduled to a 2 year cycle from Oldest Test Date

Local RA Cycle	
H	2
M	
L	

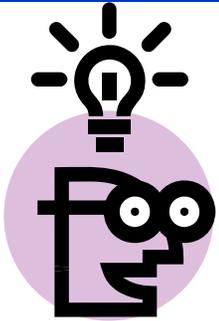


## Live Demo

- Local Assessment Cycles
- Sub-Process / Sub-Category Risk Assessment option



## Don't Forget:



- **Use of the Local Assessment Cycle is optional**
- **The Local Assessment Cycle is intended to help you manage your local assessment (e.g., by allowing you to plan over a three year period and distribute workload accordingly)**
- **You will need to determine if, and how, you will apply the Local Assessment Cycle. (You may need to do this in conjunction with a cognizant organizational element.)**



# Some questions you may have



- **What happens if I set a particular Local Assessment Cycle, work my assessment for a while (such as a few months), and then change my mind. What is the impact on my assessment for the year? Can I ever go back?**





# Review and Adjust Standard Assessment Dates: Review Scope

ARCA: PCS <span style="color: red;">VERSION 1.0</span> <input type="text" value="Select view"/> <input type="button" value="HELP"/>													
Site		East Tennessee Technology Park											
Attester		Judith M. Penry											
Cycle End		6/30/2008		<input type="button" value="Summary View"/>									
Scope			Process Information			Process Catalog Reference			Control Attributes			Scope Detail	
6/30/2008	6/30/2009	6/30/2010	Process	Sub-Process	Risk Assessment	Sub-Process	Sub Process Risk Assess	Adjusted Sub-Process Risk Assess	Lowest Test Result	No of Control Sets	No of Control Sets In Rem or UnTested	Coporate Scope	Local Scope
	x		P2P Payable Management	Vendor Information Management	H		H		7	2		2	2
		x	ERM Payroll	Pension Processing	M		M		7	1		3	3
		x	ERM Benefits	Post-Retirement Benefits	L		L		7	3		3	3
	x		B2C General Ledger Management	Future Funded Cost Accrual	H		H		7	2		2	2
	x		B2C Cost Management	Cost Set-Up	H		H		7	6		2	2
		x	ERM Payroll	Timekeeping	M		M		7	3		3	3
	x		B2C Cost Management	Cost Accumulation	H		H		7	6		2	2
x			B2C Cost Management	Cost Distribution	L		L		7	5		1	1
		x	B2C Cost Management	Cost and Commitment Reporting	L		L		7	1		3	3
	x		B2C Funds Management	Funds Distribution	H		H		7	1		2	2
		x	B2C Funds Management	Funds Allocation	L		L		7	1		3	3
	x		B2C Funds Management	Funds Control	H		H		7	2		2	2
O			B2C General Ledger Management	Comprehensive GL Analysis and Reconciliation	M		M		5	1	1	O	O

**Control attributes**

**Scope**



# Review and Adjust Standard Assessment Dates: Scenario: System Implementation – Changes from Standard

ARCA: PCS VERSION 1.0 Select view HELP
**ARCA Update** **AART Update**

Local RA Cycle	
H	
M	
L	

Site	East Tennessee Technology Park	
Attester	Judith M. Penry	
Cycle End	6/30/2008	Detail View

Clear All Delete Row

Scope			Process Information				Corporate Criteria					Local Criteria				Criteria Selection Rationale			
6/30/2008	6/30/2009	6/30/2010	Process Cycle	Process	Sub-Process	Risk Assessment	Max Test Cycle	Mgmt Req	Process Changes	Org Changes	System Changes	Policy Changes	Corporate Cycle	FO Mgmt Req	FO Audit Findings		Site Mgmt Req	Site Audit Findings	Local Cycle
x			P2P	Payable Management	Vendor Information Management	H	3		y		y		1					1	New APIS system being implemented will automate most of the manual Payable Management functions currently being performed
x			P2P	Payable Management	Processing Accounts Payable	H	3		y		y		1					1	New APIS system being implemented will automate most of the manual Payable Management functions currently being performed
x			P2P	Payable Management	Disbursements	H	3		y		y		1					1	New APIS system being implemented will automate most of the manual Payable Management functions currently being performed
x					Pension Processing	M	3												
					Post-Retirement Benefits	L	3												
	x			edger	Future Funded Cost Accrual	H	3												
				ement	Cost Set-Up	H	3												
				agement	Timekeeping	M	3												

Changes from Standard

Changes from Standards	Rationale for Change	Revised Test Date
y	System implementation will be completed on 5/30/2008 and there will not be sufficient production time with the system to make testing effective	09/01/08
y	System implementation will be completed on 5/30/2008 and there will not be sufficient production time with the system to make testing effective	09/01/08
y	System implementation will be completed on 5/30/2008 and there will not be sufficient production time with the system to make testing effective	09/01/08

6/30/2008	6/30/2009	6/30/2010
	x	
	x	
	x	





# Assess and Adjust Standard Assessment Dates

- **A reasonable rationale is required to delay the assessment dates within the 3-year cycle. (Field Office's may, at their discretion, require approval before site contractors delay assessments within the 3-year cycle.) Examples of reasons for delays could include,**
  - Planned organizational changes for the current/next cycle that will change the accountabilities for the controls;
  - Planned system changes for the current/next cycle that will significantly impact the operational environment;
  - Ongoing remediation activities impacting a scheduled assessment
- **PMT approval is required to delay any assessments beyond the 3-year required cycle.**



# Assessment Scope

Scope			Process Information				Corporate Criteria					Local Criteria			Test Dates						
2008	2009	2010	Process Cycle	Process	Sub-Process	Risk Assessment	Max Test Cycle	Mgmt Req	Process Changes	Org Changes	System Changes	Policy Changes	Corporate Cycle	Corp Mgmt Req	Corp Audit Findings	Local Mgmt Req	Local Audit Findings	Local Cycle	Oldest Test Date	Corp. Required Test Date	Local Required Test Date
x			P2P	Payable Management	Vendor Information Management	H	3						3					3	06/06/05	06/30/08	06/30/08
x			P2P	Payable Management	Processing Accounts Payable	H	3						3					3	04/12/05	06/30/08	06/30/08
			B2C	FBWT	Wire Transfers	H	3						3					3	06/19/04	06/30/07	06/30/07
			B2C	General Ledger Management	Future Funded Cost Accrual	H	3	y		y			1					1	06/16/06	06/30/08	06/30/08
x		x	ERM	Payroll	Timekeeping	M	3						3	y				1	05/16/07	06/30/10	06/30/08

3 year cycle

Overdue

Current Year Corporate Risk Factors

Current Year Local Risk Factors



# AART Update Button

ARCA: PCS **VERSION** 1.0  **HELP**

ARCA Update **AART Update** Local RA Cycle

Clear All  
Delete Row

Site: East Tennessee Technology Park  
Attester: Judith M. Penry  
Cycle End: 6/30/2008

Scope: Process Information Corporate Criteria Local Criteria

6/30/2008	6/30/2009	6/30/2010	Process Cycle	Assessment	Test Cycle	Req	Changes	Changes	Corporate Cycle	Mgmt Req	Audit Findings	Mgmt Req	Audit Findings	Local Cycle
x			P2P	Pa										
x			P2P	Pa										

**Updates AART PCS/ECS Assess and Test Tabs**

Assigns an “E” Expired rating to

- Control Design Effectiveness and/or Test rating
- for all sub-processes / sub-categories with successfully tested control sets that are overdue (corporate schedule)

“E-Expired” rating important for Reporting and Rollups



**This action is irreversible.**

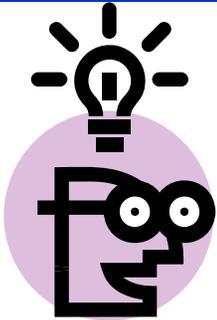


## Live Demo

- Review and Adjust Dates



# Don't Forget:



- **Adjusting the Standard Assessment Date to pull scope forward can be a good way to distribute workload and resources**
- **Adjusting the Standard Assessment Date to push scope back can only be done for valid and justified reasons**
- **Pushing scope back cannot be used as a means of distributing workload and resources**
- **Changes made as a result of pressing the AART Update button are irreversible**



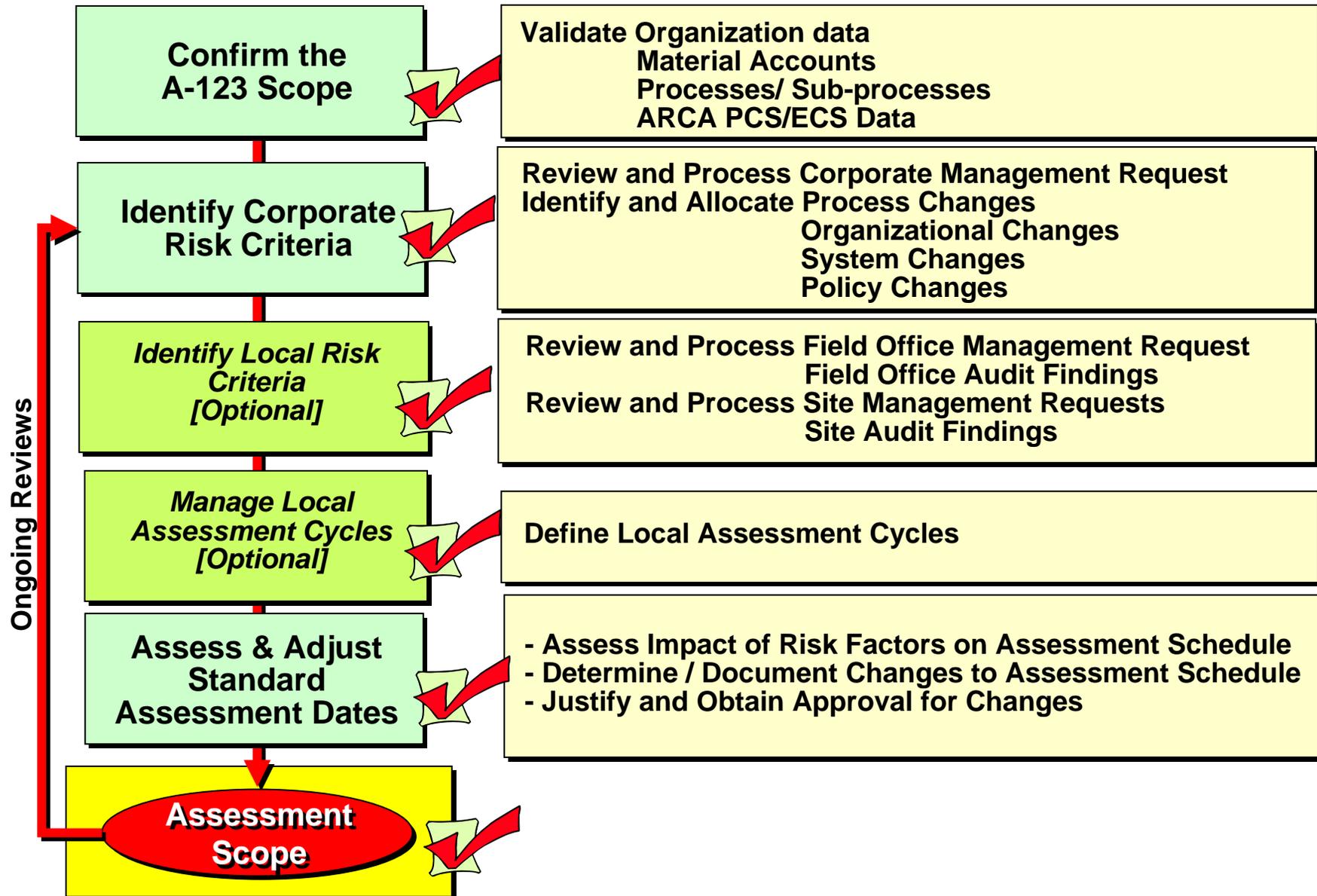
# Some questions you may have



- I have assessment scope under both a Corporate and a Local cycle, in some cases for the same sub-processes/sub-categories. Am I expected to do both the Corporate and Local assessment scope?
- Can I enter a Revised Test Date that is beyond the three-year assessment cycle?
- Other than assigning an “E” rating, what else (if anything) changes in the PCS/ECS-Assess and Test tabs when I press the AART Update button?
- You mentioned that “E” ratings are important for Reporting and Rollup. Why?
- Why do we have to “expire” certain ratings?
- When I press the AART Update button, does it save my old information in PCS/ECS-Assess and Test before making any changes?



# Key Planning Steps





# ARCA Planning

Questions

Feedback

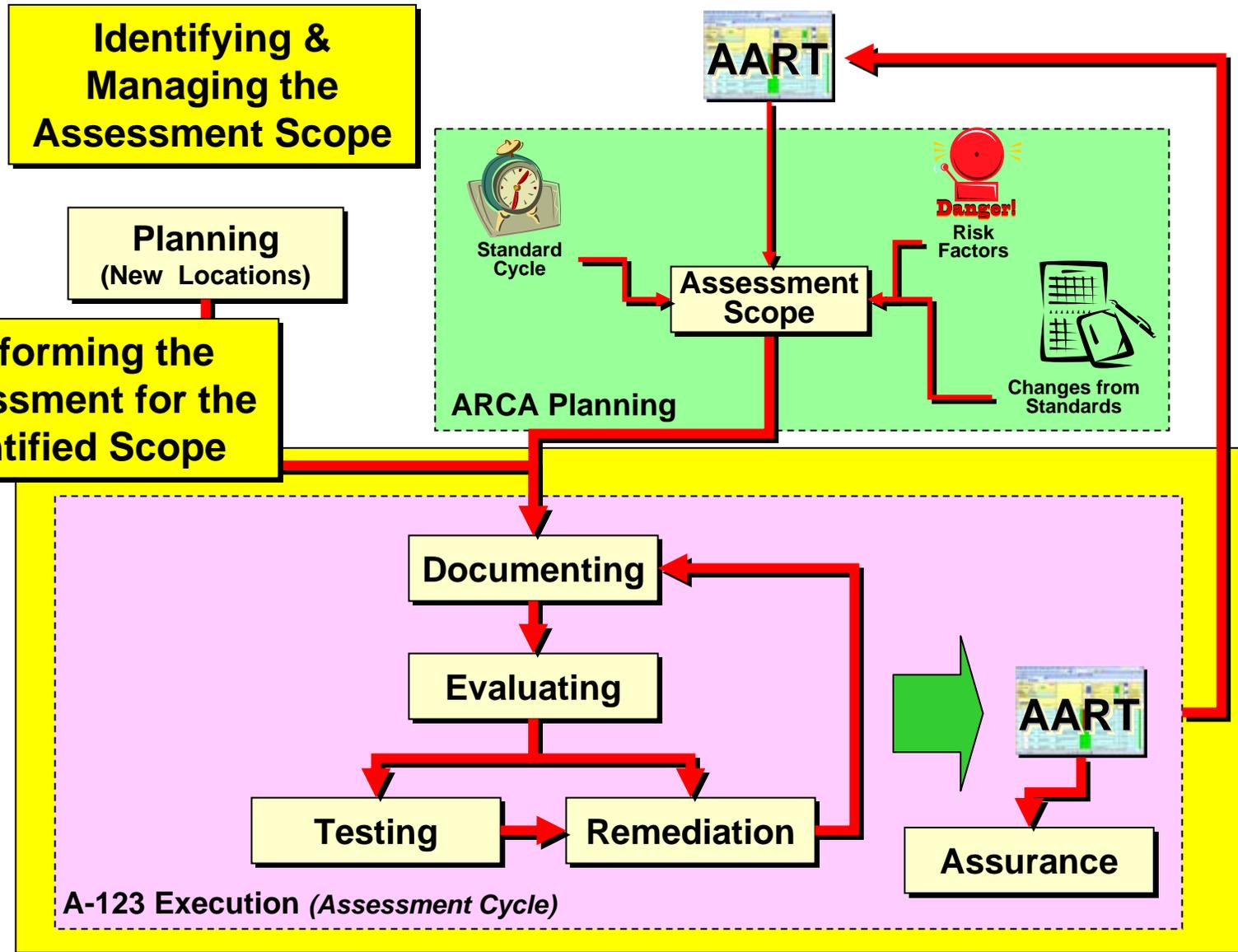


# A-123 Execution

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# A-123 Methodology with ARCA: Lifecycle





# Execution: Annual assessment

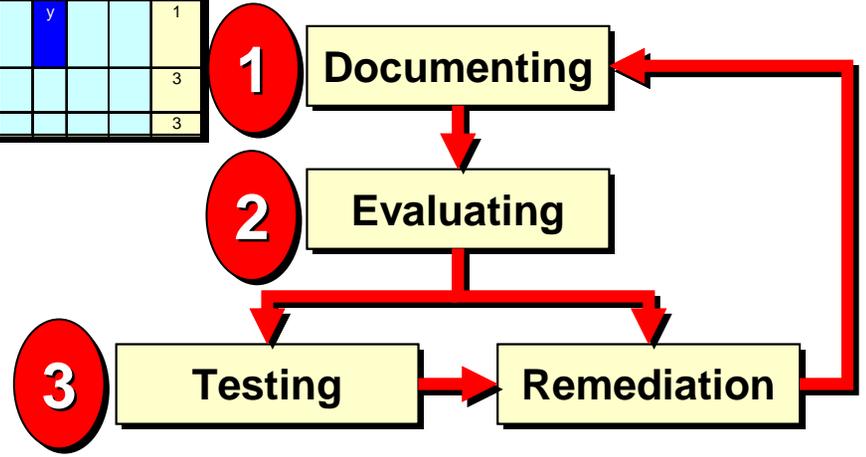
Scope	Process Information		Corporate Criteria					Local Criteria							
	Process	Sub-Process	Risk Assessment	Max Test Cycle	Mgmt Req	Process Changes	Org Changes	System Changes	Policy Changes	Corporate Cycle	FO Mgmt Req	FO Audit Findings	Site Mgmt Req	Site Audit Findings	Local Cycle
6/30/2008															
6/30/2010	P2P	Payable Management	Vendor Information Management	H	3	y		y		1					1
	P2P	Payable Management	Processing Accounts Payable	H	3	y		y		1					1
	P2P					y		y		1					1
	B2C									1					1
	ERM														
	ERM														
	B2C														
	B2C														

Sub-Process	Control Set	Criteria
6.0 B2C Feeds Management Feeds Allocation	CEE - Feeds Management processes Control Mgt received from DDE Control with the Financial Plan before receiving from DDE Management and DDE Management Plan reconciliation	3
6.1 B2C Feeds Management Feeds Control	CEE - Feeds Management systematically assigns allocations from an approved list only.	3
6.2 B2C Feeds Management Feeds Control	CEE - Feeds Management system Administration Control of Feeds (CPE) report and notifies Project Management team of potential issues.	3
6.3 B2C General Ledger Management Comprehensive GL Analysis and Reconciliation	CEE - Feeds Management manages reporting of reconciliation pending review completion. All general, all appropriate are resolved.	3
6.4 B2C General Ledger Management Financial Reporting to STARS	CPE - Each GL Element (SBE account) assigned a responsible source and reconciler who is responsible for ensuring a timely reconciliation is submitted accurately. CPE - Status of general ledger account reconciliations is tracked with monthly reporting of final date reconciled on each. CPE - The cross-tracker system generates reports on all open accounts which are tracked. CPE - Oracle Financials tables and reports are updated/modified only by authorized personnel through the Oracle Financials application management process. CPE - Change order controls are reviewed monthly Oracle Financials tables.	3

**Annual Scope**  
Sub-Processes/  
Sub-Categories

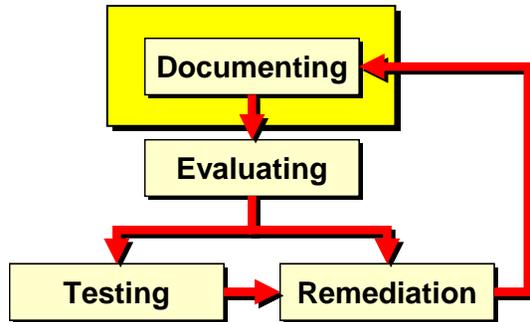
Year 1





# Execution: Annual assessment

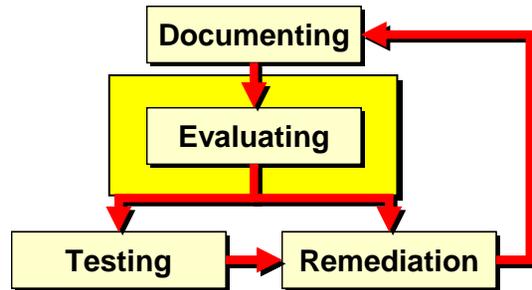
## Documenting



- **Validate all source documentation to ensure it is current and complete and meets the minimum A-123 documentation requirements.**
- **Where necessary, update or create new source and detail documentation.**
- **Validate the data recorded in the ECS/PCS-Assess tabs in the AART to ensure it is accurate and current.**



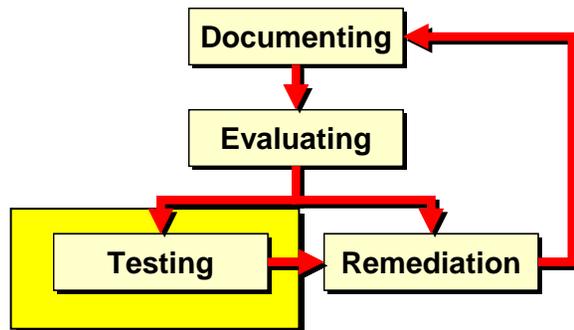
# Execution: Annual assessment Evaluating



- **Validate, and if necessary update, the Control Design Effectiveness rating for the Control Set and rationale in the PCS/ECS-Assess tab.**
- **Using professional judgment, update the Process/Area Summary Rating and rationale.**
- **[ECS Only] Using professional judgment, update the Overall Entity Control Summary Rating.**



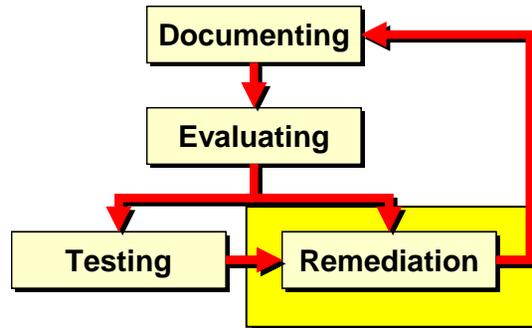
# Execution: Annual assessment Testing



- **Develop test plans for the current scope.**
- **Execute Testing and enter the Test Results rating and new Test Dates for the Control Set in the PCS/ECS-Test tab.**
- **Using professional judgment, update the Process/Area Summary Rating and rationale.**
- **[ECS Only] Using professional judgment, update the Overall Entity Control Summary Rating.**



# Execution: Annual assessment Remediation



- **Define Scope**
- **Develop Strategy**
- **Develop and Execute Plans**
- **Monitor and Track progress**



# Risk Factors Considered

Scope			Process Information			Process Catalog Reference	Control Attributes					Scope Detail			Corporate Criteria						
30/2008	30/2009	30/2010	Process Cycle	Process	Sub-Process	Risk Assessment	Sub-Process	Sub Process Risk Assess	Adjusted Sub-Process Risk Assess	Lowest Test Result	No. of Control Sets	No. of Control Sets in Rem or UnTested	Corporate Scope	Local Scope	Max Test Cycle	Agmt Req	Process Changes	Org Changes	System Changes	Policy Changes	
x			P2P	Payable Management	Vendor Information Management	H		H	7	2			1	1	3		y		y		
x			P2P	Payable Management	Processing Accounts Payable	H		H	7	6			1	1	3		y		y		
x			P2P	Payable Management	Disbursements	H		H	7	6			1	1	3		y		y		

		ERM		Payroll		Pension		Benefits		Post-Res		Test Dates			Criteria Selection Rationale		Documentation Location		Factors accounted for in completed Tests
												Oldest Test Date	Corp. Required Test Date	Local Required Test Date					
x												06/19/06	06/30/08	06/30/08	New APIS system being implemented will automate most of the manual Payable Management functions currently being performed	<a href="#">\\projectserver\projectdocs\APIS Project Documentation</a>	<a href="#">\\projectserver\projectdocs\APIS Project Documentation</a>		No
x												05/09/06	06/30/08	06/30/08	New APIS system being implemented will automate most of the manual Payable Management functions currently being performed	<a href="#">\\projectserver\projectdocs\APIS Project Documentation</a>	<a href="#">\\projectserver\projectdocs\APIS Project Documentation</a>		No
																<a href="#">\\projectserver\projectdocs\APIS Project Documentation</a>			No
																			No

Factors accounted for in completed Tests	yes
Factors accounted for in completed Tests	yes
Factors accounted for in completed Tests	yes
Factors accounted for in completed Tests	yes
Factors accounted for in completed Tests	No

**After Testing completed confirmation required (“Yes”) that Risk Factors accounted for in Testing This will automatically clear the Risk Factor at the end of the FY cycle**

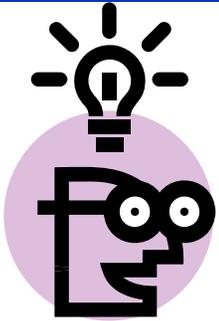


## Live Demo

- Testing Activity and AART (no change from FY07)
- ARCA Tab (Scope) updated with ongoing Testing results
- ARCA Update Button
- AART Update Button
- “All Factors considered...”



## Don't Forget:



- The A-123 activities of documenting, evaluating, testing and remediating are the same as last year



# Some questions you may have



- **If I test a sub-process/sub-category this year, and I have to remediate it, will it show up as being Overdue at the beginning of the next year?**
- **Why is remediation considered to be Overdue?**
- **Do I ever go back and re-evaluate my previously assigned risk assessment and control design effectiveness ratings?**



# Monitoring

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# Monitoring Status to Completion

AART: Local

## Statistics Tab

RSSTON 5.0

Select View:

Site Code

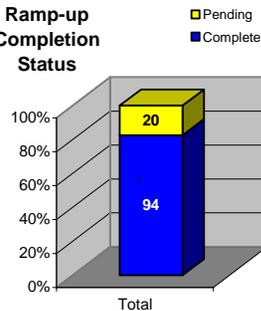
ETTP

Total Count of Risk Activities 114

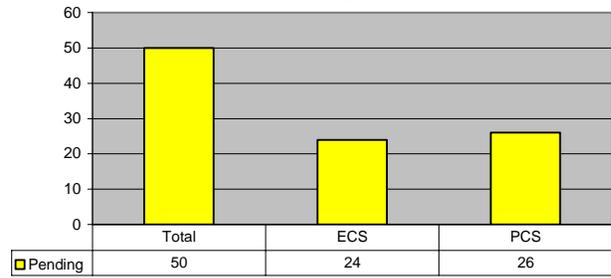
Count of ECS Risk Activities 40

Count of PCS Risk Activities 74

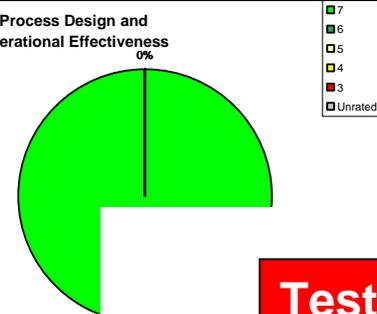
### Ramp-up Completion Status



### ARCA Current Cycle Scope (count of pending risk activities)



### Process Design and Operational Effectiveness 0%



## Test - Tabs

Line Item	Category	Sub-Category	Control Title	Control Description
6.0	BFC	Payable Management	Payable Reconciliation	CEB: Payable Management reconciles Control and Payable from BFC Controls with the Financial Plan before receipt from BFC and before BFC. Plus reconciliation.
6.1	BFC	Payable Management	Payable Control	CEB: Payable Management periodically performs reconciliations from an approved list.
6.2	BFC	Payable Management	Payable Control	CEB: Payable Management controls Reconciliation Control of Payable (BFC) report and verifies Payable Management from all payroll entries.
6.2	BFC	Payable Management	Payable Control	CEB: Payable Management prepares reporting of transaction pending review and resolution. All general, all expense items are resolved.
6.2	BFC	Payable Management	Payable Control	CEB: Payable Management is assigned a responsible owner and responsible who is responsible for ensuring that a timely reconciliation is maintained and reconciled.
6.2	BFC	Payable Management	Payable Control	CEB: Status of general ledger control reconciliation is tracked with weekly reporting of total reconciliation for each GL.
6.2	BFC	Payable Management	Payable Control	CEB: The owner tracks and reports on all open accounts which are reported on monthly.
6.4	BFC	General Ledger Management	Financial Reporting to STARS	CEB: Payable Financials tables and programs are updated monthly only by authorized personnel through the Payable Financials Management System.
6.4	BFC	General Ledger Management	Financial Reporting to STARS	CEB: Payable Financials tables before the change table was approved.
6.5	BFC	General Ledger Management	Financial Reporting to STARS	CEB: Loading of Payable Financials data into STARS is done only after verification that the data is complete and final.
6.7	PPP	Payable Management	Payable Management	CEB: Payable data is reviewed and reconciled against PFCP and data.
6.9	BFC	General Ledger Management	Financial Reporting to STARS	CEB: STARS table-level maintenance and update table are performed against the BFC.
6.7	PPP	Payable Management	Payable Management	CEB: STARS data is verified weekly.
6.7	PPP	Payable Management	Payable Management	CEB: Supplier database has limited access.

Year 2

Year 1

Year 3

## ARCA - Tabs

Scope	6/30/2008	6/30/2009	6/30/2010	Process	Sub-Process
		x		2P Payable Management	Vendor Information Management
			x	RM Payroll	Pension Processing
		x		RM Benefits	Post-Retirement Benefits
	x			2C General Ledger Management	Future Funded Cost Accrual Management
	x			2C Cost Management	Cost Set-Up
			x	RM Payroll	Timekeeping
	x			2C Cost Management	Cost Accumulation
	x			2C Cost Management	Cost Distribution
			x	2C Cost Management	Cost and Commitment Reporting
	x			2C Funds Management	Funds Distribution
			x	2C Funds Management	Funds Allocation
	x			2C Funds Management	Funds Control
				2C General Ledger Management	Comprehensive GL Analysis and Reconciliation

Control Attributes	Sub Process Risk Assess	Adjusted Sub-Process Risk Assess	Lowest Test Result	No of Control Sets	No of Control Sets In Rem or Un Tested
	H		7	2	
	M		7	1	
	L		7	3	
	H		7	2	
	H		7	6	
	M		7	3	
	H		7	6	
	L		7	5	
	L		7	1	
	H		7	1	
	L		7	1	
	H		7	2	
	M		5	1	1



# Special Topics

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# Special Topics

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- **Date Calculation Algorithm**
- **ARCA-PCS / ARCA-ECS Buttons**
- **End Cycle Date**



# Scope by Year Calculation

Scope			Process Information			Risk Assessment
6/30/2008	6/30/2009	6/30/2010	Process	Sub-Process		
	x		P2P Payable Management	Vendor Information Management	H	
		x	ERM Payroll	Pension Processing	M	
		x	ERM Benefits	Post-Retirement Benefits	L	
	x		B2C General Ledger Management	Future Funded Cost Accrual	H	
	x		B2C Cost Management	Cost Set-Up	H	
		x	ERM Payroll	Timekeeping	M	
	x		B2C Cost Management	Cost Accumulation	H	
x			B2C Cost Management	Cost Distribution	L	
		x	B2C Cost Management	Cost and Commitment Reporting	L	
	x		B2C Funds Management	Funds Distribution	H	
		x	B2C Funds Management	Funds Allocation	L	
	x		B2C Funds Management	Funds Control	H	
o			B2C General Ledger Management	Comprehensive GL Analysis and Reconciliation	M	

Test Dates		
Oldest Test Date	Corp. Required Test Date	Local Required Test Date
06/19/06	6/30/09	06/30/09
05/09/06	6/30/09	06/30/09
05/08/06	Overdue	Overdue
06/19/06	6/30/09	06/30/09
05/31/07	6/30/10	06/30/10
05/31/07	6/30/10	06/30/10
01/01/03	6/30/05	06/30/05
05/19/06	6/30/09	06/30/09

**Oldest Test Date**

**Corporate Risk Factors**

**Local Risk Factors**

**Local Risk Assessment Cycle**

**Change from Standard**

**Date Calculation**

# Date Calculation Summary: Corporate



	Standard Cycle	Corporate Risk	Change From Standard	
Scenarios	1	2	3	4
<b>Corporate</b>				
Corporate Risk Factor		y	N/A	y
Local Risk Factor		N/A	N/A	
Local Risk Assessment Cycle		N/A	N/A	
Change from Standard and Revised Test Date set to:			Date	"STD"
<b>Results</b>				
New Corporate Test Date	OD3	CY1	REV	OD3
New Local Test Date	OD3	CY1	REV	OD3

## Legend:

**OD3** = Oldest Test Date + 3 Years

**CY1** = Current Year, i.e. Year 1

**REV** = Date entered into Revised Test Date field (Change from Standard)

**Overdue** will be set under the following conditions:

- A control set has not been tested or No valid test date / test rating has been entered into the AART
- A control set is in remediation and no Revised Test Date has been identified in ARCA.
- A risk criteria assigned to the sub-process/sub-category in the previous cycle has not been fully assessed (i.e. the All Factors Accounted for in Testing indicator has not been set to "yes").

# Date Calculation Summary: Local



	Local Risk	Corporate Risk	Change From Standard		Local Risk Cycle		
Scenarios	5	6	7	8	9	10	11
<b>Local</b>							
Corporate Risk Factor		y					
Local Risk Factor	y	N/A	N/A	y		y	y
Local Risk Assessment Cycle		N/A	N/A		y	y	y
Change from Standard and Revised Test Date set to:			Date	"STD"			"STD"
<b>Results</b>							
New Corporate Test Date	OD3	CY1	REV	OD3	OD3	OD3	OD3
New Local Test Date	CY1	CY1	REV	OD3	CYCL	CY1	CYCL

## Legend:

**OD3** = Oldest Test Date + 3 Years

**CY1** = Current Year, i.e. Year 1

**REV** = Date entered into Revised Test Date field (Change from Standard)

**Overdue** will be set under the following conditions:

- A control set has not been tested or No valid test date / test rating has been entered into the AART
- A control set is in remediation and no Revised Test Date has been identified in ARCA.
- A risk criteria assigned to the sub-process/sub-category in the previous cycle has not been fully assessed (i.e. the All Factors Accounted for in Testing indicator has not been set to "yes").



# Multiple Scope Years

- Local Risk Criteria without any Corporate Risk Criteria

ARCA: PCS <span style="color:red">VERSION</span> 1.0							Select view	HELP	ARCA Update		AART Update		Local RA Cycle				
Site		East Tennessee Technology Park					Clear All				H						
Attester		Judith M. Penry					Delete Row				M						
Cycle End		6/30/2008		Detail View						L							
Scope			Process Information				Corporate Criteria					Local Criteria					
6/30/2008	6/30/2009	6/30/2010	Process Cycle	Process	Sub-Process	Risk Assessment	Max Test Cycle	Mgmt Req	Process Changes	Org Changes	System Changes	Policy Changes	Corporate Cycle	FO Mgmt Req	FO Audit Findings	Site Mgmt Req	Site Audit Findings
	x		P2P	Payable Management	Vendor Information Management	H	3						3				
x	x		P2P	Payable Management	Processing Accounts Payable	H	3						3		y		
	x		P2P	Pavable Management	Disbursements	H	3						3				
	x		B2C	FBWT	Wire Transfers	H	3						3				

Earlier one is driven by Local Risks

Later one is required Corporate deadline



# PCS-Test / ECS-Test Changes

AART: PCS Test <span style="float: right;">VERSION 5.0</span>			
Select View: <input type="text" value="Select view"/> <input type="button" value="HELP"/>			
Site		ETTP	
Attester		Judith M. Penry	
Implementer		John Hickey	
Date Updated		June 27, 2007	
Ref Col	Process Cycle	Processes	Sub-Processes
	ERM	Payroll	Pension Processing
	ERM	Benefits	Post-Retirement Benefits
	ERM	Benefits	Post-Retirement Benefits
	ERM	Benefits	Post-Retirement Benefits
	B2C	General Ledger Management	Future Funded Cost Accrual

Date Tst Compl	User Field 3	Oldest Test Date	Corp. Scope	Corp. Test Date	Local Scope	Local Test Date	Changes from Standards	Expired Test Data	Expired Test R
05/31/07		05/31/07	2	06/30/09	2	06/30/09	y		
05/31/07		05/31/07	3	06/30/10	3	06/30/10			
05/31/07		05/31/07	3	06/30/10	3	06/30/10			
08/01/07		05/31/07	3	06/30/10	3	06/30/10			
09/12/07		06/16/06	2	06/30/09	2	06/30/09			

**Changes From Standard**

**Oldest Sub-Process Test Date**

**Detail Target Test Dates**

# ARCA-PCS The Buttons



ARCA: PCS										VERSION	1.0	Select view	HELP	ARCA Update	AART Update	Local RA Cycle	
Site		East Tennessee Technology Park											H				
Attester		Judith M. Penry											M				
Cycle End		6/30/2008		Detail View				Delete Row				L					
Scope		Process Information					Corporate Criteria				Local Criteria						
6/30/2008	6/30/2009	6/30/2010	Process Cycle	Process	Sub-Process	Max Test Cycle	Mgmt Req	Process Changes	Org Changes	Corporate Cycle	FO Mgmt Req	FO Audit Findings	Site Mgmt Req	Site Audit Findings			
x			P2P	Payable Management	Vendor Information Management	3	y			1							
x			P2P	Payable Management	Processing Accounts Payable	3	y	y									

**HELP**

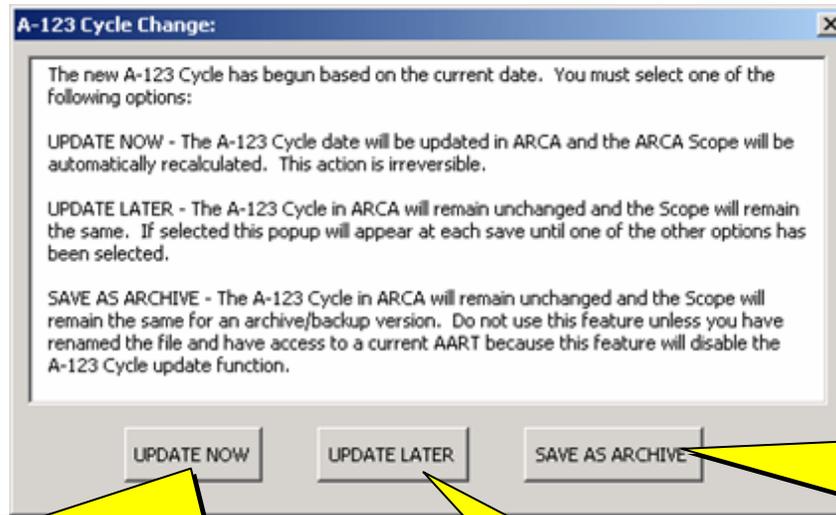
**Clear All = Start Over**  
All ARCA PCS/ECS Tab data will be cleared  
This action is irreversible

**Delete Row**  
Delete selected sub-process in the ARCA PCS Tab only



# End Cycle Date

- The End Cycle Date is automatically set by ARCA to the next June 30<sup>th</sup> date based on the “Current Date” in the computer.
  - If May 15, 2007 → June 30, 2007
  - If July 10, 2007 → June 30, 2008
- Prior to ARCA resetting the End Cycle Date, the following options can be selected



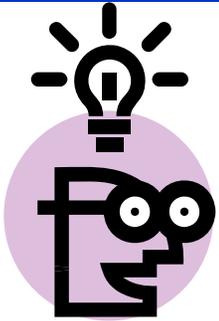
Keep current End Cycle Date and do not prompt me any more. End Cycle Date can no longer be changed.

End Cycle Date will be updated now. All Scope calculations will be performed, based on the new date. This is irreversible.

Skip updating the End Cycle Date and prompt me again the next time



## Don't Forget:



- All the date calculations happen “behind the scenes” – do not over-think it!
- Always manage to the local test date since is equal to or more stringent than the corporate test date



# Some questions you may have



- **The calculations do not inherently take risk assessment into consideration, with the risk assessment only applied to the calculated dates if the Local Assessment Cycle is used. How then is ARCA considered to be risk-based?**

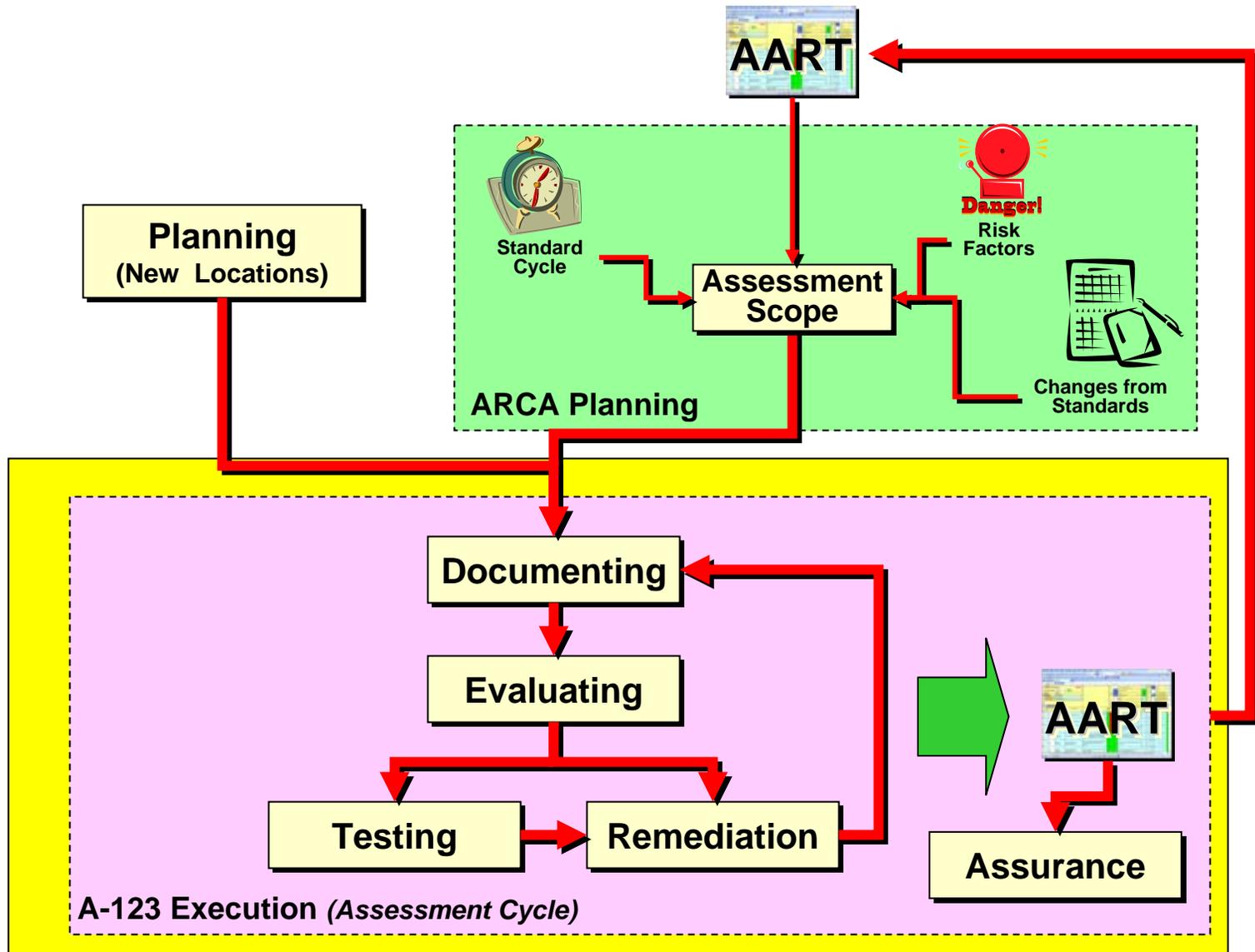


# Wrap Up

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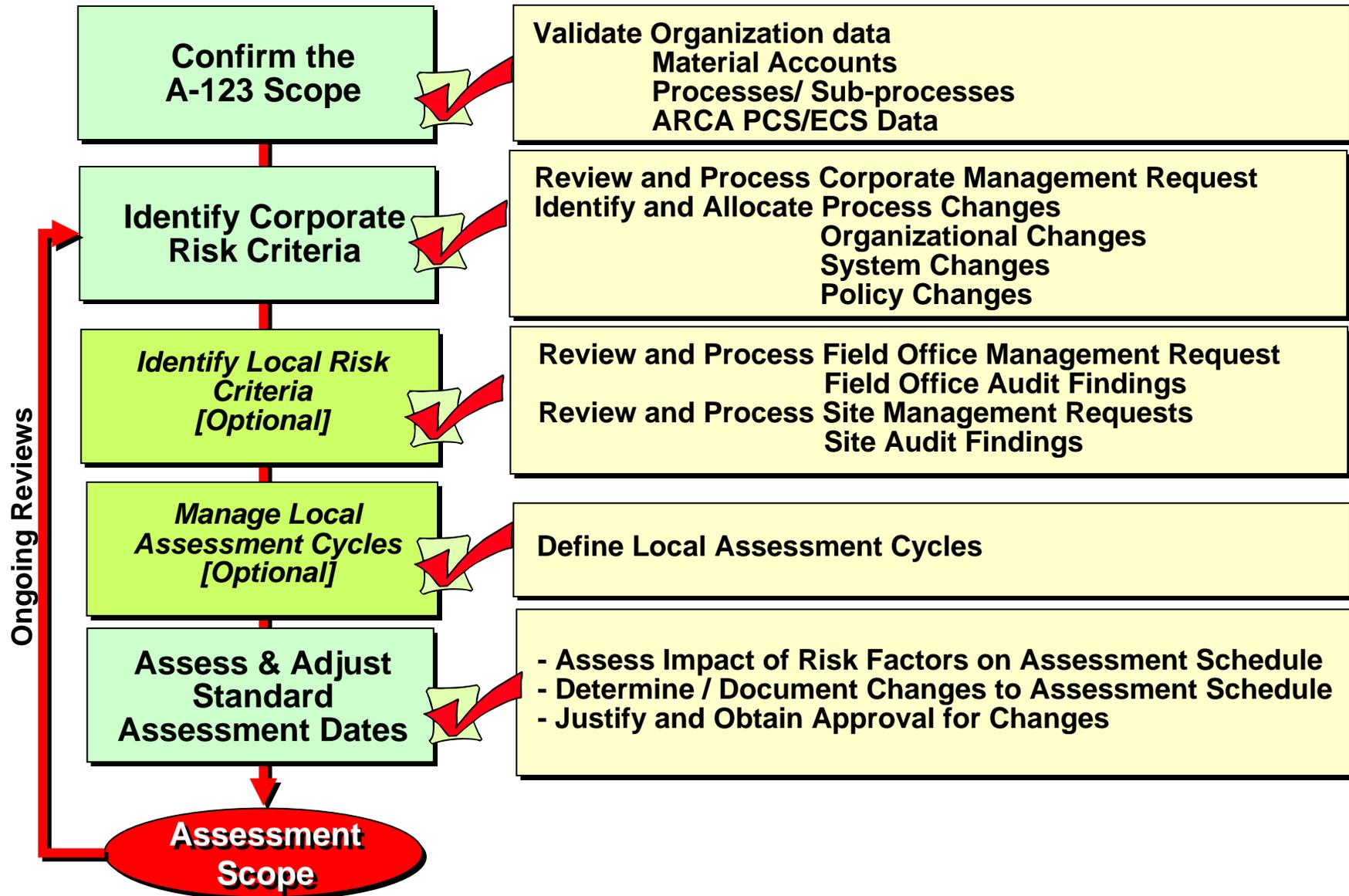


# A-123 Methodology with ARCA





# Key Planning Steps





# Resources

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- A-123 Help Desk :
  - Email: [A-123Helpdesk@hq.doe.gov](mailto:A-123Helpdesk@hq.doe.gov)
  - Helpdesk: (301) 903-3937
  
- A-123 Website
  - <http://www.cfo.doe.gov/progliaison/doeA123/index.htm>
  - Updated Quick Start Guides
  - Upgrade Guide
  - ARCA Video

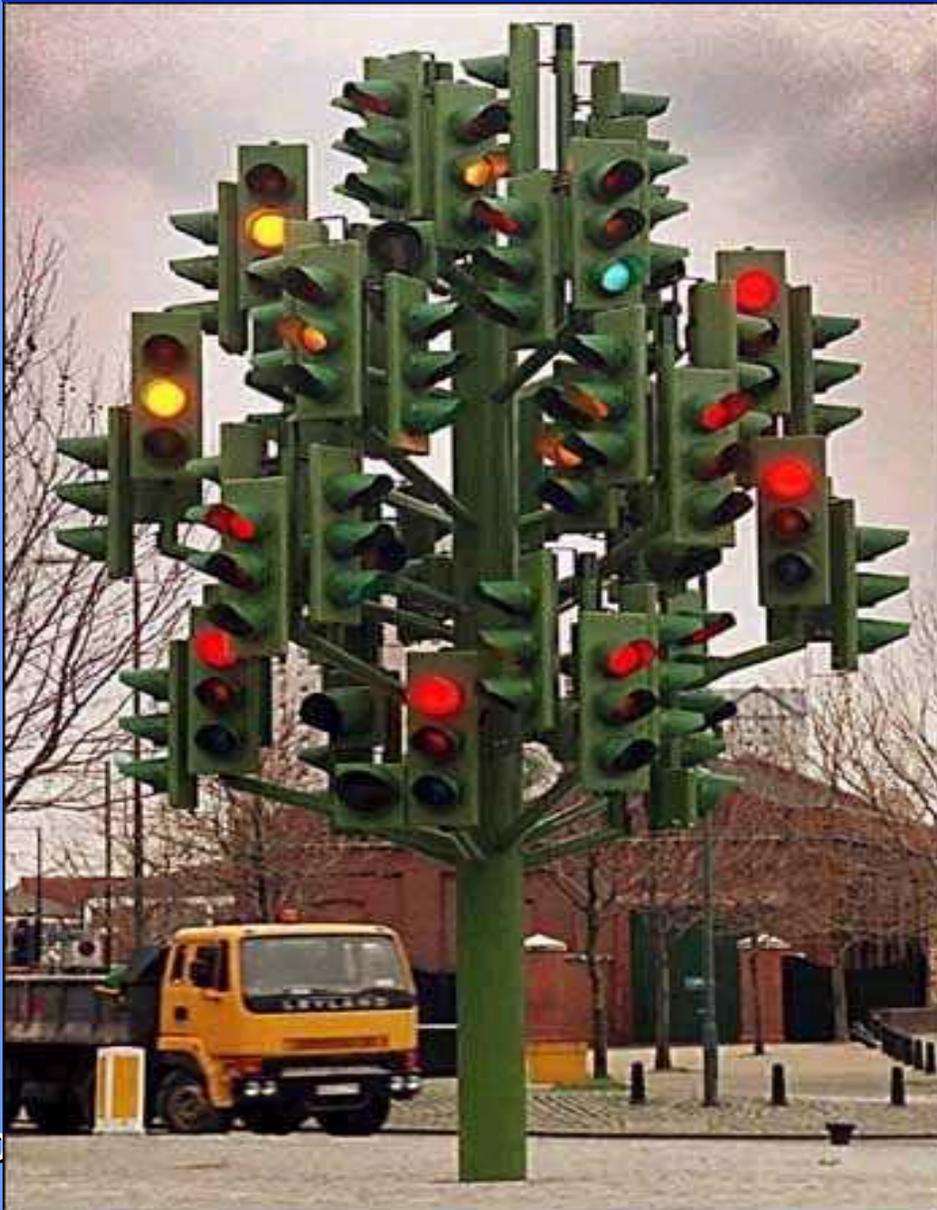


# FY08 Submissions Timeline

<b>Date</b>	<b>Submission</b>	<b>Submitter</b>
Jan 30, 2008	<b>1st Quarterly Submission</b>	Field Offices LPSOs Corporate Departments
April 30, 2008	<b>2<sup>nd</sup> Quarterly Submission</b>	Field Offices LPSOs Corporate Departments
June 30, 2008	<b>Completion of FY 2008 testing</b>	Field Offices LPSOs Corporate Departments
July 31, 2008	<b>3<sup>rd</sup> Quarterly Submission</b>  <b>Preliminary Assurances</b>	Field Offices LPSOs Corporate Departments
September 1, 2008	<b>Final FY 2008 Assurances</b>	Field Offices
September 15, 2008	<b>Final FY 2008 Assurances</b>	LPSOs Corporate Departments
November 15, 2008	<b>Secretarial Assurance in the</b> <b><i>Performance &amp; Accountability Report</i></b>	



# Wrap Up



**Questions**

**Discussion**

**Feedback**



# Lunch

**Please be back  
by: 1:00 pm**

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# **DOE A-123 FY 2008 All Hands Training**

**Group Discussion  
Forum**

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# Topics

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- **Open Questions / Discussion from Morning Session**
- **Testing**
- **DOE Benchmarks / Statistics / Analyse**
- **Risks / Controls identification**
- **AART- REPT: AART Reporting Tool**
- **Q&A**
- **Survey / Recommendations for improvement**



# Testing

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# Why Testing ?

- **Management has to provide an assurance on the effectiveness of internal controls**
  - **Design effectiveness** of controls can be assessed through the evaluation of process/entity control documentation – ***“What should be done”***
  - **Operational effectiveness** of controls can only be achieved through testing – ***“Is it being done”***



# Testing – Key Steps

- Identifying controls to test
- Selecting a testing strategy
- Designing test procedures (test plan)
- Performing control tests
- Evaluating the impact of any deviations found





# Testing – Dual Purpose Testing

- **Determining whether**

- a control failure occurred (control operation) **AND**
- the risk actually occurred (impact)

**Risk:** Payment vouchers do not receive proper authorization, resulting in erroneous payments to vendors

**Control:** Payment vouchers receive two levels of authorization

**Control Operation:** A payment voucher did not receive two levels of supervisory approval as required **Initial Test result**

**Impact:** Did an erroneous payment occur? **Final Test result ???**

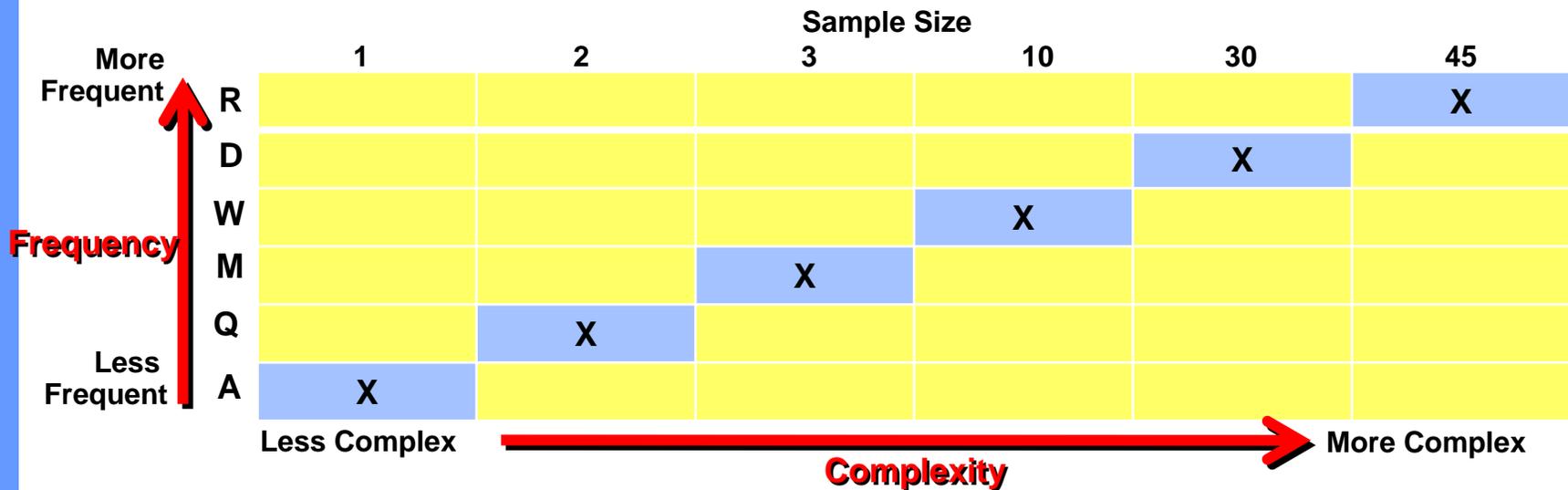
- Was the payment made
  - to the appropriate vendor
  - for the right amount
  - to the correct bank account
  - within the window allowed for payment discounts

**Dual Purpose Testing should be used *where reasonable and appropriate***



# Testing – Extent of Testing

- **Extent of testing can be defined by the**
  - complexity of the control
  - frequency with which the control is performed



Source: Derived from CFO Council Implementation Guide



# Testing – “Good Testing”

- **Testing should**

- conform to the types of tests indicated in the test plan
- align with the identified controls

- **Testing documentation should**

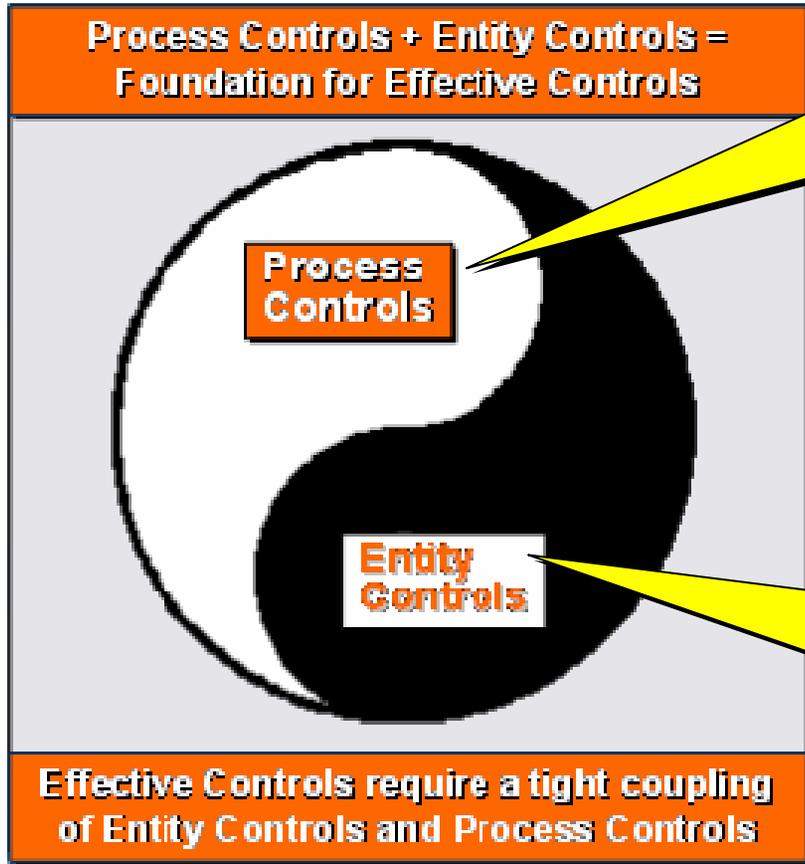
- be complete and evidence the tests performed
- support the determination of operating effectiveness

**Some independent person should be able to perform the same test(s) and**

- **obtain the same results**
- **draw the same conclusions**



# Entity Controls & Process Controls



## Transactional Focus

- Enforcement of transactional policies and procedures (business rules)
- Predictable manipulation of data that occurs in a transaction

**e.g. PO Approvals - Segregation of Duties**

## Organizational / Structural Focus

- Enforcement of environmental policies and procedures
- Actions of people as they affect the operations of the organization

**e.g. Integrity & Ethical Values –  
Segregation of Duties**



# Testing – Entity Controls

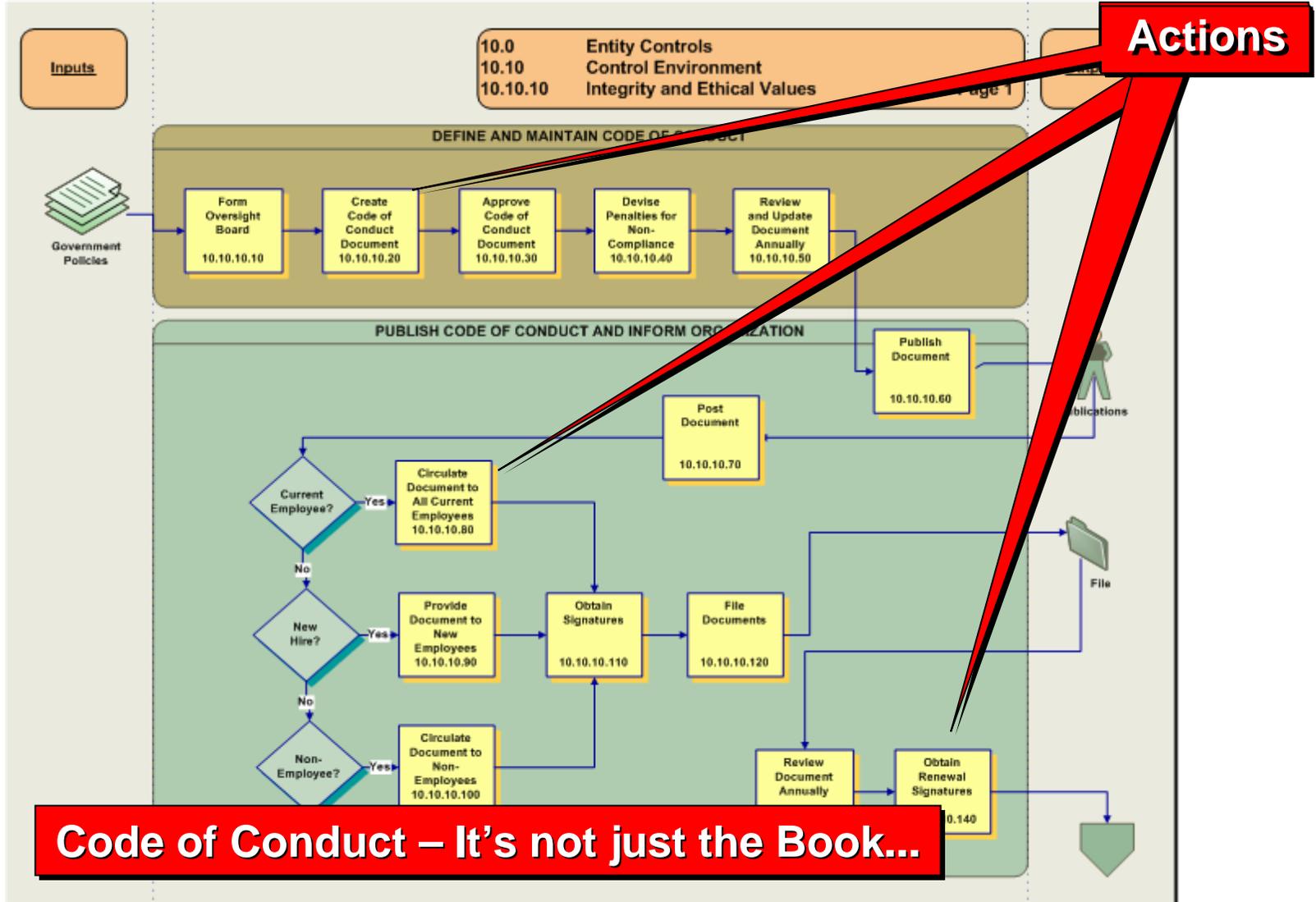
- **The focus of Entity Controls is on:**
  - “Tone from the Top” Control environment
  - “Carrying out of Management’s Directives” Control activities
  - “Flow of Information” Information and communication
  - “Conscious Awareness of Risk” Risk assessment
  - “Prompt Follow up” Monitoring
- **Policies and Procedures implement the above throughout the organization**
- **Entity Controls ensure that the Policies and Procedures are in place, understood, current and enforced**
- **Testing assures that the controls operate effectively**

**Entity Controls need to be actionable and documented to be tested**



# Actionable & Documented – “What should be done”

## Example: Integrity And Ethical Values





# **It's not Just the Book - Clarity of Expectations**

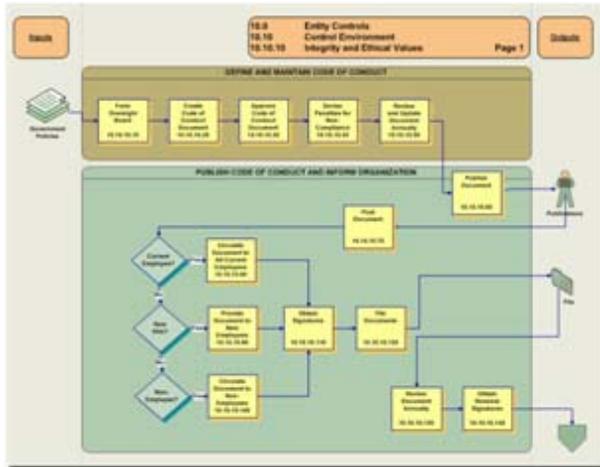
## **Example: Integrity And Ethical Values**

- **Does the Organization advocate its Code of Conduct document?**
- **Is the adherence to the Code of Conduct well known to the employees and with anyone doing business with the Organization?**
- **Does the Organization implement and incorporate Integrity and Ethical Values throughout the Process Controls, e.g. HR Employee Appraisal Process, Procurement Contracts, Statements of Work?**
- **Are all employees aware that the Organization endorses the highest standards of integrity?**
- **Does the Code of Conduct document reflect standards and values published in the Federal Code of Conduct?**
- **Are the penalties for non-compliance published and fairly administered?**



# Testing the Activities – “Is it being done”

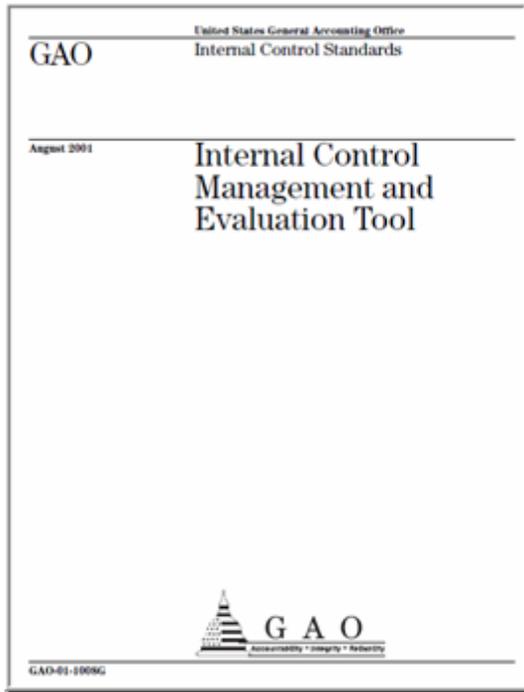
## Example: Integrity And Ethical Values



- **Does Code of Conduct exist and is the population aware of it?**
  - Determine availability and ease of access to Code of Conduct document.
  - Evaluate that the Code of Conduct document has been reviewed annually.
  - Ensure that it is complete, understandable, and easy to use.
  - Interview a sampling of employees and contractors regarding their knowledge of the Organization Code of Conduct.
  - Review a sampling of signatures that employees have received and read the document.
- **Is the Code of Conduct enforced across the organization?**
  - Assess if guidance is provided on the proper usage of facilities and equipment owned by the Organization.
  - Determine if all Departments support the Code of Conduct equitably.
  - Evaluate training materials and desktop procedures for compliance with and inclusion of the Code of Conduct.
  - Evaluate if Ethics Officials are held accountable for their actions.
  - Determine if the directives identified by the Organization are comprehensible, adhered to and respected by all?
- **Is the guidance translated into specific Process Controls?**
  - Validate that Integrity and Ethical Values control framework and guidelines have been incorporated within the Process Controls, e.g. Procurement Processes, HR Processes, etc.
  - Evaluate the use of the guidelines and directives in preventing unethical behavior.



# GAO: Internal Control Management and Evaluation Tool



- **The agency has established and uses a formal code or codes of conduct and other policies communicating appropriate ethical and moral behavioral standards and addressing acceptable operational practices and conflicts of interest. Consider the following:**
  - The codes are comprehensive in nature and directly address issues such as improper payments, appropriate use of resources, conflicts of interest, political activities of employees, acceptance of gifts or donations or foreign decorations, and use of due professional care.<sup>2</sup>
  - The codes are periodically acknowledged by signature from all employees.
  - Employees indicate that they know what kind of behavior is acceptable and unacceptable, what penalties unacceptable behavior may bring, and what to do if they become aware of unacceptable behavior.

● .....



# Demo

- Entity Catalog (draft)



# Discussion



- **What are some of the general challenges you faced with testing?**
- **How did you overcome these challenges?**
- **What were some of your observations from your**
  - **Entity Testing**
  - **Process Testing**
- **What is some advice you would give to others in terms of general testing practices?**
- **Do you have any good test plan templates that you would be willing to share?**
- **Any recommendations that should be included in future Guidance or QSGs?**



# DOE Benchmarks, Statistics & Analyses

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# DOE Benchmarks

- **For the Local Implementation Teams**

- Requested during our FY07 sessions
- Allows for a self-assessment of local activities, results and controls profiles to the overall DOE profiles
- Identifies targeted areas for improvement or for obtaining synergies with other sites (sharing information)

- **For the Sr Assessment Team & PMT**

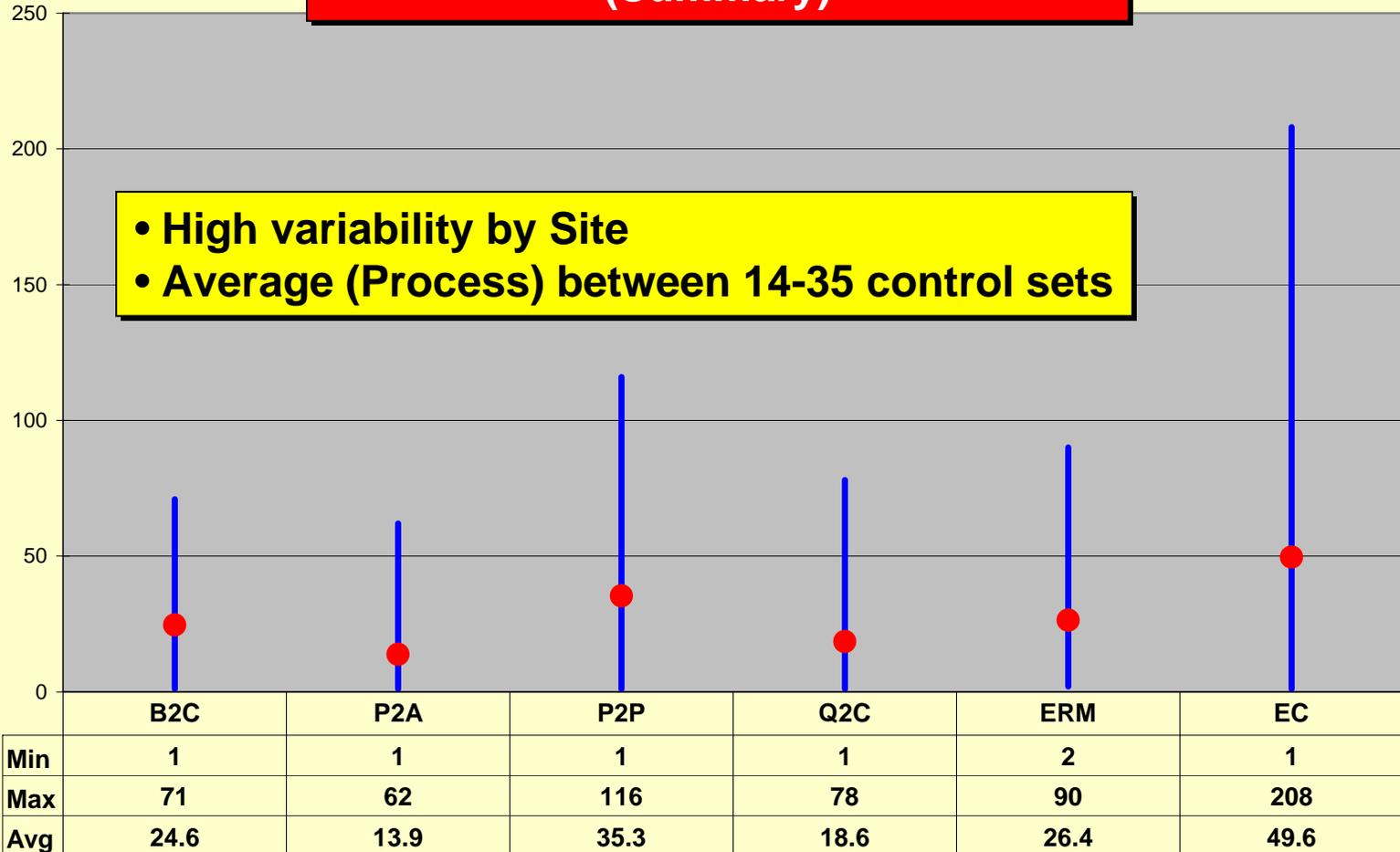
- Provides an overall health assessment of the internal controls across the Department
- Identifies opportunities for sharing “best practices” across the Department
- Identifies areas of risk possibly requiring additional focus and/or improvements
- Identifies areas where common / shared improvement activities may be used to maximize synergies across sites



# DOE Benchmarks

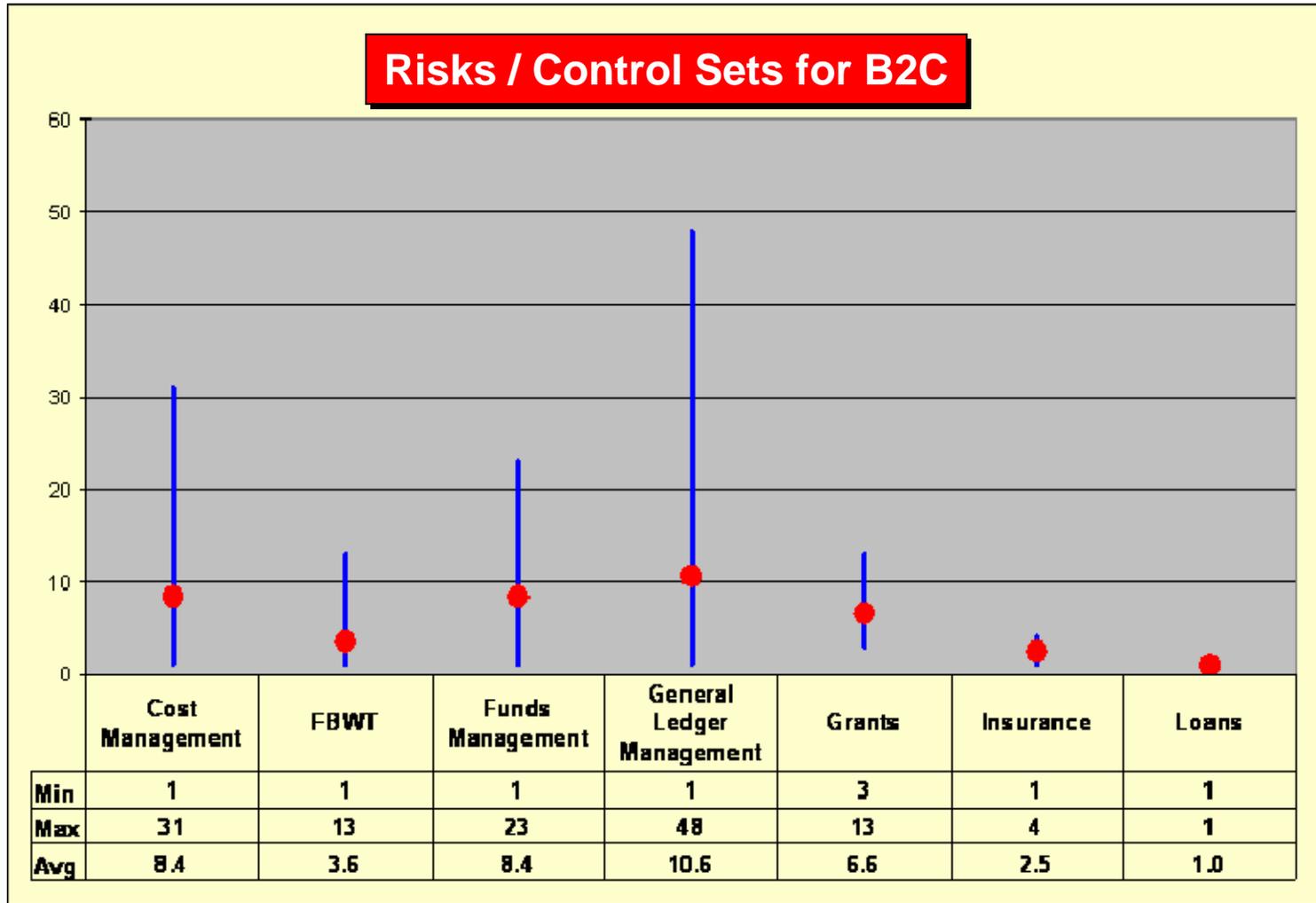
## Risks / Control Sets by Process Cycle (Summary)

- High variability by Site
- Average (Process) between 14-35 control sets





# DOE Benchmarks





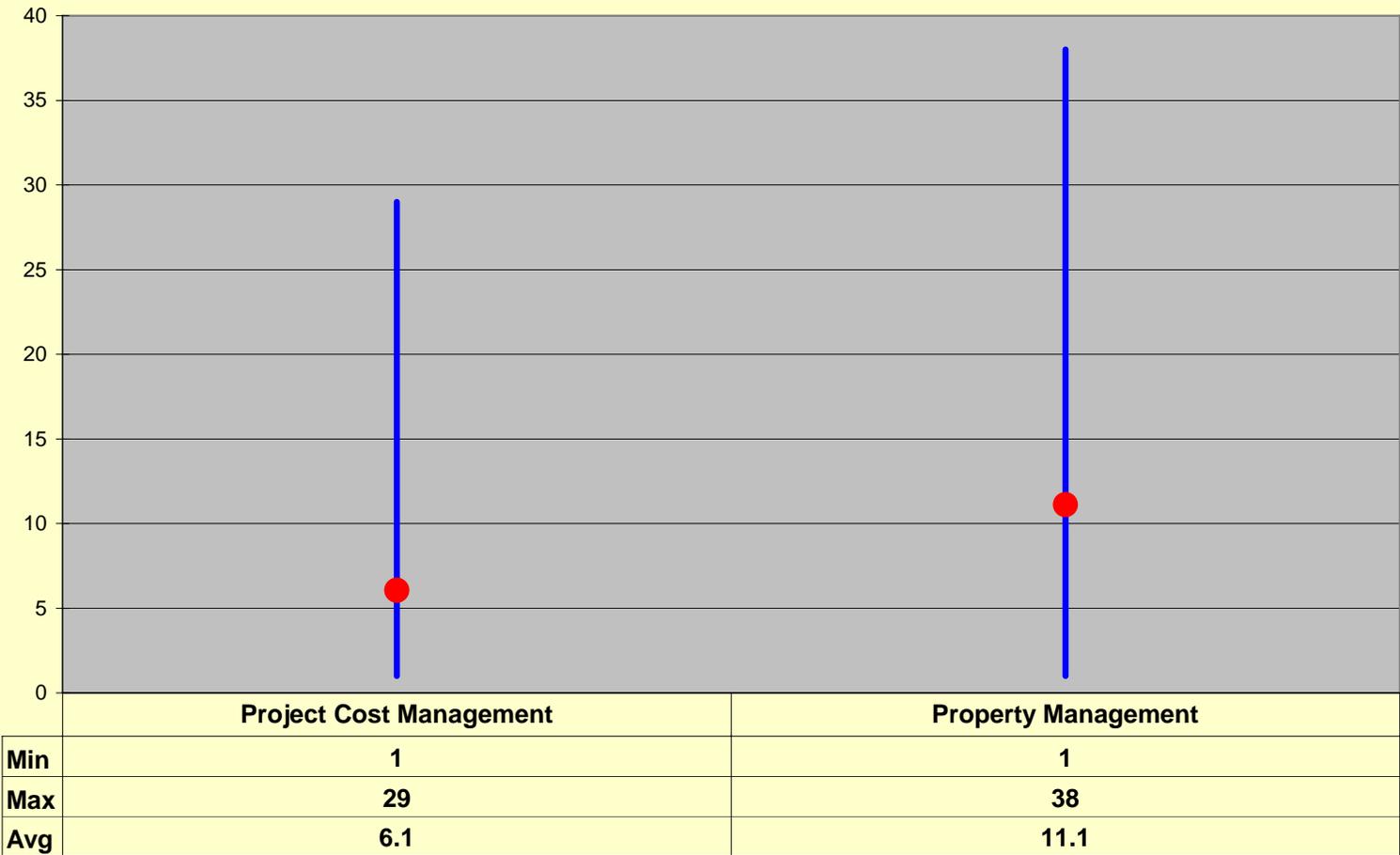
# DOE Benchmarks

**Risks / Control Sets for P2P**



# DOE Benchmarks

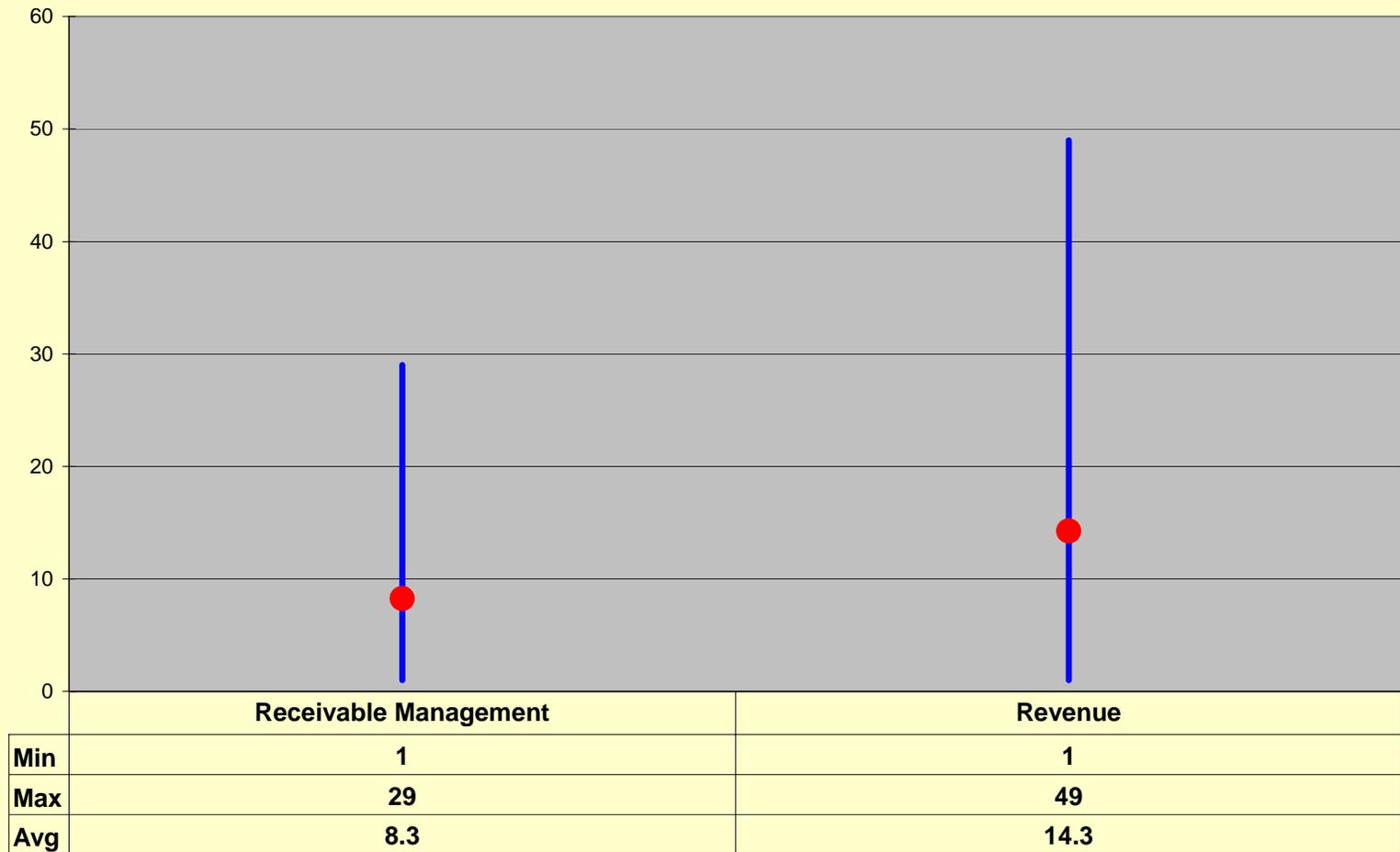
## Risks / Control Sets for P2A





# DOE Benchmarks

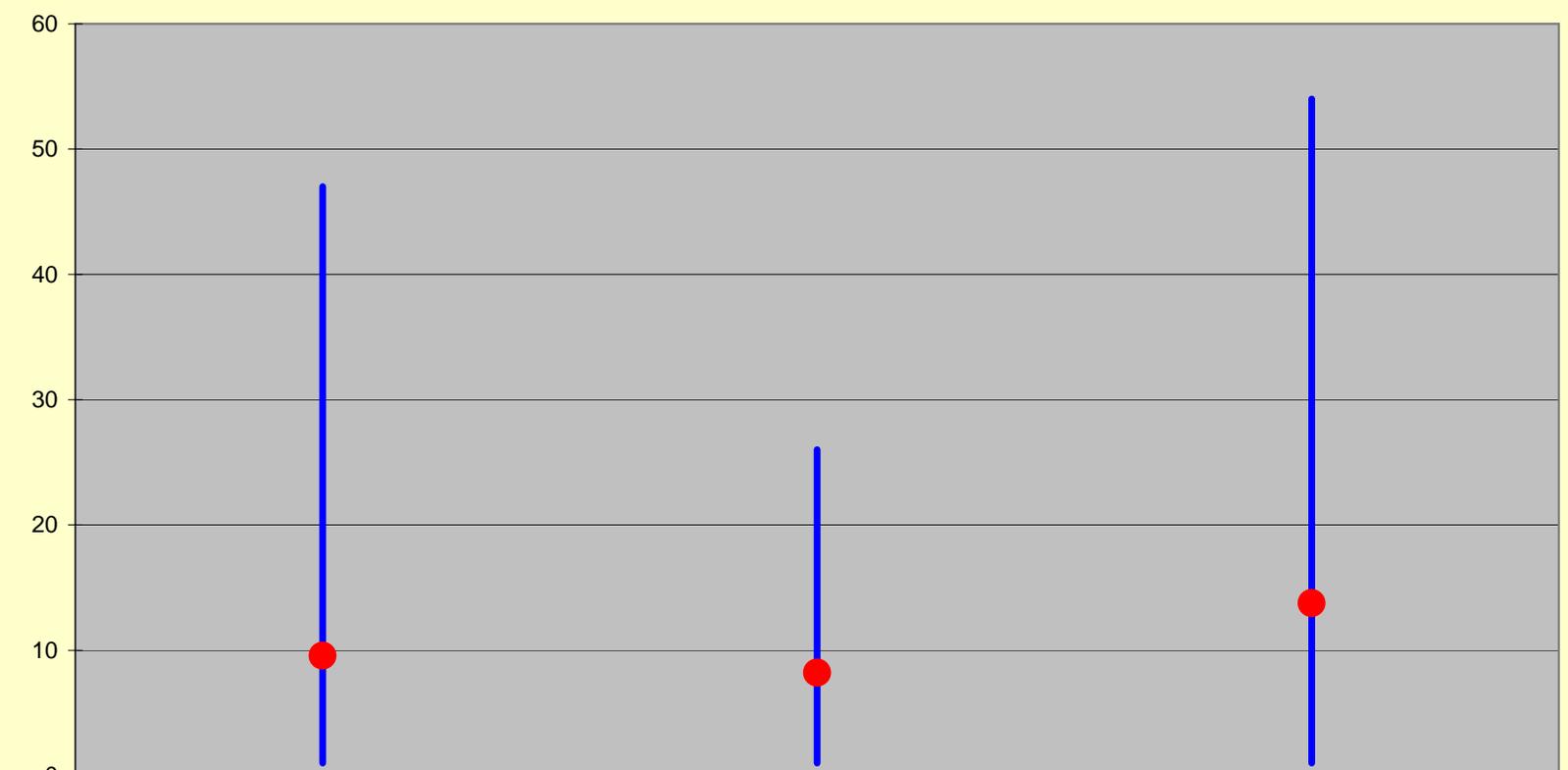
## Risks / Control Sets for Q2C





# DOE Benchmarks

## Risks / Control Sets for ERM

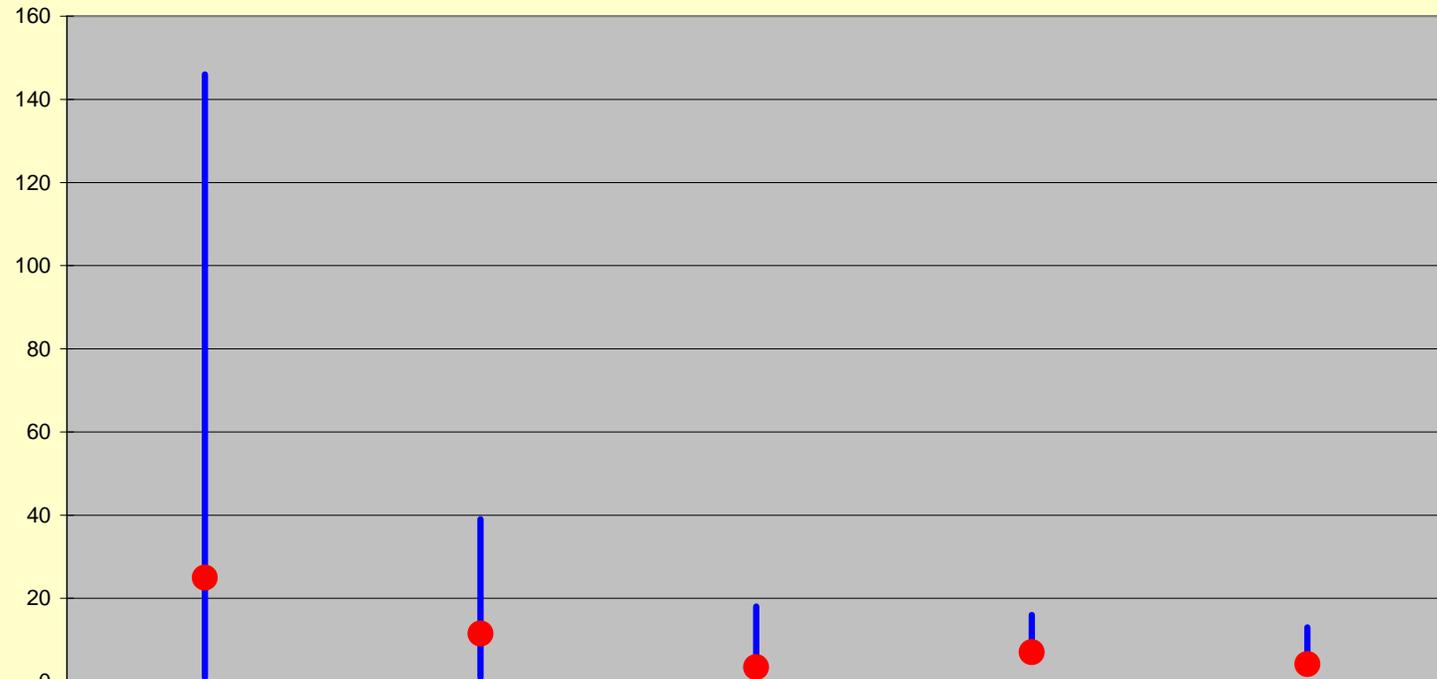


	Benefits	Human Resources	Payroll
Min	1	1	1
Max	47	26	54
Avg	9.6	8.2	13.8



# DOE Benchmarks

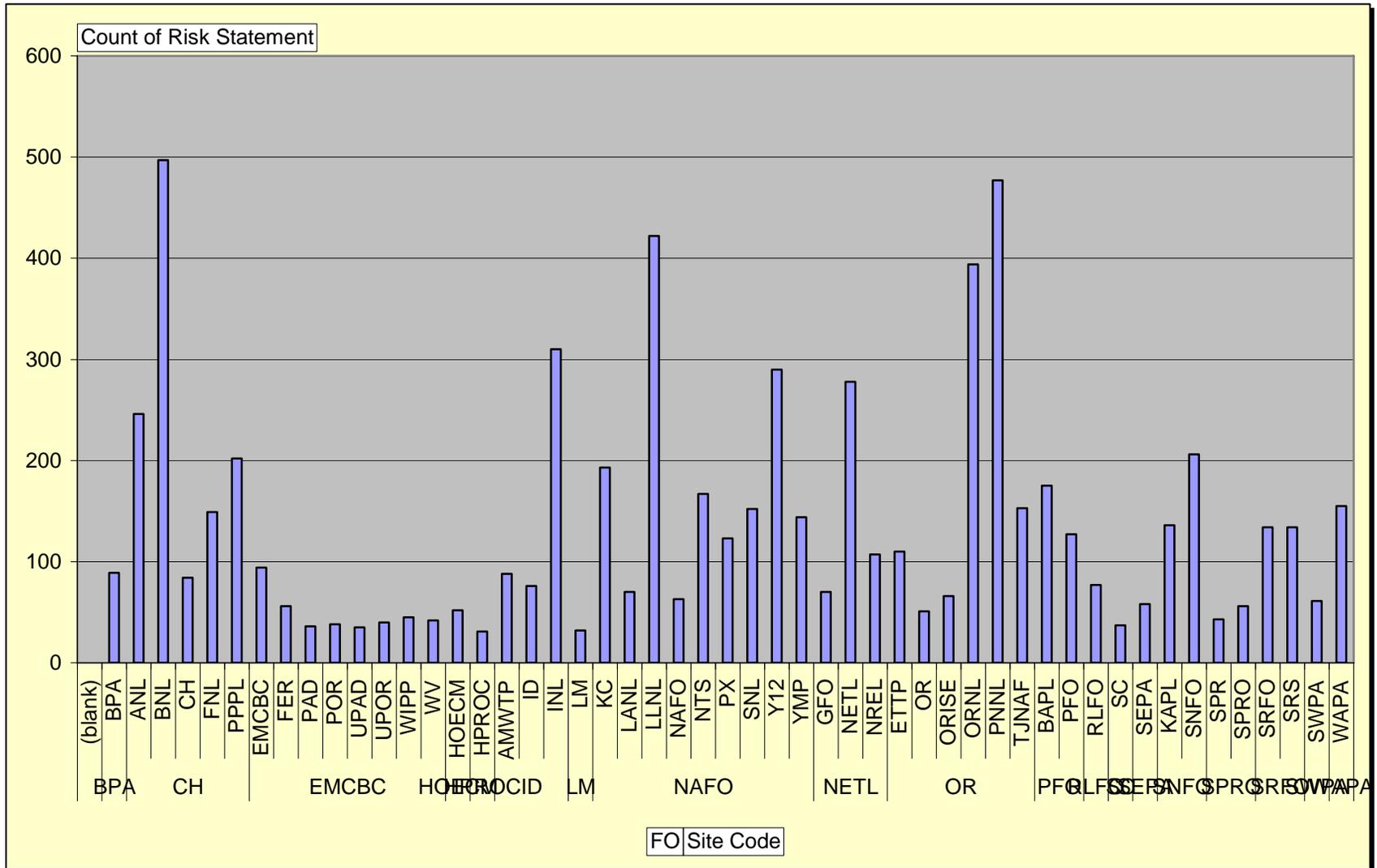
## Risks / Control Sets for EC (Entity)



	Control Activities	Control Environment	Information and Communication	Monitoring	Risk Assessment
Min	1	1	1	6	2
Max	146	39	18	16	13
Avg	24.9	11.5	3.4	7.0	4.2



# Risk / Control Counts by Sites



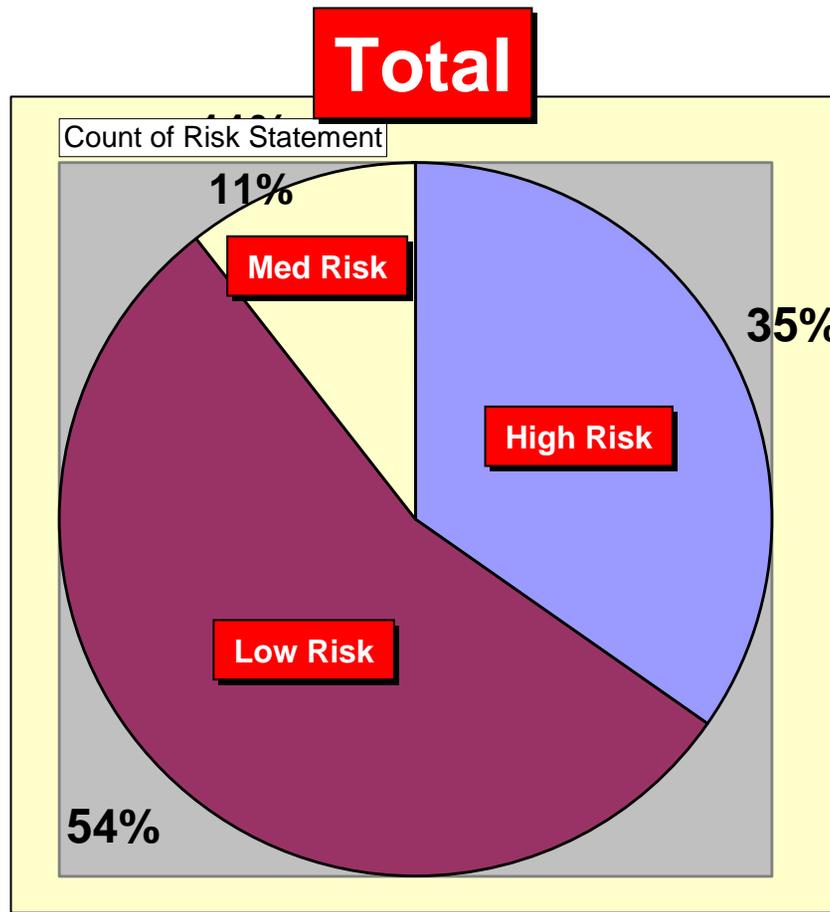
# Discussion



- **What has been the experience at**
  - Sites with high number of control sets?
  - Sites with low number of control sets?
- **If you were to do it again, what would you do?**
- **How comprehensive was the source documentation of the controls prior to A-123?**
- **Was it helpful to have a structured approach with pre-defined Process Cycles and Processes?**
- **Did you have any difficulty associating your sub-processes to this structure?**
- **Any recommendations that should be included in future Guidance or QSGs?**
- .....



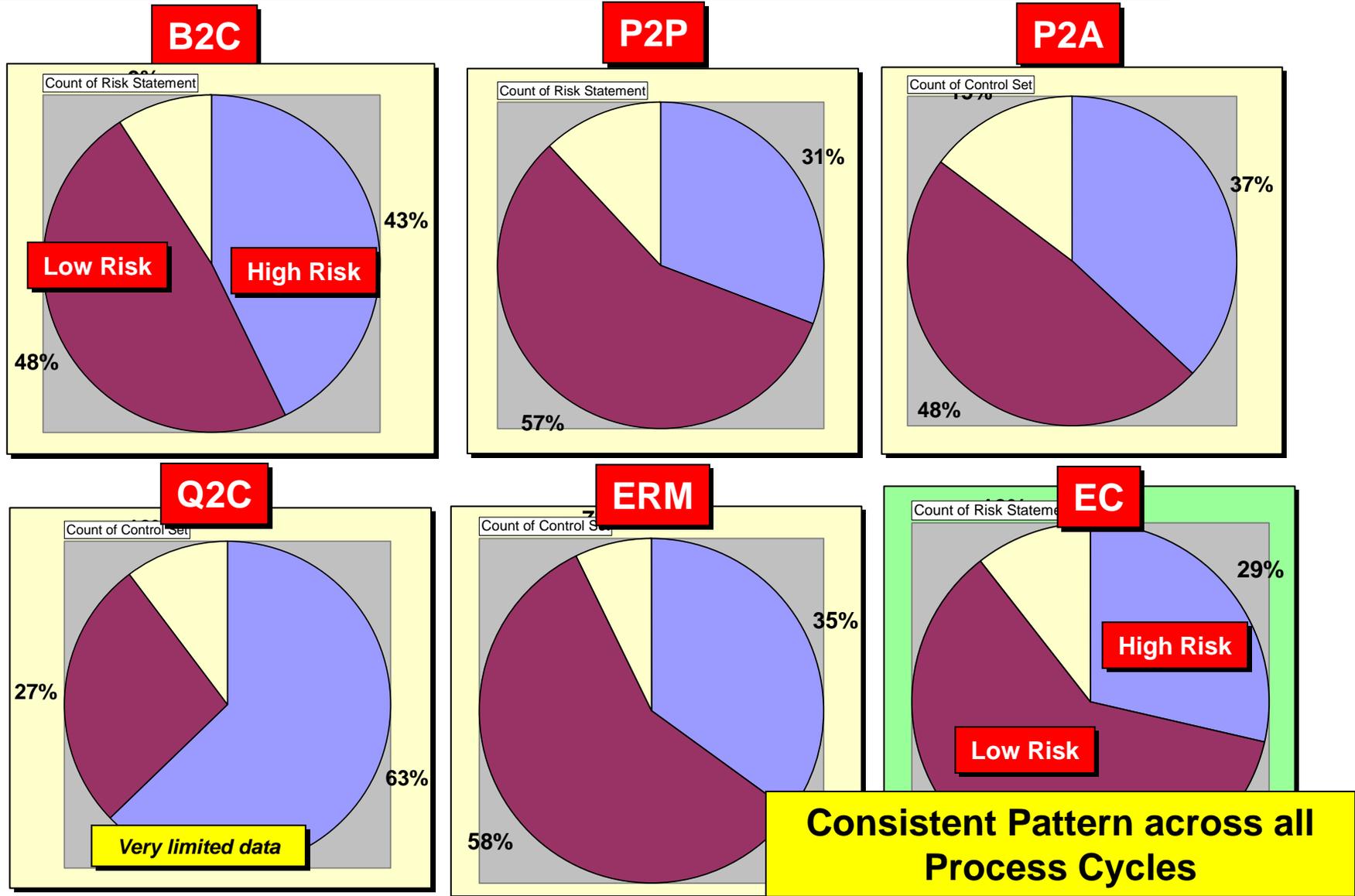
# Observations: Distribution of Risk Assessment Ratings



**Consistent Pattern across all  
Process Cycles**

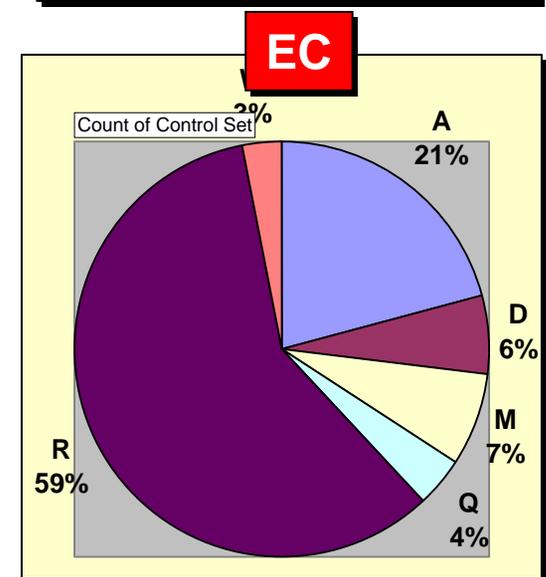
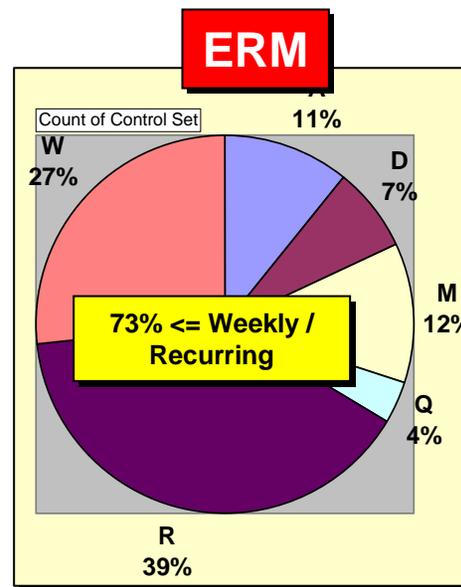
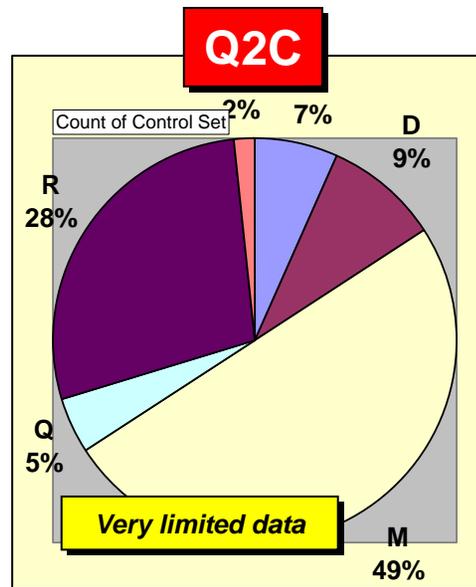
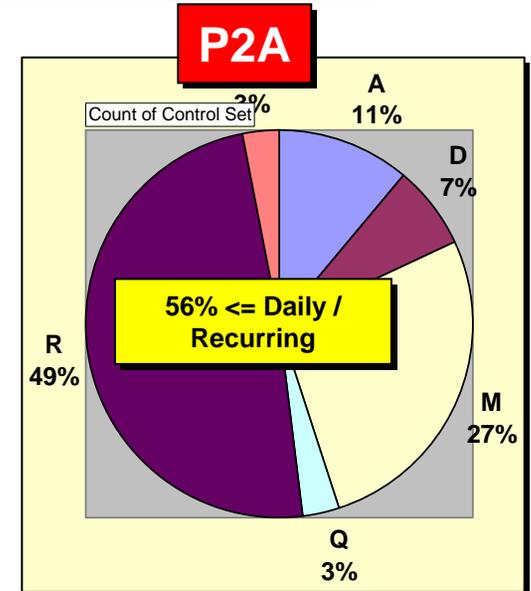
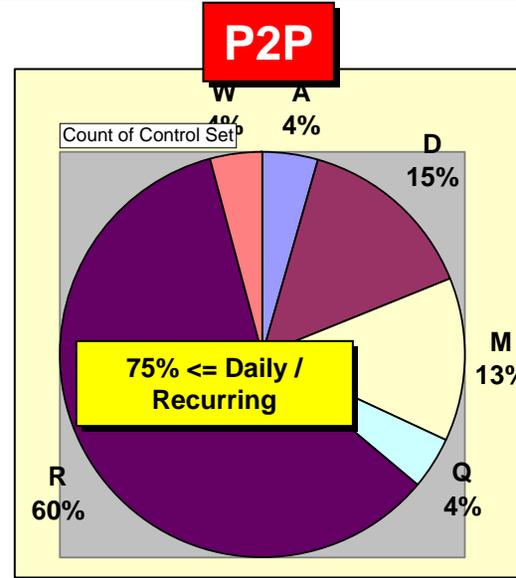
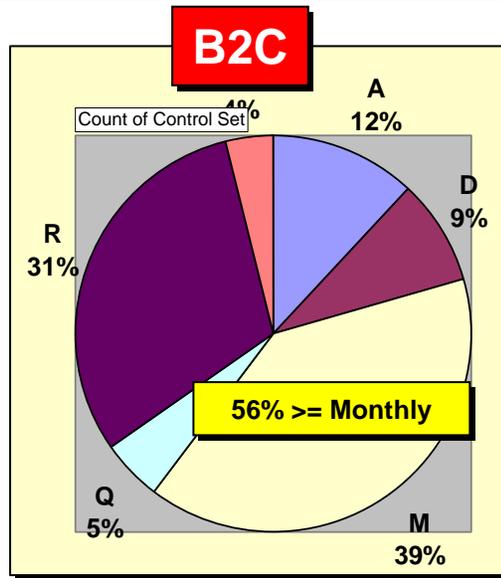


# Observations: Distribution of Risk Assessment Ratings by Process Cycle





# Observations: Distribution of Control Frequency by Process Cycle

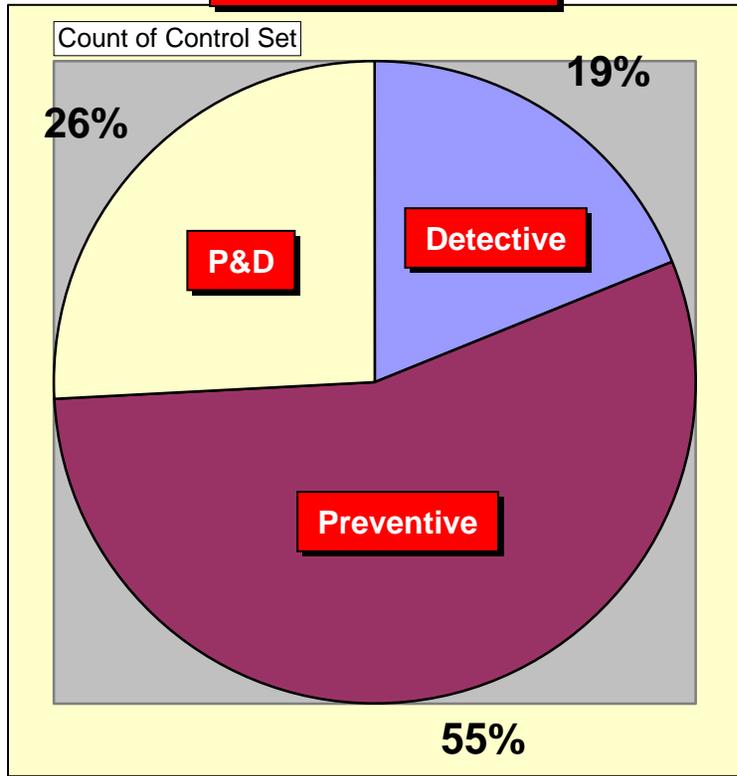




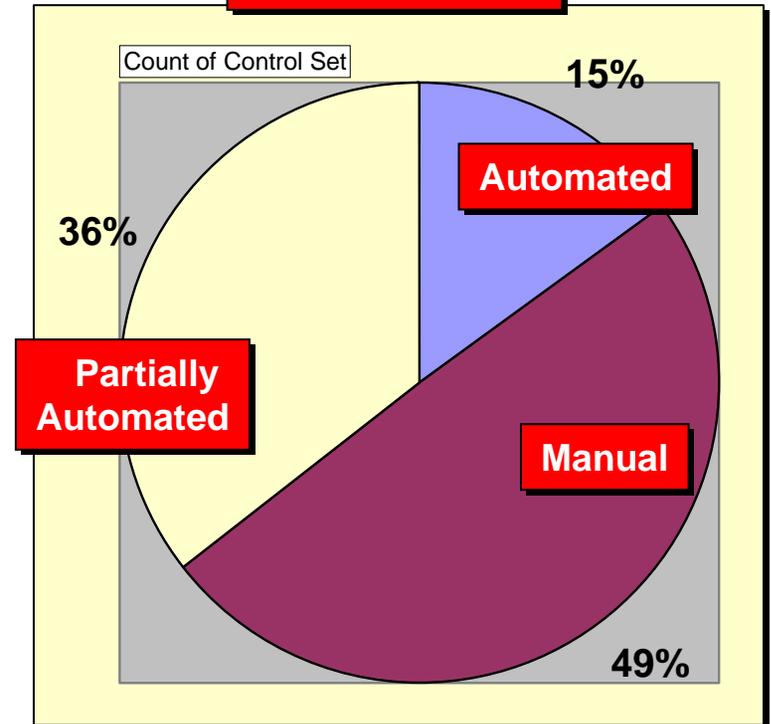
# Observations:

## Distribution of Control Type and Control Mode

**Control Mode Distribution**



**Control Type Distribution**



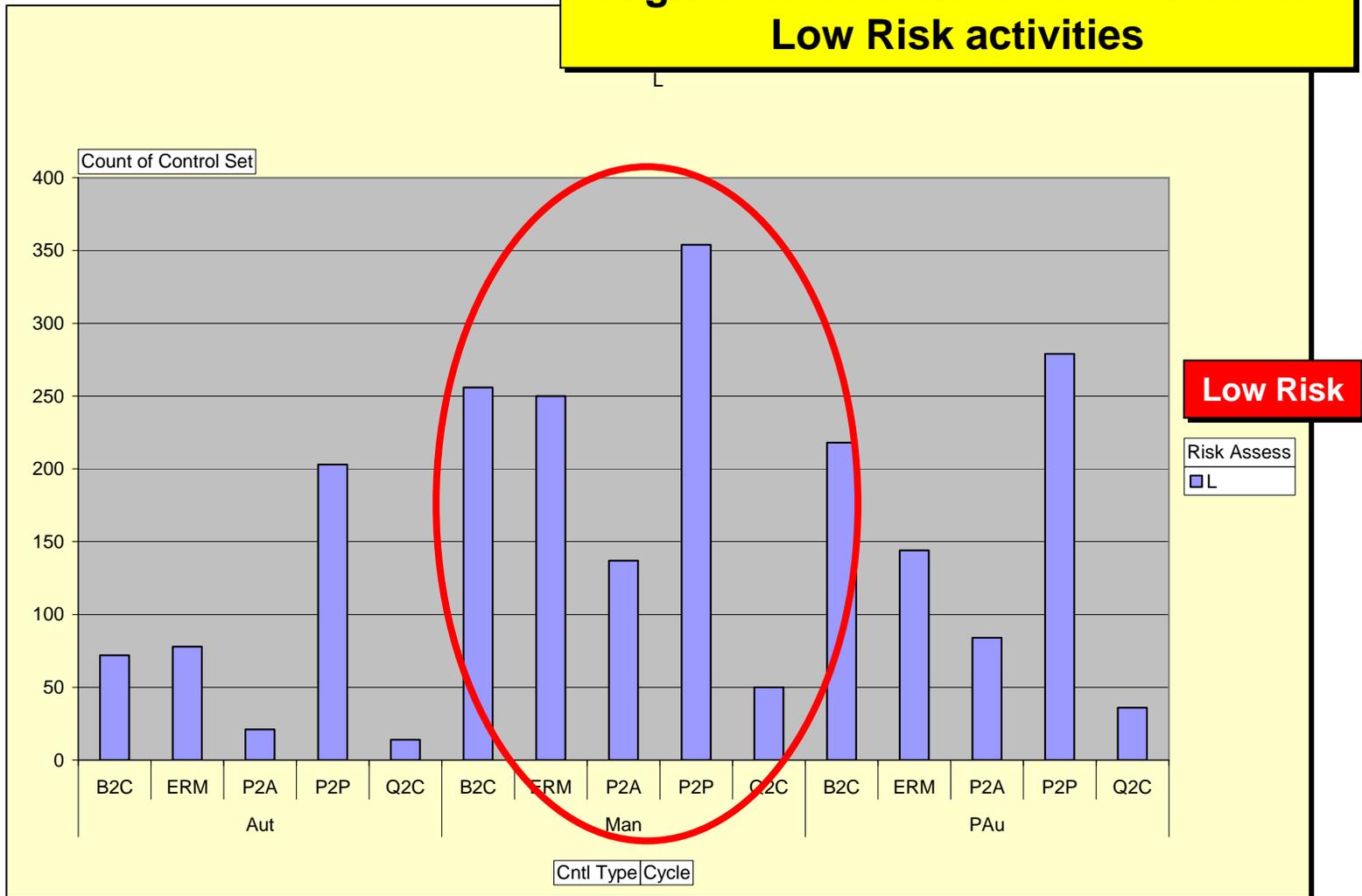
- High share of manual controls
- Feds and Contractors alike



# Observations:

## Count of Control Types for Low Risk

High number of manual controls for Low Risk activities



Low Risk

Risk Assess  
L

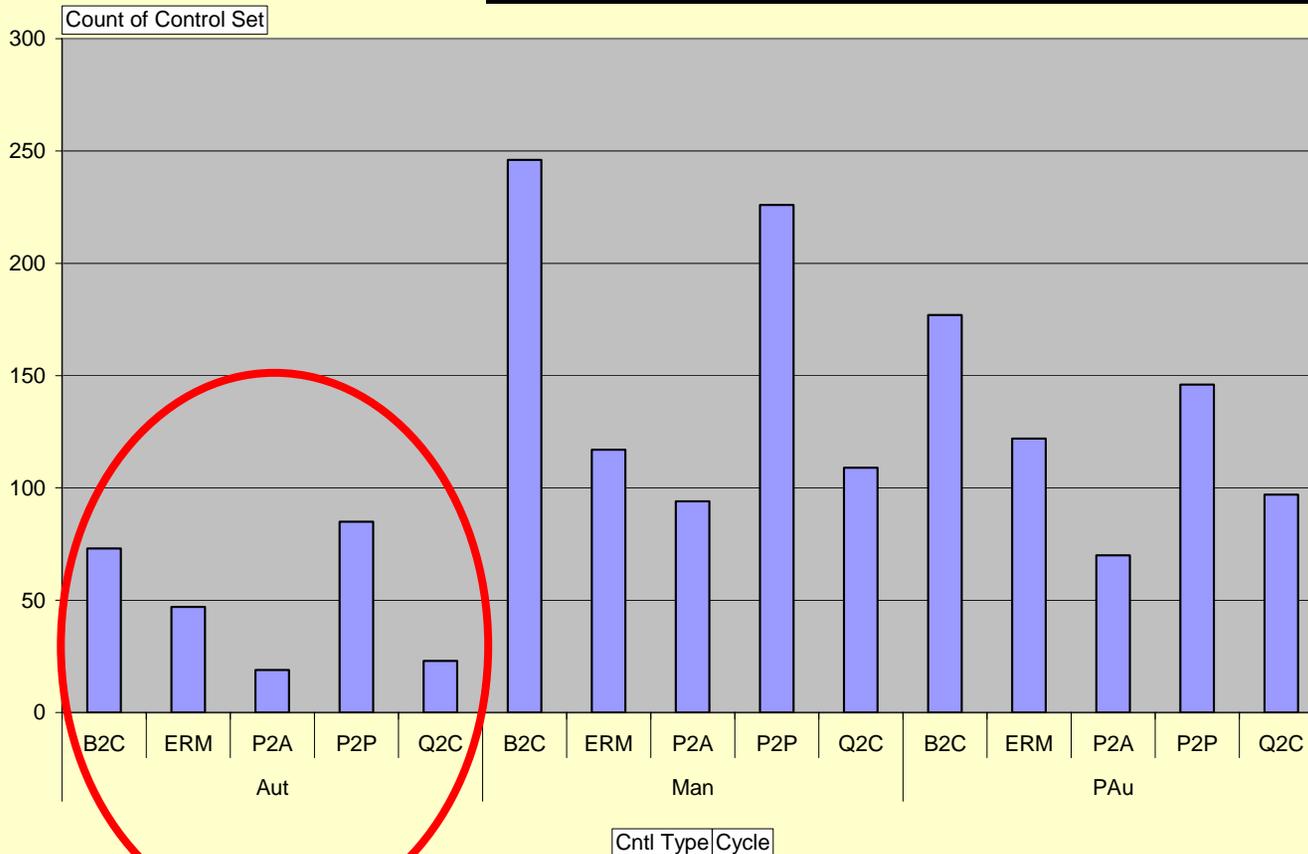


# Observations: Count of Control Types for High Risk

**Low number of automated controls for High Risk activities**  
*(could be skewed by Partially Automated)*

**High Risk**

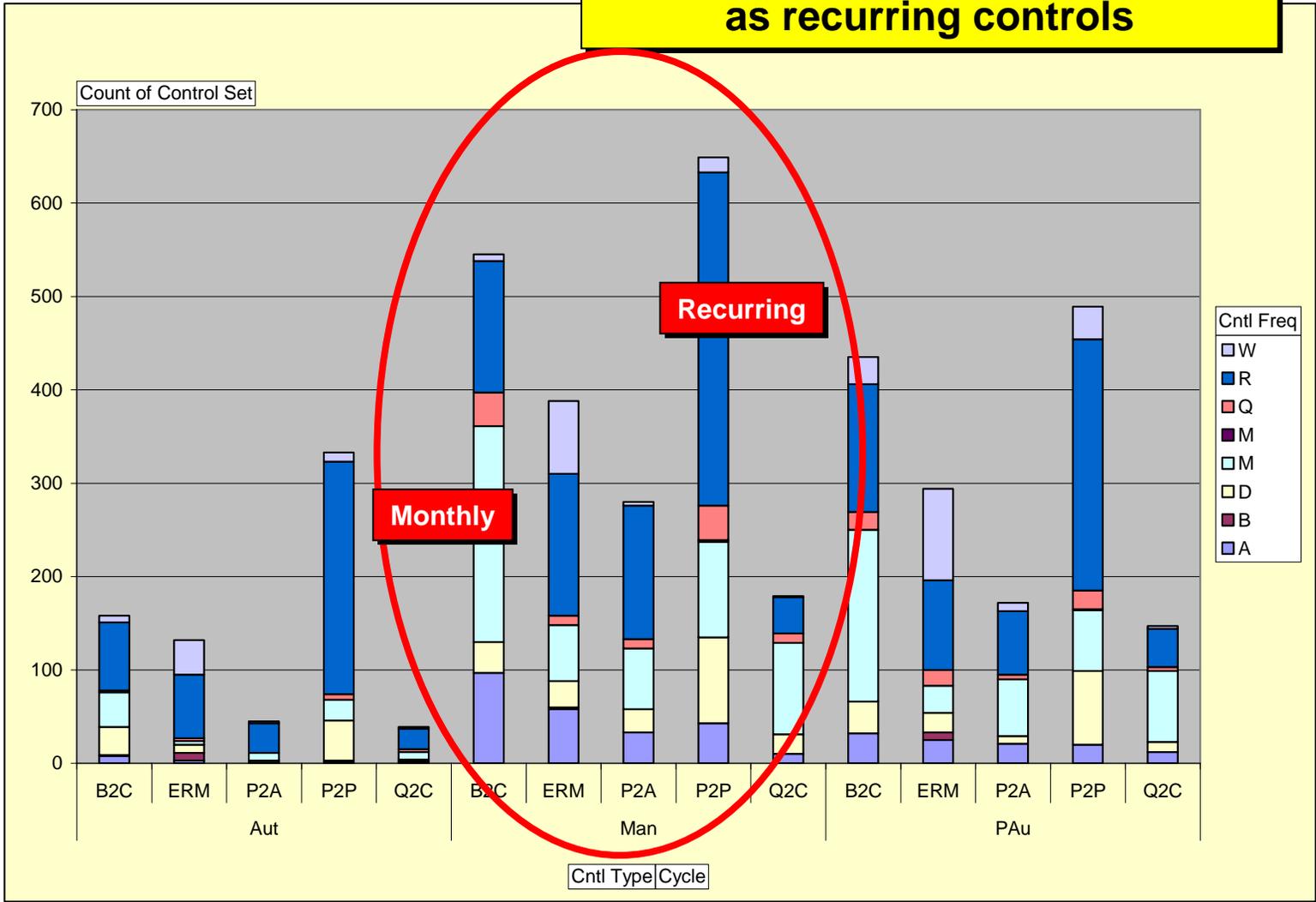
Risk Assess  
■ H





# Observations: Count of Control Types by Control Frequency

High number of manual controls as recurring controls





# Discussion



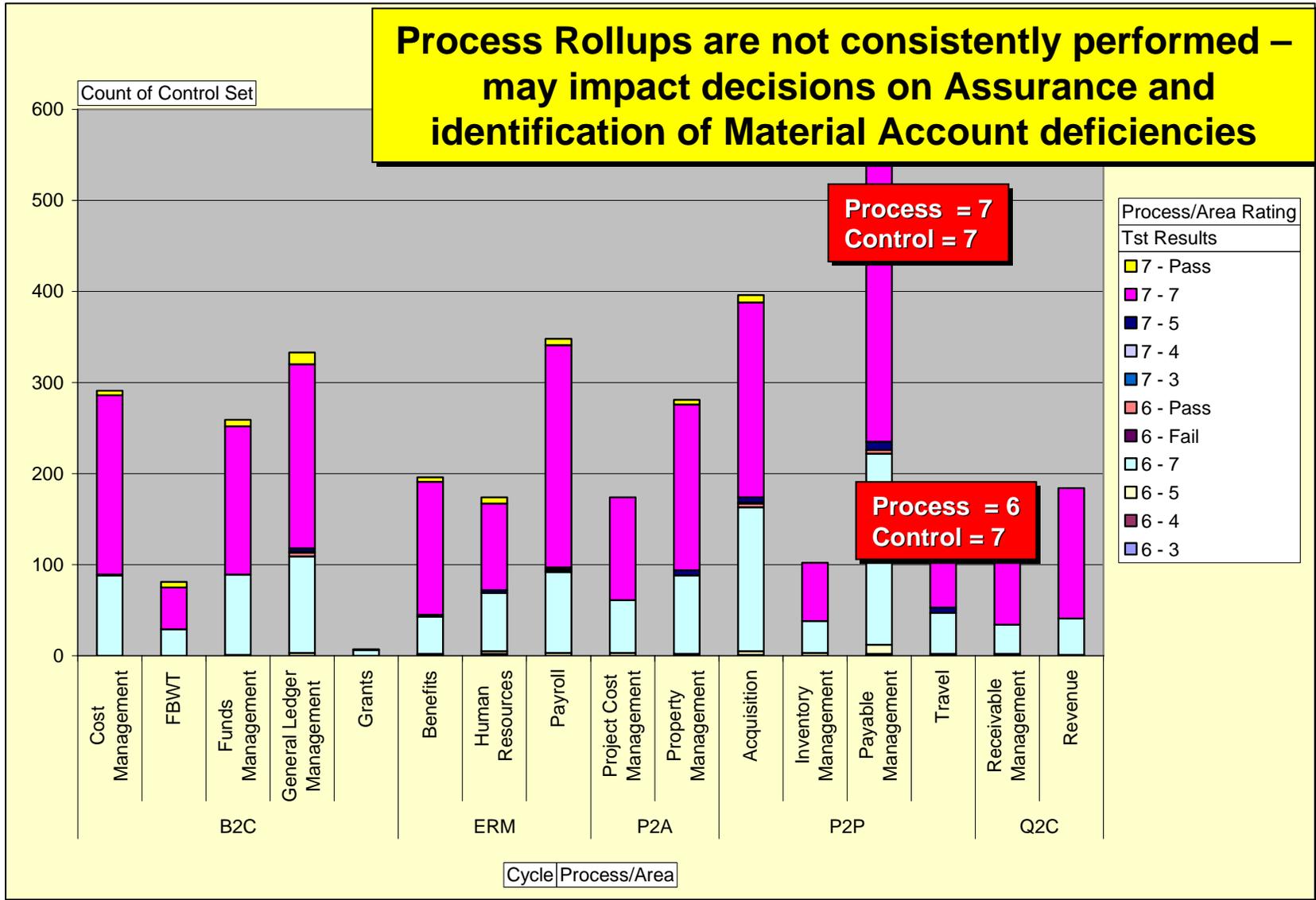
- **What are your thoughts on the types of controls that are in place?**
- **Do you believe that there are significant opportunities for improved business efficiency?**
- **Did the A-123 effort help you identify and document such opportunities?**
- **Do you have any plans in place to capture these efficiency opportunities?**
- **Have you explored how you could better leverage your ERP systems to automate some of these controls?**
- **Any recommendations that should be included in future Guidance or QSGs?**



# Observations:

## Process Summary Ratings vs Controls Ratings

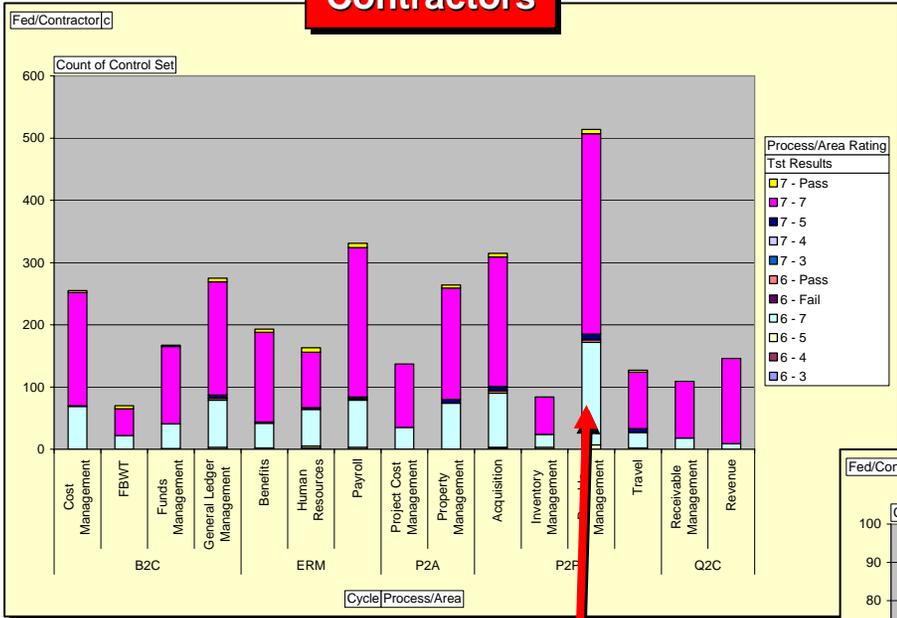
**Process Rollups are not consistently performed – may impact decisions on Assurance and identification of Material Account deficiencies**





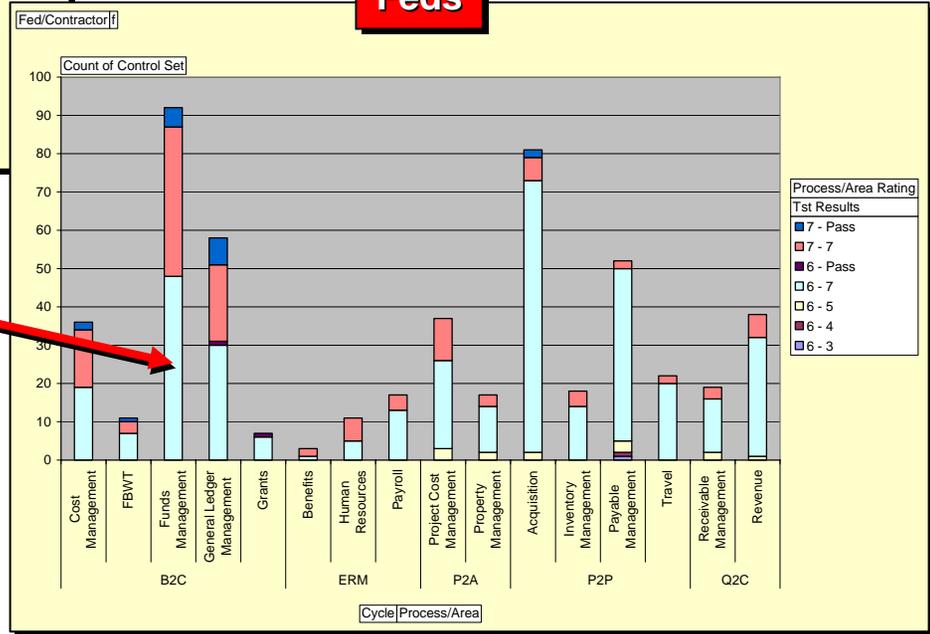
# Observations: Process Summary Ratings vs Controls Ratings

## Contractors



**Process = 6  
Control = 7**

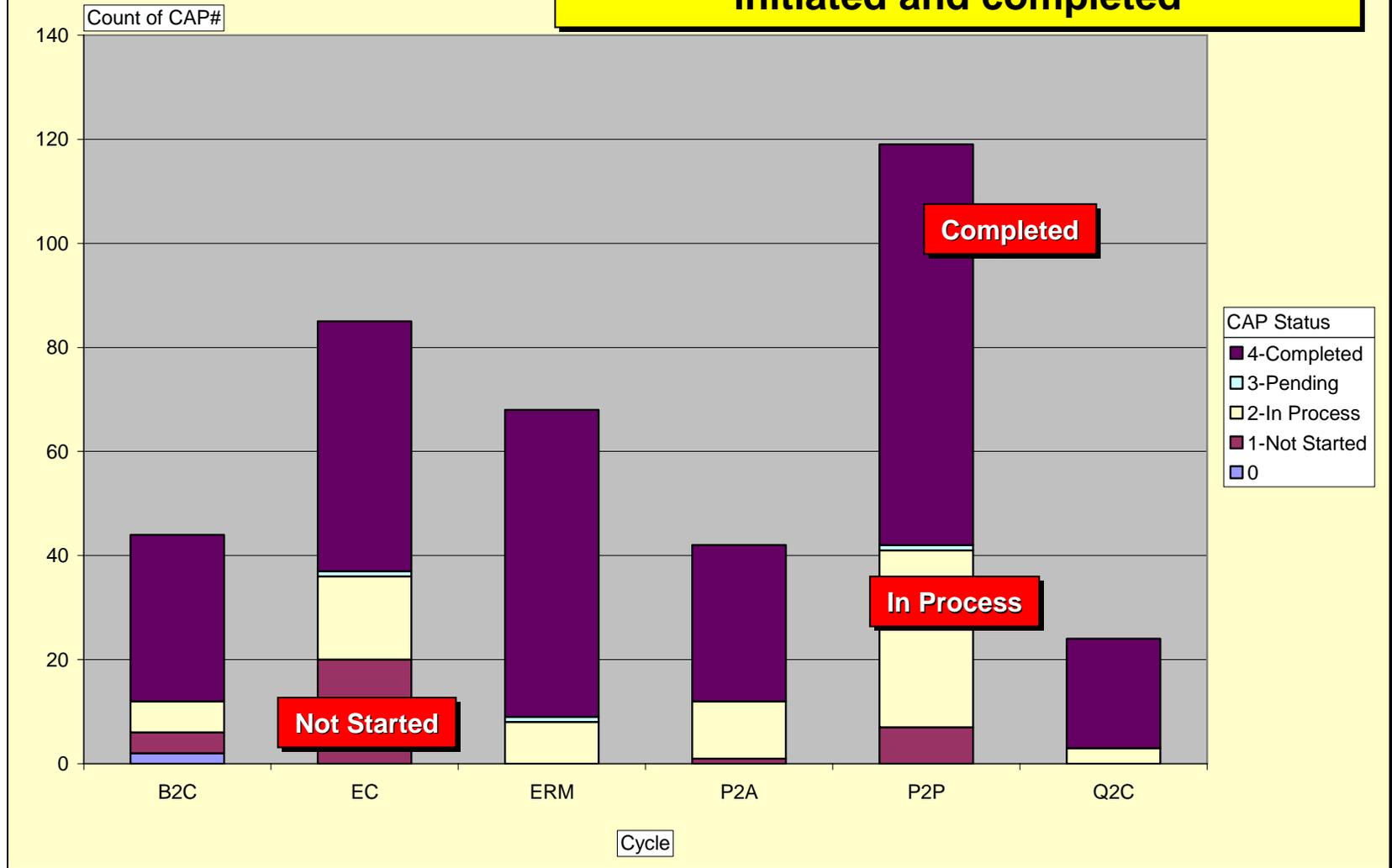
## Feds





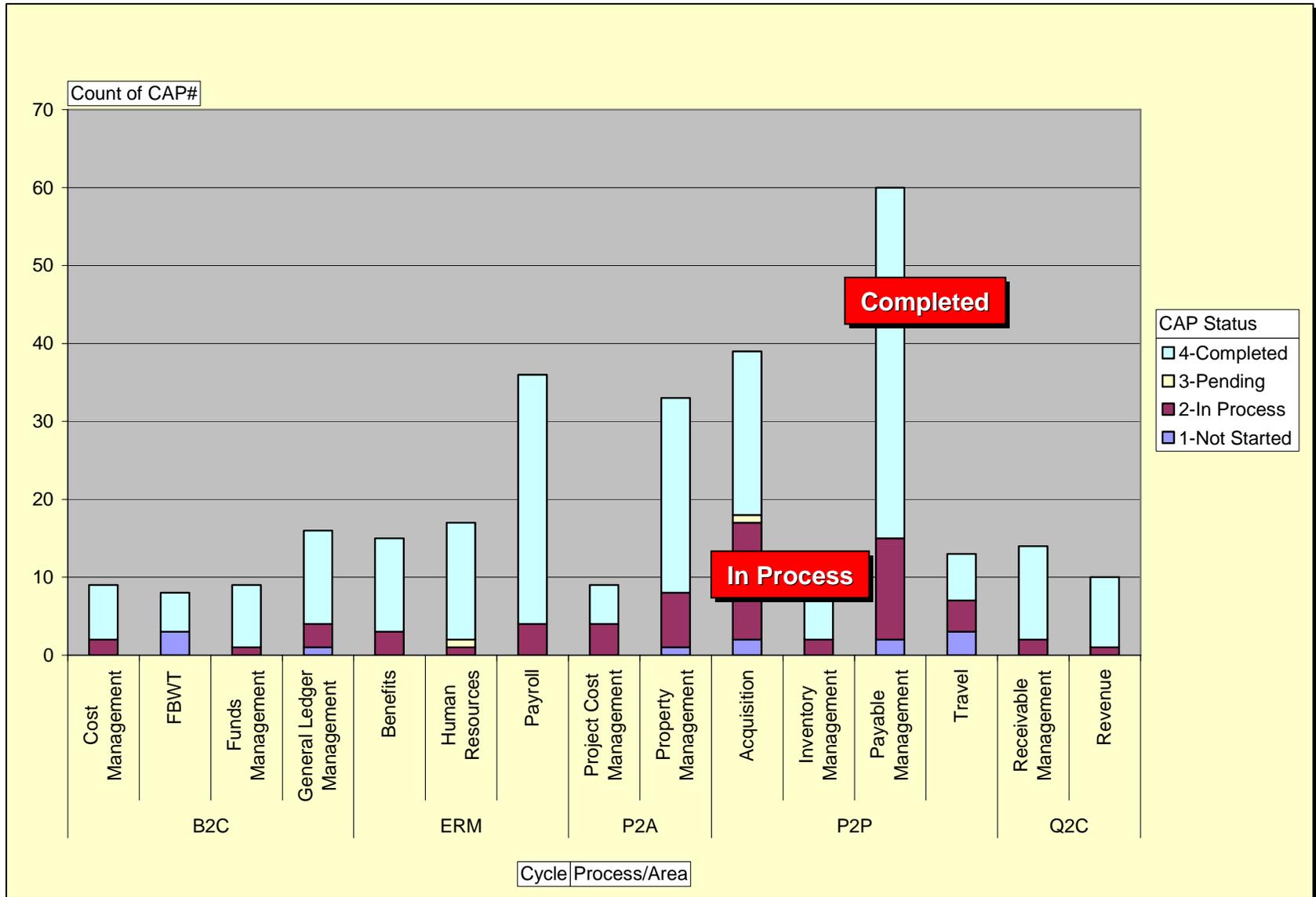
# Observations: CAPs

**Significant number of CAPs were initiated and completed**





# Observations: CAPs by Process



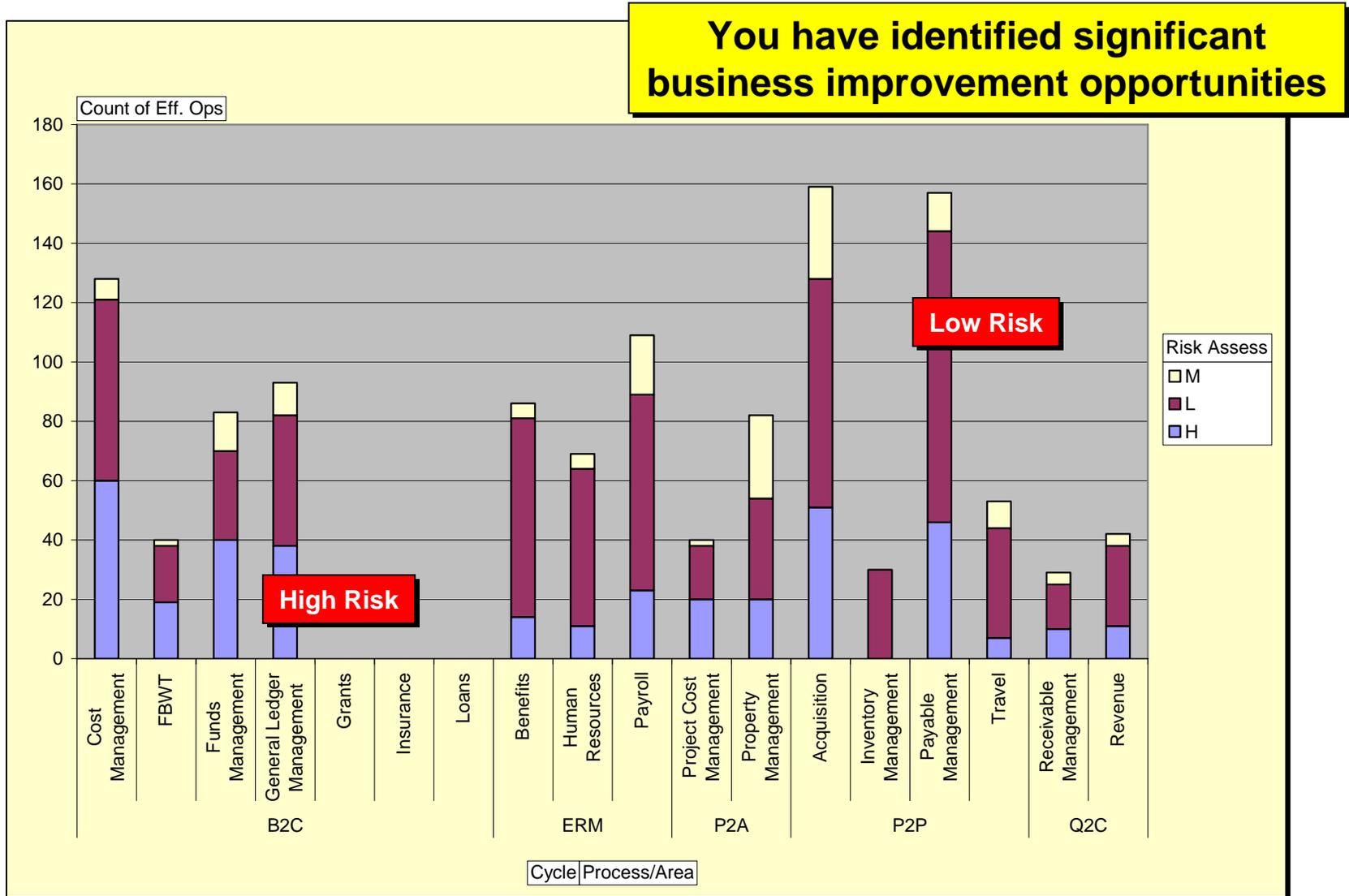
Completed

In Process



# Observations:

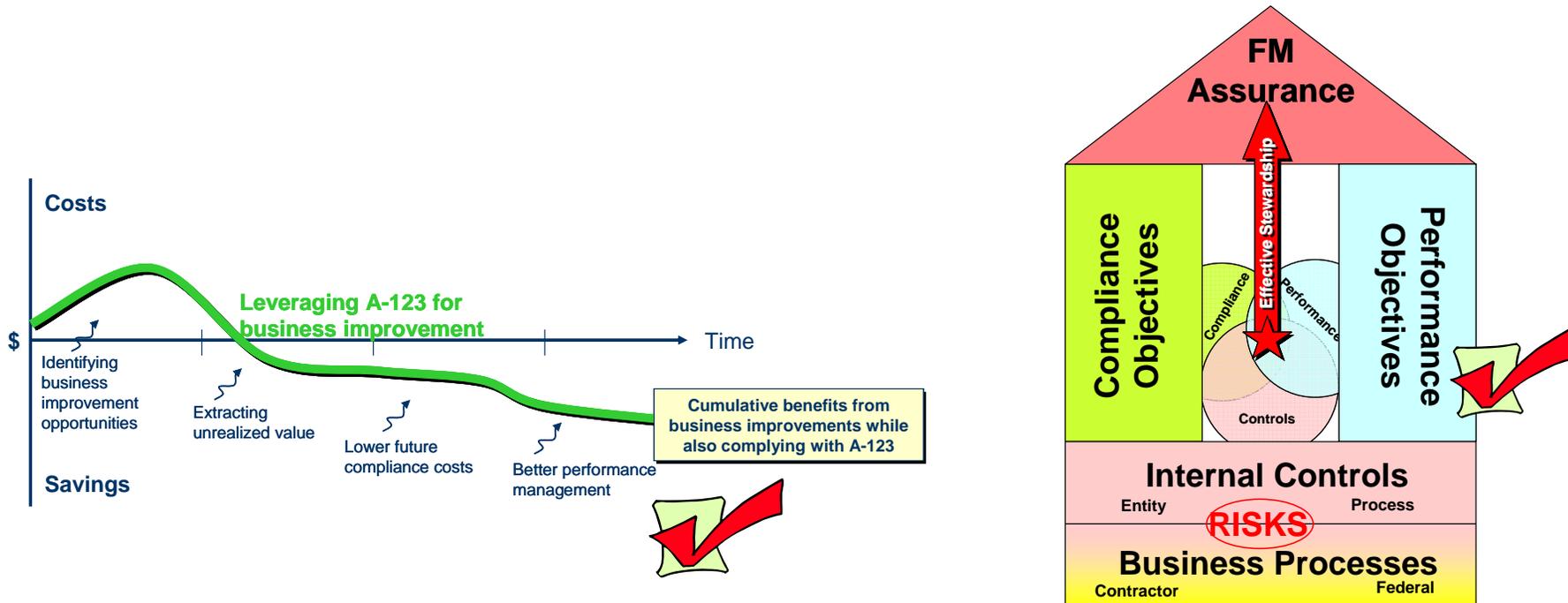
## Count of Efficiency Opportunities Identified by Process and Risk





# Wrap up

- Significant opportunities for business efficiency were identified....we should capture the benefits.



The Report Package used for this analysis is available as a “AART-REPT: Standard Report” and could be used by Field Offices to analyze their Sites



# **Risk Identification / Risk Assessment**

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# Risk Reference Guide



Department of Energy

## Entity & Process Risk Quick Reference

Release 1.0  
October 2007

This Quick Reference is an initial compilation of common risks that may occur for each Process / Sub-category. It has been compiled from work done on the Process Catalog and Entity Catalog as well as from Field submissions. In many cases only the "Behavior" part of the Risk Statement [What could go wrong?] has been documented without the the "Result" [What effect would it have?] portion of the Risk Statement.

- 1 [Click here for Entity Risks](#) - Entity Catalog
- 3 [Click here for Entity Risks](#) - DOE Submissions
- 2 [Click here for Process Risks](#) - Process Catalog
- 4 [Click here for Process Risks](#) - DOE Submissions

**– Entity Risks**  
**– Process Risks**

**To assist in enhancing and/or reviewing the completeness  
of the identified risks  
by leveraging knowledge from other sites and sources**



# Business Process Catalog / Catalog of Entity Controls: Source of Content

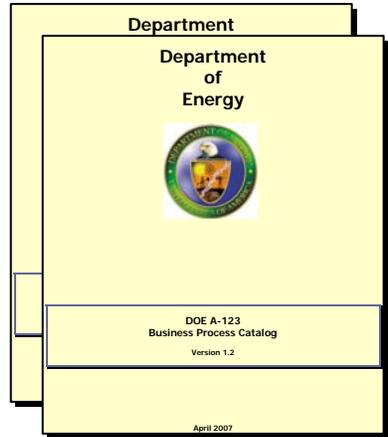


- Process Maps
- Process Inventory
- Entity Areas
- Common Risks / Controls

- AART Submissions
  - Sub-processes
  - Risks
  - Controls

**Business Process Catalog**

only P2P distributed



**Catalog of Entity Controls**

only

- Control Environment
- Information & Communication



## **Demo**

- **Risk Reference Guide**
- **Business Process Catalog**
- **Catalog of Entity Controls**



# Discussion



- **How did you identify the risks affecting your material accounts?**
- **Did you use other reference materials?**
- **Any that you would recommend as “best practices”?**
- **Were you aware of the Business Process Catalog?**
- **Would you consider material such as the Risk Reference Guide, Business Process Catalog or Entity Catalog useful?**
- **Any recommendations that should be included in future Guidance or QSGs?**



# AART-RPT

## The AART Reporting Tool

**Only if there is interest in  
the audience**

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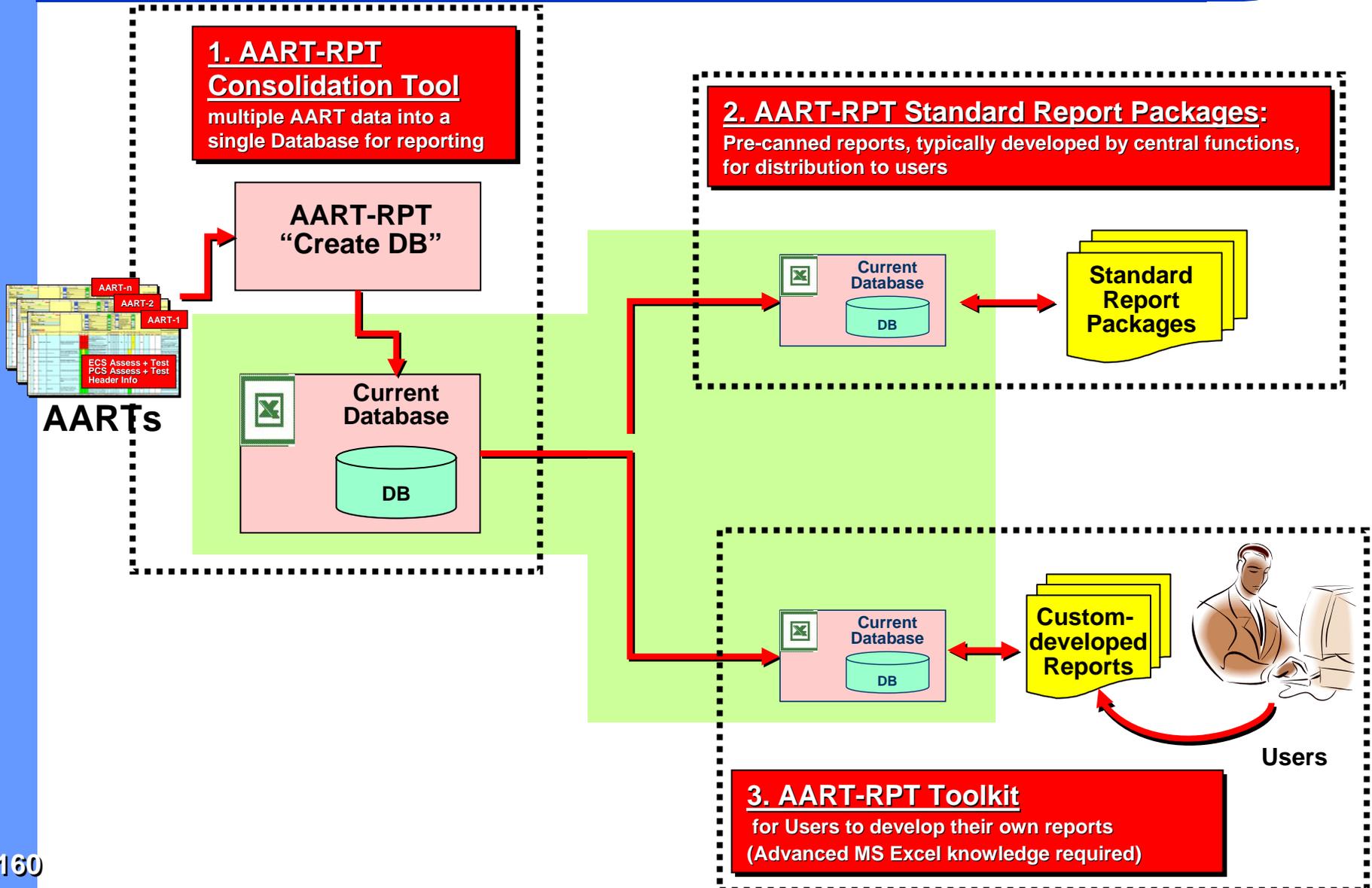
# Purpose and Use of AART-RPT

- **Significant data has been collected in the AARTs that can provide the basis for analytics including, among other, information regarding DOE's:**
    - Processes / Sub-Processes
    - Risks
    - Controls
    - Remediation activities
- Stats:**

  - **Sub-Processes** 1200+
  - **Risks/Control Sets** 7000+
  - **Locations** 62
- **AART-RPT enables the reporting and analysis of selected AART data across sites, programs or agency-wide in support of**
    - Oversight and Assurance
    - Business Process Improvement
  - **Key capabilities include:**
    - Consolidation of data from multiple AARTs
    - Creation of Standard Reporting Packages for distribution
    - Creation of a Reporting Toolkit, with a database in Excel, to be used by users with advanced MS Excel skills for Ad-hoc reporting
    - Capability to refresh the data as new data becomes available



# AART-RPT: Reporting Tool Components





# Live Demo – Mini Tutorial

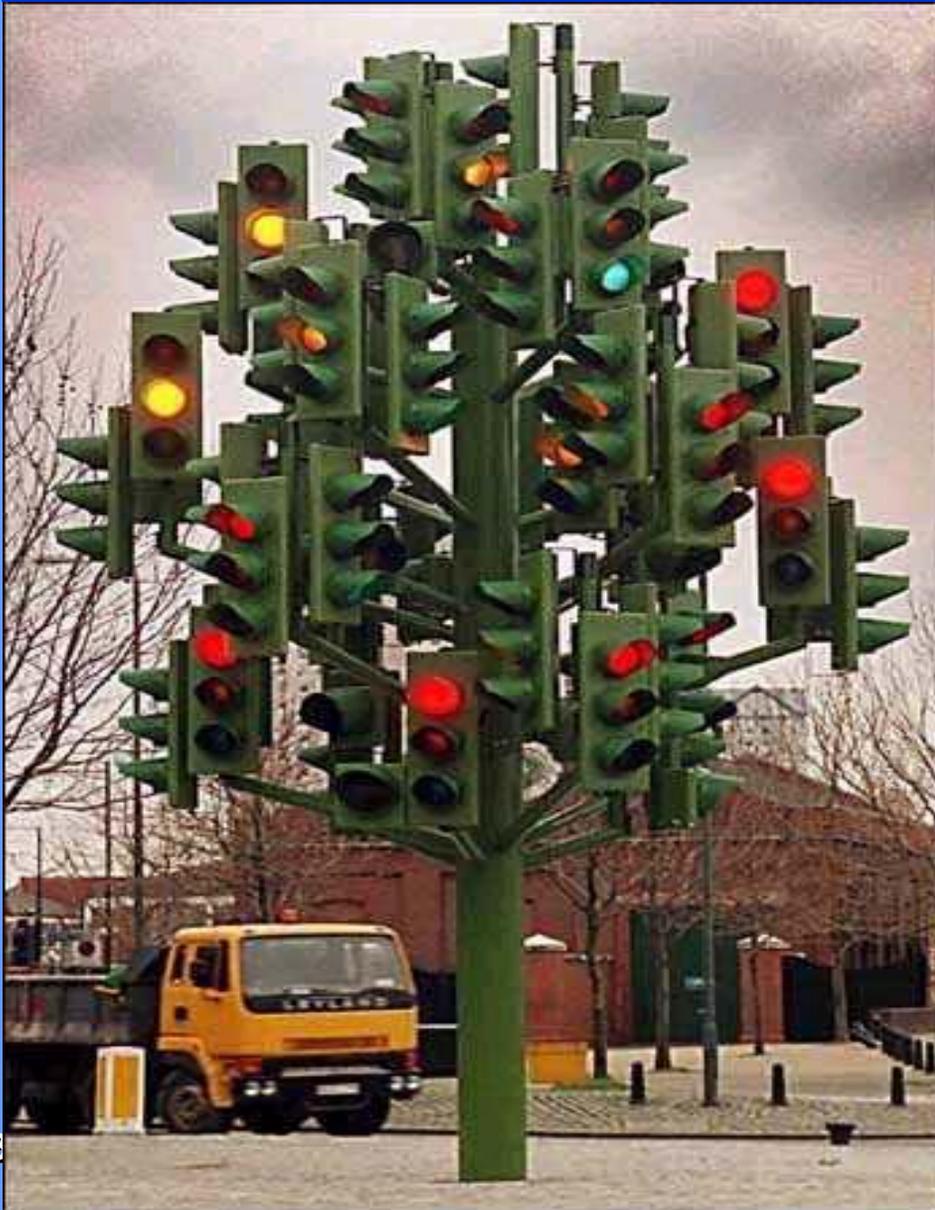


# Survey Questions:

- **Were the objectives for the session clear?**
- **Was the material presented at the right level of detail?** (Too detailed, just right, Not detailed enough)
- **Did the instructors speak clearly and project adequately?**
- **Were the slides and demo clear and readable?** [slides, demo]
- **How were the facilities** [ good, poor] ?
- **Do you feel that you are now prepared to be effective in implementing ARCA and your FY08 activities?**
- **Did you like the format for the session?** (General Overview, Detail Training, Discussion Forum)
- **Was it helpful to have had an early ARCA Overview Webinar prior to this session?** [very important, somewhat important, not important]
- **Did the session meet your expectations?** [exceeded, met, did not meet]
- .....
- **Any suggestions for improvement?**



# Wrap Up



**Questions**

**Discussion**

**Feedback**