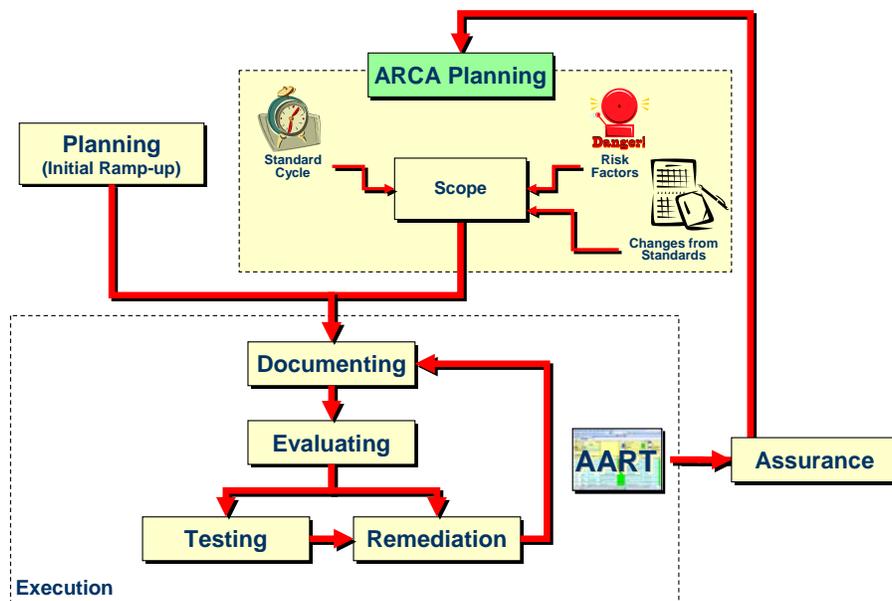




A-123 Quick Start Guide – Annual Risk-based Controls Assessment



Purpose	<ul style="list-style-type: none"> To enable the ongoing assessment and monitoring of the effectiveness of controls considering a 3-year cycle and any risk factors that may impact the effectiveness of the controls.
Key Activities	<ul style="list-style-type: none"> Identify Risk Criteria Identify Assessment Scope Execute assessment of identified scope Monitor progress and completion of the assessment scope
Required Templates	<ul style="list-style-type: none"> AART Tool Suite

<http://www.cfo.doe.gov/progliaison/doeA123/index.htm>

A-123Helpdesk@hq.doe.gov



A-123 Quick Start Guide Annual Risk-based Control Assessment

Document Legend			
	Notebox: Contains additional information		Tip: Contains helpful information and recommendations.
	Requirements: Contains very important requirement information		Detailed A-123 Documentation
			AART Input: Color dependent by tab. Local AART [yellow], ECS-Assess [dark blue], PCS-Assess [light blue], ECS/PCS-Test [green], CAP-Track [red]

INTRO

Basic principles

The Annual Risk-Based Control Assessment (ARCA) methodology was designed to allow Local Assessment Teams to easily identify, plan for, implement and monitor their current year and out-year assessment scope. ARCA defines the assessment cycle as the time period between July 1 and June 30. The ARCA methodology is based on the OMB requirement that all controls be tested every three years. Key principles to this approach include:

- Managing the assessment at the sub-process/sub-category levels
- Monitoring corporate risk criteria that define impacts to the operational environment and assessment scope
- Enabling 3-year planning by providing the visibility of all activities and allowing adjustments across the 3-year cycle
- Providing Local Management the flexibility to manage local assessments based on local criteria, including Local Risk Criteria and defining cyclical reviews based on Risk Assessment Ratings.

Managing the Assessment

The ARCA methodology manages the scope at the sub-process and sub-category levels in order to simplify and more effectively perform the annual controls assessment. This approach is supported by the ARCA tool through an automated aggregation of the identified risk activities to the sub-process/sub-category level.

Monitoring Corporate Risk Criteria

The ARCA methodology applies a series of risk criteria that, if triggered, causes the sub-process / sub-category to require an assessment during the current year. In the absence of any risk criteria the assessment would be truly cyclical (i.e., based on the oldest test date). The effect of the triggering of the risk criteria is to drive an earlier assessment of controls and is intended to mitigate the Department's overall risk through the proactive monitoring of new areas of risk.

Enabling 3-year Planning

The ARCA methodology identifies the annual assessment scope after allowing Local Assessment Teams to delay (for valid reasons) or pull forward assessment scope, over a 3-year planning horizon. This flexibility provides for better local planning of the assessment, as well as better management of local implementation resources.

 This Guide is focused on providing the steps required to plan and execute the ARCA methodology and assumes the reader is proficient in the DOE A-123 methodology and the AART Tool Suite.



ARCA TAB FIELD DESCRIPTIONS

1 Scope			Process Information			Risk Assessment
6/30/2008	6/30/2009	6/30/2010	Process Cycle	Process	Sub-Process	
X			P2P	Payable Management	Payee Information Maintenance	H
X		X	P2P	Payable Management	Invoicing	H

2 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 UnTested	Corporate Scope	Local Scope
	H		7	2		1	1
	H		7	1		3	1

Scope 1: Current cycle scope (date for completion of assessment, i.e. Year 1).

Scope 2: Date of completion for year 2 scope.

Scope 3: Date of completion for year 3 scope.

Process Cycle: Process Cycle extracted from PCS/ECS Test.

Process/Area: Extracted from PCS/ECS Test.

Sub-Process/Sub-Category: Unique itemized list PCS/ECS Test.

Risk Assessment: Either the highest risk assessment from PCS/ECS Test or the adjusted risk assessment entered in ARCA PCS/ECS

Process Catalog Reference [ARCA-PCS only]: For Future Use -Name of reference sub-process from DOE Process Catalog aligned with specific process list..

Sub-Process Risk Assessment: Highest Risk Assessment for the Sub-Process/ Sub-Category extracted from PCS/ECS-Assess.

Adjusted Risk Assessment [Optional]: Manual entry into ARCA PCS/ECS based on professional judgment to override calculated Risk Assessment.

Lowest Test Result Rating: Extracted from sub-process/sub-category in PCS/ECS-Test.

No. Control Sets: Total number of control sets in PCS/ECS for the sub-process/sub-category

No. Control Set Failures: Total number of control sets for the sub-process/sub-category with Invalid, expired or remediation ratings

Corporate Scope: Cycle year for completion of corporate required assessment (e.g. Year 1 = current year, Year 2 = Next Year)

Local Scope: Cycle year when local required assessment is due

3		Local RA Cycle	
Corporate Criteria	Local Criteria	H	M
Max Test Cycle	Local Cycle		
Mgmt Req	FO Mgmt Req		
Process Changes	FO Audit Findings		
Org Changes	Site Mgmt Req		
System Changes	Site Audit Findings		
Policy Changes	Local Cycle		
Corporate Cycle			
1			
3			

Local RA Cycle [Optional]: Local cycles based on Risk Assessment ratings as defined

Max Test Cycle: 3-year test cycle required by OMB

Mgmt Req: Management Request issued by corporate for specified assessments

Process Change: Business process changes

Org Change: Organizational changes

System Change: Computer system and/or infrastructure changes

Policy Change: Legislative, federal/DOE policy and/or procedure changes

Corporate Cycle: ARCA computed cycle for corporate required assessment

FO Mgmt [Optional]: Management Request issues by Field Office for specified assessments

FO Audit Findings [Optional]: Sub-processes/sub-categories that are/have been root causes for field office audit findings

Site Mgmt [Optional]: Site Management request for specified assessments

Site Audit Findings [Optional]: Sub-processes/sub-categories that are/have been root causes for site audit findings

Local Cycle [Optional]: ARCA computed cycle for Local required assessments

4		Changes from Standards		Test Dates		
Changes from Standards	Rationale for Change	Revised Test Date	Oldest Test Date	Corp. Required Test Date	Local Required Test Date	
Y	Corporate identified the Payable Management process as high risk for P-Cards, the Payee Information Maintenance sub-process does not impact the risk area identified by Corporate.	STD	08/31/06	06/30/08	06/30/08	
			08/31/06	06/30/10	06/30/08	

Changes from Standards: Identification if the sub-process/sub-category standard computed ARCA assessment due date needs to be changed..

Rationale for Change: Reason why standard dates are changed including approvals obtained.

Revised Test Date: Planned assessment completion date for changed reassessments.

Oldest Test Date: Oldest test date of control set within the sub-process/sub-category from PCS/ECS Test.

Corp. Required Test Date: ARCA computed due date for completion of corporate required Assessment, considering corporate risk factors and changes from standards..

Local Required Test Date: ARCA computed due date for completion of local required assessment considering standard cycles, corporate/local risk factors, local risk assessment cycles and changes from standards



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ARCA Planning: Identifying and Managing the Assessment Scope

A. Confirm the A-123 Scope

1. Validate the DOE Field Office and LPSO reporting structure in the Organizational Hierarchy Tab. If contractor changes occur for the current year or the reporting line from a Site to a Field Office changes, alert the PMT.
2. [Field Office only] Review the Rollup AART to ensure that the reporting structure is accurately reflected.
3. Validate material account selections and the process to material account allocations in the Local AART tab. Consider, among other things,
 - a) New Material account additions
 - b) New Process additions including updates for the process to material account allocations
 - c) Material account obsolescence
 - d) Process removal
4. Validate the contacts and roles in the Assessment Team tab.



For information and detailed instructions regarding these activities see the A-123 Planning Quick Start Guide

5. Validate the following information in the ARCA-PCS and ARCA-ECS tabs¹.
 - a) **Risk Assessment:** The highest level risk assessment from the detailed risks is assigned to the sub-process / sub-category level.
 - b) **Test Rating:** The lowest test rating from the control sets is assigned to the sub-process / sub-category.
 - c) **Oldest Test Date:** The oldest test date from the control sets is assigned to the sub-process / sub-category level.
 - d) **No. Count of Control Sets:** Counts the total number of control sets associated with the sub-process / sub-category.
 - e) **No. of Controls Sets in Rem or Untested:** Counts the total number of failed, untested or expired control sets within the sub-process / sub-category.



The ARCA functionality is designed to automatically update the latest sub-processes / sub-categories listing with key attributes from the PCS/ECS-Test tabs upon saving the AART Tool Suite. Once open, if you subsequently make changes to the PCS/ECS test data, you will need to execute the "ARCA Update" button to refresh the data in ARCA.



IMPORTANT: ARCA does not remove renamed or obsolete sub-processes. If any name changes or removal of sub-processes has occurred then the obsolete sub-process must be manually deleted² from the ARCA-PCS tab using the "Delete Row" button. This does not apply to the standard list of entity control sub-categories.



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B. *Identify Corporate Risk Criteria*

1. Review any Corporate Management Requests, issued by the PMT, and identify the affected sub-processes/sub-categories. Corporate Management Requests are alerts issued by the PMT making local assessment teams aware of specific areas of concern. These areas of concern could represent common audit findings, high risk areas, etc.
2. Complete the Disposition of Corporate Management Requests template. Enter a "Yes" response on the template to indicate the Corporate Management Request areas that you will be picking up as part of ARCA Planning. The "Yes" responses will be used to complete Step 3.



3. Enter a "Y" for each sub-process / sub-category impacted by the Corporate Management Request.
4. Identify whether any of the following Corporate Change Criteria have occurred locally and identify the affected sub-processes/sub-categories.
 - a) **Process Change:** Any local changes, or corporate changes directly affecting local operations, in the procedural execution of the business processes, such as; the 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.
 - b) **Organizational Change:** Any local organizational changes, or corporate changes directly affecting local operations, such as; transfer of responsibilities for specific business activities; organizational restructuring through the creation or elimination of specific units.
 - c) **System Change:** Any local system changes, or corporate changes directly affecting local operations, in the computer system and/or infrastructure supporting business functions, such as; implementation of new computer applications to automate business functions; significant changes to existing computer systems and/or infrastructure; automation of manual controls.
 - d) **Policy Change:** Any local changes, or corporate changes directly affecting local operations, in management directives, federal government directives and laws, such as; Change to federal financial reporting guidelines; new or changes to laws and/or regulations; New or changes to DOE internal policies and/or directives.



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C. [OPTIONAL] Identify Local Risk Criteria [Reserved for LPSO / CD / Field Office / Site use, at their discretion]

1. Identify which of the following Local Risk Criteria have affected your location.
 - a) **FO Management Requests:** Alerts, issued by the Field Office, requesting Local Assessment Teams under their cognizance to initiate assessments of specific areas of concerns, such as; Common audit findings across multiple sites; Repeat risk occurrences.
 - b) **FO Audit Findings:** Sub-processes/sub-categories that are/have been root causes for field office audit findings.
 - c) **Site Management Requests:** Alerts, issued by Site Management, requesting Local Assessment Teams to initiate assessments of specific areas of concerns, such as; Repeat risk occurrences.
 - d) **Site Audit Findings:** Sub-processes/sub-categories that are/have been root causes for local audit findings.



2. Enter a "Y" for each sub-process / sub-category impacted by the specific Local Risk Criteria.

ARCA: PCS 1.0 Select view HELP										ARCA Update		AART Update		Local Cycle									
FOEM Consolidated Business Center										Clear All		Delete Row		H 1 M 2									
Attester: Lance Schlag																							
Cycle End: 6/30/2008 NEXT CYCLE Summary View																							
Scope	Process Information			Process Catalog Reference	Control Attributes			Scope Detail	Corporate Criteria			Local Criteria				Test Dates							
Process Cycle	Process	Sub-Process	Risk Assessment	Sub-Process	Sub Process Risk	Process Risk	Lowest Test Result	No of Control Sets In Rem or Unrested	Corporate Scope	Local Cycle	Process Changes	System Changes	Policy Changes	Corporate Cycle	FO Mgmt Req	FO Audit Findings	Site Mgmt Req	Site Audit Findings	Revised Test Date	Oldest Test Date	Corp. Required Test Date	Local Required Test Date	
x	P2P	Payable Management	H	Payee Information Maintenance	H	M	2	1	1	3	y				y				STD	08/31/06	06/30/08	06/30/08	
x	P2P	Payable Management	H	Invoicing	H	M	1	3	1	3										08/31/06	06/30/10	06/30/08	
x	P2P	Payable Management	M	Accounts Payable	L	M	1	1	1	3							y			04/13/07	06/30/08	06/30/08	
x	P2P	Payable Management	H	Accounts Payable/Cost Management Reports	L	H	2	2	2	3										06/30/09	03/20/07	06/30/09	06/30/09
x	P2P	Payable Management	L	Payment Follow-up	L	L	1	1	3	3										03/22/07	06/30/10	06/30/10	
x	P2P	Payable Management	L	Purchasing	L	L	1	3	3	3										03/22/07	06/30/10	06/30/10	
x	P2P	Payable Management	H	Disbursing	L	L	5	3	1	3										08/31/06	06/30/10	06/30/08	
x	P2P	Acquisition	H	Closeout	H	H	2	3	1	3										08/31/06	06/30/10	06/30/08	
x	P2P	Acquisition	H	De-Obligations	H	H	2	3	1	3										08/31/06	06/30/10	06/30/08	
o	P2P	Acquisition	H	Funds Certification	H	H	1	0	0	3										08/31/06	Overdue	Overdue	
o	P2P	Acquisition	H	Obligations	H	H	4	3	0	3										Overdue	Overdue	Overdue	



Similar to the Corporate Cycle column, the Local Cycle calculates the standard local cycle for when the sub-process / sub-category is scheduled to be assessed. When local risk criteria are identified the local assessment is accelerated to the current cycle.

NOTE: Only the assessment scope associated with the Corporate Cycle will be tracked by the Department.



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D. Identify Impact to Standard Assessment Dates

1. Determine if any sub-processes / sub-categories require a delay from the Standard Assessment Date³.
 - a) 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,
 - i) Planned organizational changes for the current/next cycle that will change the accountabilities for the controls;
 - ii) Planned system changes for the current/next cycle that will significantly impact the operational environment;
 - iii) Ongoing remediation activities impacting a scheduled assessment
 - b) PMT approval is required to delay any assessments beyond the 3-year required cycle.
2. Enter a "y" in the Changes from Standards column for the specific sub-process/sub-category determined to require a change in the assessment date.



3. Enter the date for the rescheduled assessment in the Revised Test Date column. If any Risk Criteria were determined to have no impact on the identified sub-process, enter "STD" in the Revised Test Date column. This sets the Standard Assessment Date by factoring out any date impacts associated with the identified risk criteria (e.g. it resets the 3-year assessment cycle based on the oldest test date).

Changes from Standards		Revised Test Date	Test Dates			
Changes from Standards	Rationale for Change	Revised Test Date	Oldest Test Date	Corp. Required Test Date	Local Required Test Date	
y	Corporate identified the Payable Management process as high risk for P-Cards, the Payee Information Maintenance sub-process does not impact the risk area identified by Corporate.	STD	08/31/06	06/30/08	06/30/08	
			08/31/06	06/30/10	06/30/10	
			04/13/07	06/30/08	06/30/08	
y	This sub-process is in remediation and remediation is not scheduled to be complete in this cycle.	06/30/09	03/20/07	06/30/09	06/30/09	
			03/22/07	06/30/10	06/30/10	
			08/31/06	06/30/10	06/30/10	
			08/31/06	06/30/10	06/30/10	
			08/31/06	06/30/10	06/30/10	
				Overdue	Overdue	
				Overdue	Overdue	

IMPORTANT: The date entered in the Revised Test Date column may not exceed the 3-year cycle for testing without PMT approval.



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4. Record a summary rationale describing the reason for the delayed assessment. If applicable, also record any required approvals that were obtained.

A well formulated rationale (within the 3-year required cycle): After a detailed review was completed by the business process team, the Payable Management – Accounts Payable up process was found to not have been impacted by the systems changes. This is a manual process and will continue to operate in the same way even after the AP system modifications. This sub-process will therefore be tested based on the standard 3-year assessment cycle.

A well formulated rationale (beyond the 3-year required cycle): The delay in assessing the Payable Management – Accounts Payable process is the result of ongoing remediation activity that will not have been implemented and in operation long enough to perform acceptable testing during the standard 3 year assessment cycle. The major system modification is targeted on automating the current manual process and is scheduled to be completed in 9/12/2009. Testing is planned for 6 months after implementation, or 3/6/2010. During and post implementation, this sub-process will be closely monitored by the Supervisor of Accounts Payable to minimize risk. Approval for this delay has been obtained from the PMT and the Approval has been stored as specified in the document location.

Determining the Scope of Testing



ARCA Assessment Triggered by Risk Criteria or Cyclical Schedule: Any sub-process/sub-category that has been identified as being in the assessment scope as a result of applying the risk criteria, or as a result of the normal cyclical schedule, will require testing of all control sets within that sub-process/sub-category. Although all control sets will need to be tested, it is up to management's discretion to determine the extent to which testing will be performed. In making a determination on extent of testing, management should use the flexibilities inherent to the Department's implementation of A-123 where reasonable and appropriate.

These flexibilities include consideration of the following:

- a) The risk rating for each risk activity in determining the extent of testing (e.g., higher risk may drive a larger sample size, lower risk may drive a smaller sample size)
- b) Whether or not changes to processes, controls, etc., have occurred which may require new tests and/or larger/smaller sample sizes
- c) How recently specific control sets were tested in determining sample size. For example, 8 out of 10 control sets in a sub-process/sub-category may have been tested within the last 12 months (due to the Department's initial multi-year implementation). Therefore, the level of testing for selected control sets may be modified accordingly.

ARCA Assessment Triggered by Remediation Activities: It is up to management's discretion to determine whether all (and to what extent) control sets within the sub-process/sub-category require re-testing, or whether only the subset of control sets which are impacted by the remediation activity (e.g., changed or added controls) will be re-tested. In those cases where management decides to test (directly or indirectly) only the impacted subset of the control sets, it must be able to rely on the previous results for those controls not being tested. (Requirements for reliance on previous testing are described in the Testing Quick Start Guide.) Test Plans will need to fully describe how testing was handled for these remediation activities, and should clearly identify which controls/control sets were tested and those where reliance was placed on previous results. In addition, the AART will need to have test dates entered for those controls/control sets where management is relying on previous test results (i.e., enter into the AART the date when the previous test was completed).



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E. [OPTIONAL] Managing the Local Assessment Cycles *[Reserved for LPSO / CD / Field Office / Site use, at their discretion]*

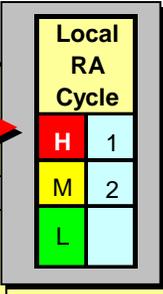


ARCA provides the flexibility to further refine the local assessment scope by enabling management the ability to factor inherent risk into their local assessment cycles.



1. Enter the Local Assessment Cycles for the desired risk assessment ratings in the Local RA Cycle Header to set unique cyclical reviews based on Risk. Local cycles can be defined as a 1, 2, or 3 year cycle and do not have to be defined for all risk ratings.

ARCA: PCS VERSION 1.0 Select view HELP				ARCA Update AART Update																				
FO/EM Consolidated Business Center				Clear All																				
Attester Lance Schlag				Delete Row																				
Cycle End 6/30/2008 NEXT CYCLE Detail View																								
Scope		Process Information		Corporate Criteria										Changes from Standards		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	Changes from Standards	Rationale for Change	Revised Test Date	Oldest Test Date	Corp. Required Test Date	Local Required Test Date
x			P2P	Payable Management	Payee Information Maintenance	H	3	y					3					1	y	Corporate identified the Payable Management process as high risk for P-Cards, the Payee Information Maintenance sub-process does not impact the risk area identified by Corporate.	STD	08/31/06	06/30/08	06/30/08
x		x	P2P	Payable Management	Invoicing	H	3						3					1				08/31/06	06/30/10	06/30/08
x			P2P	Payable Management	Accounts Payable	L	3	y			y		1					1				04/13/07	06/30/08	06/30/08
	x		P2P	Payable Management	Accounts Payable/Cost Management Reports	L	3			y			1					1	y	This sub-process is in remediation and remediation is not scheduled to be complete in this cycle.	06/30/09	03/20/07	06/30/09	06/30/09
		x	P2P	Payable Management	Payment Follow-up	L	3						3					3				03/22/07	06/30/10	06/30/10
		x	P2P	Payable Management	Purchasing	L	3						3					3				03/22/07	06/30/10	06/30/10
x		x	P2P	Payable Management	Disbursing	H	3						3					1				08/31/06	06/30/10	06/30/08
x		x	P2P	Acquisition	Closeout	H	3						3					1				08/31/06	06/30/10	06/30/08
x		x	P2P	Acquisition	De-Obligations	H	3						3					1				08/31/06	06/30/10	06/30/08
O			P2P	Acquisition	Funds Certification	H	3						3					1						Overdue
O			P2P	Acquisition	Obligations	H	3						3					1						Overdue



ARCA automatically determines the sub-process / sub-category Risk Assessment by assigning the highest Risk Assessment Rating of any risk within the sub-process / sub-category. If in your professional judgment, this Risk Assessment does not accurately reflect the aggregate risk assessment for the sub-process / sub-category, ARCA allows you to "adjust" the Risk Assessment for the sub-process / sub-category using the Adjusted Risk Assessment column in the ARCA Detail View⁴. This does not override the Risk Assessment Ratings in the PCS/ECS-Assess tabs.



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F. *Execute "Update AART" Button*



1. When ARCA planning is complete, click the "Update AART" button to update the PCS/ECS-Assess and –Test tabs. This function "expires" overdue Control Design Effectiveness and Test ratings in the PCS/ECS-Assess and –Test tabs.



CAUTION: This action is irreversible. Expiration occurs for all sub-processes / sub-categories with successfully tested control sets that are overdue for the corporate schedule. The Expiration is set by replacing the Control Design Effectiveness and Test Results ratings with an "E". The previously assigned ratings are saved to the expired data columns in the PCS/ECS-Assess and –Test tabs.

2. Update the Implementation Plan.



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ARCA Execution: Performing the Assessment for the Identified Scope



Selected ARCA Cycle information is visible in the PCS-Test and ECS-Test tabs at the risk activity/control set level. This is to allow the Local Assessment Team visibility over cyclical requirements without having to switch between the PCS/ECS-Test and ARCA tabs.

The screenshot shows a spreadsheet with columns for 'Control Set', 'Risk', 'Test', 'Frequency', 'Assessment Schedule', and 'Status'. The 'Assessment Schedule' column is color-coded: red for overdue or current cycle, yellow for 2nd cycle, green for 3rd cycle, and white for no assessment. A red box highlights the 'Assessment Schedule' column, and another red box highlights the 'Status' column.

The Color formatting of the sub-processes/sub-categories in the PCS/ECS-Test tabs indicate the assessment schedule.

- a) Red – assessment is overdue (requiring immediate action) or due in the current cycle year
- b) Yellow – assessment is due in 2nd cycle
- c) Green – assessment is due in 3rd cycle
- d) White – no assessment is due within the 3-year cycles (this occurs if a current year assessment has already been completed).

Control Design Effectiveness rating and Test Ratings may have been assigned an “E” rating. This indicates that testing has been conducted in prior years, but the results are considered to be no longer valid (i.e. the sub-process/sub-category is “overdue” or the assessment and testing).

The screenshot shows a spreadsheet with columns for 'Control Design Effectiveness' and 'Test Results'. A red box highlights a cell with an 'E' rating in the 'Control Design Effectiveness' column, and another red box highlights a cell with an 'E' rating in the 'Test Results' column. A red arrow points from the 'E' in the 'Control Design Effectiveness' column to the 'E' in the 'Test Results' column.



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G. Documenting

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

** For additional information and details regarding these activities see the **A-123 Documenting Quick Start Guide***

H. Evaluating

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

** For additional information and details regarding these activities see the **A-123 Evaluating Quick Start Guide***

I. Testing

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

** For additional information and details regarding these activities see the **A-123 Testing Quick Start Guide***



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J. Assessment Management and Monitoring



- When testing for the sub-process / sub-category is complete, confirm that all Risk Criteria are accounted for in the tests performed by selecting "yes" in the "All Factors Accounted for in Completed Tests" column (e.g. test was completed on the changed process and testing was modified to accommodate changes).

This validates that new testing has satisfied all identified Risk Criteria. The tool will automatically reset the criteria selection and applicable data at the beginning of a new A-123 assessment cycle.

ARCA: PCS		1.0		Select view	HELP	ARCA Update		MAINT Update	Local Cycle						
FC EM Consolidated Business Center															
Attester: Lance Schlag															
Cycle End: 6/30/2008 NEXT CYCLE Detail View															
Scope		Process Information			Corporate Criteria			Local Criteria		Changes from Standards					
Process Cycle	Process	Sub-Process	Risk Assessment	Max. Test Cycle	Adm't Req	Process Changes	System Changes	Process Changes	System Changes	Local Cycle	Revised from Standards	Rationale for Change	Revised Test Date	Documentation Location	All Factors Accounted for in Completed Tests
x	P2P	Payable Management	Payee Information Maintenance	3	y					1	y	Corporate identified the Payable Management process as high risk for P-Cards, the Payee Information Maintenance sub-process does not impact the risk area identified by Corporate.	STD	08	yes
x	P2P	Payable Management	Invoicing	3	y					3				08	
x	P2P	Payable Management	Accounts Payable	3	y					1				08	
x	P2P	Payable Management	Accounts Payable-Cost Management Reports	3	y					1				08	
x	P2P	Payable Management	Payment Follow-up	3						3				08	
x	P2P	Payable Management	Outsourcing	3						3				08	
x	P2P	Payable Management	Disbursing	3						3				08	
x	P2P	Acquisition	Closeout	3						3				08	
x	P2P	Acquisition	De-Obligations	3						3				08	
x	P2P	Acquisition	Funds Certification	3						3				08	
x	P2P	Acquisition	Obligations	3						3				08	

Risk Management is a continuous process and it is highly recommended that you update ARCA as new risk criteria are identified.



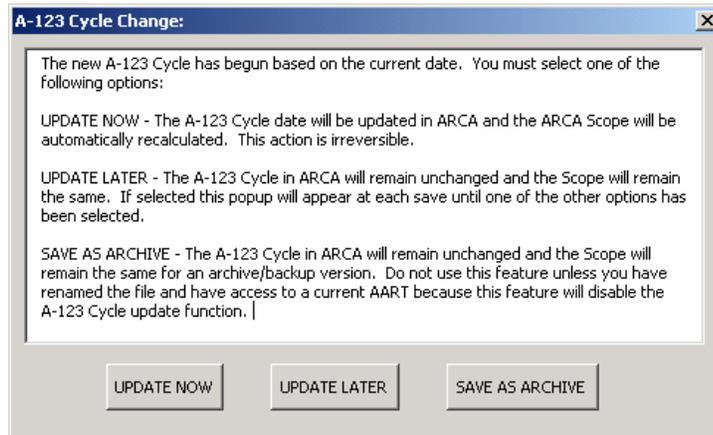
A-123 Quick Start Guide

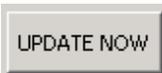
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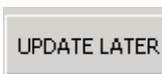
K. Automated Cycle Changes

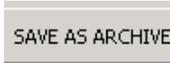


1. Annually on June 30th the AART tool suite will automatically recognize the new ARCA cycle. Upon saving the AART tool you will be prompted.



2. Click  to update the ARCA Cycle date and automatically force the recalculation of the Scope fields into the new cycle.

3. Click  to continue working in ARCA until all previous cycle activities have been completed and you are ready to migrate to the current cycle. All scope and data remains the same. The AART will continue to prompt you for the A-123 Cycle Change at each save.

4. Click  to save a backup or archive file. This is intended allow users to save the file with the existing ARCA cycle and to stop all future prompts. **DO NOT USE THIS OPTION ON THE ACTIVE AART** because the ARCA Cycle will no longer be able to be updated.



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SUPPLEMENTARY INFORMATION AND DEFINITIONS

¹ Detail / Summary Views: ARCA has been designed to provide both a Summary View of critical data as well as a Detail View. The Detail view shows additional information regarding sub-process / sub-category attributes including: [PCS Only] reference sub-process selection, adjusted risk assessment, the lowest test rating for a control within the sub-process / sub-category, number of control sets in the sub-process or sub-category, number of those control sets that are in remediation or are still untested, corporate scope cycle and the local scope cycle.

To enable the detail view, click the **Detail View** button in the header of the ARCA tab. The sub-process / sub-category attributes become visible

Process Catalog Reference	Control Attributes					Scope Detail	
Sub-Process	Sub Process Risk Assess	Adjusted Sub-Process Risk Assess	m Lowest Test Result	No of Control Sets	No of Control Sets in Rem or UnTested	Corporate Scope	Local Scope
	H		7	2	2	O	O
	H		7	1		3	3
	L		7	1		1	1
	L		7	2		3	3
	L		7	1		3	3

The Detail Button will change from **Detail View** to **Summary View**. To enable the summary view click the Summary View Button

² **ARCA "CLEAR ALL" BUTTON:** The clear all function is beneficial for sites that have made extensive adjustments in processes and sub-processes within PCS-Assess and do not wish to manually update the ARCA-PCS tab. The ARCA Update function does not remove obsolete sub-processes. Manual removal of these items is required.

CAUTION: This action is irreversible and will remove all the sub-process rows, including the associated data.

Once the "Clear All" function has been run, execute the "ARCA Update" function to manually initiate the ARCA update process.

³ Standard dates are based on the following logic:

Scope	Conditions for Setting Scope Value
Overdue	A control set within the sub-process/sub-category has not been tested.
	A control set is in remediation, due to CDE rating or failed test ratings, 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").



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	The Revised Test Date is older than the current cycle date.
Current Cycle	A risk factor has been assigned to the sub-process/sub-category in the current cycle.
	The oldest test date, for sub-processes/sub-categories with all operationally effective control sets, was 3 years ago.
	The Revised Test Date is defined for the current cycle.
Cycle 2	The oldest test date, for sub-processes/sub-categories with all operationally effective control sets, was 2 years ago.
	The Revised Test Date is defined for the specified cycle year.
Cycle 3	The oldest test date, for sub-processes/sub-categories with all operationally effective control sets, was 1 year ago.
	The Revised Test Date is defined for the specified cycle year.
No Scope Set	Testing was completed in current year and all activities were operationally effective.

Utilizing Local Risk Criteria and Local Risk Assessment Cycles, a sub-process / sub-category may be allocated to two different Cycle Years. This only results if the local assessment is required prior to the corporate assessment.

The screenshot displays the ARCA software interface. A 'Scope' dialog box is open, showing a grid for selecting assessment cycles (6/30/2008, 6/30/2009, 6/30/2010) for various processes. The main table lists processes like 'Payable Management' with columns for 'Control Attributes', 'Scope Detail', 'Corporate Criteria', 'Local Criteria', and 'Test Dates'. The table includes columns for 'Revised Test Date', 'Oldest Test Date', 'Corp. Required Test Date', and 'Local Required Test Date'. A 'Rationale for Change' column provides additional context for the data.



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4 To adjust the risk assessment of a sub-process/sub-category you must be in the ARCA Detail View. If the Detail View button is displayed click the Detail View button to enable the detailed view. However, if the Summary View button is displayed the Detail View is already displayed. Select from the drop down menu, in the Adjusted Risk Assessment column, the desired adjusted risk assessment rating for the sub-process / sub-category.

ARCA: PCS Version 1.0 Select view HELP										HAARE updates		Local Cycle							
FOEM Consolidated Business Center										H 1		M 2							
Attester Lance Schlag										M 2		L 3							
Cycle End 6/30/2008 NEXT CYCLE Summary View																			
Scope		Process Information			Process Catalog Reference		Sub-Process			Adjusted Sub-Process Risk Assess		Criteria		Local Criteria		Changes from Standards		Test Dates	
Process Cycle	Process	Sub-Process	Risk Assessment	Sub-Process	Sub-Process Risk	Adjusted Sub-Process Risk Assess	System Changes	Policy Changes	Corporate Cycle	FO Audit Findings	FO Audit Findings	Local Cycle	Changes from Standards	Rationale for Change	Revised Test Date	Oldest Test Date	Corp. Required Test Date	Local Required Test Date	
X	P2P Payable Management	Payee Information Maintenance	H		H	H	1					1	Y	Corporate identified the Payable Management process as high risk for P-Cards, the Payee Information Maintenance sub-process does not impact the risk area identified by Corporate.	STD	06/31/06	06/30/08	06/30/08	
X	P2P Payable Management	Invoicing	M		M	M	3					1				06/31/06	06/30/10	06/30/08	
X	P2P Payable Management	Accounts Payable	M		M	M	1					1	Y	This sub-process is in remediation and remediation is not scheduled to be complete in this cycle.	06/30/09	03/20/07	06/30/09	06/30/09	
X	P2P Payable Management	Accounts Payable/Cost Management Reports	M		M	M	1					1					06/30/09	06/30/09	
X	P2P Payable Management	Payment Follow-up	M		M	M	3					3			03/22/07	06/30/10	06/30/10	06/30/10	
X	P2P Payable Management	Purchasing	M		M	M	1					3			03/22/07	06/30/10	06/30/10	06/30/10	
X	P2P Payable Management	Debursing	M		M	M	1					1			06/31/06	06/30/10	06/30/08	06/30/08	
X	P2P Acquisition	Classical	M		M	M	3					1			06/31/06	06/30/10	06/30/08	06/30/08	
X	P2P Acquisition	Doc-Obligations	M		M	M	3					1			06/31/06	06/30/10	06/30/08	06/30/08	
X	P2P Acquisition	Funds Certification	M		M	M	3					1					Overdue	Overdue	
X	P2P Acquisition	Obligations	M		M	M	4					1					Overdue	Overdue	

The adjusted risk assessment must be based on an inherent risk assessment within the General Environment and must reflect the aggregate likelihood and impact of all risks associated with that sub-process / sub-category. Detailed guidance for Risk Assessment can be found in the Documenting Quick Start Guide.