Department of Energy

Office of the Chief Financial Officer

OMB A-123

Overview Guide

Version 3.1

May 2006

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	Note
	Tip

Background

Office of Management and Budget (OMB) Circular A-123 is not new, nor is the Federal requirement for management to maintain internal controls (previously called management controls) over financial reporting. In the past, the Department of Energy (Department or DOE) met its OMB A-123 obligations via the Secretary of Energy's attestation, made as part of its Federal Managers' Financial Integrity Act assurances. The Secretary's attestation was made based on assurance statements provided to him/her by Departmental Component Managers (Heads of Programs and Heads of Field Elements, plus Integrated Contractors).

In December 2004, OMB released a revised Circular A-123. While changes were made throughout the document, the most critical changes were concentrated in the newly added Appendix A, Internal Control over Financial Reporting. To meet these new requirements, the Department can continue to utilize the same basic attestation process that it previously used to meet its A-123 requirements, but it must change the way it prepares for attestation and manages the entire process.

The primary reasons for these changes are the strengthened requirements in Appendix A. The revisions to A-123 did not change the scope of the Circular or the scope of the required attestation. Instead, it strengthened the documentation, monitoring, and testing requirements. The documentation requirements not only became more detailed, but were also expanded to include both documentation of internal controls and documentation of the methodology and process used to make the attestations. The ultimate intent of the revised Circular was to "strengthen the process management uses to assess internal control over financial reporting."

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Internal Controls

A-123, Appendix A (hereafter referred to as A-123) activities provide the basis for the assurance on internal controls over financial reporting. Internal control consists of five interrelated components[1]. These are derived from the way management runs a business, and are integrated with the management process. These components, which are generally referred to as Entity Controls, are:

- **Control Environment** – the environment throughout the organization that sets a positive and supportive attitude toward internal control and conscientious management. A positive control environment is the foundation for all other internal control components. Things that impact the Control Environment include integrity and ethical values, management's commitment to competence, management's philosophy and operating style, human capital policies and practices, and an agency's relationship with the Congress and central oversight agencies such as OMB.

- **Risk Assessment** – provides for an assessment of the risks an agency faces from both external and internal sources. Things that impact the Risk Assessment include the establishment and clarity of agency objectives, significant interactions between an agency and other parties (as well as internal factors at both the entity-wide and activity levels), and the significance and likelihood of an event occurring.

- **Control Activities** – helps ensure that management's directives are carried out. Control activities should be effective and efficient in accomplishing an agency's control objectives. Things that impact Control Activities include policies, procedures, and mechanisms that enforce management's directives; approvals, authorizations, verifications, reconciliations; segregation of duties; and controls over information processing (general and application controls).

- **Information and Communication** – information is recorded and communicated to management and others within the agency who need it and in a form and within a time frame that enables them to carry out their internal control and other responsibilities. Things that impact Information and Communication include the availability of relevant, reliable, and timely communications relating to internal and external events, including operational and financial data. This communication should occur in a broad sense, with information flowing down, across, and up the organization.

- **Monitoring** – assesses the quality of performance over time and ensures that the findings of audits and other reviews are promptly resolved. Things that impact Monitoring include the regularity of management and supervisory activities, comparisons, reconciliations, and other actions that people take in performing their duties. These activities should occur in the normal course of operations; separate evaluations can also be used.

[1] Information derived from *Internal Control – Integrated Framework* of the Committee of Sponsoring Organizations (COSO) of the Treadway Commission, and GAO's *Standards for Internal Control in the Federal Government*.

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*Additional information on Entity Controls can be found in GAO's Standards for Internal Control in the Federal Government (GAO/AIMD-00-21.3.1, November 1999), which is accessible from the CFO A-123 website :*www.cfo.doe.gov/progliaison/doeA123/index.htm *The document Internal Control – Integrated Framework also contains information on Entity Controls. This document can be accessed at:* www.coso.org.

In addition to Entity Controls, there are also internal controls related to the specific processes that impact financial reporting. To support the assessment of controls, the Department established five standard process cycles and 19 standard key processes around which A-123 assessments are performed. The process cycles are based on ORACLE best practices, while the related key processes—which have been tailored to Departmental operations—are based on Joint Financial Management Improvement Program manuals and the Committee of Sponsoring Organizations *Internal Control – Integrated Framework*. These standard process cycles and processes ensure consistent evaluation and reporting across the Department. Sites identify sub-processes, risks, and controls to support each process, as applicable. The process cycles and related key processes are as follows:

- **Procure to Pay (P2P)** – Acquisition; Inventory Management; Payable Management; and Travel.
- **Budget to Close (B2C)** – General Ledger Management; Funds Management; Funds Balance with Treasury; Cost Management; Insurance; Grants; and Loans.
- **Projects to Assets (P2A)** – Project Cost Management; Property Management; and Seized Property Management.
- **Quote to Cash (Q2C)** – Revenue Management; Receivable Management.
- **Enterprise Resource Management (ERM)** – Human Resources; Payroll; and Benefits

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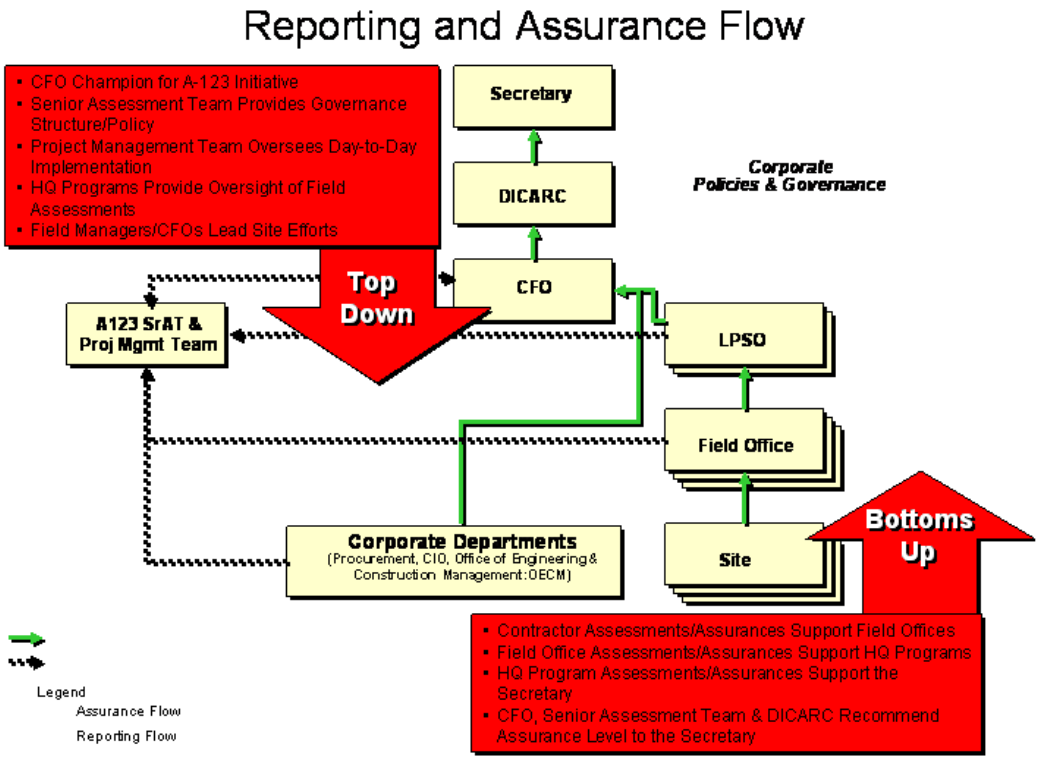
DOE Approach



The Department has a Top-Down/Bottoms-Up approach to implementing A-123.

Top-down oversight and governance is provided by:

- Headquarters Chief Financial Officer (CFO), who acts as the "champion" for the A-123 initiative;
- Senior Assessment Team (SAT), who provides the A-123 governance structure and related policy;
- Headquarters A-123 Project Management Team, who provides for day-to-day oversight of A-123 implementation;
- Headquarters Lead Program Secretarial Offices (LPSOs), who provides oversight for Field Office A-123 assessments (LPSOs also conduct their own assessments, as necessary); and,
- Field Office Managers/CFOs, who lead Field Office and Site-level A-123 efforts.

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Bottoms-up assessments are provided by:

- Contractor assessments support Field Offices;
- Field Office assessments/assurances support LPSO assurances; and,
- LPSO and Corporate Department assessments/assurances support the Secretary's assurance on internal controls over financial reporting (with the CFO, SAT, and the Department's Internal Control and Audit Review Counsel recommending the level of assurance).

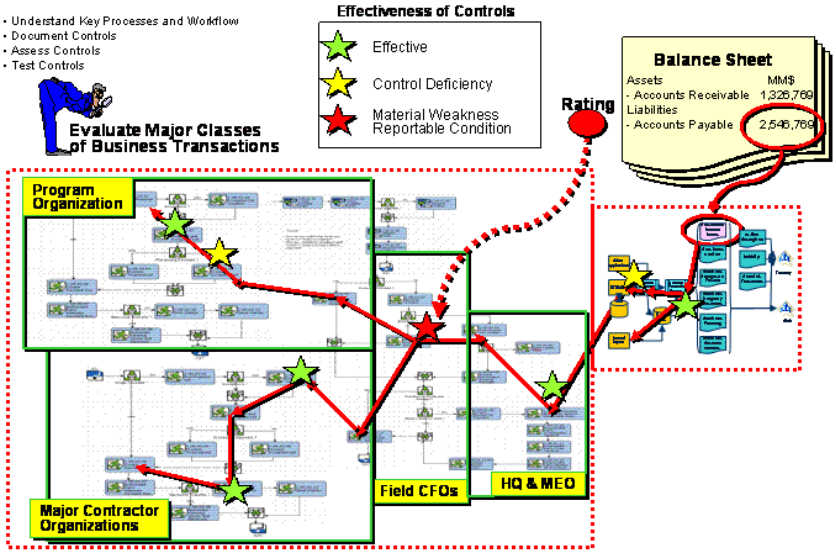
The overall goal of the top-down / bottoms-up approach is to ensure that the Department meets the following three objectives:

- Improve the effectiveness and efficiency of operations;
- Integrate A-123 requirements with other assessment requirements; and,
- Comply with A-123 requirements.

The Department's achievement of these three objectives will enable it to attain the "strategic financial management vision of unified, sound, accountable fiscal operations".[2]

This integrated approach to implementing A-123 also provides the Department with a solid foundation upon which the Secretary will base his/her annual assurance statement on internal controls over financial reporting. The assurance statement will be included in the Department's Performance and Accountability Report.

OMB A123 Process



[2] DOE OMB Circular A-123 Appendix A Implementation Plan

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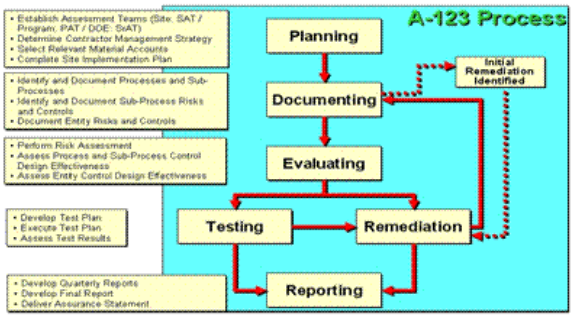
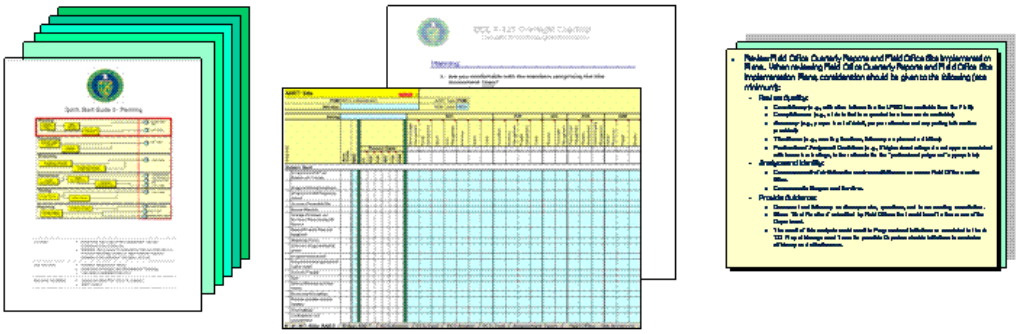
DOE Implementation Resources



Quick Start Guides **Tools and Checklists** **References & Additional Guidance**



To facilitate Department-wide A-123 implementation by cognizant LPSOs, Corporate Departments, Field Offices, and Sites, the A-123 Project Management Team has developed Quick Start Guides based on the six steps in the A-123 Process: Planning, Documenting, Evaluating, Testing, Remediation, and Reporting. These guides provide direction and guidance on how to complete each step of the process. In addition to the guides, various tools and related materials have also been created. These guides, tools, and related materials assist in organizing, tracking, reporting and overseeing all A-123 activities and can be found on the CFO A-123 Website.

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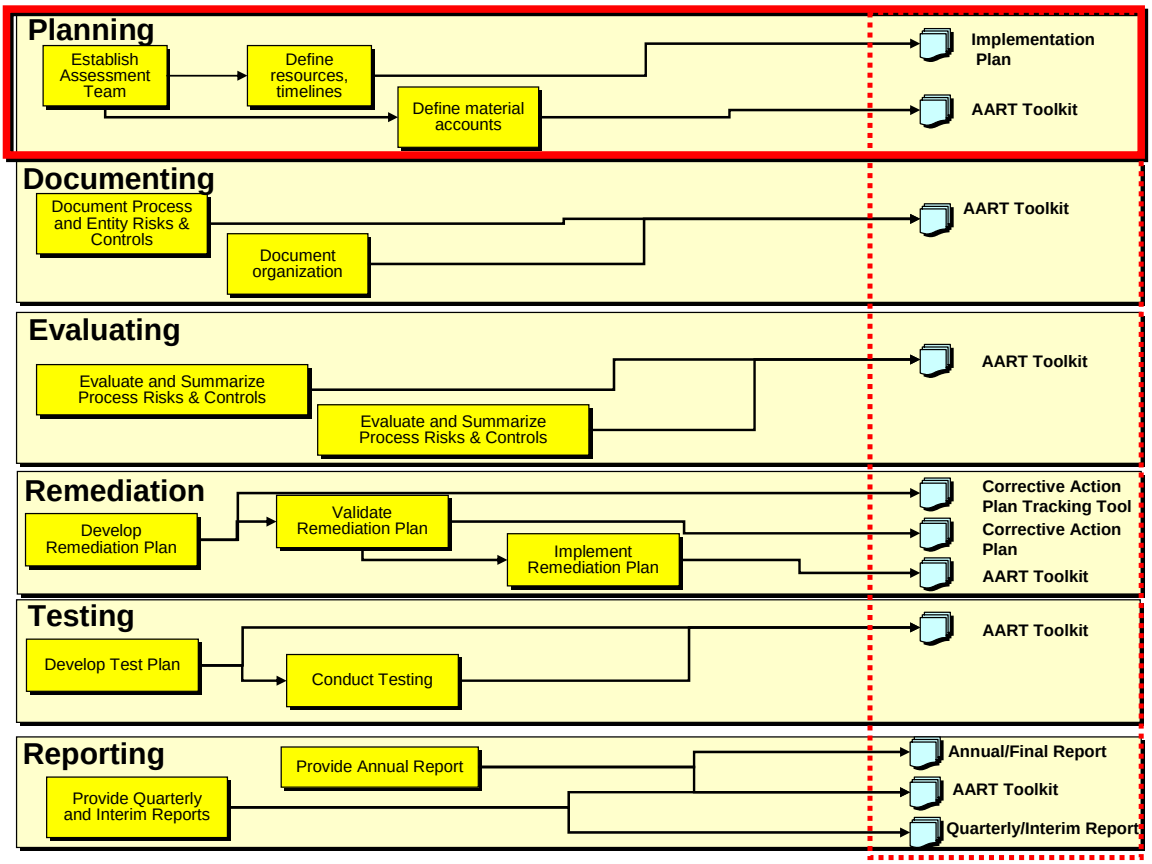
REFERENCES

See CFO A-123 Website for suggested reading material:

OMB A-123 Appendix A
CFO Council Implementation Guide for OMB Circular A-123
Financial Audit Manual (GAO-01-765G)
DOE OMB Circular A-123, Appendix A, Implementation Plan
Addendum to the Department of Energy OMB Circular A-123 Appendix A Implementation Plan
DOE Interim Guidance for OMB Circular A-123
FY 2005 Audit Report
FY 2005 Management Letter

Quick Start Guide 1– Planning



Purpose	• Determine the scope of the assessment and set implementation schedules. • Establish the process for evaluating internal controls over financial reporting related to departmental financial statements to withstand the rigors of audit.
Key Activities	• Establish Assessment Team • Determine Oversight and Management Strategy • Complete Implementation Plan
Required Templates	• Implementation Plan (Form & Content) • AART Toolkit

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PROCEDURES

DEFINITIONS

For a list of definitions, see Definitions section at end of guide.

For all Required Templates, the light blue cells indicate entry fields.

A. Assessment Team and Oversight Strategy

1. Establish the Assessment Team:

   Each A-123 Project Lead will establish an Assessment Team responsible for overseeing the implementation of OMB A-123, Appendix A, for their organization. The Assessment Team will also be responsible for providing oversight of the A-123 implementation for any of its cognizant offices. The Assessment Team should consist of representatives from a cross-cut of the organizational structure. The model for identifying members of the Assessment Team should be based on the CFO Council Implementation Guide recommendations for the Senior Assessment Team.

Unless otherwise noted, the Assessment Team or its designated representative(s) will perform each step in this guide.

2. Identify cognizant offices (for example, the LPSO must identify their Field Offices and Sites, and the Field Office must identify their Sites).

3. Coordinate the A-123 assessment with the LPSO/FO/Site A-123 Project Leads

   NOTE: LPSOs must also coordinate with other Cognizant Secretarial Offices if they provide significant funding to the Field Offices and Sites overseen by the LPSO.

An A-123 Contact List and a listing of the A-123 reporting and assurance structure is available on the CFO A-123 Website.

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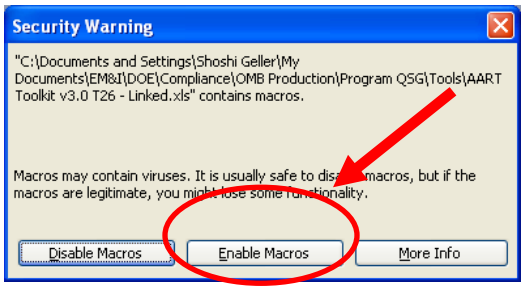
MACROS

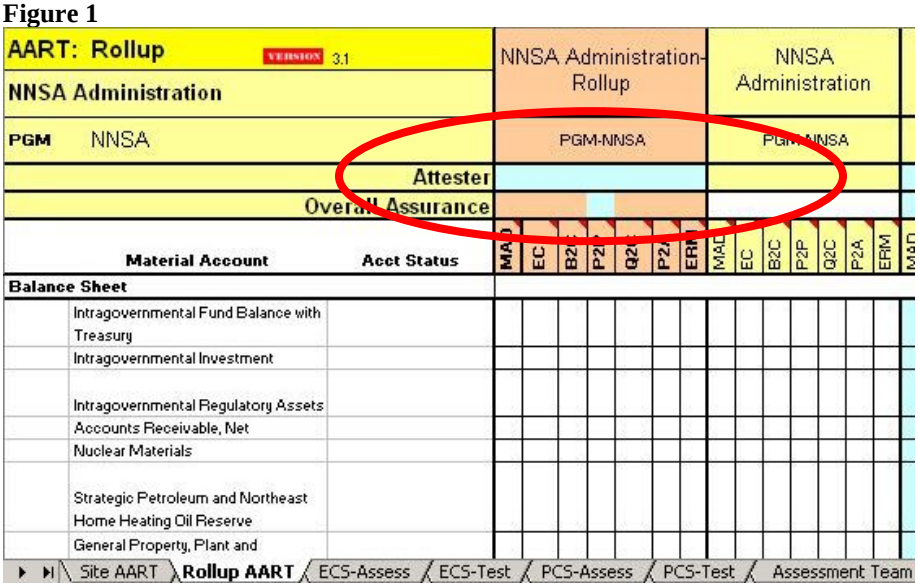
When first opening the AART Toolkit, a Security Warning prompt may pop up asking if macros should be enabled. Always select 'Enable' to ensure the tool will work properly.



If this prompt does not appear (or other prompts appear), review the A-123 FAQ on the A-123 Website for further guidance.

4. Prepare the AART by filling in the Attester[1] field in the Rollup AART worksheet

Figure 1



LPSOs and Field Offices will receive custom AART toolkits from HQ with pre-populated Field Office and Site names. Be sure to review the information and notify the A-123 Helpdesk if a change is necessary.

Instructions for the Rollup process can be found in the Evaluating Quick Start Guide.

[1] When entering the names of attesters, enter the name in the middle cell of the block.

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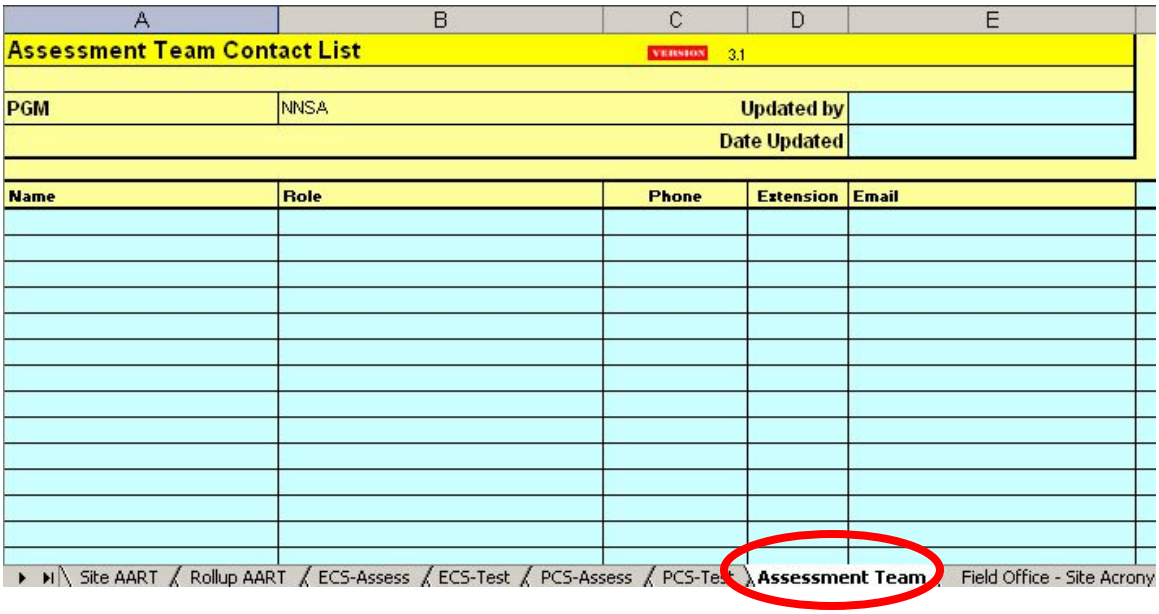
5. *(OPTIONAL)* Record Assessment Team contact information in the Assessment Team worksheet.

Figure 2



A	B	C	D	E
Assessment Team Contact List		VERSION 3.1		
PGM	NNSA		Updated by	
			Date Updated	
Name	Role	Phone	Extension	Email

Site AART / Rollup AART / ECS-Assess / ECS-Test / PCS-Assess / PCS-Test / Assessment Team / Field Office - Site Acrony

6. Determine resource requirements and resource plan specifically identifying any support contractor services. Resources will likely change as the process evolves.

7. (Oversight) Determine the methodology and protocol to use to review Field Office and Site A-123 Assessment and Reporting Tools (AARTs). Consideration should be given to the following factors:

   - *Staffing of the review;*
   - *Frequency of review;*
   - *Depth of review*

> *Planning requires scoping the Oversight activities. Refer to the A-123 Quick Start Guide 7 – Oversight for additional information.*

8. Establish Implementation Schedule:

   Key milestones and dates should be established that at a minimum conform to the DOE Implementation Plan schedule.

> *The DOE Implementation Plan is available on the CFO A-123 Website.*

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★ B. Assessment Strategy

1. Determine whether your office must perform a Process Control Assessment (PCA) in addition to an Entity Control Assessment (ECA):

   All offices affecting material accounts must perform a PCA and an ECA assessment. The PCA assessment evaluates processes or sub-processes that relate to the A-123 implementation. Some offices may not have such processes and will therefore not be required to evaluate complete a PCA, but this is generally limited to LPSOs.

   (Oversight) In addition, LPSOs should consider whether they have Headquarters processes, not already addressed by HQ CFO, that impact the accounts determined to be material to the Department's financial statements.

> *An ECA considers program-wide controls such as those surrounding the general Control Environment, Control Activities, Information and Communication, Risk Assessment, and Monitoring. A PCA considers process controls related to specific activities that impact the accounts determined to be material to the Department's financial statements.*

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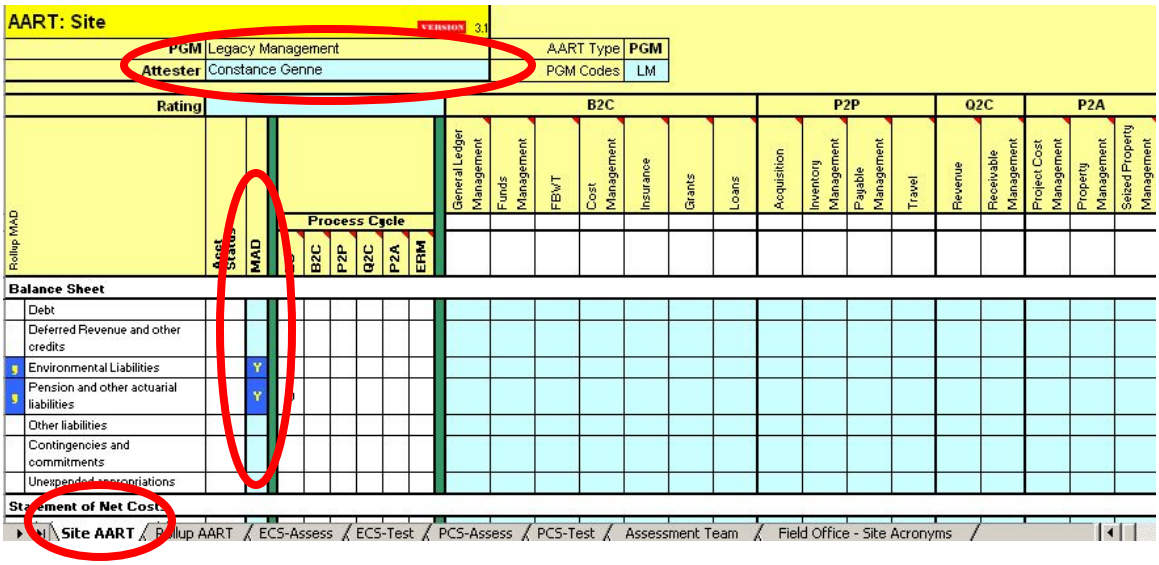
2. Prepare the Site AART Worksheet by entering the Attester in the Attester field on the Site AART and reviewing the Material Accounts determined to be applicable within the MAD column.

Figure 3



The custom LPSO AART is "pre-populated" for the accounts determined to be material for the Department as a whole. Those LPSOs that have Material Accounts already defined will find a 'Y' in the MAD column.

3. Determine the protocol to be used to perform the ECA and/or the PCA. Consideration should be given to the same factors listed in Section A.7 of this Guide. The methodology for actually conducting the ECA/PCA assessment is discussed throughout the Quick Start Guides.

The Quick Start Guides are available on the CFO A-123 Website.

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C. Complete Implementation Plan

1. Determine the Scope of the A-123 Implementation:

   Based on the information derived from Sections A and B of this Guide, determine a high level scope and timeline for the Implementation Plan. Plans must closely align with the DOE Implementation plan.

2. Complete Implementation Plan:

   Produce an A-123 Implementation Plan. A required Form and Content template has been provided. This template can be found on the CFO A-123 Website (this template is specific to Site/FO/LPSOs, be sure to download the appropriate version).

The Implementation Plan will be included as part of the Reporting Phase.

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REFERENCES

See CFO A-123 Website for suggested reading material:

OMB A-123 Appendix A
CFO Council Implementation Guide for OMB Circular A-123
Financial Audit Manual (GAO-01-765G)
DOE OMB Circular A-123, Appendix A, Implementation Plan
DOE Interim Guidance for OMB Circular A-123
FY 2005 Audit Report
FY 2005 Management Letter

ADDITIONAL INFORMATION

Refer to the CFO A-123 website which will be updated with the latest materials including tools, FAQs and additional reading material.
(http://www.cfo.doe.gov/progliaison/doeA123/index.htm)

DEFINITIONS

Word	Definition
Attester	The person who will be required to affirm the authenticity of information for the LPSO.
Implementer	The person responsible for executing the activities to support the Attester's affirmation.
Field Office (FO)	Location where the Site Assessment Team manages the A-123 Implementation for its Sites. Only the Field Office provides assurance to the LPSO.
Site	Unit of a Field Office including the Field Office federal activities and its contractors (both integrated and non-integrated). Predefined by Headquarters.
Headquarters Element	Lead Program Secretarial Office or Headquarters Business Program that is affected by the financial reporting requirements of OMB A-123, Appendix A.
Lead Program Secretarial Office (LPSO)	Headquarters Element whose cognizance includes those Field Offices that are affected by the financial reporting requirements of OMB A-123, Appendix A. These LPSOs provide oversight activities to Field Offices that directly impact the accounts determined to be material to the Department's financial statements.
Cognizant Secretarial Office (CSO)	Headquarters Elements that provide significant funding to Field Offices overseen by the LPSOs.

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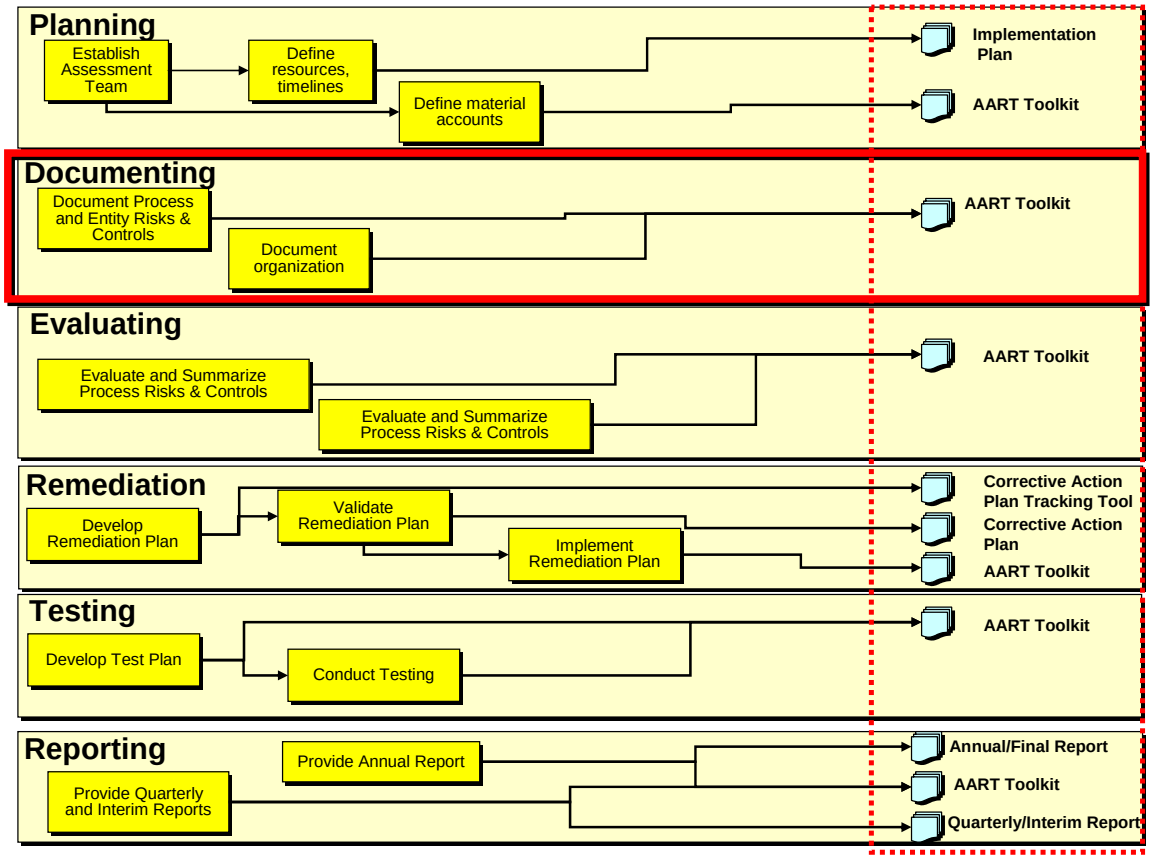
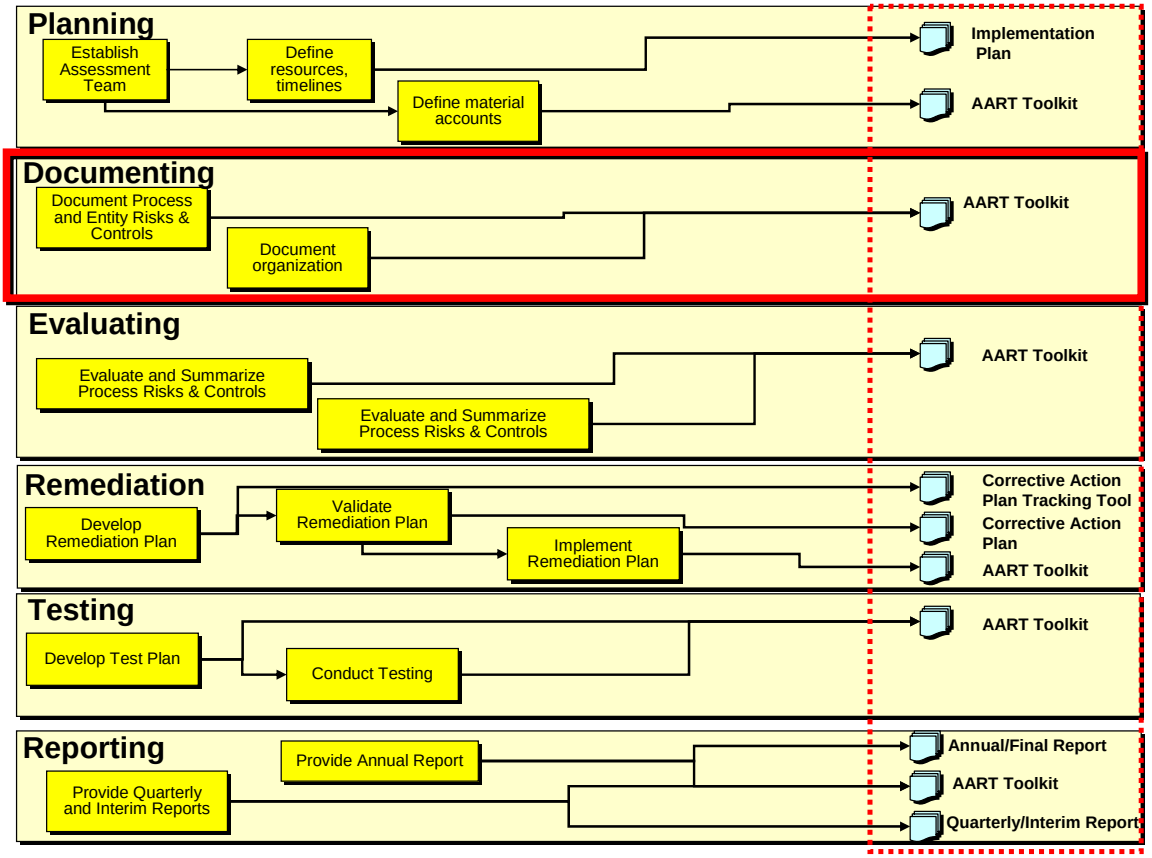
NEXT PHASE



Quick Start Guide 2 - Documenting



Purpose	• Establish the documentation required for evaluating internal controls over financial reporting related to departmental financial statements to withstand the rigors of audit.
Key Activities	• Identify and Document Processes and Sub-Processes • Identify and Document Sub-Process Risks and Controls • Document Entity Risks and Controls
Required Templates	• AART Toolkit

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PROCEDURES

The Planning phase has been completed: the Material Accounts for each Site were identified. Now the relevant processes for each material account need to be identified and recorded. Entity controls also need to be documented.

The Documenting phase should be completed by the Site/LPSO Assessment Team or their designated representatives. It is recommended that one individual maintain the official Site/Field/LPSO tools to maintain the consistency and integrity of the content.

A. Prepare the Site/Field/LPSO AART.

REQUIREMENTS

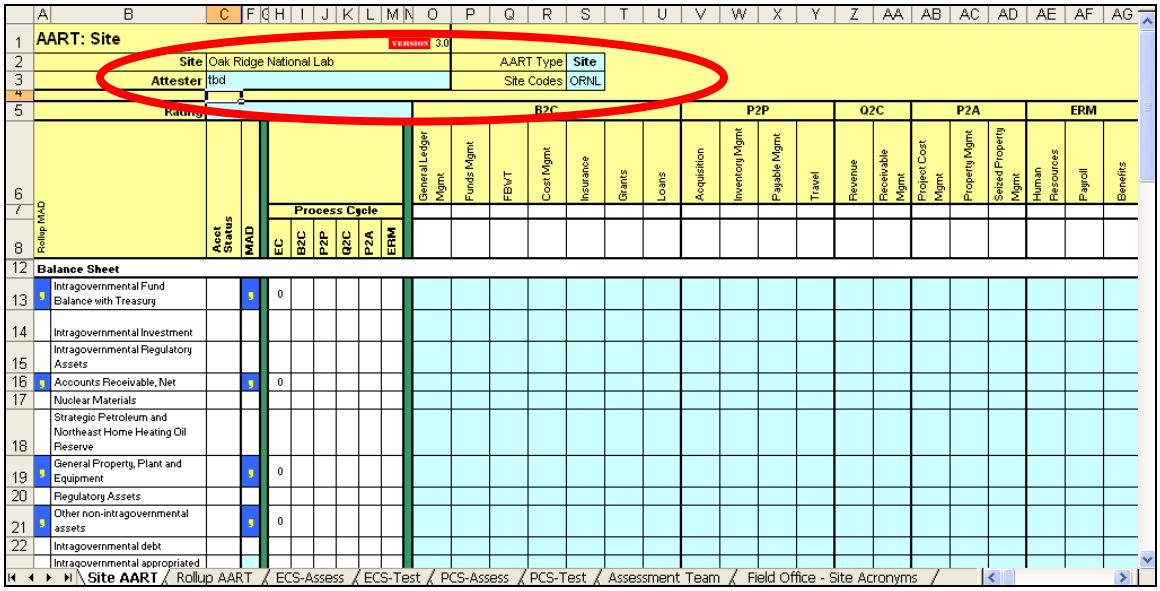
Site/FO/LPSO: Each Site/FO/LPSO will complete the AART Toolkit.

FO/LPSO: Each FO/LPSO is required to also rollup data reported to them.

1. Using the AART Toolkit provided, fill in the Attester field on the Site AART worksheet and select the appropriate Site/FO/LPSO Code.

   NOTE: The Attester may have been defined in the Rollup AART.

Figure 1



This will automatically populate the Attester, Site / Field Office / LPSO Name, and location codes throughout the workbook.

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B. Identify and Record the Processes at the Site/Field Office/LPSO for Each Material Account.

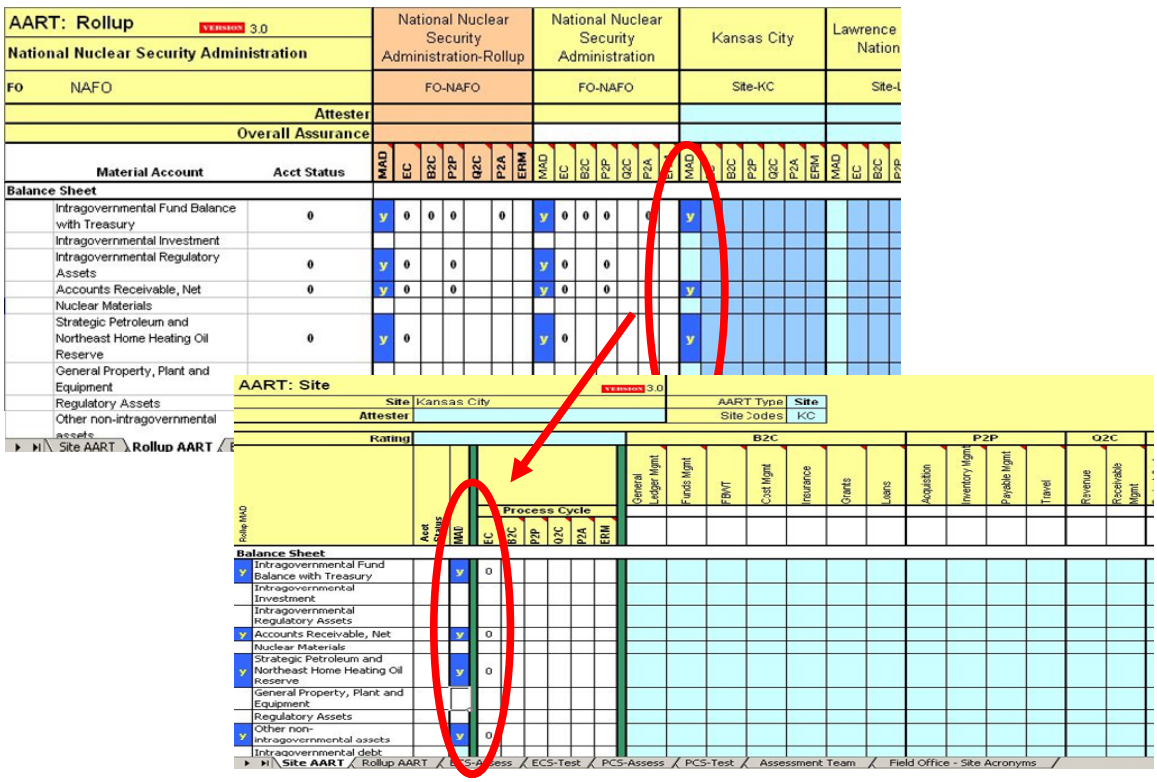
SITE: *The Field Office may provide a listing of the applicable accounts to each Site. Otherwise, the Field Office may require each Site to populate the MAD column and update the Rollup AART with the results.*

FIELD OFFICE: *Material accounts have not be pre-populated and will need to be indicated on the Site AART worksheet.*

LPSO: *If an LPSO has been identified as having to perform a Process Control Evaluation on certain Material Accounts, these accounts will be pre-populated with 'Y's on the Site AART worksheet. Otherwise, the "Only Entity Controls Evaluated" box will have a 'Y' pre-populated.*

1. If the Field Office provided the listing of the applicable accounts on the Rollup AART, the Site must copy the Material Accounts Definition (MAD) column (starting with the first Material Account) from the Rollup AART and paste the values into the associated Site AART MAD column.

Figure 2



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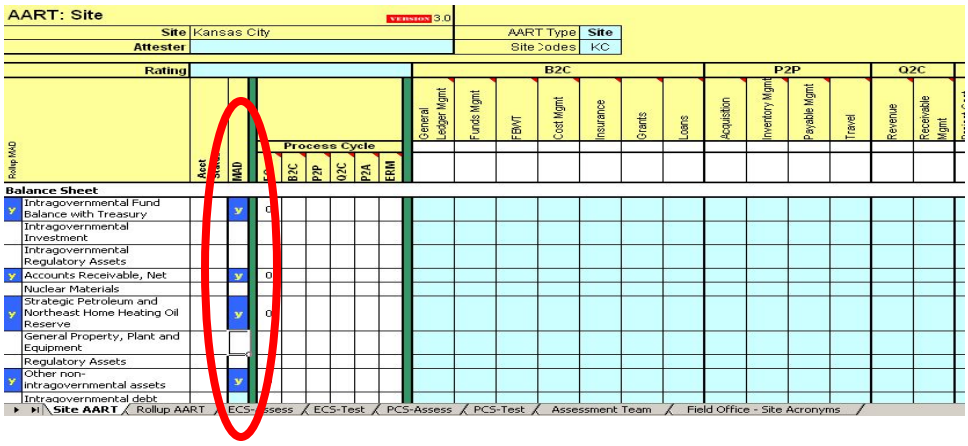
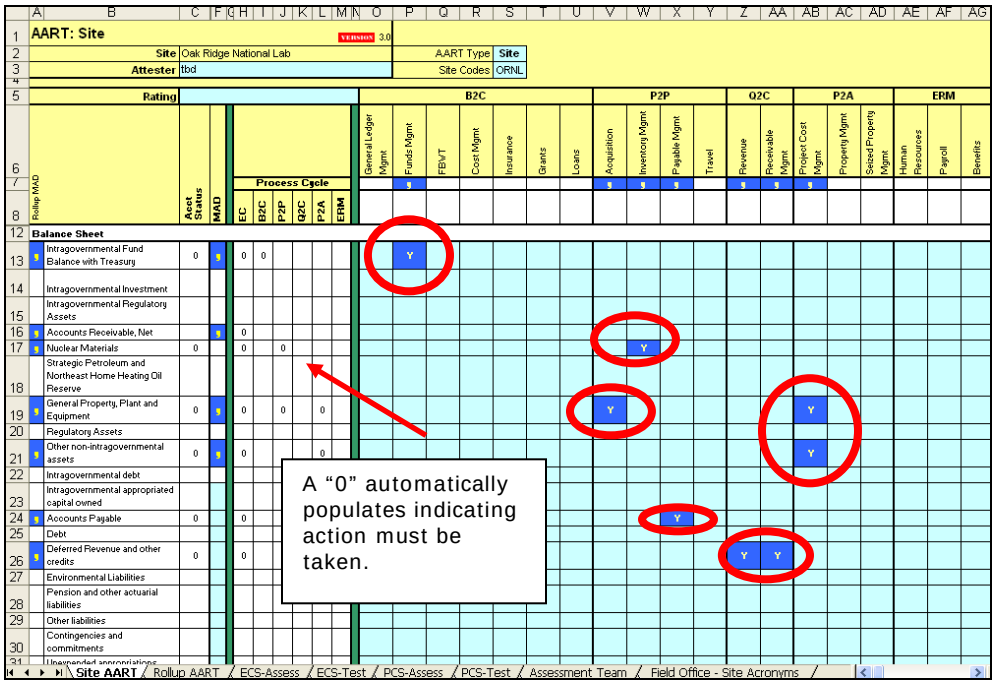
2. The Field Office and those Sites that did not receive a listing of applicable accounts on the Rollup AART worksheet, must enter a 'Y' in the MAD column on the Site AART worksheet to indicate the material accounts.

Figure 3



3. For those accounts identified as being material, enter a "Y" to indicate the processes that impact the specified Material Accounts for the relevant Site / Field Office / LPSO.

Figure 4



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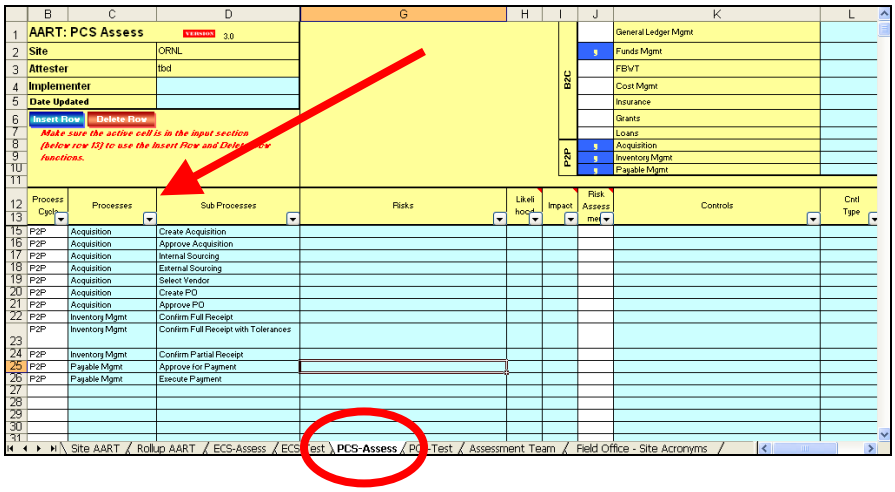
4. Navigate to the PCS-Assess worksheet and record the sub-processes for the processes marked with a "Y" in the process list.

The processes are automatically populated with a "Y" based on the selections on the Site-AART worksheet.

Figure 5[1]



On the ECS-Assess worksheet, the Areas and Sub-Categories have been predefined from the GAO Internal Control Standards to ensure consistency across the organization.

On the PCS-Assess worksheet, Processes must be selected from the drop down list found within the 'Processes' cell. This list has been created from the Joint Financial Management Improvement LPSO (JFMIP) manuals.

There may be multiple sub-processes for each process which must be recorded on separate rows in the PCS to facilitate the Evaluation phase.

For examples of sub-processes, refer to the A-123 Process Cycles, Processes and Crosswalk to JFMIP *on the CFO A-123 Website.*

[1] Most screen shots reference the PCS-Assess Worksheet, though the columns are the same for both PCS and ECS-Assess Worksheets.

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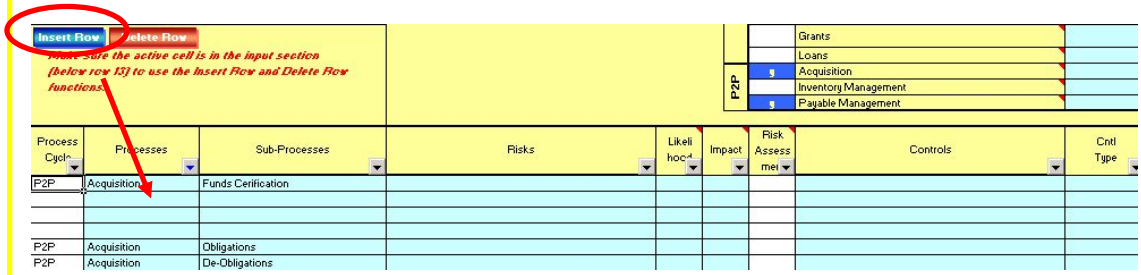
AVAILABLE FEATURES IN PCS-ASSESS & ECS-ASSESS:

Auto-filter Feature: To aid in the use of the PCS-Assess and ECS-Assess, certain columns have the ability to be filtered (e.g. select 'acquisition' in the Process column to view only those rows in the PCS-Assess that belong to the acquisition process).

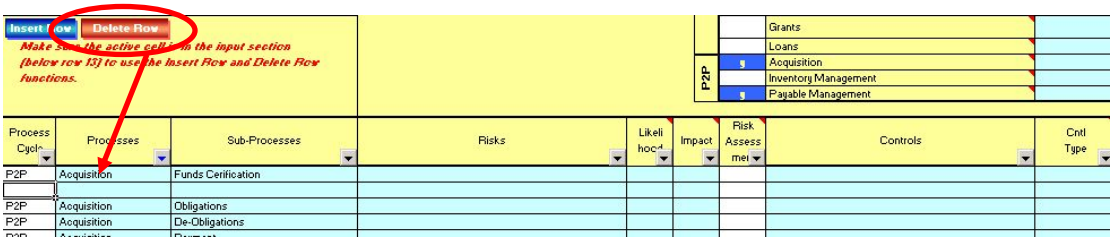
Process Cycle	Processes	Sub Processes	Risks	Likelihood	Impact	Risk Assessment	Controls	Cntl Type
P2P	Acquisition	Create Acquisition						
P2P	Acquisition	Approve Acquisition						
P2P	Acquisition	Internal Sourcing						
P2P	Acquisition	External Sourcing						
P2P	Acquisition	Select Vendor						
P2P	Acquisition	Create PO						
P2P	Acquisition	Approve PO						

The columns available to be filtered begin with the 'Process Cycle' column and continue through the 'Control Inefficient' Column and include all columns in between. A column that shows an upside down triangle ( ) represents a column that allows filtering. This feature is best used on columns such as Process Cycle, Processes, and Sub-Processes.

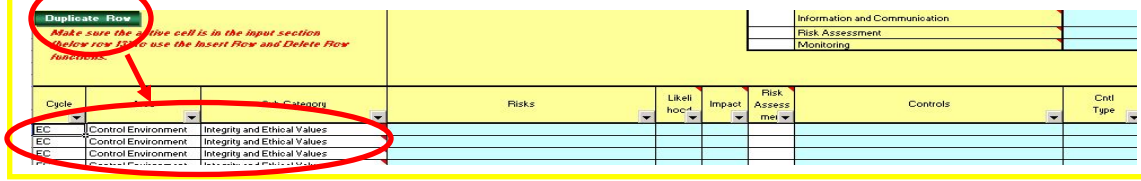
Insert New Row: As Processes and Sub-Processes are identified on the PCS-Assess worksheet, it may become necessary to insert a new row. This can be done anywhere between rows 15 and the 'End' row. Select the row where the inserted row(s) will be added beneath. Click on the 'Insert Row' button and enter the number of rows to be inserted. Click 'Ok' to have the new rows inserted.



Delete Row: Should it be necessary to delete a row from the PCS-Assess worksheet, select the row to delete and click on the 'Delete Row' button. Only one row can be deleted at one time.



Duplicate Row: While working in the ECS-Assess worksheet, it may become necessary to duplicate a row. This can be done by selecting the row to be duplicated and clicking the 'Duplicate Row' button. This will insert a new row below the selected row and populate the 'Cycle', 'Area', and 'Sub-Category' columns with the data from the selected row. Rows cannot be deleted once the duplication has been completed.



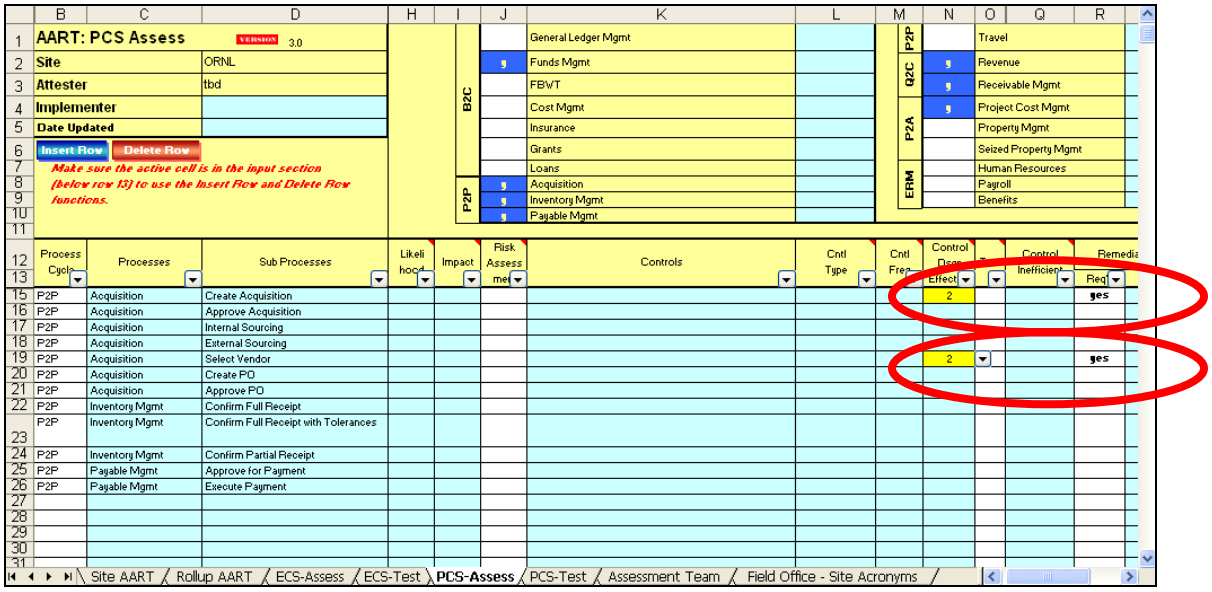
Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

C. Identify Sub-Processes that Require Initial Remediation.

1. Identify sub-processes that require initial remediation and assign a status of "2-Initial Remediation" in the **Control Design Effective** column.

> *These sub-processes may have been identified through Tiger Team communications, audits, and such, requiring immediate remediation.*

Figure 6



Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

D. Review Existing Documentation for Entity Controls and Processes.

REQUIREMENTS

Documentation includes, at a minimum, end to end business and system procedures for completing transactions; systems used in the process; control descriptions (narratives); related entity controls and organizational entities that perform these activities. Additional considerations are listed in the CFO Council Implementation Guide.

There are no standard formats for documentation beyond the requirement for documenting organizations, processes, risks, and internal controls over financial reporting in enough detail to withstand the rigors of audit.

Completing the AART tools does not represent sufficient documentation of the site A-123 process, although it is a critical part. In addition to the information below, please refer to the CFO Council Implementation Guide for OMB Circular A-123 and the COSO framework for more information on capturing adequate documentation.

Maintaining required documentation is a primary activity of A-123 compliance. Documentation must be maintained not only for entity controls and process / sub-processes, but for all aspects of the A-123 program being implemented. Therefore, documentation is a cross-cutting activity that affects all phases of the A-123 process. For example, the implementation plans are the key documentation points in the planning phase. Similarly, the reporting phase represents a key documentation point. As such, this section briefly touches on each phase's documentation requirements.

1. Review Existing Documentation:

   Locate existing documentation for all entity controls and processes / sub processes not in remediation. Review and update to ensure that standards required by the CFO Council Implementation Guide are met.

REQUIREMENTS

For Entity Controls, the Organizational Structure documentation must be reviewed for accuracy.

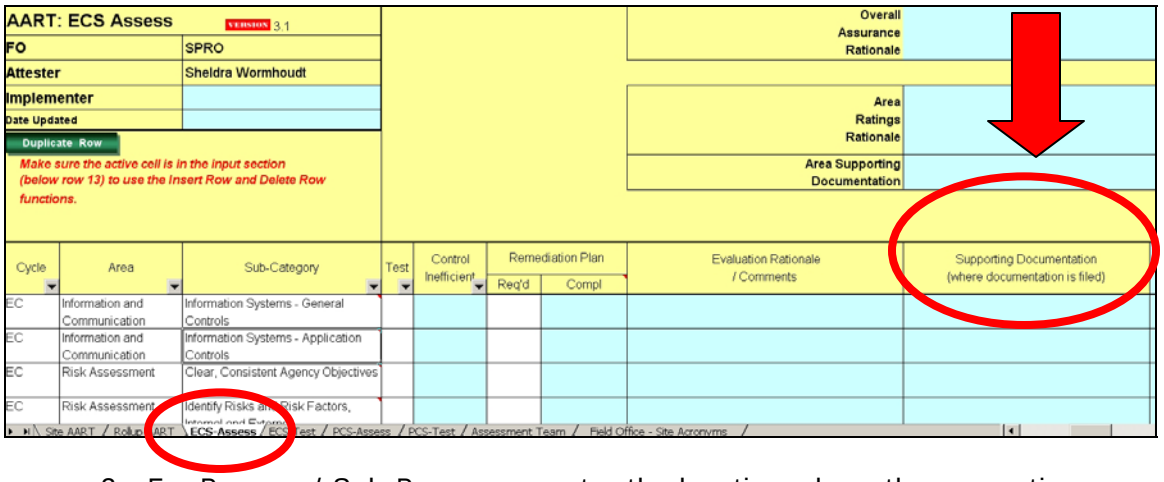
Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

E. Create New Documentation

1. Create documentation for all entity controls and processes / sub-processes that do not have existing documentation and are not in remediation.

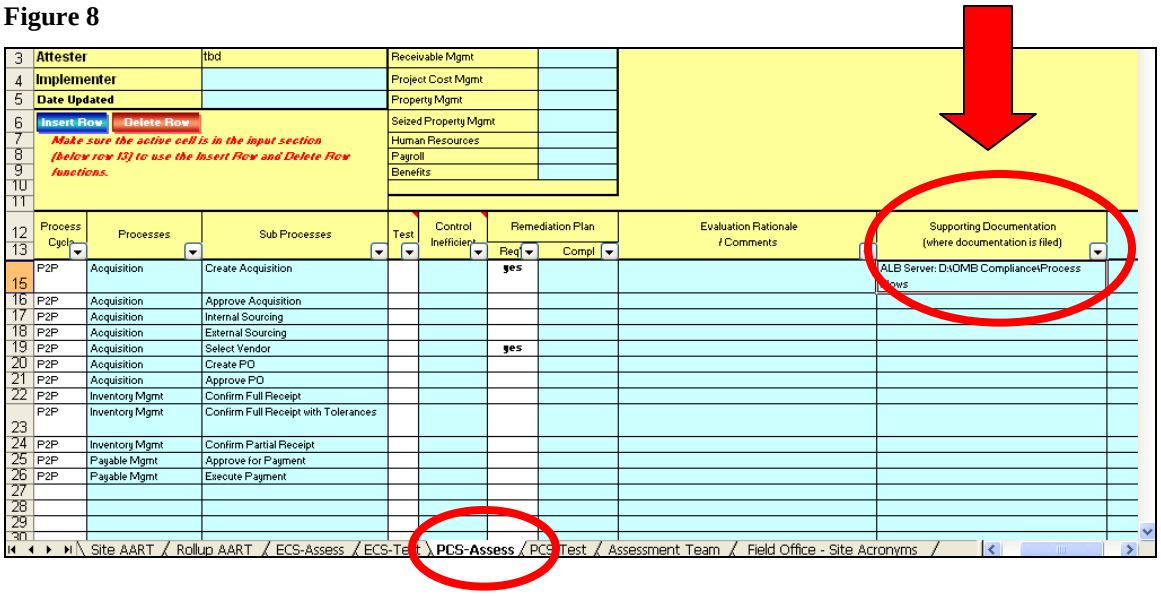
2. For Entity Controls, enter the location where the supporting documentation is housed in the **Supporting Documentation** column of the ECS-Assess worksheet.

Figure 7



3. For Process / Sub-Processes, enter the location where the supporting documentation is housed in the **Supporting Documentation** column of the PCS-Assess worksheet.

Figure 8



Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

Documentation Standards will be put in effect starting FY 2007. It is highly recommended to use the Process Documentation standards for all newly created documentation.

4. Examples of Good Documentation:

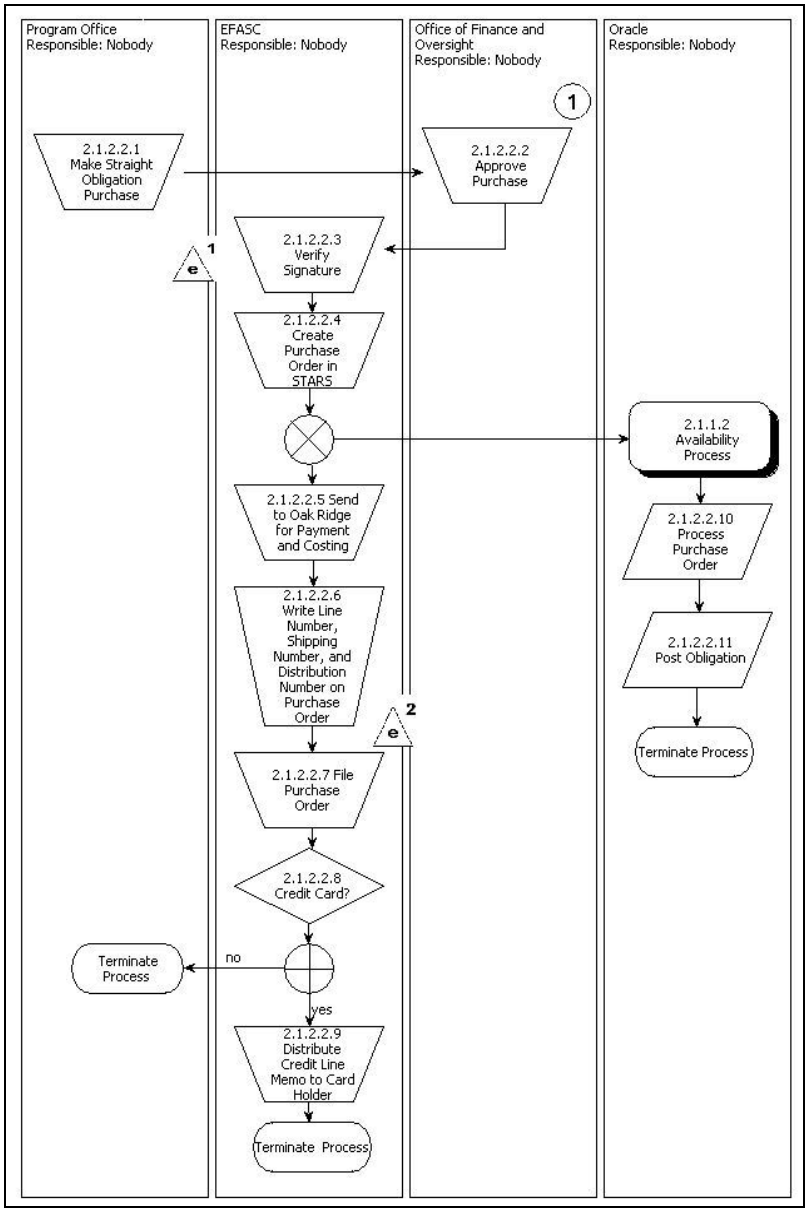
The form and extent of documentation depends in part on the nature and complexity of the controls; the more extensive and complex the controls, the more extensive the documentation. Documentation may be electronic, hard-copy format or both and must be readily available for examination. Documentation could include organizational charts, flow charts, questionnaires, decision tables, or memoranda. Documentation may already exist as part of normal policy or procedure; however, the Site or LPSO Assessment Team should separately identify, verify and maintain the documentation it uses in making its assessment.

Existing documentation prepared by internal or external auditors may also be used, but again, the Site or LPSO Assessment Teams must take responsibility and verify and maintain the documentation. Documentation should also include appropriate representations from officials and personnel responsible for monitoring, improving and assessing internal controls.

After the initial assessment, subsequent assessments may focus on updating existing documentation. All documentation and records shall be properly managed and maintained; therefore, Sites / Field Offices / LPSOs will need to establish, or review existing retention policies for documentation (paper and electronic media).

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

Figure 9 – Sample Process Map with Risks and Controls Identified



Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

F. Required Supporting Documentation

1. Documenting Professional Judgment and Decisions:

   In addition to documentation maintained to support entity controls and processes / sub processes, documentation must be maintained to support any area where professional judgment is used to formulate a conclusion. This would include: making a subjective assessment of control design effectiveness (in Evaluating); assigning overall entity control and process ratings (Evaluating & Testing); assigning overall Site / LPSO assessments; and, most importantly, when making decisions as to the overall level of assurance that will be provided. This, however, is not an exhaustive list and teams should always be conscious of when professional judgment is the source of a decision/assessment and make sure the rationale is fully documented. This cross-cuts all A-123 phases.

2. Planning:

   The key documentation for the planning phase is the Site or LPSO Implementation Plan. Refer to the Planning Phase and the Implementation Plan Template for specific documentation requirements.

3. Evaluating:

   In addition to the information contained in the "Assess" worksheets of the AART, the Site / Field Office / LPSO must maintain sufficient documentation to support their work in the evaluation phase. Specifically, the rationale for determining entity control and process / sub-process control design effectiveness must be sufficiently documented. While space is provided in the "Test" worksheets of Site / Field Office / LPSO AART to capture a summary of this information, it will likely not be sufficient to represent complete documentation.

4. Testing Plans:

   In addition to the information contained in the "Test" worksheets of AART, the Teams must develop and maintain detailed test plans to support their work. Test plans would generally include the type of test, the basis for selecting the test, the sample size and basis for the sample, error tolerance, sampling selection methodology, and other information related to the process of testing.

   In addition, complete work papers must be maintained that capture the results of the actual testing. This might include actual documents tested with reviewer notes, a written explanation of how test results were considered to arrive at a pass/fail rating and any other pertinent information. Space is provided in the "Test" worksheet of AART to capture

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

a summary of this information, but it is not sufficient to represent complete documentation.

5. Remediation:

   All activities performed in the remediation phase should be fully documented. This would include: current state process maps, future state maps, a corrective action plan, implementing memorandums and related information, and any validations that remediation has been completed to support re-entry into the A-123 documenting phase.

6. Reporting:

   The reporting guide provides complete information on what is required to be documented as part of the Reporting Phase.

REQUIREMENTS

Documentation must be readily accessible and be made available upon request for validation purposes.

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

G. Record Risks and Controls

Financial Assertions are based on PERCV –

- ***P**resentation and Disclosure;*
- ***E**xistence or Occurrence;*
- ***R**ights and Obligations;*
- ***C**ompleteness and Accuracy;*
- ***V**aluation or Allocation*

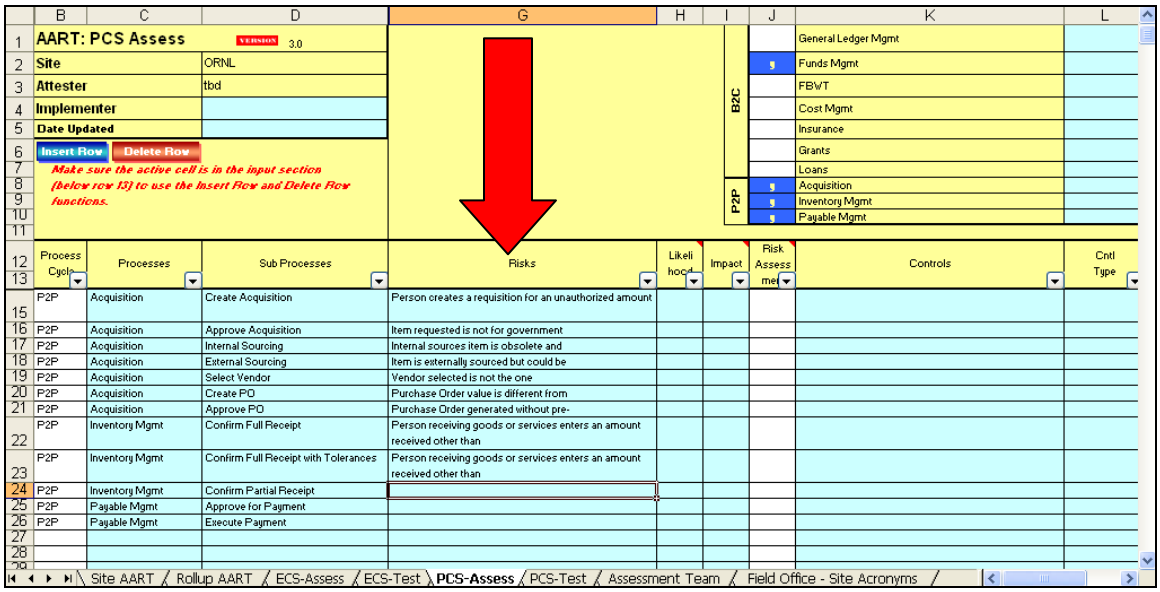
Consider these areas when identifying risks and mitigating controls[2].

[2] *CFO Council Implementation Guide*

1. Refer to the documentation and identify and record the risks associated with each sub-process or sub-category. This should be completed for both Process and Entity Control worksheets (PCS-Assess and ECS-Assess).

   At a minimum, the Site / Field Office / LPSO should consider the illustrative examples of risks in the GAO Financial Audit Manual (FAM) and the COSO Framework. The FAM and an excerpt of COSO risk areas can be found on the CFO A-123 Website. An Entity Control Risk Matrix that provides a listing of possible Entity Control risks is also available on the CFO A-123 Website.

Figure 10

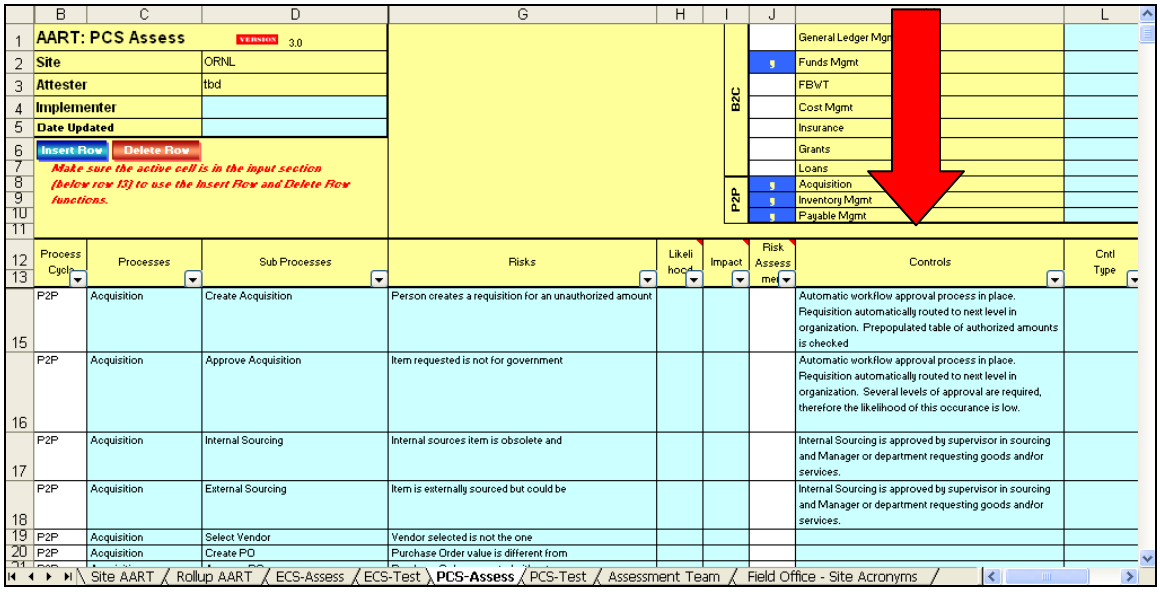


Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

2. Refer to the documentation and record the controls in place to mitigate each risk associated with a sub-process or sub-category. This should be completed for both Process and Entity Control worksheets (PCS-Assess and ECS-Assess)

   At a minimum, the Site / Field Office / LPSO should consider the illustrative examples of controls in the GAO Financial Audit Manual (FAM). The FAM can be found on the CFO A-123 Website.

Figure 11



AART: PCS Assess VERSION 3.0

Site	ORNL
Attester	tbd
Implementer	
Date Updated	

Insert Row | Delete Row

Make sure the active cell is in the input section (below row 13) to use the Insert Row and Delete Row functions.

B2C		General Ledger Mgmt
	g	Funds Mgmt
		FBWT
		Cost Mgmt
		Insurance
		Grants
		Loans
P2P	g	Acquisition
	g	Inventory Mgmt
	g	Payable Mgmt

Process Cycle	Processes	Sub Processes	Risks	Likelihood	Impact	Risk Assessment	Controls	Cntl Type
P2P	Acquisition	Create Acquisition	Person creates a requisition for an unauthorized amount				Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Prepopulated table of authorized amounts is checked	
P2P	Acquisition	Approve Acquisition	Item requested is not for government				Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Several levels of approval are required, therefore the likelihood of this occurance is low.	
P2P	Acquisition	Internal Sourcing	Internal sources item is obsolete and				Internal Sourcing is approved by supervisor in sourcing and Manager or department requesting goods and/or services.	
P2P	Acquisition	External Sourcing	Item is externally sourced but could be				Internal Sourcing is approved by supervisor in sourcing and Manager or department requesting goods and/or services.	
P2P	Acquisition	Select Vendor	Vendor selected is not the one					
P2P	Acquisition	Create PO	Purchase Order value is different from					

Site AART / Rollup AART / ECS-Assess / ECS-Test / PCS-Assess / PCS-Test / Assessment Team / Field Office - Site Acronyms

There may be multiple risks associated with a sub-process. Each risk must be documented in separate rows. A risk may have multiple controls mitigating it. These controls **must** *be recorded in the same risk row (i.e. same cell). If you wish to record the controls on separate lines use the Alt-<enter> keyboard shortcut to start a new line within a cell.*

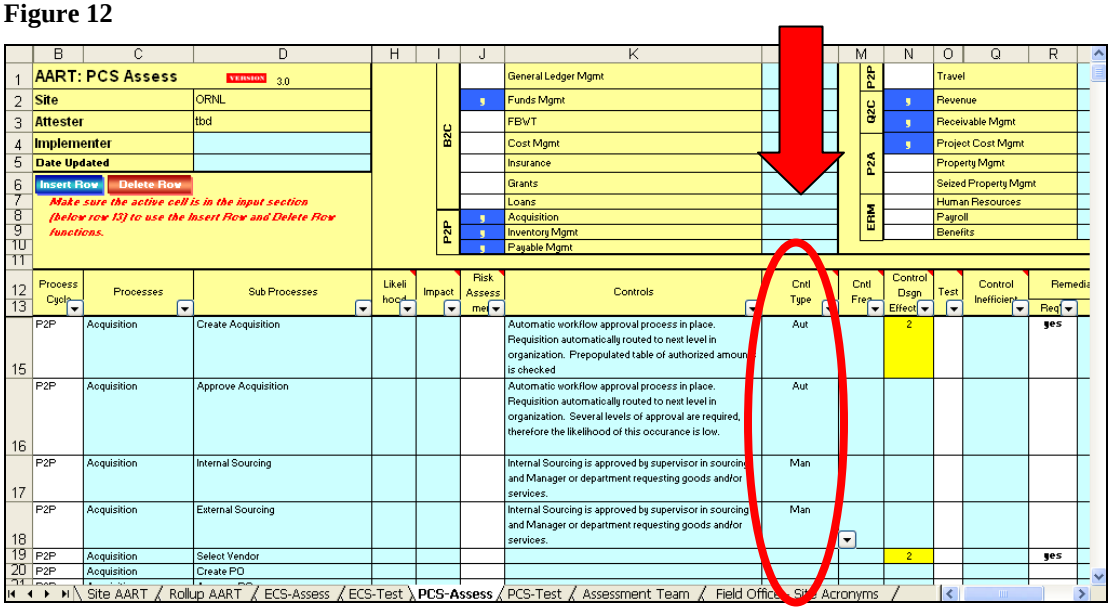
It is important that each row has a Process and Sub-Process identified before entering the risk, even if the Process and Sub-Process is the same for multiple risks.

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

3. Refer to the documentation and select the type of control in place in the **Control Type** column for each sub-process or sub-category. This should be completed for both Process and Entity Control worksheets (PCS-Assess and ECS-Assess)

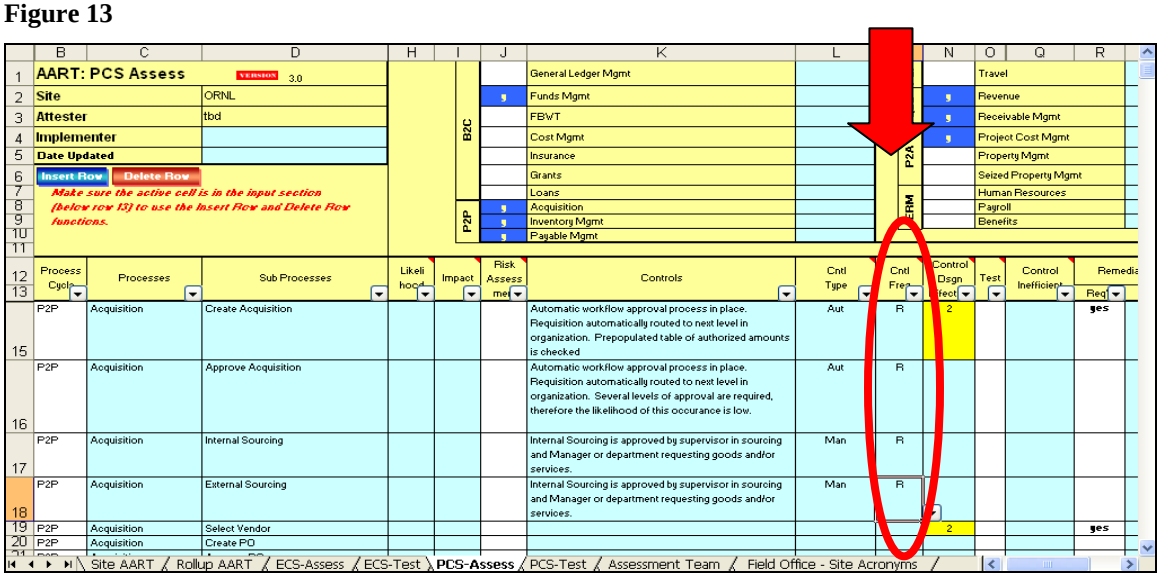
   For example: "Workflow within a system that routes a transaction to an authorized individual for approval" should be designated as automated.

Figure 12



4. Select the frequency at which each control is executed in the **Control Frequency** column for each control. This should be completed for both Process and Entity Control worksheets (PCS-Assess and ECS-Assess)

Figure 13



Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

Recurring frequency is a control that executes every time an activity or transaction is run. This may be numerous times in one day.

H. Update the Implementation Plan

1. Document the results of the documenting activities
2. Review Implementation Plan for accuracy
3. Make and track necessary changes

Major changes to the Implementation Plan will need to be reported in the Quarterly Report.

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

REFERENCES

See CFO A-123 Website for suggested reading material:

OMB A-123 Appendix A
CFO Council Implementation Guide for OMB Circular A-123
Financial Audit Manual (GAO-01-765G)
DOE OMB Circular A-123, Appendix A, Implementation Plan
DOE Interim Guidance for OMB Circular A-123
FY 2005 Audit Report
FY 2005 Management Letter

ADDITIONAL INFORMATION

Refer to the CFO A-123 website which will be updated with latest materials including tools, FAQs and additional reading material.
(http://www.cfo.doe.gov/progliaison/doeA123/index.htm)

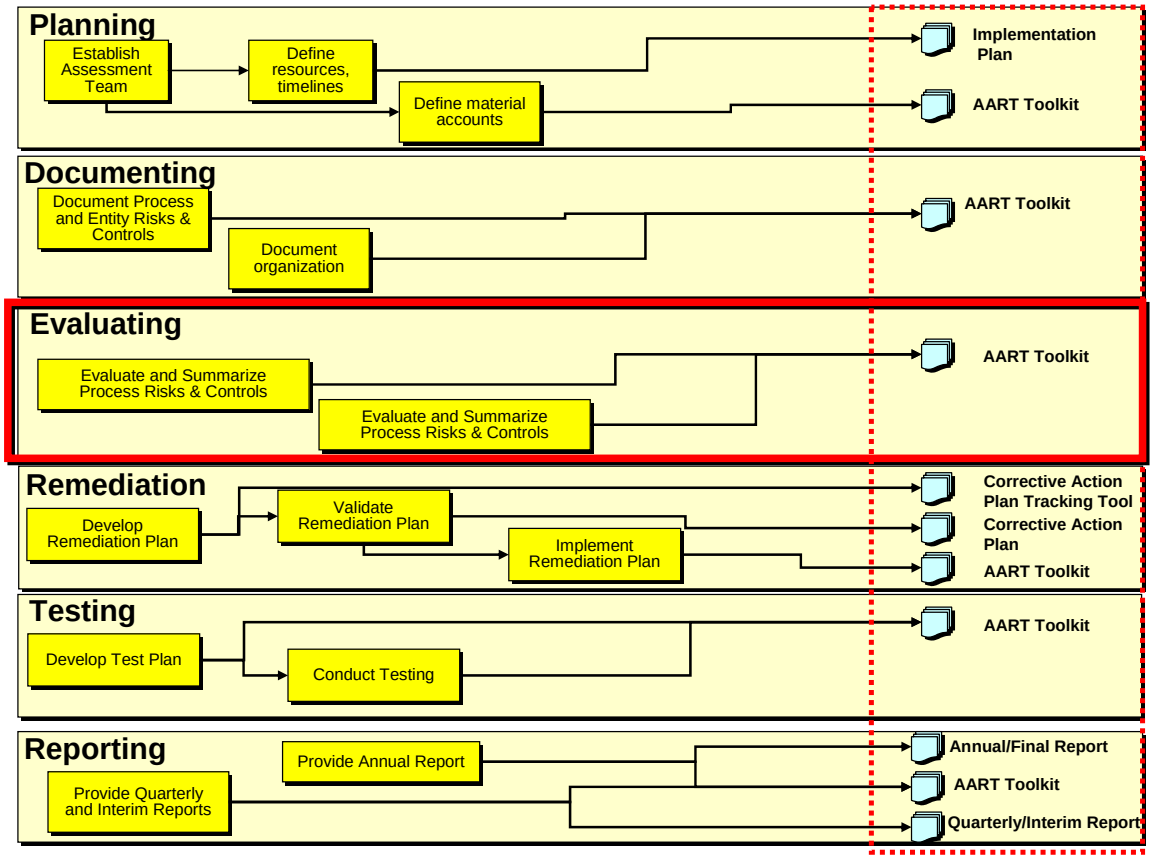
DEFINITIONS

Word	Definition
Attester	The person who will be required to affirm the authenticity of information for the LPSO.
Cognizant Secretarial Office (CSO)	Headquarters Elements that provide significant funding to Field Offices overseen by the LPSOs.
Field Office (FO)	Location where the Site Assessment Team manages the A-123 Implementation for its Sites. Only the Field Office provides assurance to the LPSO.
Headquarters Element	Lead Program Secretarial Office or Headquarters Business Program that is affected by the financial reporting requirements of OMB A-123, Appendix A.
Implementer	The person responsible for executing the activities to support the Attester's affirmation.
Lead Program Secretarial Office (LPSO)	Headquarters Element whose cognizance includes those Field Offices that are affected by the financial reporting requirements of OMB A-123, Appendix A. These LPSOs provide oversight activities to Field Offices that directly impact the accounts determined to be material to the Department's financial statements.
Process	The highest level of sub-processes within a process cycle.
Process Cycle	An end-to-end sequence of events consisting of the methods and records used to establish, identify, assemble, analyze, classify, and record transactions.[2]
Site	Unit of a Field Office including the Field Office federal activities and its contractors (both integrated and non-integrated). Predefined by Headquarters.

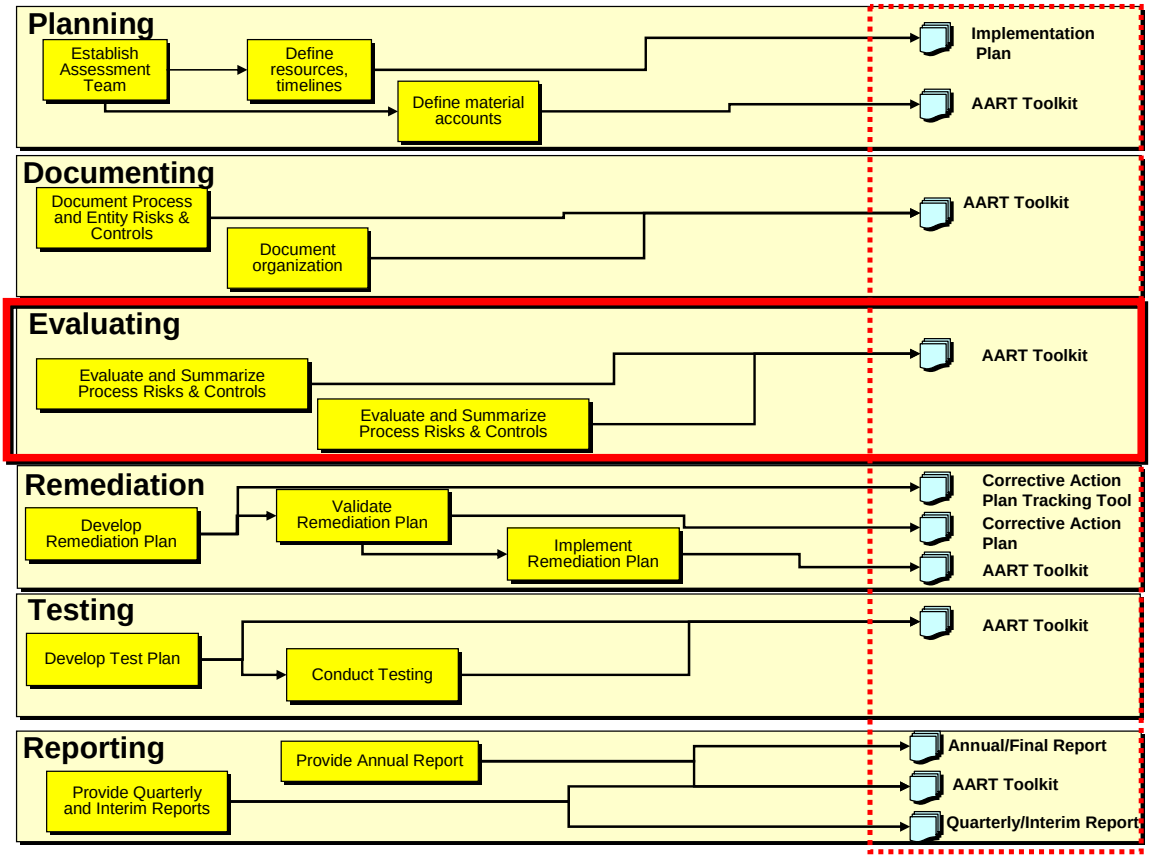
[2] Adapted from the CFO Council Implementation Guide

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

NEXT PHASE



Quick Start Guide 3 - Evaluating



Purpose	• Evaluate the effectiveness of design for internal controls over financial reporting related to departmental financial statements.
Key Activities	• Perform Risk Assessment • Assess Process and Sub-Process Control Design Effectiveness • Assess Entity Control Design Effectiveness
Required Templates	• AART Toolkit

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

PROCEDURES

The Documenting phase has been completed to document Entity Control Areas, Processes/Sub-Processes, and associated Risks and Controls.

The Evaluating phase will now be completed by the Site Assessment Team or its designated representative(s).

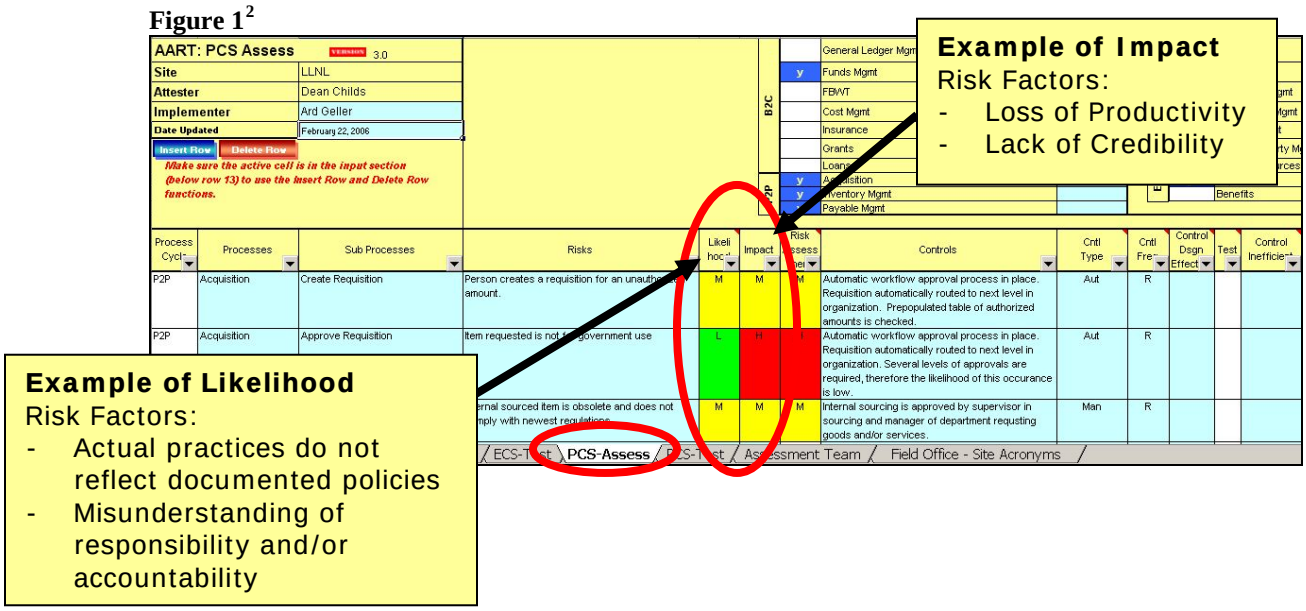
★ *A. Risk Assessment of Processes and Entity Controls*

1. Refer to the AART Toolkit – PCS-Assess and ECS-Assess worksheets and rate and record the Likelihood[1] and Impact for each documented risk at the sub-process level as H (High), M (Moderate) or L (Low).

"What is the negative impact if this control does not work effectively?"

	Likelihood		Impact
High	Probable occurrence	High	Considerable impact on financial statements
Moderate	Possible occurrence	Moderate	Some impact on financial statements
Low	Negligible occurrence	Low	Does not impact financials statements much.

Figure 1[2]



[1] Likelihood and Impact as adapted from the COSO Framework.

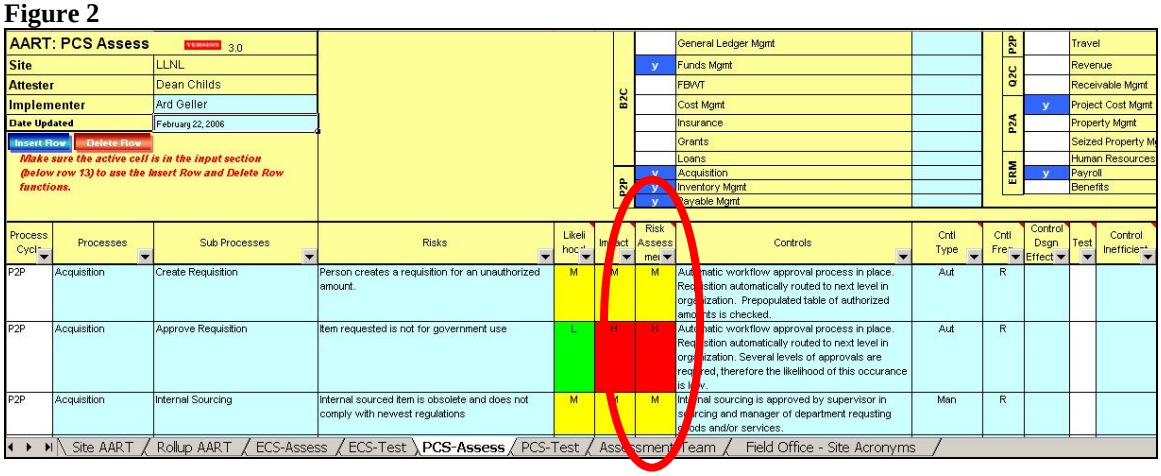
[2] Most screen shots reference the PCS-Assess Worksheet, though the columns are the same for both PCS and ECS-Assess Worksheets

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

2. Based on the input of Likelihood and Impact, an overall risk assessment will automatically be populated in the Risk Assessment column:

The overall risk assessment can be used as guidance in the testing and remediation phases to prioritize follow on activities. Ratings are suggested, not final.

Figure 2



AART: PCS Assess	3.0
Site	LLNL
Attester	Dean Childs
Implementer	Ard Geller
Date Updated	February 22, 2006

Insert Row | Delete Row

Make sure the active cell is in the input section (below row 13) to use the Insert Row and Delete Row functions.

B2C		General Ledger Mgmt
	y	Funds Mgmt
		FBWT
		Cost Mgmt
		Insurance
		Grants
		Loans
P2P	y	Acquisition
	y	Inventory Mgmt
	y	Payable Mgmt

P2P		Travel
Q2C		Revenue
		Receivable Mgmt
P2A	y	Project Cost Mgmt
		Property Mgmt
		Seized Property Mg
ERM		Human Resources
	y	Payroll
		Benefits

Process Cycle	Processes	Sub Processes	Risks	Likelihood	Impact	Risk Assessment	Controls	Cntl Type	Cntl Freq	Control Dsgn Effect	Test	Control Inefficiency
P2P	Acquisition	Create Requisition	Person creates a requisition for an unauthorized amount.	M	M	M	Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Prepopulated table of authorized amounts is checked.	Aut	R			
P2P	Acquisition	Approve Requisition	Item requested is not for government use	L	H	H	Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Several levels of approvals are required, therefore the likelihood of this occurance is low.	Aut	R			
P2P	Acquisition	Internal Sourcing	Internal sourced item is obsolete and does not comply with newest regulations	M	M	M	Internal sourcing is approved by supervisor in sourcing and manager of department requsting goods and/or services.	Man	R			

Site AART / Rollup AART / ECS-Assess / ECS-Test / PCS-Assess / PCS-Test / Assessment Team / Field Office - Site Acronyms

The Following Table illustrates how Risk Assessment[3] is derived

Likelihood +	Impact =	Risk Assessment
Low	Low	Low
Low	Moderate	Low
Low	High	High
Moderate	Low	Low
Moderate	Moderate	Moderate
Moderate	High	High
High	Low	Moderate
High	Moderate	High
High	High	High

The color will automatically format based on the selection L (Green), M (Yellow), H (Red).

[3] Risk assessment as adapted from the COSO Framework.

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

B. Evaluating and Rating Process and Entity Control Design Effectiveness

1. Review the Risk Assessment Column and supporting documentation associated with each control and rate and record the effectiveness of the control design. A drop down box is provided for selecting the ratings.

The following rating scale is used to assess effectiveness of controls. Throughout the phases these ratings will be applied to sub-processes, processes, and entity control areas.

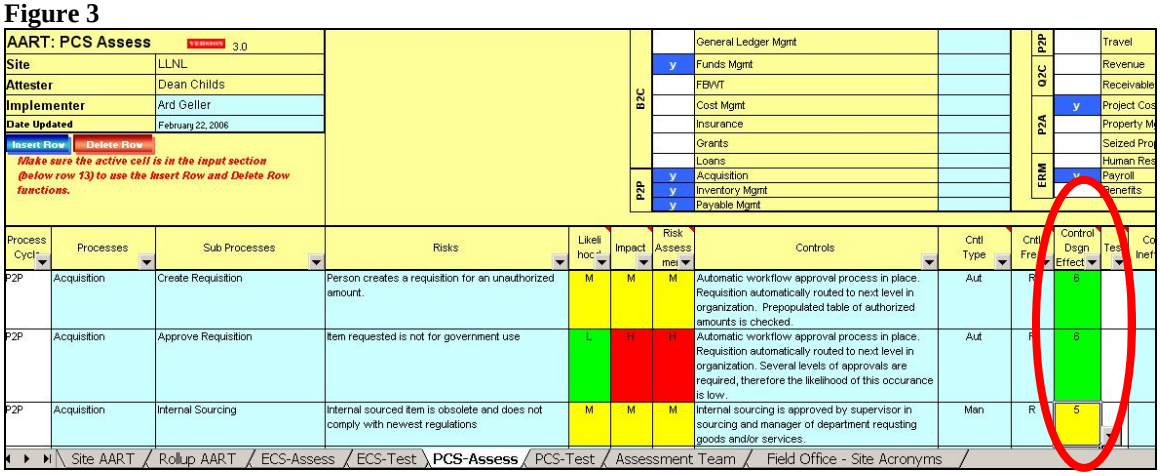
The attester will review these ratings and supporting information in order to formulate the appropriate Field Office Assurance.

You may see some Processes and/or sub-processes with a status of "2-Initial Remediation" in the Control Design Effectiveness column. These do not require an evaluation at this time.

	Control Design and Assessment Ratings		
	2	Initial Remediation	Controls ineffective and in remediation.
NOT EFFECTIVE	3	Material Weakness	Reportable condition, or combination of reportable conditions, that results in more than a remote likelihood that a material misstatement of the financial statements, or other significant financial reports, will not be prevented or detected.
NOT EFFECTIVE	4	Reportable Condition	A control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report external financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements, or other significant financial reports, that is more than inconsequential will not be prevented or detected
	5	Control Deficiency	Control deficiencies exist when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A design deficiency exists when a control necessary to meet the control objective is missing or an existing control is not properly designed, so that even if the control operates as designed the control objective is not always met. An operation deficiency exists when a properly designed control does not operate as designed or when the person performing the control is not qualified or properly skilled to perform the control effectively.
	6	Controls Designed Effective	Control will prevent and/or detect misstatements as designed
	7	Controls Test Effective	Control will prevent and/or detect misstatements as implemented

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

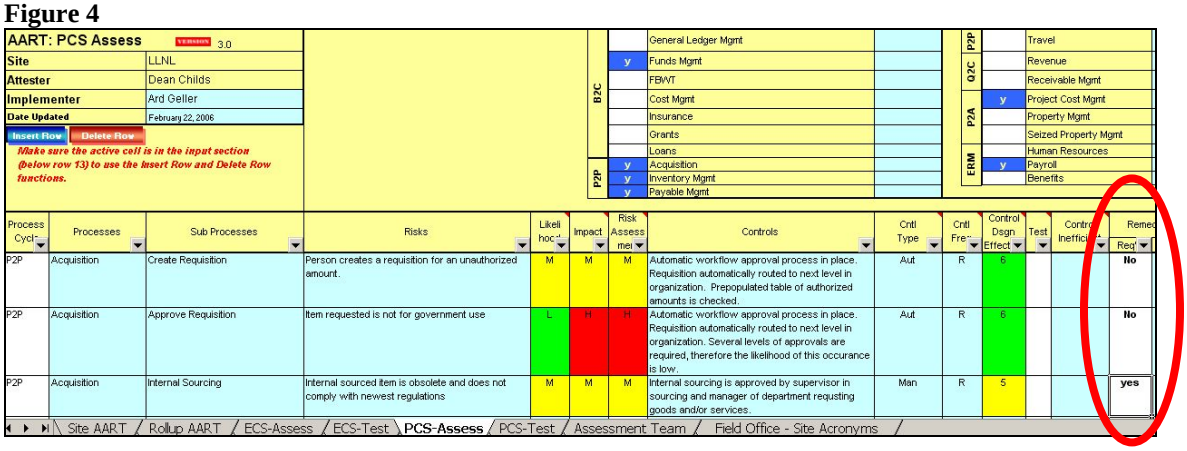
Figure 3



2. Once the control effectiveness has been rated, the AART Toolkit will automatically identify those controls requiring remediation.

> *In some cases, you may be able to immediately identify a mitigating control to offset controls you have just rated as not effective. In this case, refer to the remediation guide for instructions on how to handle this in an expedited manner.*

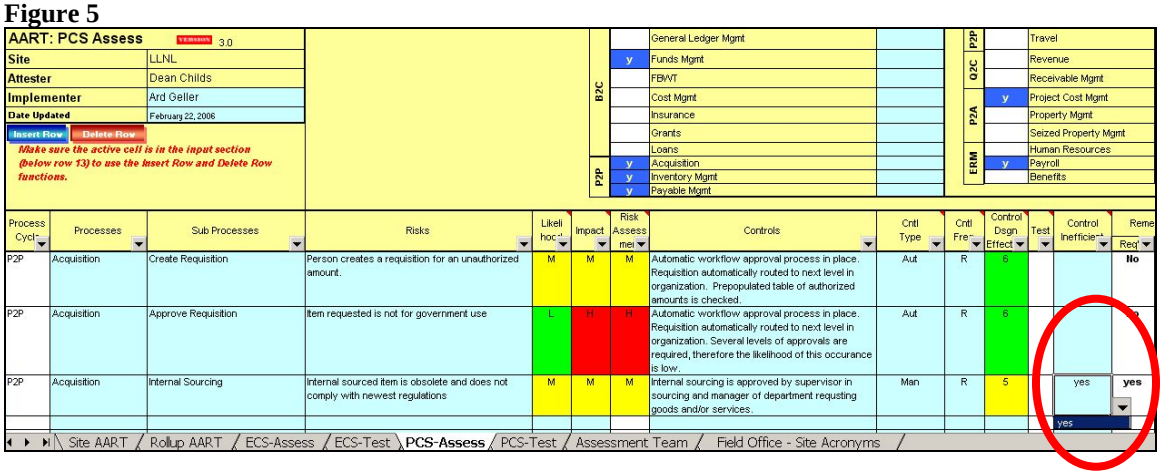
Figure 4



Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

3. (Optional) Determine and record if a control is inefficient using the drop down box provided.

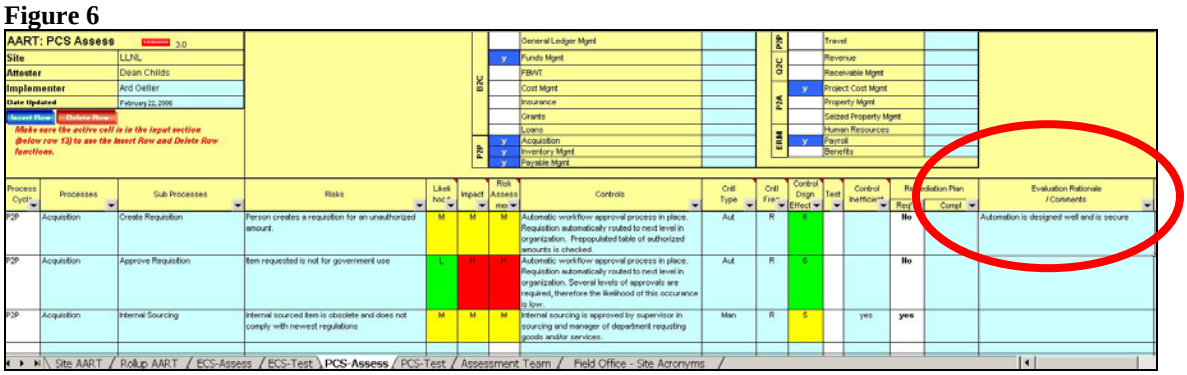
Figure 5



A control may be effective, but may be inefficient. For example, a control may require a lot of manual intervention which could be automated in the future. This field can be used to identify process improvements for the future.

4. Summarize the rationale used to determine the Control Design Effectiveness rating in the Evaluation Rationale/Comments column.

Figure 6

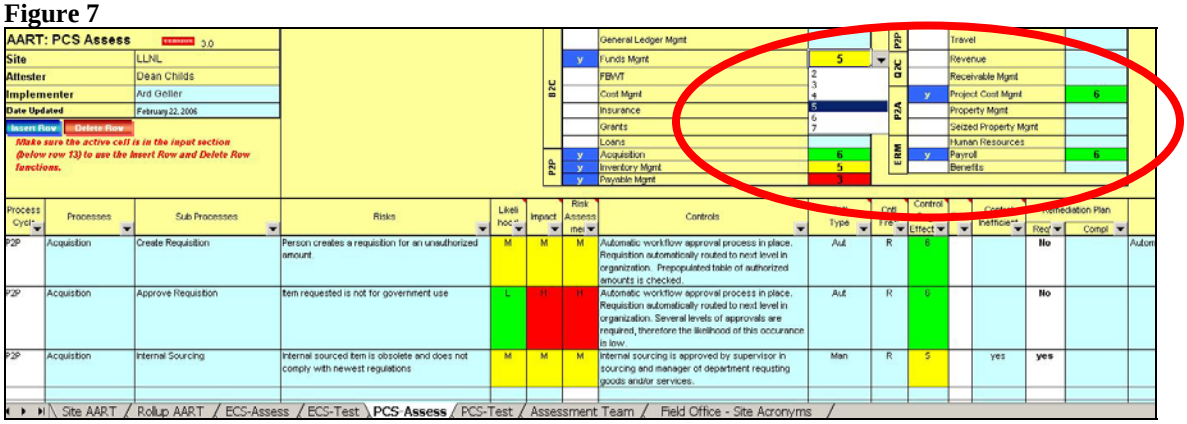


Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

5. Summarize the overall Control Design Effectiveness for each Process or Area Assessment field based on professional judgment weighing the Control Design Effectiveness results for the associated sub-processes / sub-categories and controls (refer to section B.1 for explanation of ratings).

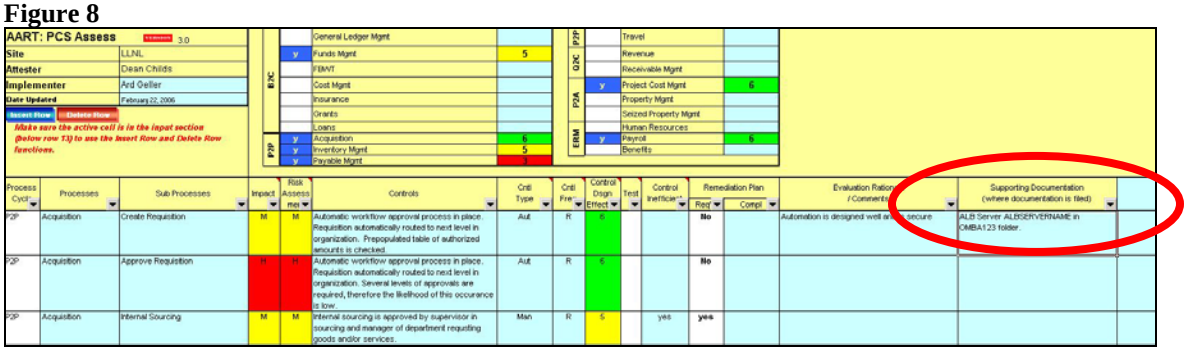
   Assign the appropriate number (rating) in the Assessment fields using the drop down box.

Figure 7



6. Enter the location of the document explaining the rationale used to determine the rating.

Figure 8

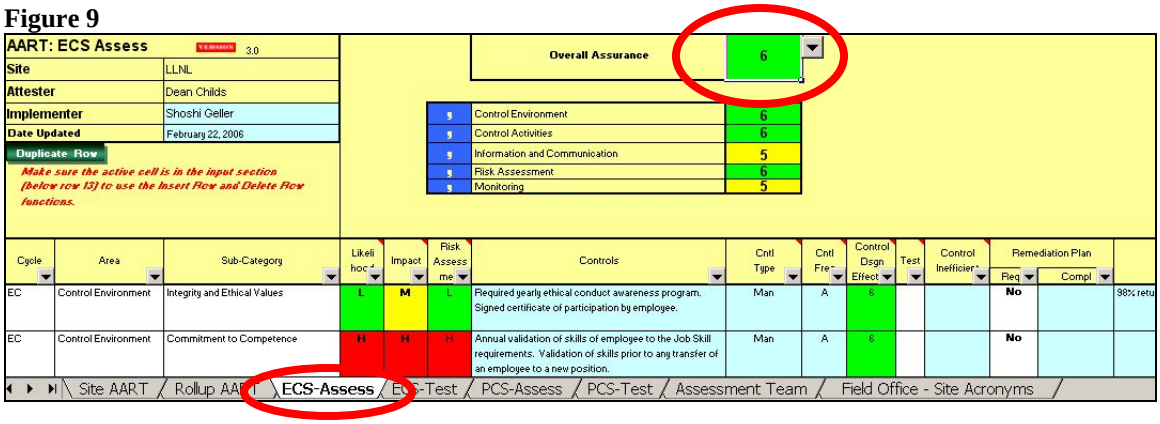


Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

7. For the Entity Control Evaluation, an Overall Control Assessment must be determined.

   Rate and record the Overall EC Control Assessment based on professional judgment weighing the Control Design Effectiveness results for the area ratings.

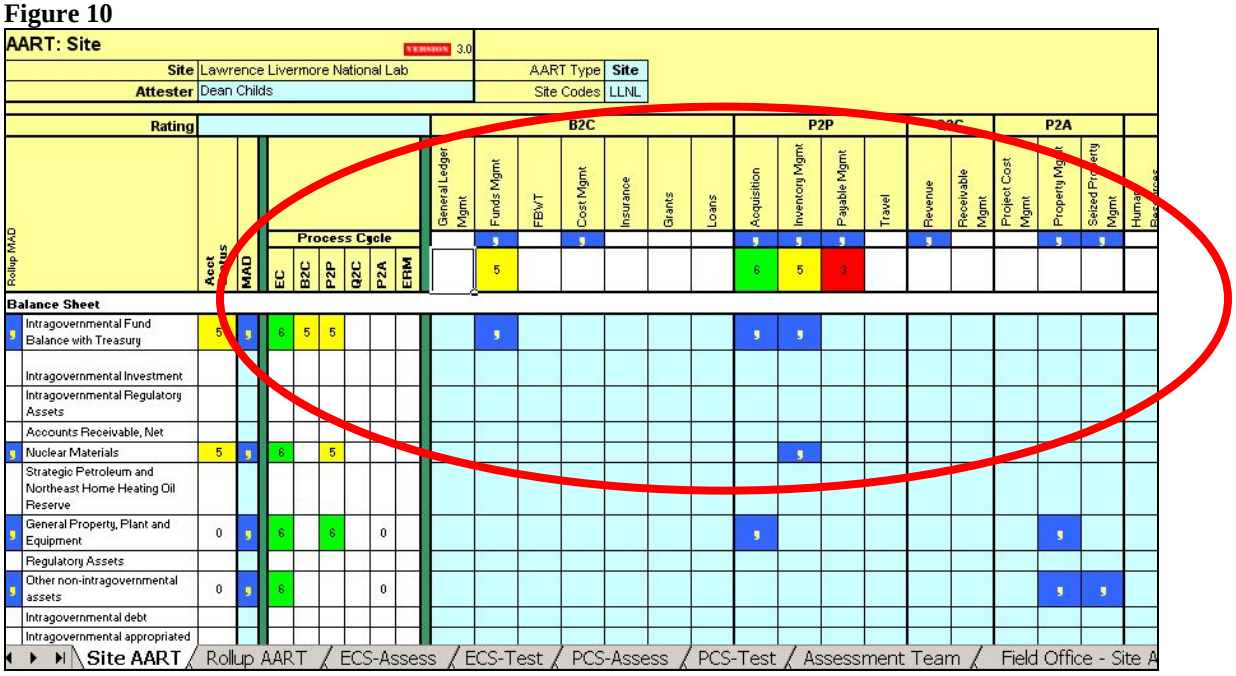
Figure 9



Surveys can be used to determine the Entity Control Effectiveness ratings.

8. The Site AART tab in the AART Toolkit is automatically populated with the process and overall entity control assessment ratings. In doing so, it distributes the ratings to the affected accounts.

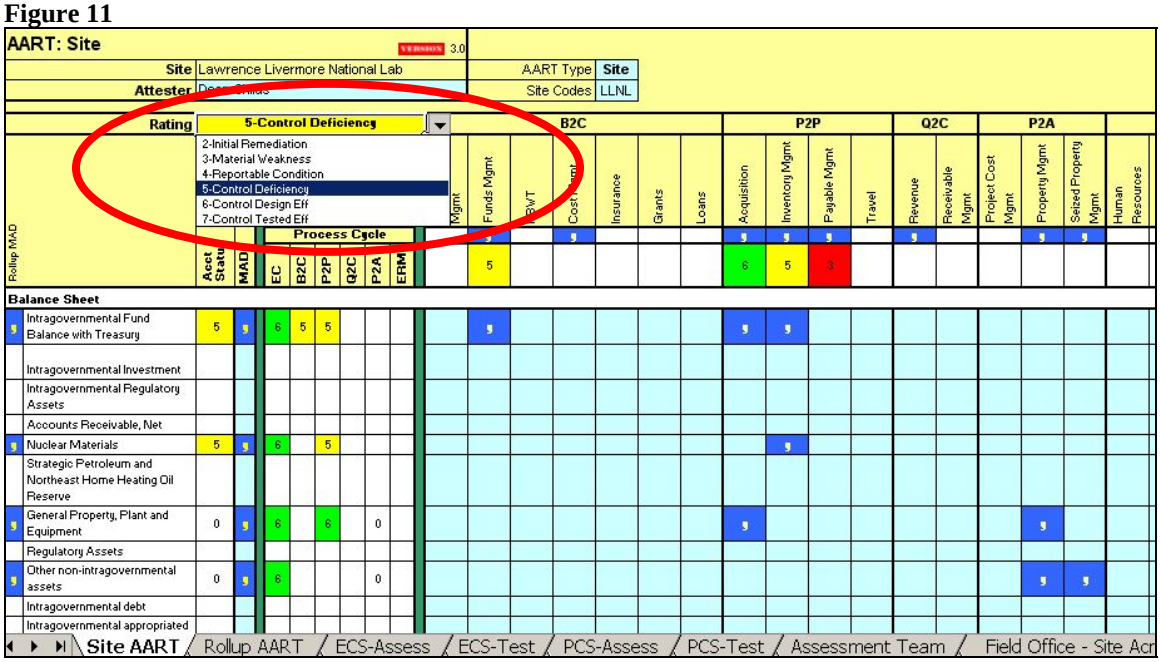
Figure 10



Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

9. Once all affected accounts have been rated, assign an overall Rating for the Site / Field Office/ LPSO using professional judgment.

Figure 11



Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

C. Update the Rollup AART

REQUIREMENTS

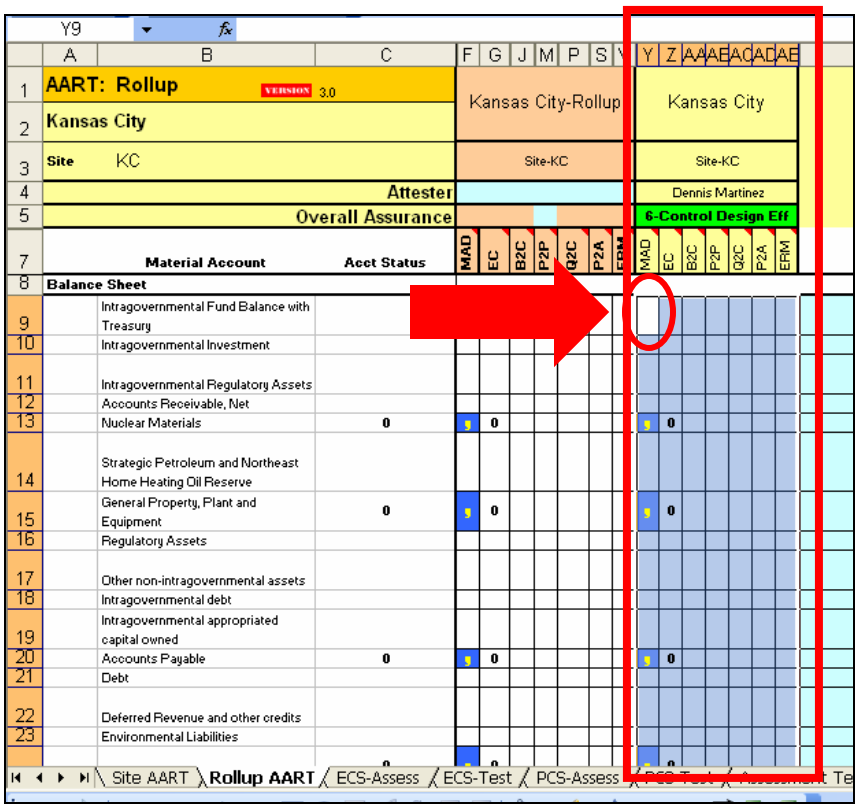
This step must be performed by the Field Office or LPSO Assessment Team lead.

Field Offices and LPSOs have different processes for FY 2006. Starting in FY2007 the rollup process will be the same

FIELD OFFICE ONLY

1. Starting in cell Y9 of the Site AART, copy all of the automatically populated ratings for the accounts and process cycles. (Cells Y9 through AE51)

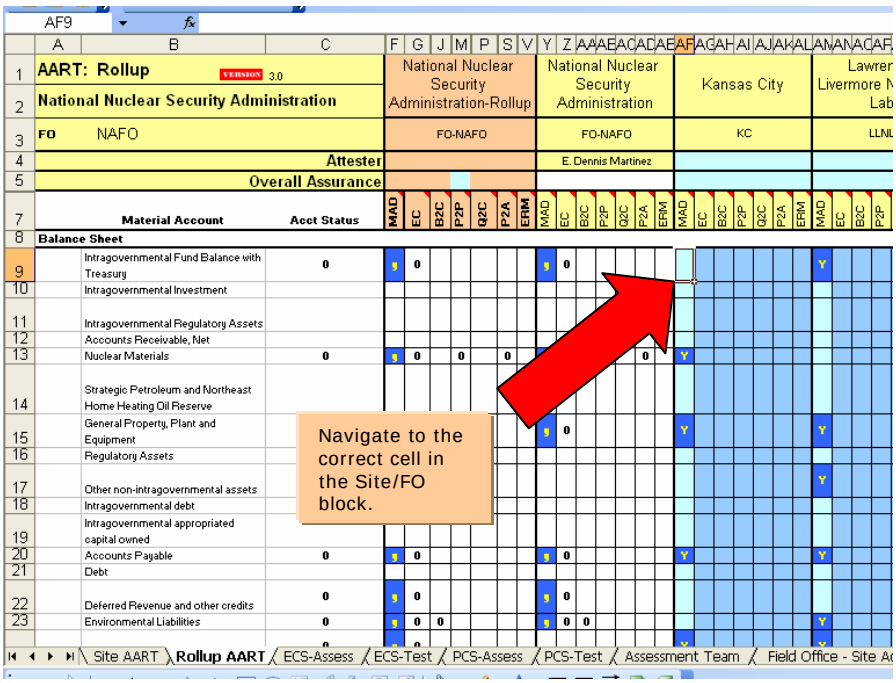
Figure 12



Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

2. Navigate to the Rollup tab of the workbook that will consolidate the data for oversight purposes (i.e., the Field Office AART), find the correct predefined Site or Field Office section and select the first cell of the Material Accounts listing (for example, cell AF9 for KC).

Figure 13



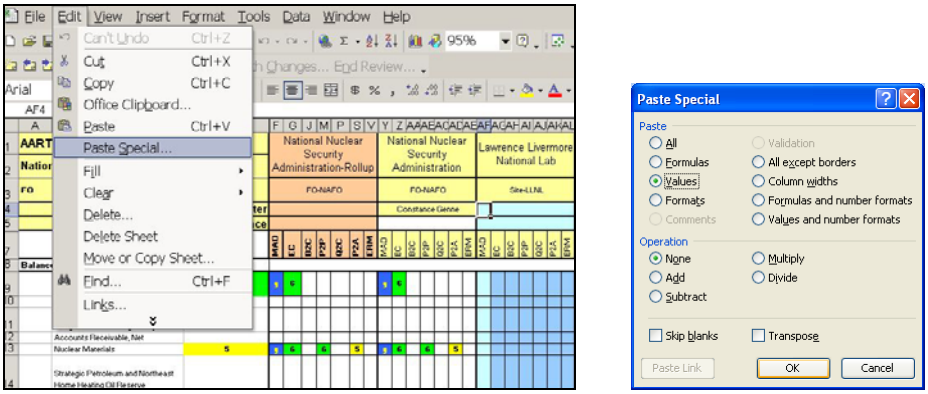
SPECIAL ATTENTION REQUIRED

It is critical that the "Paste Special" functionality is used and that just values are pasted into the Rollup AART (see below for details).

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

3. Paste Special the results as follows: Go to Edit –> Paste Special and select the values radio button. Click OK.

Figure 14



4. Repeat steps 1-3 for the Rollup Overall rating

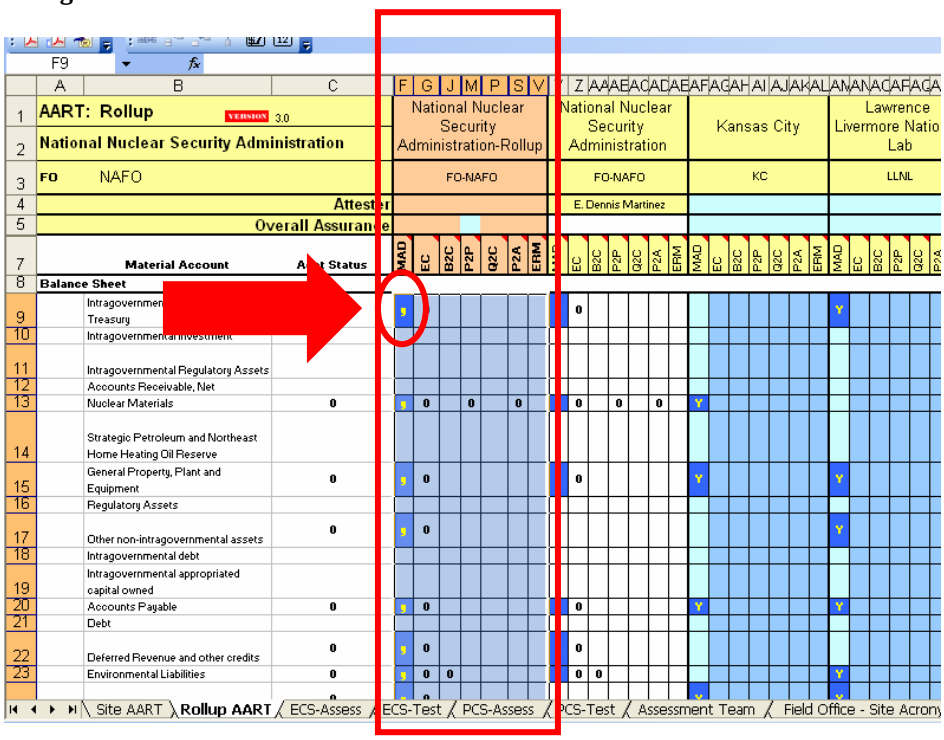
   a. Copy cells Y5 through AE 5 from the Site AART Rollup.
   b. Navigate to the appropriate cell block for that Site in row 5.
   c. Go to Edit -> Paste Special and select the values radio button.
   d. Click OK.

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

LPSO ONLY

5. Starting in cell F9 of the Field Office AART, copy all the automatically populated ratings for the accounts and process cycles. (Cells F9 through V51)

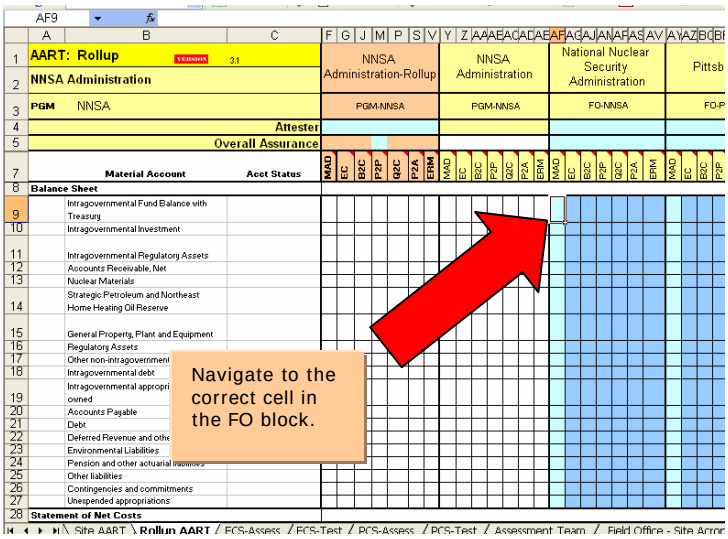
Figure 15



Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

6. Navigate to the Rollup tab of the workbook that will consolidate the data for oversight purposes (i.e., the LPSO AART), find the correct predefined Field Office section and select the first cell of the Material Accounts listing (for example, cell AF9 for NNSA).

Figure 16

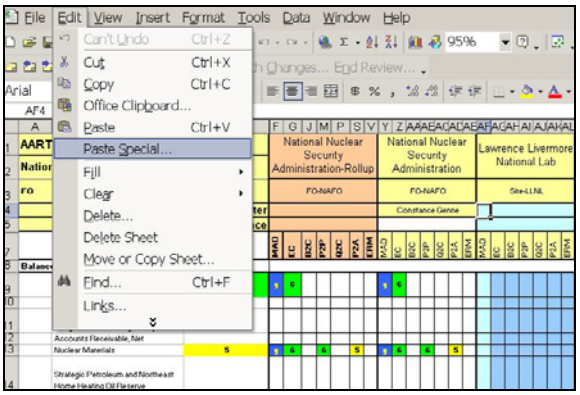


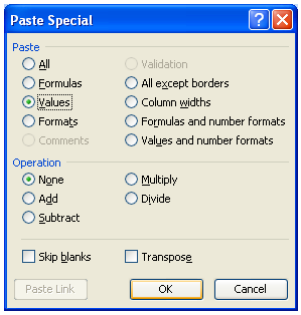
SPECIAL ATTENTION REQUIRED

It is critical that the "Paste Special" functionality is used and that just values are pasted into the Rollup AART (see below for details).

7. Paste Special the results as follows: Go to Edit –> Paste Special and select the values radio button. Click OK.

Figure 17





Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

8. Repeat steps 1-3 for the Rollup Overall rating

    a. Copy cells F5 through V5 from the Site AART Rollup.
    b. Navigate to the appropriate cell block for that Site in row 5.
    c. Go to Edit -> Paste Special and select the values radio button.
    d. Click OK.

D. Update the Implementation Plan

1. Document the results of the evaluation activities performed

2. Review Implementation Plan for accuracy

3. Make and track necessary changes

Major changes to the Implementation Plan will need to be reported in the Quarterly Report.

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

REFERENCES

See CFO A-123 Website for suggested reading material:

OMB A-123 Appendix A
CFO Council Implementation Guide for OMB Circular A-123
Financial Audit Manual (GAO-01-765G)
DOE OMB Circular A-123, Appendix A, Implementation Plan
DOE Interim Guidance for OMB Circular A-123
FY 2005 Audit Report
FY 2005 Management Letter

ADDITIONAL INFORMATION

Refer to the CFO A-123 website which will be updated with latest materials including tools, FAQs and additional reading material.
(http://www.cfo.doe.gov/progliaison/doeA123/index.htm)

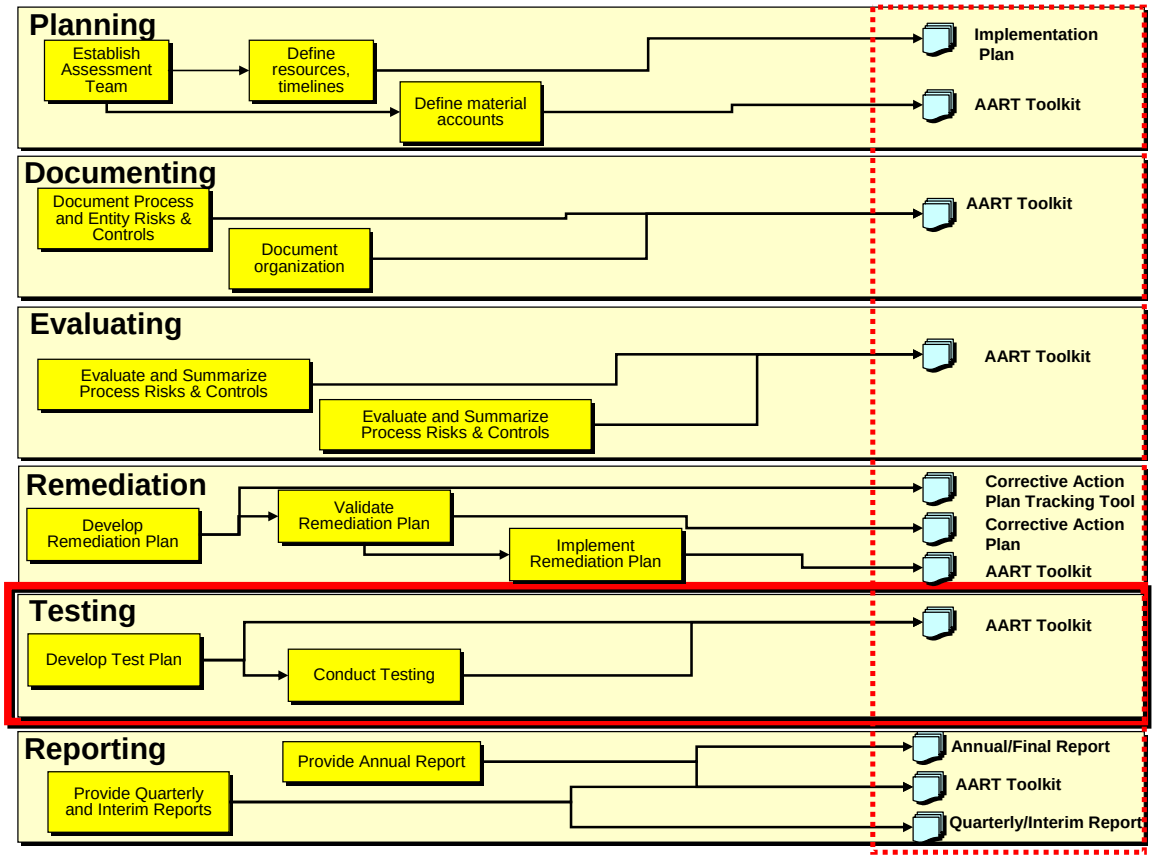
DEFINITIONS

Word	Definition
Attester	The person who will be required to affirm the authenticity of information for the LPSO.
Cognizant Secretarial Office (CSO)	Headquarters Elements that provide significant funding to Field Offices overseen by the LPSOs.
Field Office (FO)	Location where the Site Assessment Team manages the A-123 Implementation for its Sites. Only the Field Office provides assurance to the LPSO.
Headquarters Element	Lead Program Secretarial Office or Headquarters Business Program that is affected by the financial reporting requirements of OMB A-123, Appendix A.
Implementer	The person responsible for executing the activities to support the Attester's affirmation.
Lead Program Secretarial Office (LPSO)	Headquarters Element whose cognizance includes those Field Offices that are affected by the financial reporting requirements of OMB A-123, Appendix A. These LPSOs provide oversight activities to Field Offices that directly impact the accounts determined to be material to the Department's financial statements.
Process	The highest level of sub-processes within a process cycle.
Process Cycle	An end-to-end sequence of events consisting of the methods and records used to establish, identify, assemble, analyze, classify, and record transactions.[4]
Site	Unit of a Field Office including the Field Office federal activities and its contractors (both integrated and non-integrated). Predefined by Headquarters.

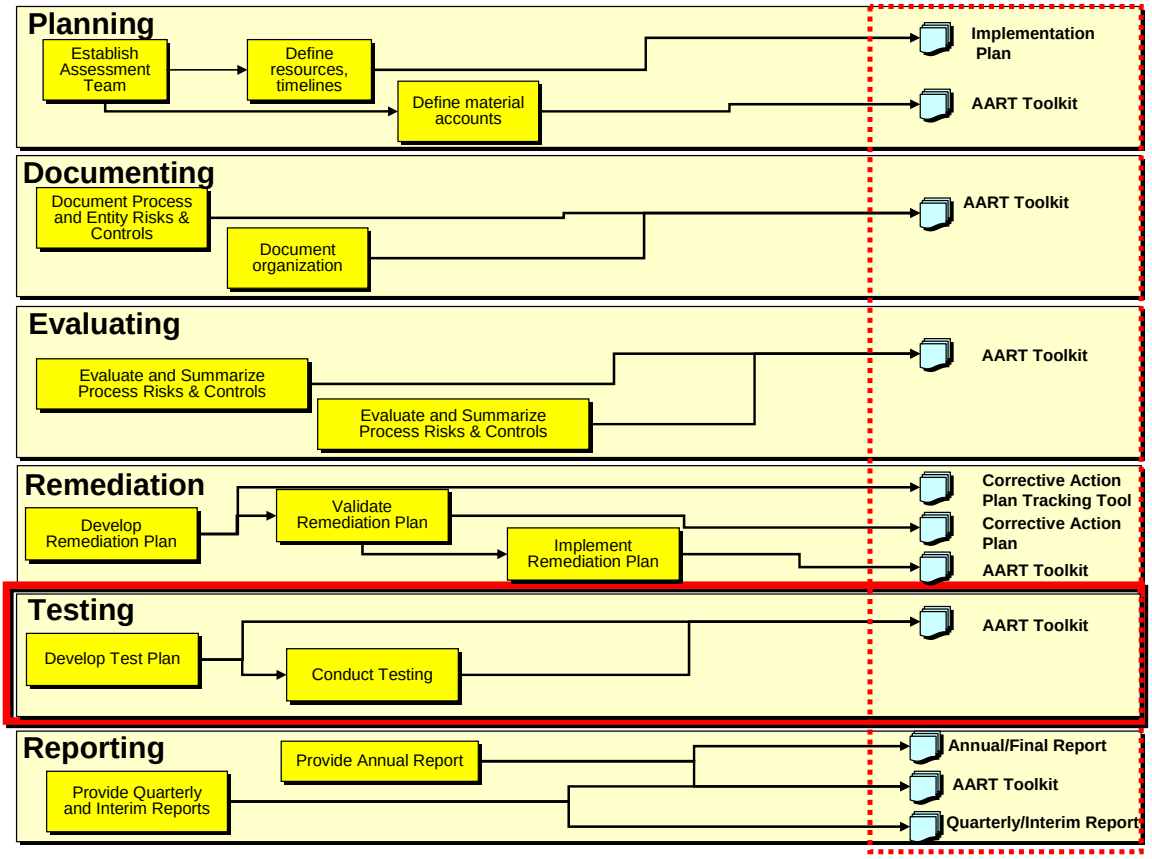
[4] Adapted from the CFO Council Implementation Guide

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

NEXT PHASE



Quick Start Guide 4 – Testing



Purpose	• Validate the effectiveness of the controls through testing.
Key Activities	• Develop Test Plan • Execute Test Plan • Assess Test Results
Required Templates	• AART Toolkit

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

PROCEDURES

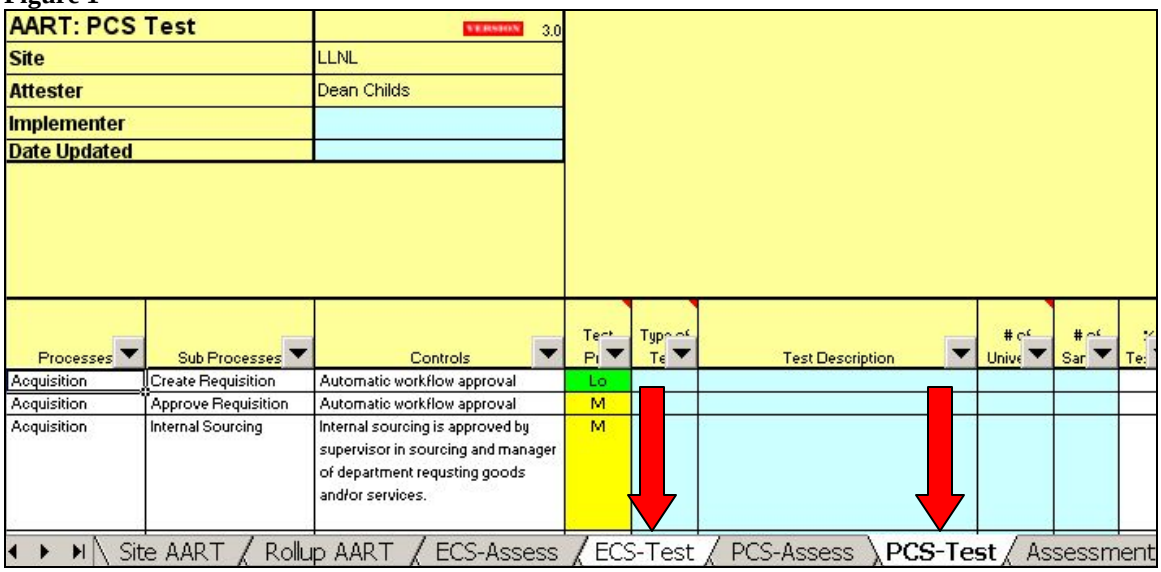
The Evaluating phase has been completed.

The steps for testing all the Process and Entity Controls are identical.

A. Determine the Scope of Testing

1. Open the AART Toolkit and navigate to the Test worksheets: PCS-Test and ECS-Test.

Figure 1[1]



AART: PCS Test	VERSION 3.0
Site	LLNL
Attester	Dean Childs
Implementer	
Date Updated	

Processes	Sub Processes	Controls	Test Pr	Type of Te	Test Description	# of Unive	# of Sar	Te:
Acquisition	Create Requisition	Automatic workflow approval	Lo					
Acquisition	Approve Requisition	Automatic workflow approval	M					
Acquisition	Internal Sourcing	Internal sourcing is approved by supervisor in sourcing and manager of department requsting goods and/or services.	M					

Site AART / Rollup AART / ECS-Assess / ECS-Test / PCS-Assess / PCS-Test / Assessment

The ECS-Test and PCS-Test worksheets were automatically populated by the associated ECS-Assess or PCS-Assess worksheets during the Evaluation Phase based on the table below.

ECS-Test
- ⇨ *Area*
- ⇨ *Sub- Category*
- ⇨ *Controls*
- ⇨ *Test Priority*

PCS-Test
- ⇨ *Processes*
- ⇨ *Sub-Processes*
- ⇨ *Controls*
- ⇨ *Test Priority*

[1] Most screen shots reference the PCS-Assess Worksheet, though the columns are the same for both PCS and ECS-Assess Worksheets

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

Due to limitations in MS Excel, the automatically populated data may not be totally visible until a cell in the row is accessed.

2. Review the Controls that require testing to determine the scope of testing. In order to accurately assess the scope of testing, review each relevant worksheet.

*In the Test worksheet, Controls are identified by a red, yellow or green Test Priority. All Controls that require remediation prior to testing are identified by the "REM" status in the **Test Priority** column.*

Figure 2

AART: PCS Test		3.0
Site	LLNL	
Attester	Dean Childs	
Implementer		
Date Updated		

Processes	Sub Processes	Controls	Test Pr	Type of Te	Test Description	# c Unive
Acquisition	Create Requisition	Automatic workflow approval	Lo			
Acquisition	Approve Requisition	Automatic workflow approval	M			
Acquisition	Internal Sourcing	Internal sourcing is approved by supervisor in sourcing and manager of department requsting goods and/or services.	M			

Site AART / Rollup AART / ECS-Assess / ECS-Test / PCS-Assess / PCS-Test

*The **Test Priority** is calculated based on the following criteria:*

- ⇨ *Risk Assessment*
- ⇨ *Automation*
- ⇨ *Frequency*

*For example, a High Risk sub-process that is manual and only occurs annually will be rated with a Very High (VH) **Test Priority.***

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

B. Develop Testing Plan

The proposed Test Priority should only be used as a guide when developing the test plan as other factors may affect the prioritization.

1. Based on a risk based testing approach (see CFO Council Implementation Guide for details), prioritize the testing of Controls.

   The **Test Priority** ratings can provide guidance of how to prioritize testing of controls based on the amount of Risk of each sub-process/sub-category.

See section A.2 for details of how the test priority is determined.

2. Identify the testing cycle for each Control.

3. Determine if any testing has recently been performed that may satisfy the A-123 requirements for selected controls. If acceptable testing has been performed within 12 months of the assurance date (and no significant system, process or control changes have taken place) for specific controls, you may use the preexisting test results to satisfy A-123 test requirements and document that testing as described in the following steps.

*Sites/Field Offices/LPSOs may utilize testing performed as part of internal or external reviews and/or audits (e.g. FFMIA, FMFIA, SAS-70, IG/GAO audits). However, these tests must **satisfy the requirements** as defined in the CFO Council Implementation Guide.*

Sites may not utilize financial statement audits as a basis in determining that controls are operating effectively.

4. Identify and record the most effective **type of test** for each Control.

There are four basic test types that can be used to test entity and process controls (see the CFO Council Implementation Guide for additional information).

- ⇨ **Inq**uiry – asking people if certain controls are in place and functioning
- ⇨ **Ins**pection – looking at evidence of a given control procedure
- ⇨ **Obs**ervation – observing actual controls in operation
- ⇨ **Re-p**erforming – re-performing a given control procedure.

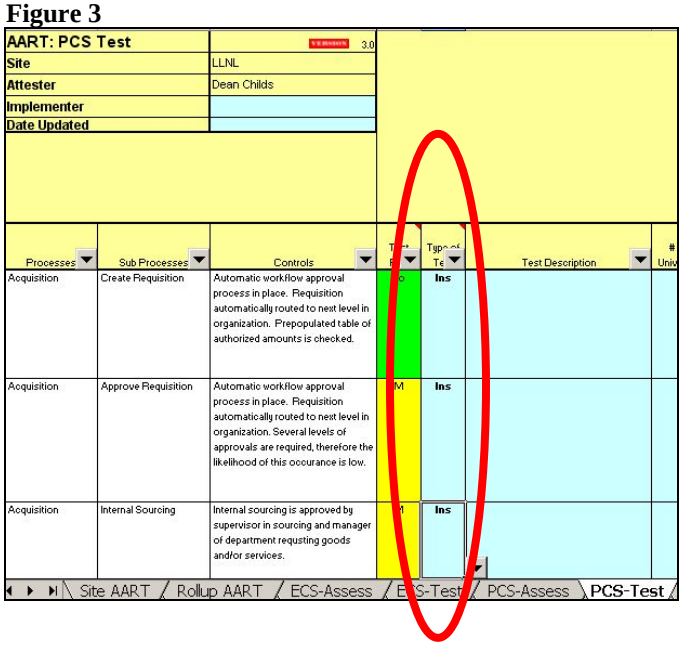
From a standpoint of sufficiency of evidence, Inquiry provides the weakest evidence while Re-performing provides the strongest evidence. In addition a single test may cover more than one sub-process and control.

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

Select the most suitable **Type of Test** based on the sub-category or sub-process requiring testing.

*For example, an approval process requiring signatures from authorized approvers may use the **Ins**pection type of test. This can be accomplished by reviewing a sample of approval signatures to ensure that appropriate action was taken.*

Figure 3



AART: PCS Test	3.0
Site	LLNL
Attester	Dean Childs
Implementer	
Date Updated	

Processes	Sub Processes	Controls	Test Type	Type of Test	Test Description	# Univ
Acquisition	Create Requisition	Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Prepopulated table of authorized amounts is checked.		Ins		
Acquisition	Approve Requisition	Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Several levels of approvals are required, therefore the likelihood of this occurance is low.	M	Ins		
Acquisition	Internal Sourcing	Internal sourcing is approved by supervisor in sourcing and manager of department requsting goods and/or services.	M	Ins		

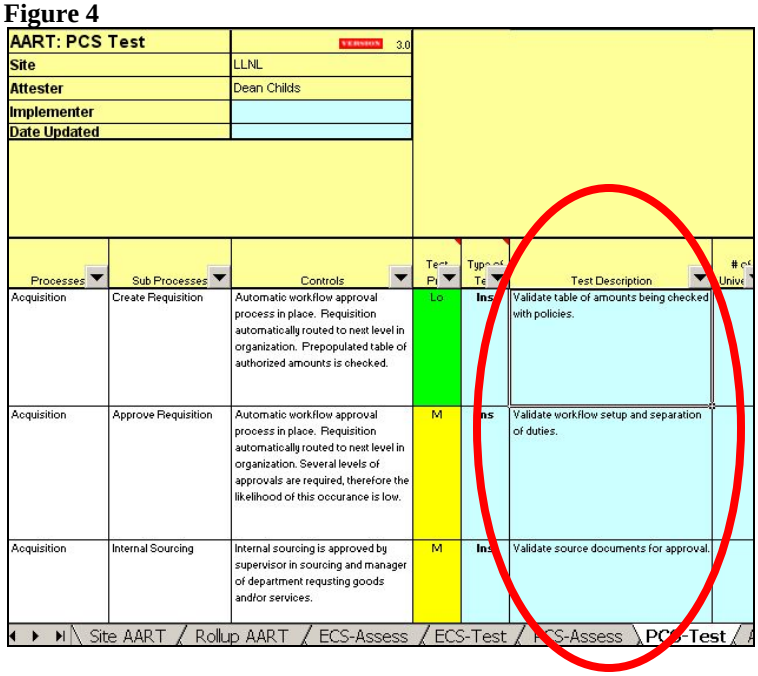
Site AART / Rollup AART / ECS-Assess / ECS-Test / PCS-Assess / PCS-Test

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

5. Provide a brief **Test Description** based on the **Type of Test** selected.

   The Test Description should be a high level summary of how the test will be performed. This should be supported by detailed test plans.

Figure 4



AART: PCS Test	3.0
Site	LLNL
Attester	Dean Childs
Implementer	
Date Updated	

Processes	Sub Processes	Controls	Test Pr	Type of Te	Test Description	# of Univ
Acquisition	Create Requisition	Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Prepopulated table of authorized amounts is checked.	Lo	Ins	Validate table of amounts being checked with policies.	
Acquisition	Approve Requisition	Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Several levels of approvals are required, therefore the likelihood of this occurance is low.	M	ns	Validate workflow setup and separation of duties.	
Acquisition	Internal Sourcing	Internal sourcing is approved by supervisor in sourcing and manager of department requsting goods and/or services.	M	Ins	Validate source documents for approval.	

Site AART / Rollup AART / ECS-Assess / ECS-Test / PCS-Assess / PCS-Test

REQUIREMENTS

Detailed testing procedures need to be documented as supporting documentation. Requirements and additional information can be found in the CFO Council Implementation Guide.

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

6. Record the universe of items, transactions, etc. from which the testing sample will be selected.

Figure 5

AART: PCS Test		3.0
Site	LLNL	
Attester	Dean Childs	
Implementer		
Date Updated		

Processes	Sub Processes	Controls	Test Pr	Typ of Te	Test Description	# of Unive	# of Sar	Te:	# of Fail	% Fail	T	Date Tes Con
Acquisition	Create Requisition	Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Prepopulated table of authorized amounts is checked.	Lo	Ins	Validate table of amounts being checked with policies.	3500						
Acquisition	Approve Requisition	Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Several levels of approvals are required, therefore the likelihood of this occurance is low.	M	Ins	Validate workflow setup and separation of duties.	3500						
Acquisition	Internal Sourcing	Internal sourcing is approved by supervisor in sourcing and manager of department requsting goods and/or services.	M	Ins	Validate source documents for approval.	3500						

Site AART / Rollup AART / ECS-Assess / ECS-Test / PCS-Assess / PCS-Test / Assessment Team / Field Office - Site

Refer to Financial Audit Manual (FAM) for sampling guidance.

7. Determine the Sample Size and enter the value in the **# of Sample** column.

A good resource for tools and applications to determine sample sizes and testing procedures may be internal auditing groups.

Figure 6

AART: PCS Test		3.0
Site	LLNL	
Attester	Dean Childs	
Implementer		
Date Updated		

Processes	Sub Processes	Controls	Test Pr	Typ of Te	Test Description	# of Unive	# of Sar	Te	# of Fail	% Fail	T	Date Tes Con
Acquisition	Create Requisition	Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Prepopulated table of authorized amounts is checked.	Lo	Ins	Validate table of amounts being checked with policies.	3500	100					
Acquisition	Approve Requisition	Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Several levels of approvals are required, therefore the likelihood of this occurance is low.	M	Ins	Validate workflow setup and separation of duties.	3500	100					
Acquisition	Internal Sourcing	Internal sourcing is approved by supervisor in sourcing and manager of department requsting goods and/or services.	M	Ins	Validate source documents for approval.	3500	100					

Site AART / Rollup AART / ECS-Assess / ECS-Test / PCS-Assess / PCS-Test / Assessment Team / Field Office - Site

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

8. The percent of universe will automatically be calculated in the **% Tested** column.

Figure 7

AART: PCS Test	3.0
Site	LLNL
Attester	Dean Childs
Implementer	
Date Updated	

Processes	Sub Processes	Controls	Test Pri	Type of Test	Test Description	# of Univ	# of Sam	% Tes	# of Fail	% Fail	T	Date Test Com
Acquisition	Create Requisition	Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Prepopulated table of authorized amounts is checked.	Lo	Ins	Validate table of amounts being checked with policies.	3500	100	3%				
Acquisition	Approve Requisition	Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Several levels of approvals are required, therefore the likelihood of this occurance is low.	M	Ins	Validate workflow setup and separation of duties.	3500	100	3%				
Acquisition	Internal Sourcing	Internal sourcing is approved by supervisor in sourcing and manager of department requsting goods and/or services.	M	Ins	Validate source documents for approval.	3500	100	3%				

Site AART / Rollup AART / ECS-Assess / ECS-Test / PCS-Assess / PCS-Test / Assessment Team / Field Office - Site

C. Execute Testing Plan

1. Complete testing based on the detailed plans.

2. Enter the date on which the applicable test was completed in the **Date Test Completed** column of the PCS and ECS Test worksheets.

Figure 8

AART: PCS Test	3.0
Site	LLNL
Attester	Dean Childs
Implementer	
Date Updated	

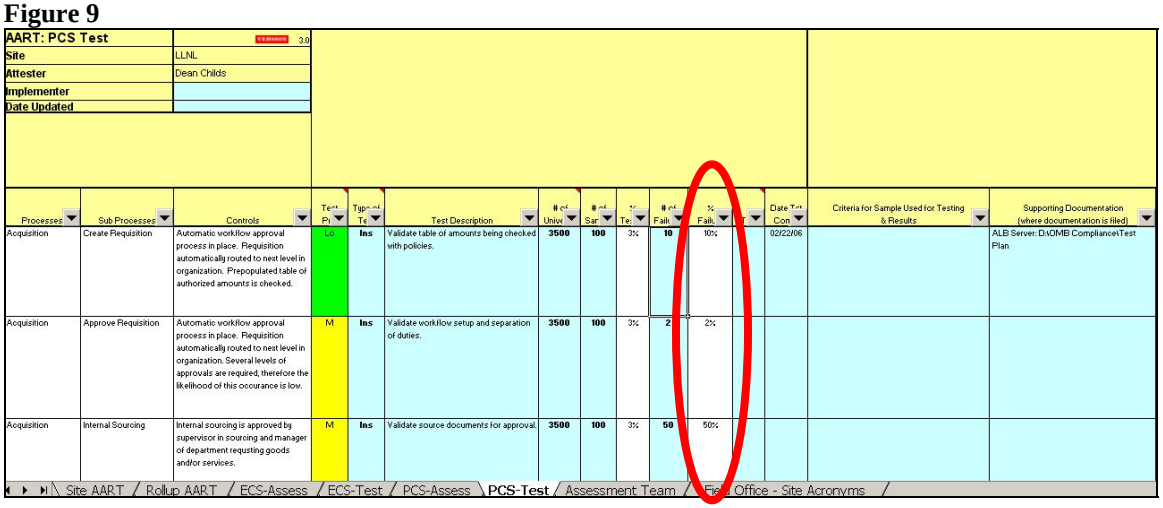
Processes	Sub Processes	Controls	Test Pri	Type of Test	Test Description	# of Univ	# of Sam	% Tes	# of Fail	% Fail	T	Date Test Com	Criteria for Sample Used for Testing & Results	Supporting Documentation (where documentation is filed)
Acquisition	Create Requisition	Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Prepopulated table of authorized amounts is checked.	Lo	Ins	Validate table of amounts being checked with policies.	3500	100	3%				02/22/06		ALB Server: D:\OMB Compliance\Test Plan
Acquisition	Approve Requisition	Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Several levels of approvals are required, therefore the likelihood of this occurance is low.	M	Ins	Validate workflow setup and separation of duties.	3500	100	3%						
Acquisition	Internal Sourcing	Internal sourcing is approved by supervisor in sourcing and manager	M	Ins	Validate source documents for approval.	3500	100	3%						

Site AART / Rollup AART / ECS-Assess / ECS-Test / PCS-Assess / PCS-Test / Assessment Team / Field Office - Site Acronyms

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

3. Once the tests are completed, record the number of failures in the **# of failures** column.

Figure 9



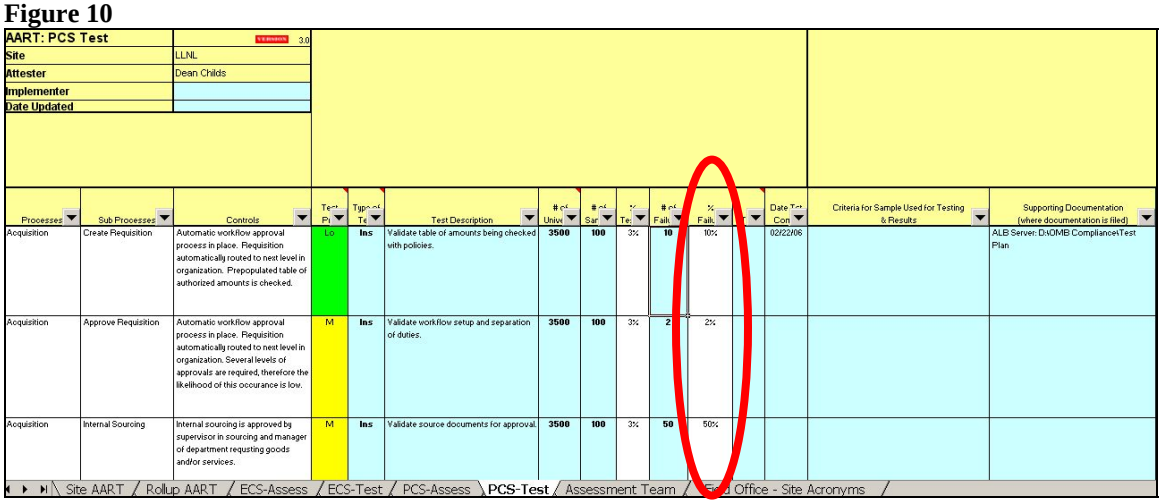
AART: PCS Test	3.0
Site	LLNL
Attester	Dean Childs
Implementer	
Date Updated	

Processes	Sub Processes	Controls	Test Pr	Type of Te	Test Description	# of Univ	# of Sar	% Te	# of Fail	% Fail		Date Test Con	Criteria for Sample Used for Testing & Results	Supporting Documentation (where documentation is filed)
Acquisition	Create Requisition	Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Prepopulated table of authorized amounts is checked.	Lo	Ins	Validate table of amounts being checked with policies.	3500	100	3%	10	10%		02/22/06		ALB Server: D:\OMB Compliance\Test Plan
Acquisition	Approve Requisition	Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Several levels of approvals are required, therefore the likelihood of this occurance is low.	M	Ins	Validate workflow setup and separation of duties.	3500	100	3%	2	2%				
Acquisition	Internal Sourcing	Internal sourcing is approved by supervisor in sourcing and manager of department requsting goods and/or services.	M	Ins	Validate source documents for approval.	3500	100	3%	50	50%				

Site AART / Rollup AART / ECS-Assess / ECS-Test / PCS-Assess / PCS-Test / Assessment Team / Field Office - Site Acronyms

4. The percentage of failure will be automatically calculated in the **% Failure** column.

Figure 10



AART: PCS Test	3.0
Site	LLNL
Attester	Dean Childs
Implementer	
Date Updated	

Processes	Sub Processes	Controls	Test Pr	Type of Te	Test Description	# of Univ	# of Sar	% Te	# of Fail	% Fail		Date Test Con	Criteria for Sample Used for Testing & Results	Supporting Documentation (where documentation is filed)
Acquisition	Create Requisition	Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Prepopulated table of authorized amounts is checked.	Lo	Ins	Validate table of amounts being checked with policies.	3500	100	3%	10	10%		02/22/06		ALB Server: D:\OMB Compliance\Test Plan
Acquisition	Approve Requisition	Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Several levels of approvals are required, therefore the likelihood of this occurance is low.	M	Ins	Validate workflow setup and separation of duties.	3500	100	3%	2	2%				
Acquisition	Internal Sourcing	Internal sourcing is approved by supervisor in sourcing and manager of department requsting goods and/or services.	M	Ins	Validate source documents for approval.	3500	100	3%	50	50%				

Site AART / Rollup AART / ECS-Assess / ECS-Test / PCS-Assess / PCS-Test / Assessment Team / Field Office - Site Acronyms

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

5. Record the location of the testing plans and supporting documentation in the **Supporting Documentation** column.

Figure 11

AART: PCS Test	3.0
Site	LLNL
Attester	Dean Childs
Implementer	
Date Updated	

Processes	Sub Processes	Controls	Test Pr	Type of Te	Test Description	# of Univ	# of Sar	% Te	# of Fail	% Fail	T	Date Test Con	Criteria for Sample Used for Testing & Results	Supporting Documentation (where documentation is filed)
Acquisition	Create Requisition	Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Prepopulated table of authorized amounts is checked.	Lo	Ins	Validate table of amounts being checked with policies.	3500	100	3%	10	10%		02/22/06		ALB Server: D:\OMB Compliance\Test Plan
Acquisition	Approve Requisition	Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Several levels of approvals are required, therefore the likelihood of this occurance is low.	M	Ins	Validate workflow setup and separation of duties.	3500	100	3%	2	2%				
Acquisition	Internal Sourcing	Internal sourcing is approved by supervisor in sourcing and manager of department requisting goods and/or services.	M	Ins	Validate source documents for approval.	3500	100	3%	50	50%				

Site AART / Rollup AART / ECS-Assess / ECS-Test / PCS-Assess / PCS-Test / Assessment Team / Field Office - Site Acronyms

REQUIREMENTS

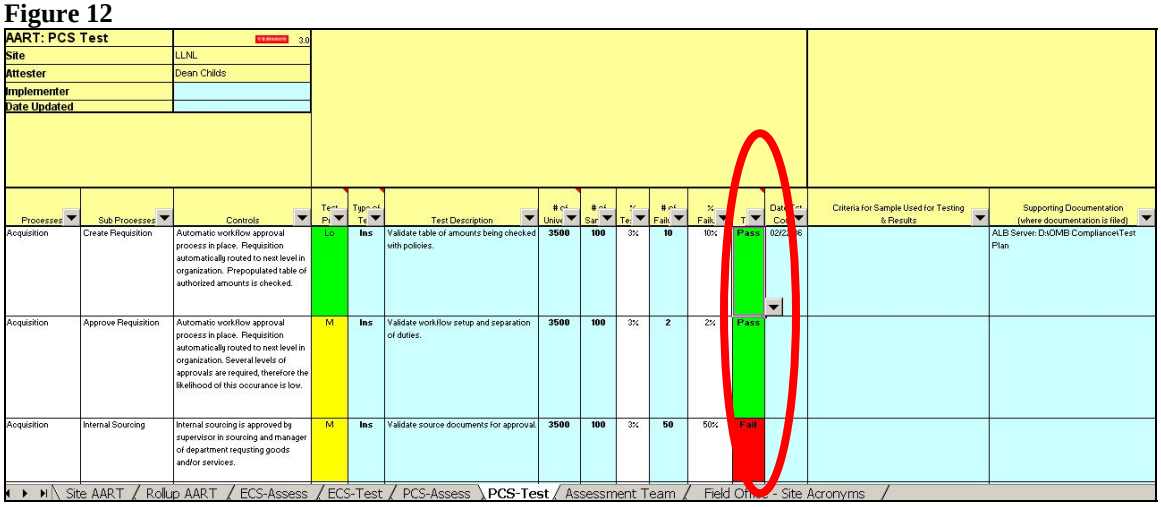
Testing plans, and all supporting work papers and test results should be readily available upon request for independent review and validation.

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

★ D. Evaluate Test Results

1. Using professional judgment, determine whether the failure rate is acceptable and whether to pass or fail the control effectiveness. Record the results in the **Test** column of the PCS and ECS Test worksheets.

Figure 12



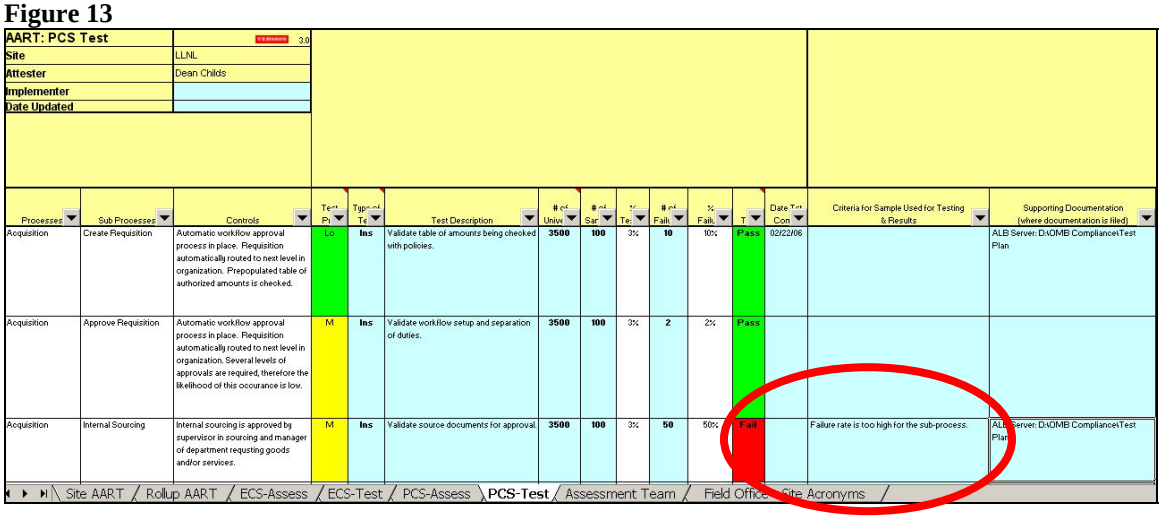
AART: PCS Test	3.0
Site	LLNL
Attester	Dean Childs
Implementer	
Date Updated	

Processes	Sub Processes	Controls	Test Pi	Type of Te	Test Description	# of Univ	# of Sar	% Te	# of Fail	% Fail	T	Date Test Con	Criteria for Sample Used for Testing & Results	Supporting Documentation (where documentation is filed)
Acquisition	Create Requisition	Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Prepopulated table of authorized amounts is checked.	Lo	Ins	Validate table of amounts being checked with policies.	3500	100	3%	10	10%	Pass	02/22/06		ALB Server: D:\OMB Compliance\Test Plan
Acquisition	Approve Requisition	Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Several levels of approvals are required, therefore the likelihood of this occurance is low.	M	Ins	Validate workflow setup and separation of duties.	3500	100	3%	2	2%	Pass			
Acquisition	Internal Sourcing	Internal sourcing is approved by supervisor in sourcing and manager of department requsting goods and/or services.	M	Ins	Validate source documents for approval.	3500	100	3%	50	50%	Fail			

Site AART / Rollup AART / ECS-Assess / ECS-Test / PCS-Assess / PCS-Test / Assessment Team / Field Office - Site Acronyms

2. Enter the rationale used to determine sample test criteria and results.

Figure 13



AART: PCS Test	3.0
Site	LLNL
Attester	Dean Childs
Implementer	
Date Updated	

Processes	Sub Processes	Controls	Test Pi	Type of Te	Test Description	# of Univ	# of Sar	% Te	# of Fail	% Fail	T	Date Test Con	Criteria for Sample Used for Testing & Results	Supporting Documentation (where documentation is filed)
Acquisition	Create Requisition	Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Prepopulated table of authorized amounts is checked.	Lo	Ins	Validate table of amounts being checked with policies.	3500	100	3%	10	10%	Pass	02/22/06		ALB Server: D:\OMB Compliance\Test Plan
Acquisition	Approve Requisition	Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Several levels of approvals are required, therefore the likelihood of this occurance is low.	M	Ins	Validate workflow setup and separation of duties.	3500	100	3%	2	2%	Pass			
Acquisition	Internal Sourcing	Internal sourcing is approved by supervisor in sourcing and manager of department requsting goods and/or services.	M	Ins	Validate source documents for approval.	3500	100	3%	50	50%	Fail		Failure rate is too high for the sub-process.	ALB Server: D:\OMB Compliance\Test Plan

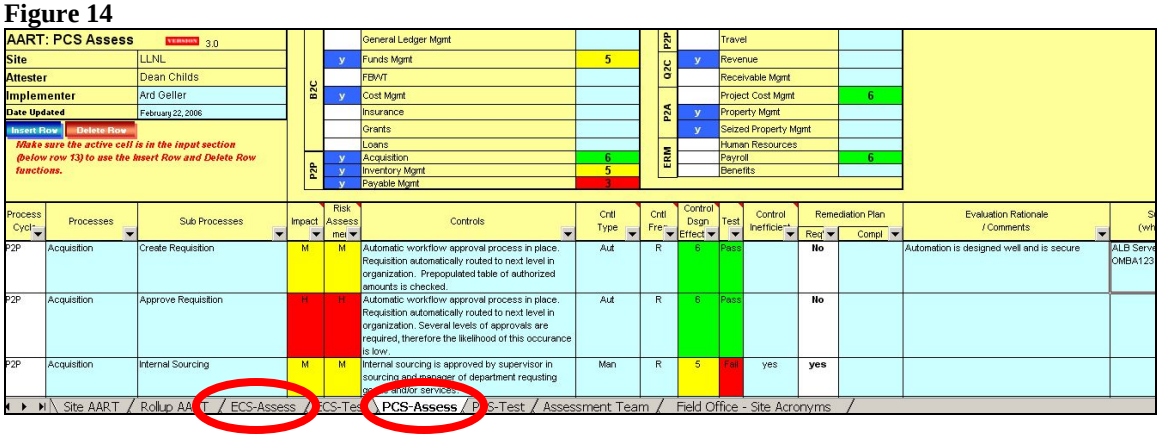
Site AART / Rollup AART / ECS-Assess / ECS-Test / PCS-Assess / PCS-Test / Assessment Team / Field Office - Site Acronyms

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

★ E. Re-Evaluate Assessments based on Test Results

1. Return to the Assess worksheets (PCS and ECS) and re-evaluate the summaries based on the test results.

Figure 14



AART: PCS Assess VERSION 3.0

Site	LLNL
Attester	Dean Childs
Implementer	Ard Geller
Date Updated	February 22, 2006

Insert Row | Delete Row

Make sure the active cell is in the input section (below row 13) to use the Insert Row and Delete Row functions.

B2C		General Ledger Mgmt	
	y	Funds Mgmt	5
		FBWT	
	y	Cost Mgmt	
		Insurance	
		Grants	
		Loans	
P2P	y	Acquisition	6
	y	Inventory Mgmt	5
	y	Payable Mgmt	3

P2P		Travel	
Q2C	y	Revenue	
		Receivable Mgmt	
P2A		Project Cost Mgmt	6
	y	Property Mgmt	
	y	Seized Property Mgmt	
ERM		Human Resources	
		Payroll	6
		Benefits	

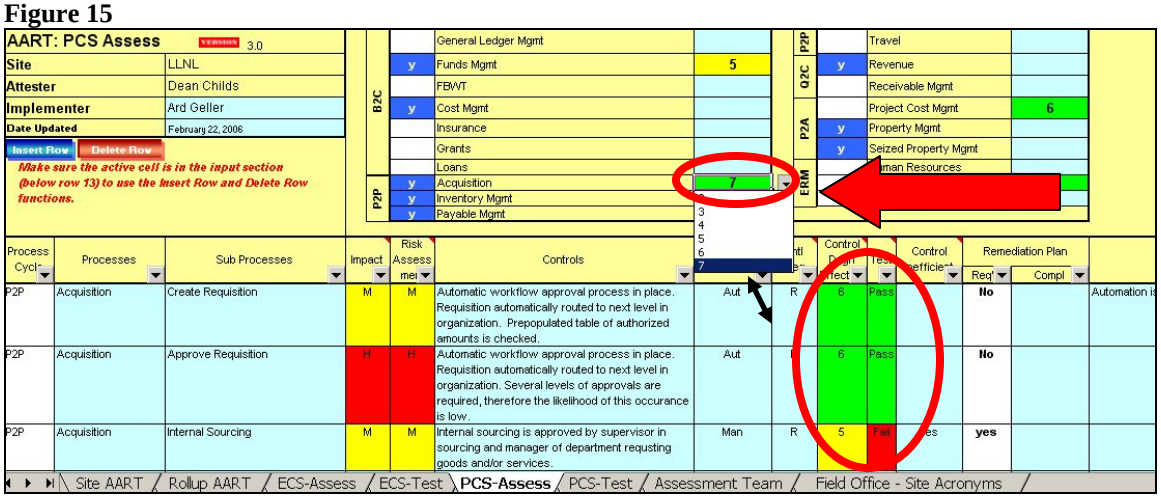
Process Cycl	Processes	Sub Processes	Impact	Risk Assessment	Controls	Cntl Type	Cntl Fre	Control Dsgn Effect	Test	Control Inefficie	Remediation Plan Req	Remediation Plan Compl	Evaluation Rationale / Comments	S (wh
P2P	Acquisition	Create Requisition	M	M	Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Prepopulated table of authorized amounts is checked.	Aut	R	6	Pass		No		Automation is designed well and is secure	ALB Serve OMBA123
P2P	Acquisition	Approve Requisition	H	H	Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Several levels of approvals are required, therefore the likelihood of this occurance is low.	Aut	R	6	Pass		No			
P2P	Acquisition	Internal Sourcing	M	M	Internal sourcing is approved by supervisor in sourcing and manager of department requsting goods and/or services.	Man	R	5	Fail	yes	yes			

Site AART / Rollup AART / ECS-Assess / ECS-Test / PCS-Assess / PCS-Test / Assessment Team / Field Office - Site Acronyms /

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

2. For all passing test results change the status of the Assessments to "7-Controls test effective". Using professional judgment, reevaluate the Control Design Effectiveness rating for those controls which failed testing.

Figure 15



The Area/Process Assessment fields have been previously populated in the evaluation phase with the Control Design Effectiveness ratings.

The Assessment ratings will be revised for those Areas/Processes where testing has been completed indicating whether the tested controls operated effectively or failed.

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

F. Update the Rollup AART

REQUIREMENTS

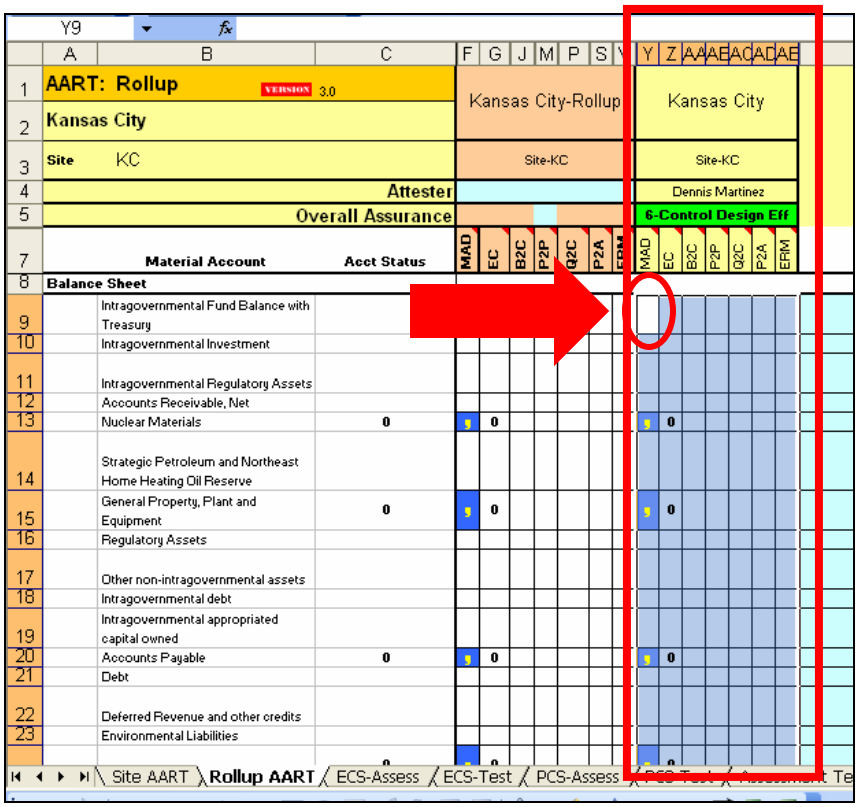
This step must be performed by the Field Office or LPSO Assessment Team lead.

Field Offices and LPSOs have different processes for FY 2006. Starting in FY2007 the rollup process will be the same

FIELD OFFICE ONLY

1. Starting in cell Y9 of the Site AART, copy all of the automatically populated ratings for the accounts and process cycles. (Cells Y9 through AE51)

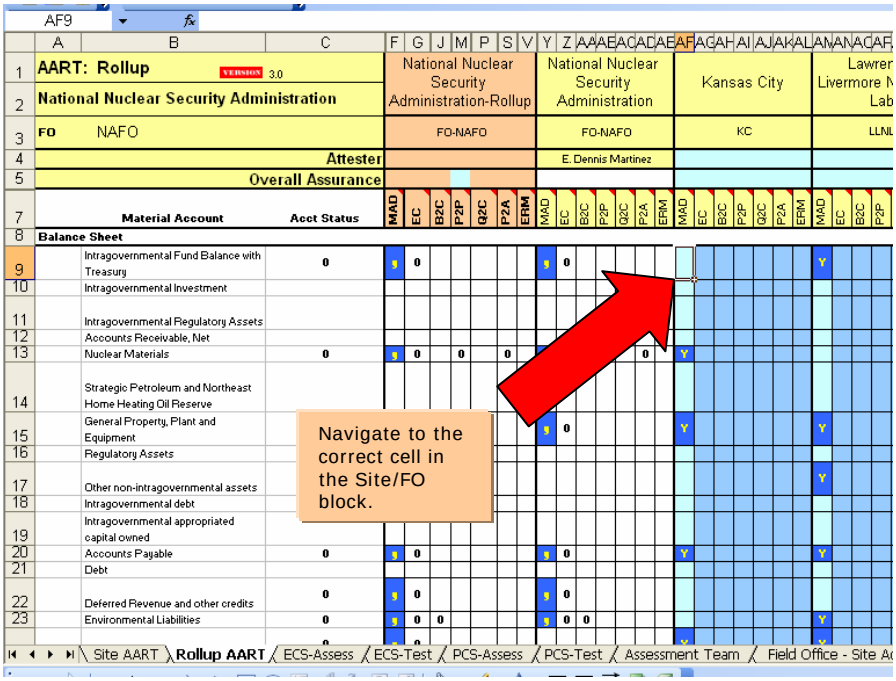
Figure 16



Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

2. Navigate to the Rollup tab of the workbook that will consolidate the data for oversight purposes (i.e., the Field Office AART), find the correct predefined Site or Field Office section and select the first cell of the Material Accounts listing (for example, cell AF9 for KC).

Figure 17



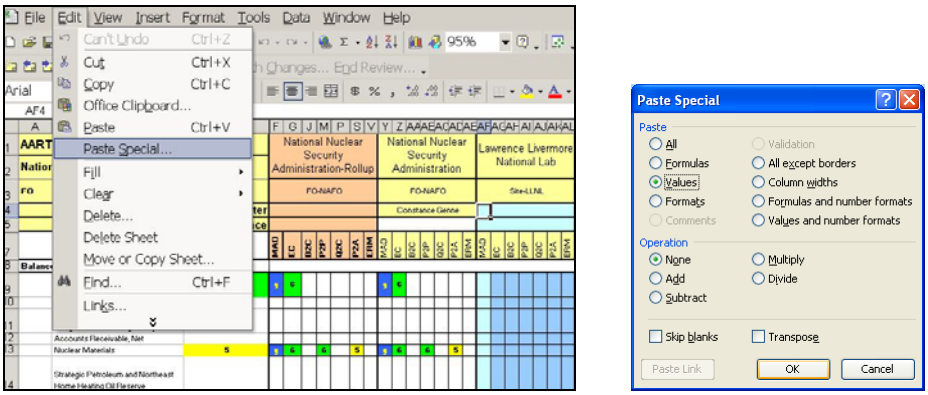
SPECIAL ATTENTION REQUIRED

It is critical that the "Paste Special" functionality is used and that just values are pasted into the Rollup AART (see below for details).

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

3. Paste Special the results as follows: Go to Edit –> Paste Special and select the values radio button. Click OK.

Figure 18



4. Repeat steps 1-3 for the Rollup Overall rating

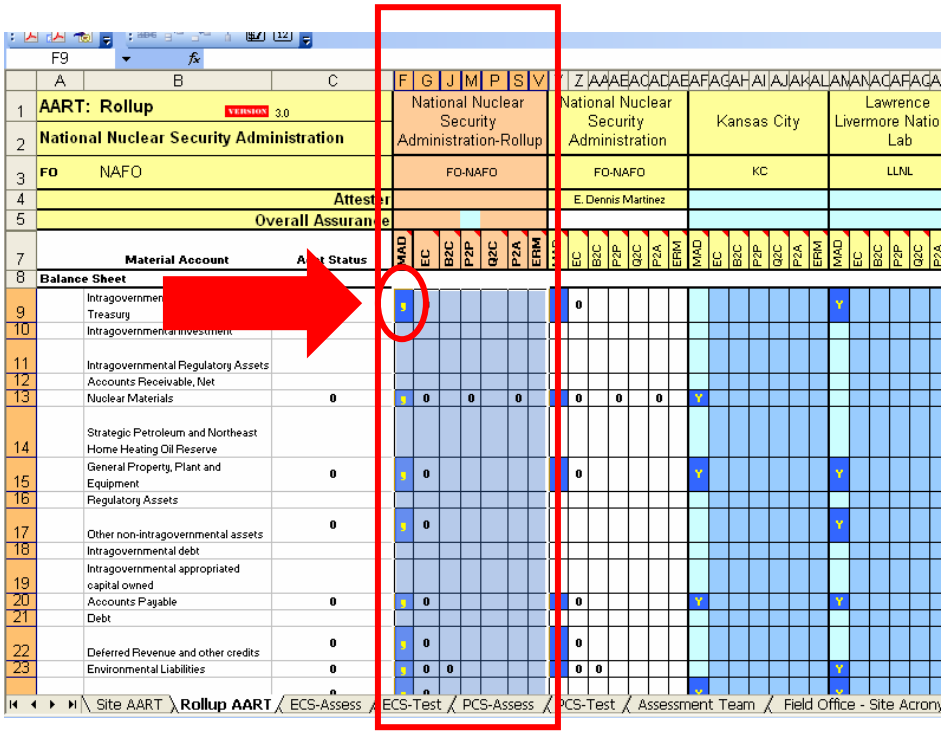
   a. Copy cells Y5 through AE5 from the Site AART Rollup.
   b. Navigate to the appropriate cell block for that Site in row 5.
   c. Go to Edit -> Paste Special and select the values radio button.
   d. Click OK.

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

LPSO ONLY

5. Starting in cell F9 of the Field Office AART, copy all the automatically populated ratings for the accounts and process cycles. (Cells F9 through V51)

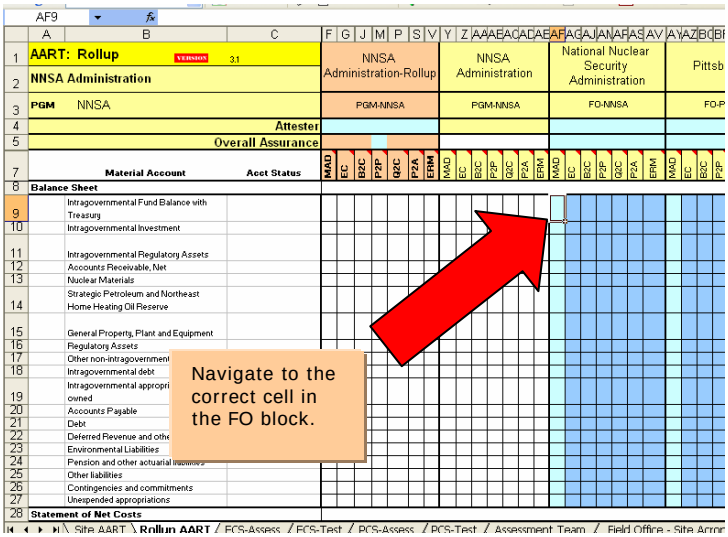
Figure 19



Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

6. Navigate to the Rollup tab of the workbook that will consolidate the data for oversight purposes (i.e., the LPSO AART), find the correct predefined Field Office section and select the first cell of the Material Accounts listing (for example, cell AF9 for NNSA).

Figure 20

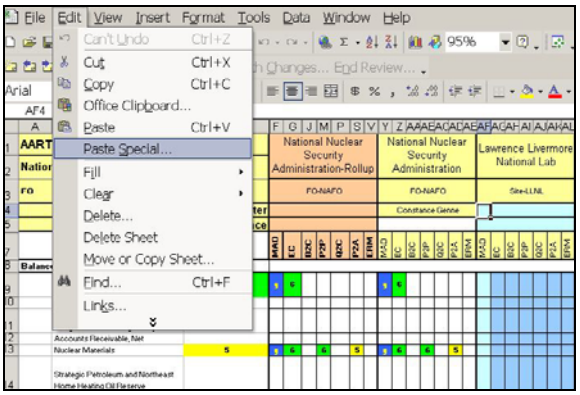


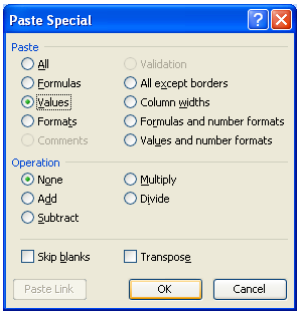
SPECIAL ATTENTION REQUIRED

It is critical that the "Paste Special" functionality is used and that just values are pasted into the Rollup AART (see below for details).

7. Paste Special the results as follows: Go to Edit –> Paste Special and select the values radio button. Click OK.

Figure 21





Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

8. Repeat steps 1-3 for the Rollup Overall rating

    a. Copy cells F5 through V5 from the Site AART Rollup.
    b. Navigate to the appropriate cell block for that Site in row 5.
    c. Go to Edit -> Paste Special and select the values radio button.
    d. Click OK.

G. Update the Implementation Plan

1. Document the results of the testing activities performed

2. Review Implementation Plan for accuracy

3. Make and track necessary changes

Major changes to the Implementation Plan will need to be reported in the Quarterly Report.

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

REFERENCES

See CFO A-123 Website for suggested reading material:

OMB A-123 Appendix A
CFO Council Implementation Guide for OMB Circular A-123
Financial Audit Manual (GAO-01-765G)
DOE OMB Circular A-123, Appendix A, Implementation Plan
DOE Interim Guidance for OMB Circular A-123
FY 2005 Audit Report
FY 2005 Management Letter

ADDITIONAL INFORMATION

Refer to the CFO A-123 website which will be updated with latest materials including tools, FAQs and additional reading material.
(http://www.cfo.doe.gov/progliaison/doeA123/index.htm)

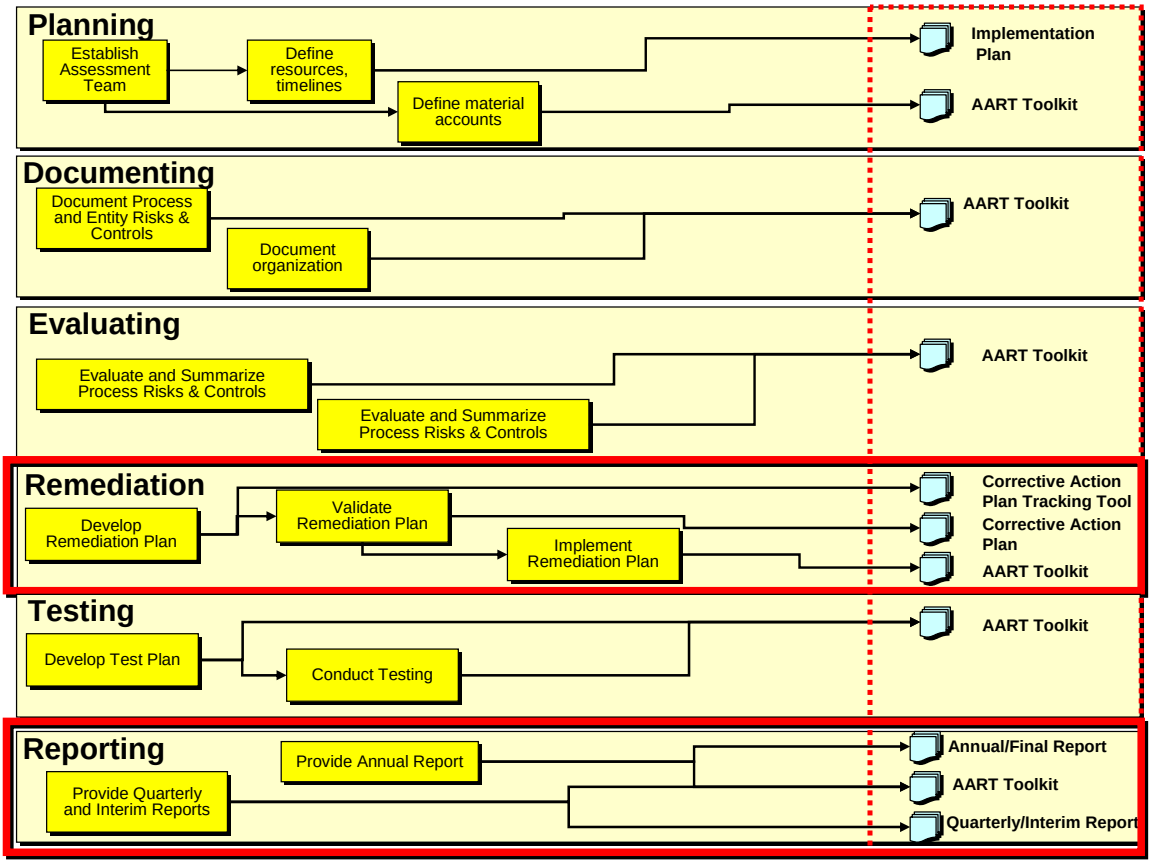
DEFINITIONS

Word	Definition
Attester	The person who will be required to affirm the authenticity of information for the LPSO.
Cognizant Secretarial Office (CSO)	Headquarters Elements that provide significant funding to Field Offices overseen by the LPSOs.
Field Office (FO)	Location where the Site Assessment Team manages the A-123 Implementation for its Sites. Only the Field Office provides assurance to the LPSO.
Headquarters Element	Lead Program Secretarial Office or Headquarters Business Program that is affected by the financial reporting requirements of OMB A-123, Appendix A.
Implementer	The person responsible for executing the activities to support the Attester's affirmation.
Lead Program Secretarial Office (LPSO)	Headquarters Element whose cognizance includes those Field Offices that are affected by the financial reporting requirements of OMB A-123, Appendix A. These LPSOs provide oversight activities to Field Offices that directly impact the accounts determined to be material to the Department's financial statements.
Process	The highest level of sub-processes within a process cycle.
Process Cycle	An end-to-end sequence of events consisting of the methods and records used to establish, identify, assemble, analyze, classify, and record transactions.[2]
Site	Unit of a Field Office including the Field Office federal activities and its contractors (both integrated and non-integrated). Predefined by Headquarters.

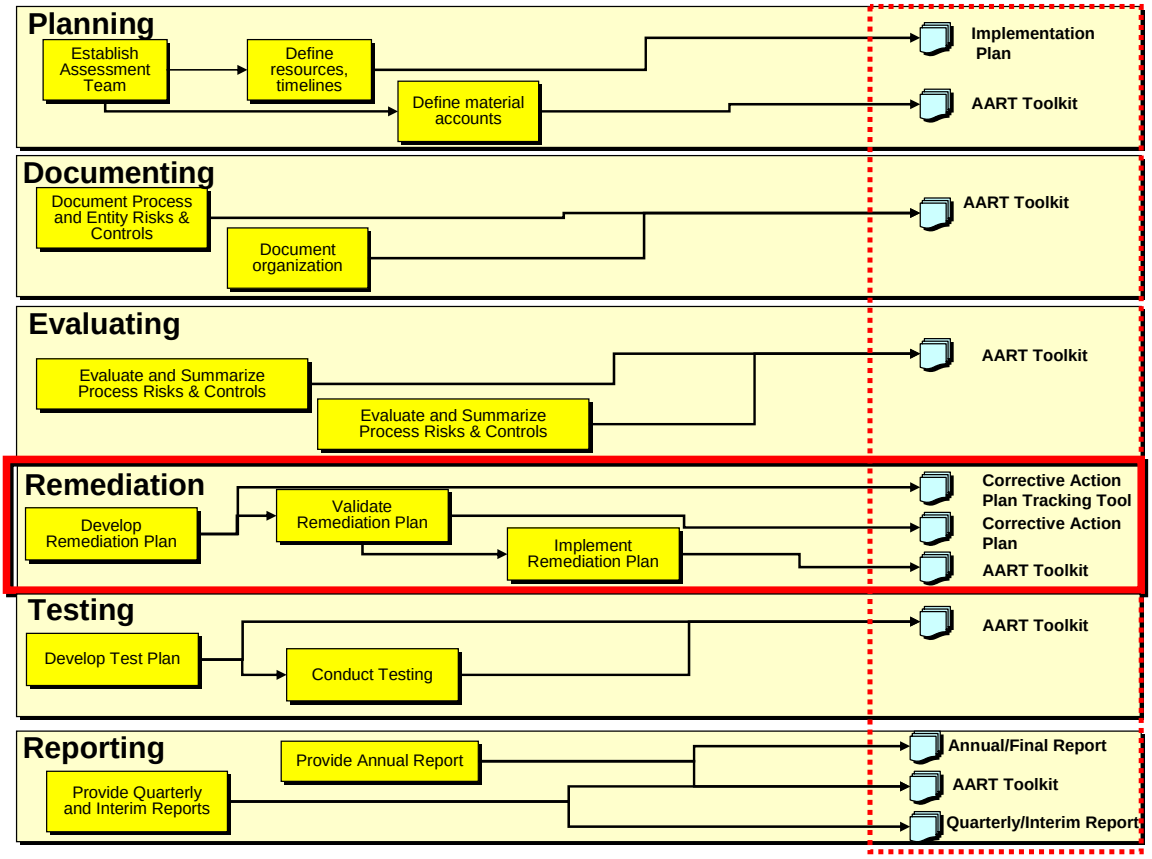
[2] Adapted from the CFO Council Implementation Guide

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

NEXT PHASE



Quick Start Guide 5 – Remediation



Purpose	• Develop and implement remediation actions that improve the effectiveness of internal controls over financial reporting
Key Activities	• Develop remediation actions for ineffectively designed Controls (Per Evaluation Phase) • Develop remediation actions for ineffectively operating Controls (Per Testing Phase) • Implement and Track Corrective Actions
Required Templates	• AART Toolkit • Corrective Action Plan (CAP) Form & Content • CAP Tracking Sheet

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

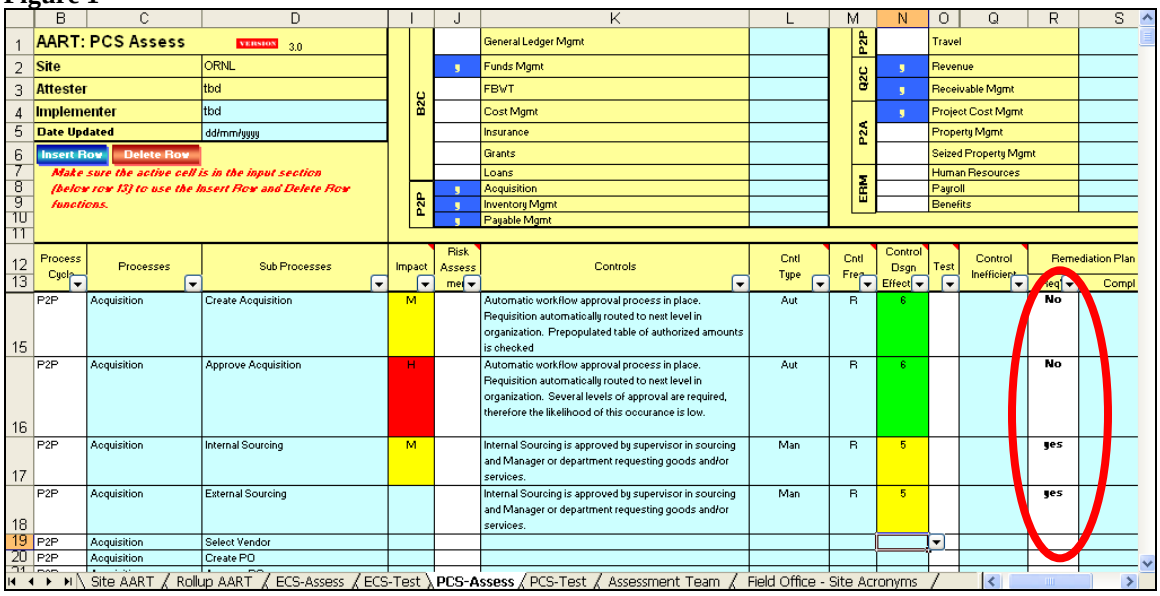
PROCEDURES

> *The Evaluating and/or Testing phases have been completed to identify entity and process controls that are not designed or operating effectively. Once identified, Field Offices and Sites are responsible for taking timely and effective action to correct deficiencies and weaknesses. The individual(s) performing remediation actions should not be the same individual(s) performing the evaluation of controls.*

A. Identify Scope and Remediation Strategy

1. **Process Remediation**: Identify sub-processes and related controls that require remediation. These are flagged with a "Yes" in the "Remediation Plan Req'd" column of the PCS-Assess worksheets of the Site AART Toolkit. Remediation activities may have been identified during the Documentation, Evaluation and/or Testing Phases.

Figure 1[1]



2. **Entity Remediation:** Identify the sub-category and related controls that require remediation. These are flagged with a "Yes" in the "Remediation Plan Req'd" column of the ECS-Assess worksheet of the AART Toolkit. Remediation activities may have been identified during the Documentation, Evaluation and/or Testing Phases.

[1] Most screen shots reference the PCS-Assess Worksheet, though the columns are the same for both PCS and ECS-Assess Worksheets

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

3. **Remediation Strategy:** Prioritize remediation activities and identify individuals accountable for developing corrective actions, tracking remediation and verifying completion/implementation. Based on this prioritization establish an overall remediation strategy that supports the most effective and efficient implementation of corrective actions.

B. Corrective Action Plan Development and Documentation

1. The individual(s) responsible for the remediation will develop a Corrective Action Plan (CAP) that identifies remediation actions for each sub-process/sub-category identified in Section A above.

   Key elements of the CAP include:

   - ⇨ Summary of deficiency
   - ⇨ Responsible official
   - ⇨ Remediation Strategy
   - ⇨ Milestones and tracking data
   - ⇨ Process status
   - ⇨ Signatures of accountable individuals

   The Department's required CAP form and content can be found on the CFO A-123 Website. Sites may add elements to the CAP form and content, but all listed elements must be provided in the site action plan.

2. Documentation must be maintained to support the completion of each milestone all the way through implementation of corrective actions. Documentation may include certifications, reports, memoranda, etc.

A single CAP may cover multiple sub-processes and related control deficiencies.

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

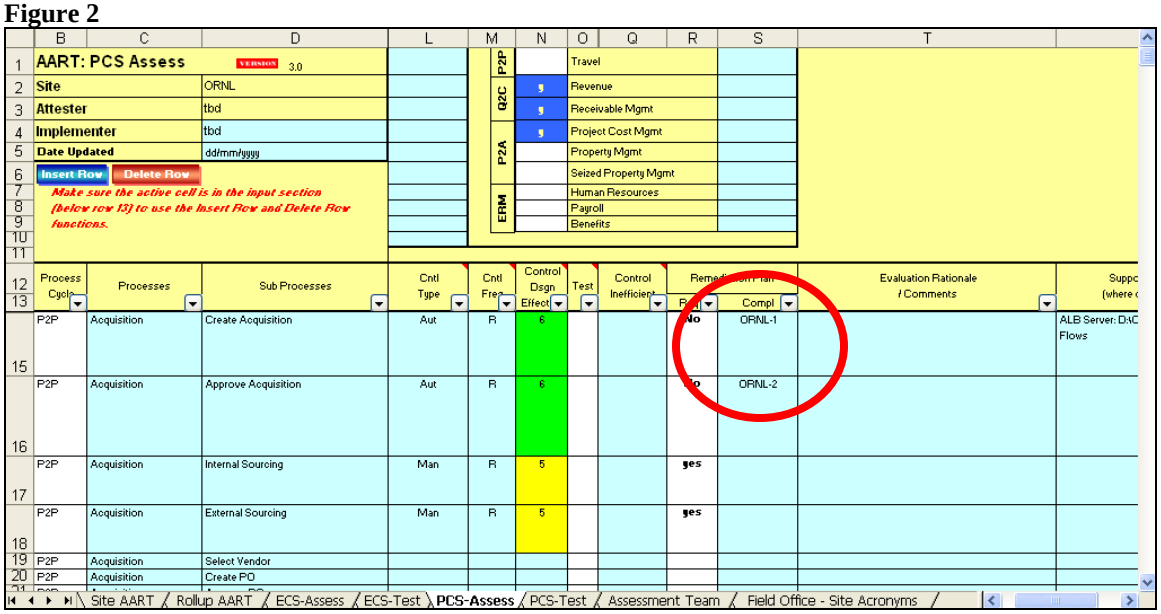
C. Corrective Action Plan Tracking

1. Prepare the Corrective Action Plan Tracking Sheet: The A-123 Project Lead is responsible for tracking and reporting the status of corrective actions and updating the AART toolkit. A Corrective Action Plan Tracking Sheet has been provided on the CFO A-123 Website for use in tracking corrective action status. This tracking sheet will be required as part of Quarterly Reporting.

2. Return to PCS- or ECS- Assess worksheets and:

   ⇨ Input the Corrective Action Plan ID # (from the CAP Tracking Sheet) into the "Remediation Plan: Complete" column for the related Sub-process(es)/Sub-Category(ies).

Figure 2

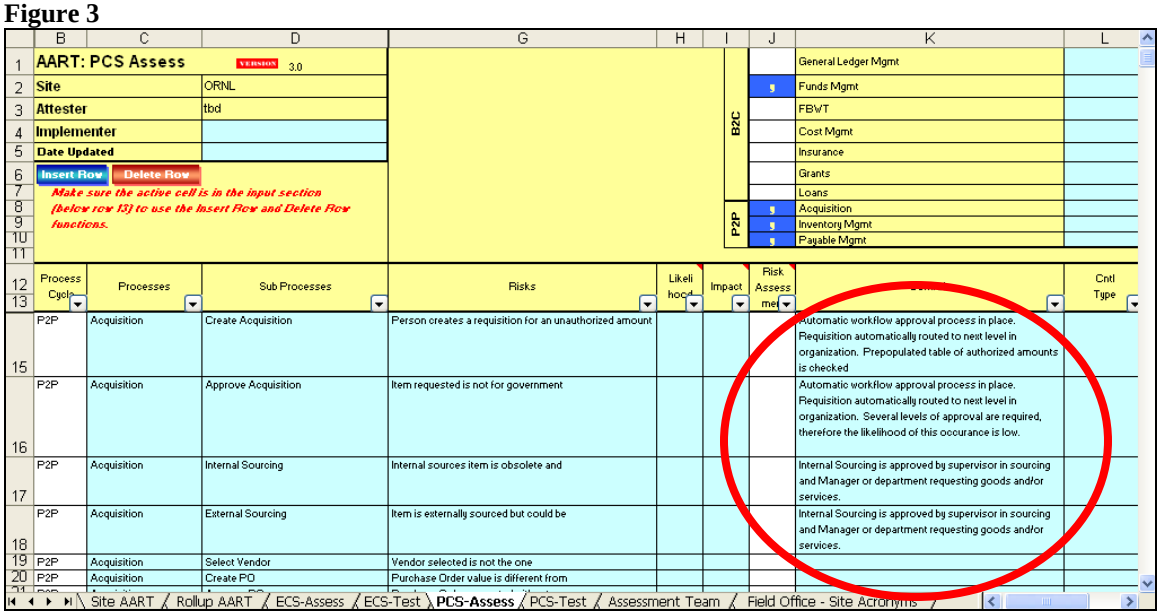


Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

D. Documentation of New Controls

1. Document new controls as they are developed during remediation and update sub-process/sub-category documentation accordingly. Documentation should be prepared in accordance with the Documentation Quick Start Guide.

Figure 3

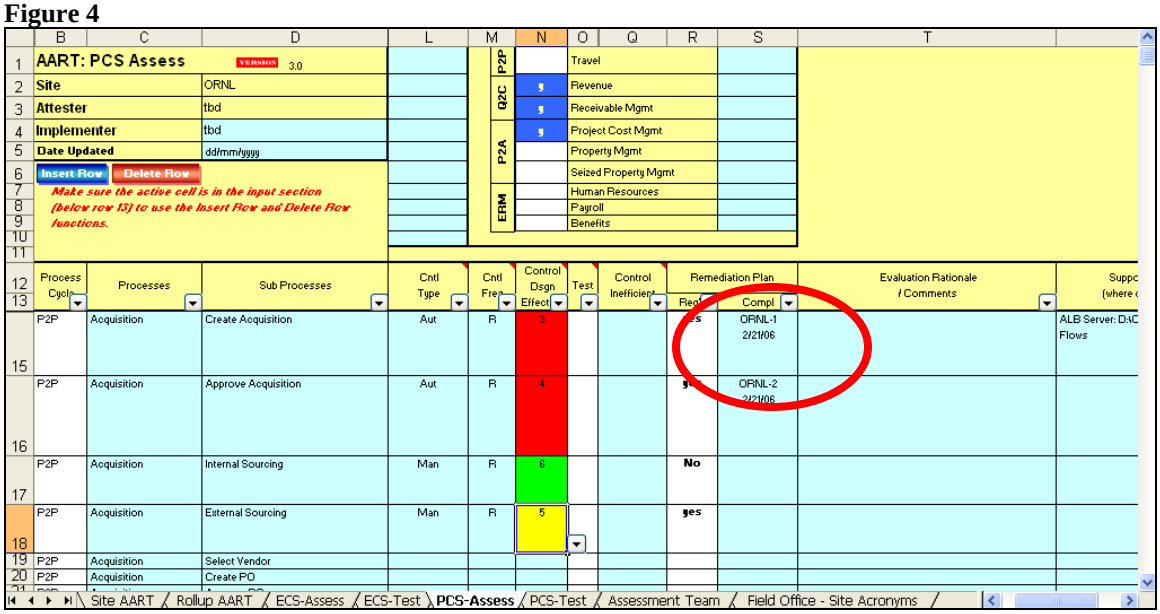


Entity and process controls with design deficiencies or weaknesses will stay in the Remediation phase until remedial action is complete.

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

E. Re-Evaluate Sub-Process/Sub-Categories

Figure 4



1. Return to the PCS- or ECS-Assess worksheet(s) and:

   ⇨ Enter the date remediation was completed in the "Remediation Plan: Complete" column for the related Sub-process(es)/Sub-Category(ies). (Note: Do not delete CAP ID#)

> *To enter the date in a second row under the CAP# place cursor behind the CAP# and use alt-enter to begin a new row within a cell.*

   ⇨ Update the Controls column to reflect any new key controls implemented.

   ⇨ Change the Control Design Effectiveness rating to **Green**.

   ⇨ Delete prior test result rating (i.e., Pass/Fail) to prepare the new control for testing.

   ⇨ Test the control(s) in accordance with the Testing Guide.

> *The test plan will need to be re-evaluated for any new controls developed and implemented as part of Remediation.*

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

F. Update Implementation Plan

1. Document the results of the remediation activities performed
2. Review Implementation Plan for accuracy.
3. Make and track necessary changes.

> *Major changes to the Implementation Plan will need to be reported in Quarterly Reports.*

4. Return to the Documenting phase.

> *Assessment Teams should report in their quarterly and annual reports those deficiencies that represent significant deficiencies in the design or operation of internal controls that could adversely affect the ability to meet internal control objectives. For purposes of OMB-A-123 reporting, these types of deficiencies are called reportable conditions (see DOE Interim Guidance for OMB Circular A-123 for more information).*

Document Legend	
★	Professional Judgment
STOP	Required
	Note
	Tip

REFERENCES

See CFO A-123 Website for suggested reading material:

OMB A-123 Appendix A
CFO Council Implementation Guide for OMB Circular A-123
Financial Audit Manual (GAO-01-765G)
DOE OMB Circular A-123, Appendix A, Implementation Plan
DOE Interim Guidance for OMB Circular A-123
FY 2005 Audit Report
FY 2005 Management Letter

ADDITIONAL INFORMATION

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(http://www.cfo.doe.gov/progliaison/doeA123/index.htm)

DEFINITIONS

Word	Definition
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Field Office (FO)	Location where the Site Assessment Team manages the A-123 Implementation for its Sites. Only the Field Office provides assurance to the LPSO.
Headquarters Element	Lead Program Secretarial Office or Headquarters Business Program that is affected by the financial reporting requirements of OMB A-123, Appendix A.
Implementer	The person responsible for executing the activities to support the Attester's affirmation.
Lead Program Secretarial Office (LPSO)	Headquarters Element whose cognizance includes those Field Offices that are affected by the financial reporting requirements of OMB A-123, Appendix A. These LPSOs provide oversight activities to Field Offices that directly impact the accounts determined to be material to the Department's financial statements.
Process	The highest level of sub-processes within a process cycle.
Process Cycle	An end-to-end sequence of events consisting of the methods and records used to establish, identify, assemble, analyze, classify, and record transactions.[2]
Site	Unit of a Field Office including the Field Office federal activities and its contractors (both integrated and non-integrated). Predefined by Headquarters.

[2] Adapted from the CFO Council Implementation Guide

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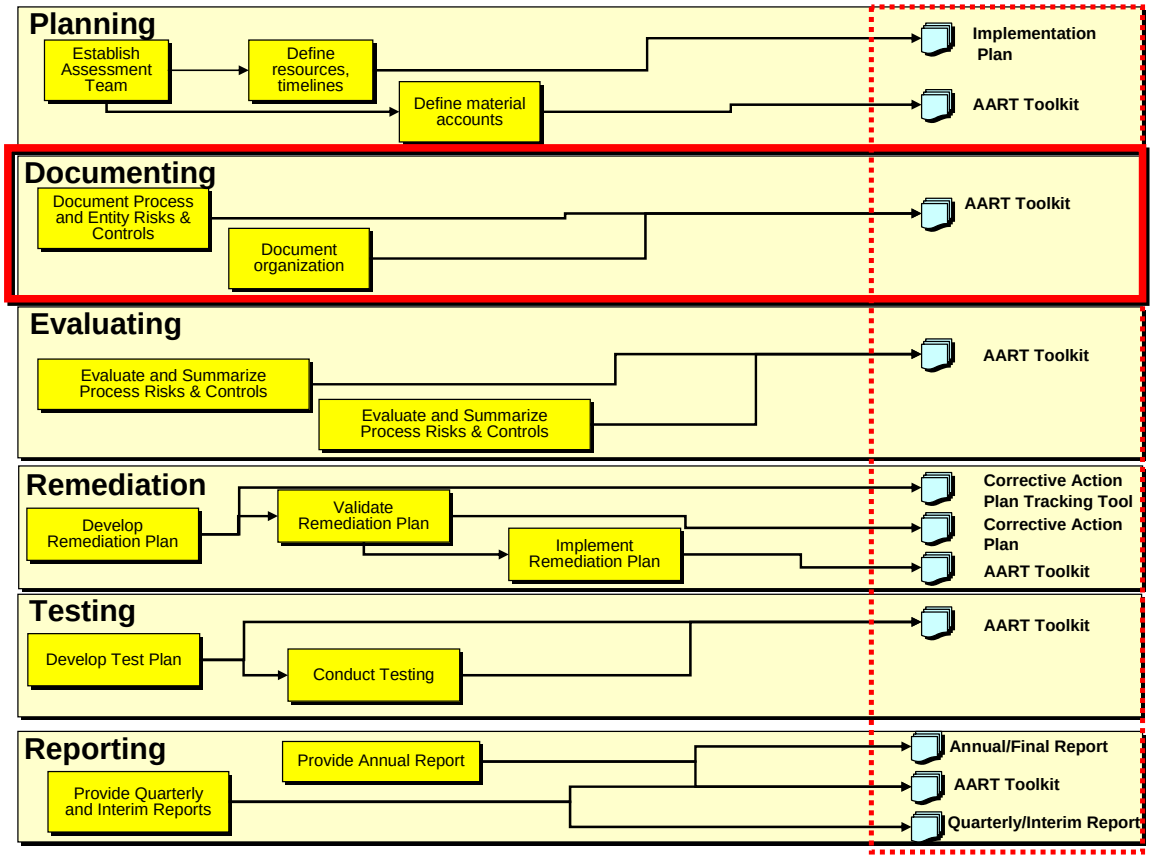
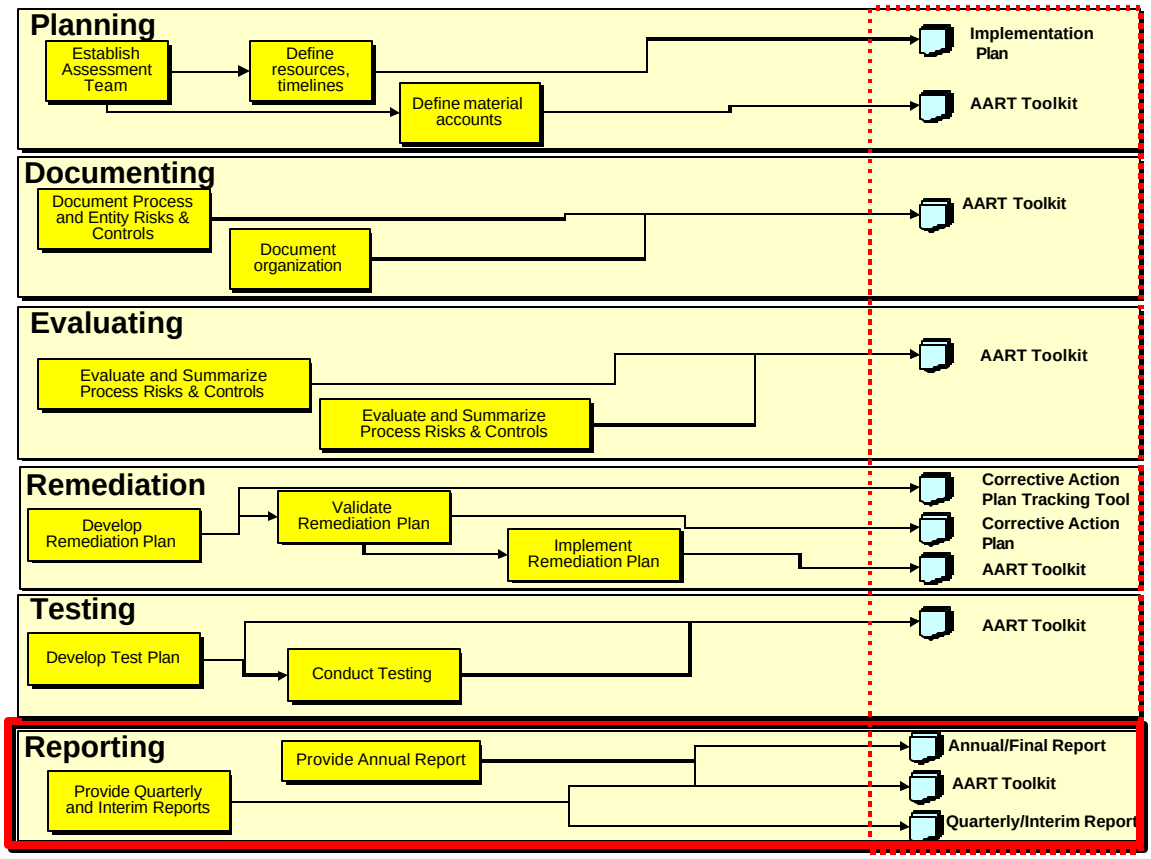


Quick Start Guide 6 – Reporting



Purpose	• Report on the effectiveness of internal controls over financial reporting. • Report on the progress and status of the OMB A-123 implementation.
Key Activities	• Develop and submit Field Office Quarterly Reports • Develop and submit LPSO/Corporate Department Interim Reports • Develop and submit Field Office and LPSO/Corporate Department Annual Report
Required Templates	• Quarterly Report and Interim Status Report Form and Content (F&C) • Annual Report F&C

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PROCEDURES

Periodic reporting is required throughout the implementation. Quarterly and Annual reporting are standard. However, supplemental guidelines may be provided during the year by the Senior Assessment Team.

A. Field Office Quarterly Reporting

1. **Composition** – There are five key components to the Quarterly Report:
   - ⇨ Transmittal Memorandum (signed by the Field Office Manager or delegated official. Any delegation must be documented and included as part of the Quarterly Reporting submission.)
   - ⇨ Quarterly Report Form and Content
   - ⇨ Field Office Site Implementation Plan
   - ⇨ Field Office AART Toolkit
   - ⇨ Site Corrective Action Plan Tracking Sheet

Although not currently required as part of Quarterly reporting, Site AART Toolkits may also be requested throughout the year for validation purposes.

2. **Submission Process** – Quarterly reports will be submitted as defined by the Reporting and Assurance Flow. Both electronic and hard copies (printed and media formats) are required.
   - Hard copy to the Lead Program Secretarial Office (LPSO) for the Field Office, with a carbon copy to other Secretarial Offices that provide significant funding to the Site.
   - Hard copy and electronic copy to the Headquarters Office of the Chief Financial Officer, Office of Internal Review, as follows:
     - o Hard copy and electronic copy (e.g., floppy disk, CD) sent to the Director, Office of Internal Review.
     - o Electronic copy e-mailed to the A-123 Help Desk at A-123Helpdesk@hq.doe.gov. (Note: The electronic versions of the report components should be sent electronically in their original software format (i.e. AART & Action Plan Tracking Sheet in Excel / Report Form and Content & Implementation Plan in Word), except for the transmittal memo which should be converted to .pdf to capture the managers signature.

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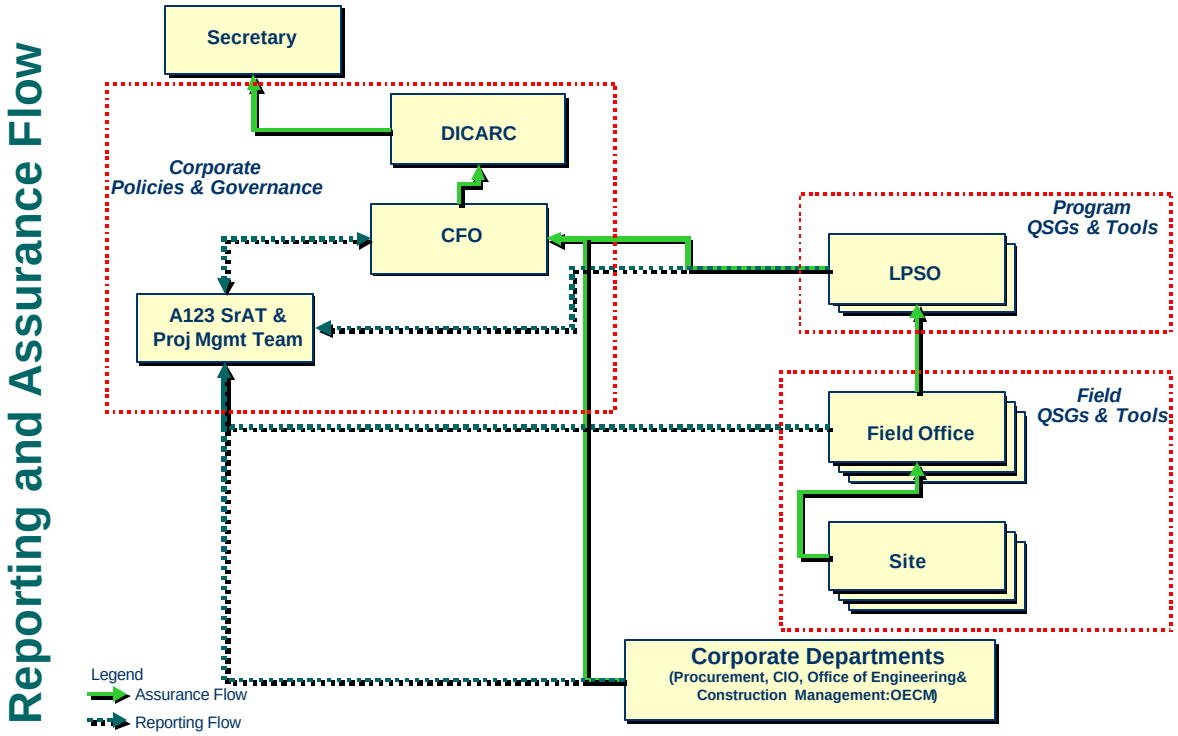

Refer to Listing of Cognizant Secretarial Offices *on the CFO A-123 Website for the table outlining the submission list for each Field Office.*

An Assurance statement is not required for quarterly reporting.

Quarterly reports must be signed by the Field Office manager or designee. If another individual has been delegated this responsibility, the delegation must be documented in writing and maintained by the Site A-123 Lead.

Additional information on reporting, which should also be considered, can be found in the CFO Council Implementation Guide, and the DOE Interim Guidance for OMB Circular A-123. These documents are also available on the CFO A-123 website.

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B. LPSO/Corporate Department Interim Reporting

1. **Composition** – There are five key components to the Interim Status Report:

   - ⇨ Transmittal Memorandum (signed by the Head of the LPSO/Corporate Department or delegated official. Any delegation must be documented and included as part of the Interim Status Reporting submission.)
   - ⇨ Interim Status Report Form and Content
   - ⇨ LPSO/Corporate Department Implementation Plan
   - ⇨ LPSO/Corporate Department AART Toolkit
   - ⇨ LPSO/Corporate Department Corrective Action Plan Tracking Sheet

In addition to established interim status reporting dates, LPSO/Corporate Department AART Toolkits may also be requested throughout the year for validation purposes.

2. **Submission Process** – Interim Status Reports will be submitted as defined by the Reporting and Assurance Flow in Section A.2. Both electronic and hard copies (printed and media formats) are required.

   - Hard copy and electronic copy to the Headquarters Office of the Chief Financial Officer, Office of Internal Review, as follows:

     - o Hard copy and electronic copy (e.g., floppy disk, CD) sent to the Director, Office of Internal Review.

     - o Electronic copy e-mailed to the A-123 Help Desk at A-123Helpdesk@hq.doe.gov. (Note: The electronic versions of the report components should be sent electronically in their original software format (i.e. AART & Action Plan Tracking Sheet in Excel / Report Form and Content & Implementation Plan in Word), except for the transmittal memo (and documented delegation, if applicable) which should be converted to .pdf to capture the managers signature.

C. Field Office and LPSO/Corporate Department Annual Reporting

Information forms for Annual Reporting will be provided at a future date.

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REFERENCES

See CFO A-123 Website for suggested reading material:

OMB A-123 Appendix A
CFO Council Implementation Guide for OMB Circular A-123
Financial Audit Manual (GAO-01-765G)
DOE OMB Circular A-123, Appendix A, Implementation Plan
DOE Interim Guidance for OMB Circular A-123
FY 2005 Audit Report
FY 2005 Management Letter

ADDITIONAL INFORMATION

Refer to the CFO A-123 website which will be updated with latest materials including tools, FAQs and additional reading material.
(http://www.cfo.doe.gov/progliaison/doeA123/index.htm)

DEFINITIONS

Word	Definition
Attester	The person who will be required to affirm the authenticity of information for the LPSO.
Cognizant Secretarial Office (CSO)	Headquarters Elements that provide significant funding to Field Offices overseen by the LPSOs.
Field Office (FO)	Location where the Site Assessment Team manages the A-123 Implementation for its Sites. Only the Field Office provides assurance to the LPSO.
Headquarters Element	Lead Program Secretarial Office or Headquarters Business Program that is affected by the financial reporting requirements of OMB A-123, Appendix A.
Implementer	The person responsible for executing the activities to support the Attester's affirmation.
Lead Program Secretarial Office (LPSO)	Headquarters Element whose cognizance includes those Field Offices that are affected by the financial reporting requirements of OMB A-123, Appendix A. These LPSOs provide oversight activities to Field Offices that directly impact the accounts determined to be material to the Department's financial statements.
Process	The highest level of sub-processes within a process cycle.
Process Cycle	An end-to-end sequence of events consisting of the methods and records used to establish, identify, assemble, analyze, classify, and record transactions.[1]
Site	Unit of a Field Office including the Field Office federal activities and its contractors (both integrated and non-

[1] Adapted from the CFO Council Implementation Guide

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	integrated). Predefined by Headquarters.

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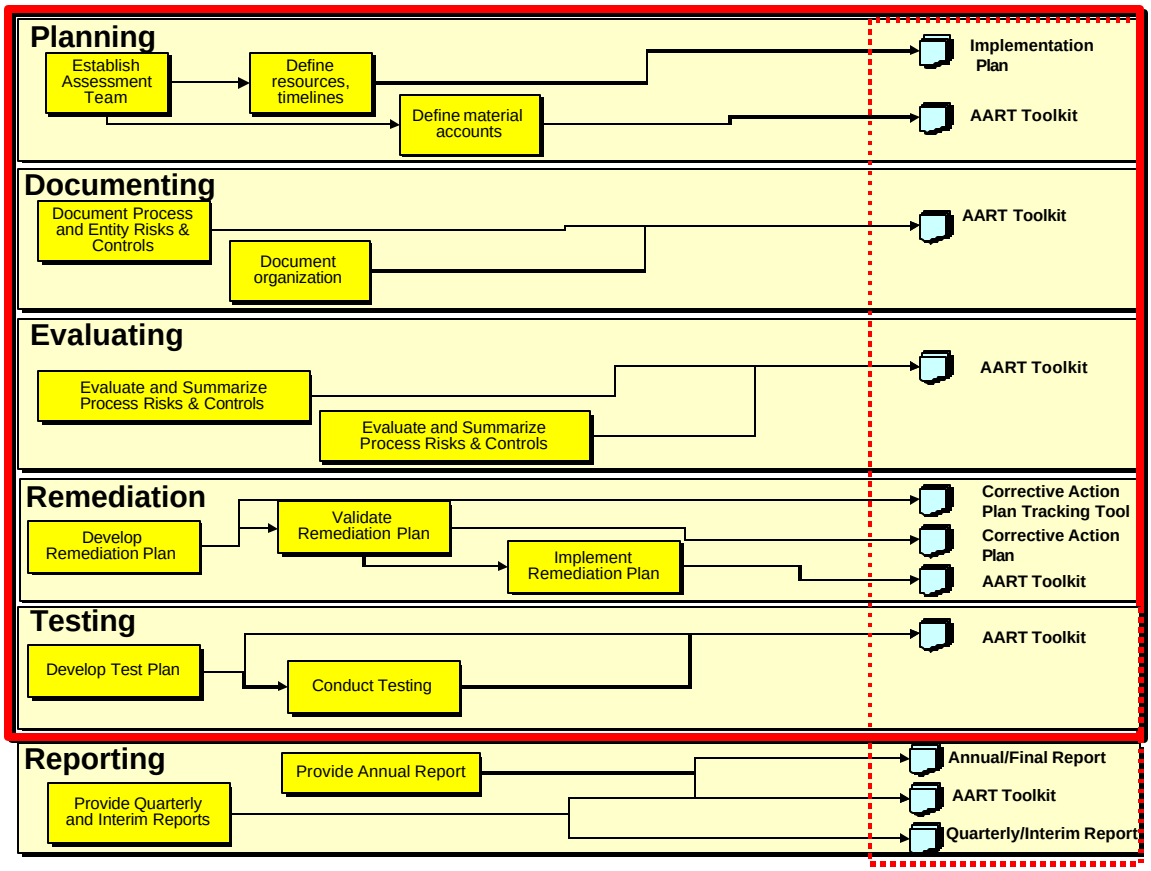
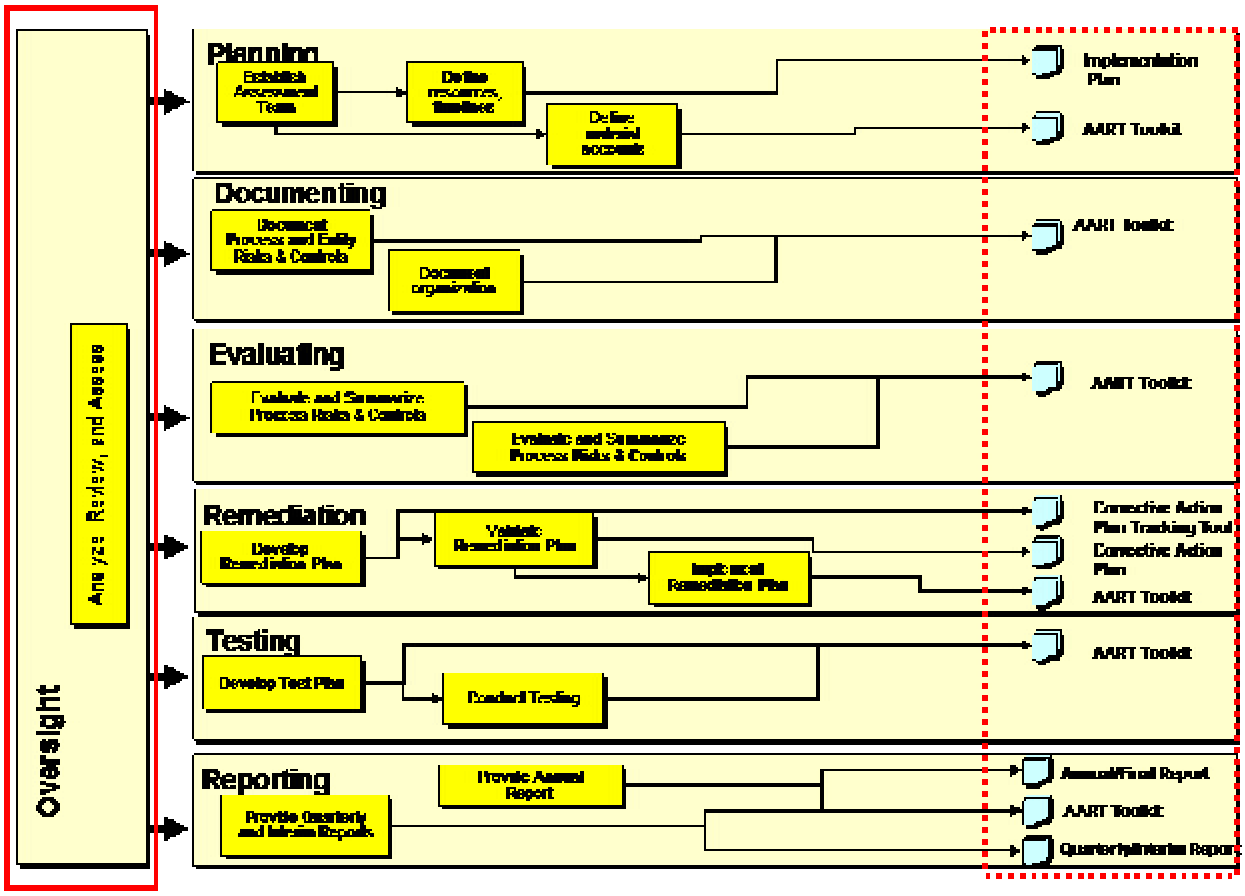


Quick Start Guide 7 – Oversight



Purpose	•	Determine the methodology for analyzing and reviewing A-123 Site information provided to the Field Offices, Lead Program Secretarial Offices (LPSOs), and Cognizant Secretarial Offices (CSOs).
Key Activities	•	Analyze, review, and assess A-123 reporting
	•	Coordinate with Field Offices, LPSO, and CSO
	•	Develop assessment and oversight report
	•	Roll-up A-123 reporting
Required Templates	•	None

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PROCEDURES

The Planning phase has been completed. The Site and Program Assessment Teams have been established and an oversight strategy has been developed. The oversight strategy should include Continuous Quality Improvement and be implemented throughout the OMB A-123 Implementation Lifecycle.

Both the Field Offices and Programs are required to perform oversight as part of the A-123 Implementation. Field Offices perform oversight on the Sites over which they have management responsibility. Programs are required to perform oversight over Field Offices for which they are the designated LPSO.

Unless otherwise noted, the Site or Program Assessment Team or its designated representative(s) will perform each step in this guide.

A. Review and Analyze A-123 Reporting

If the Site or Field Office AART have not been rolled up to the Field Office or Program AART, respectively, refer to Section D of this guide for instructions.

The CFO A-123 Website contains optional references to assist in the analysis and review of submissions. See the Additional Information section at the end of this guide for a list of reference materials available.

1. Quality review should consider (at a minimum):
   - ⇨ Consistency (e.g., with other information available)
   - ⇨ Completeness (e.g., all data that is requested has been made available)
   - ⇨ Accuracy (e.g., proper level of detail, proper rationales and supporting information provided)
   - ⇨ Timeliness (e.g., meeting timelines, follow-up on planned activities)
   - ⇨ Professional Judgment Decisions (e.g., if higher-level ratings do not appear consistent with lower-level ratings, validate whether the rationale for the "professional judgment" is appropriate)

2. Analyze and identify:
   - ⇨ Common control deficiencies and remediation areas across Field Offices and/or Sites.
   - ⇨ Common challenges and barriers.

3. Provide Guidance by:
   - ⇨ Documenting and following-up on discrepancies, questions, and items needing remediation.
   - ⇨ Sharing "Best Practices" submitted by the Sites and/or Field Offices that could benefit others.

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- ⇨ Developing Field Office- and LPSO-level initiatives based on the results of this analysis or escalating issues to the A-123 Project Management Team (PMT) for possible Department-wide initiatives to maximize efficiency and effectiveness.

Utilize any A-123 Project Management Team assessments provided to you when reviewing and analyzing A-123 reports, as these will augment Field Office or LPSO analysis.

B. Coordination with CSO

Establishing a working relationship between the Program Assessment Teams for a CSO and LPSO will significantly ease the burden of coordination. Open communication will enable a CSO to monitor its Sites closely and enable smooth coordination of oversight guidance to the Site from the LPSO, if required.

1. Ensure that those CSOs that provide significant funding to cognizant Field Offices and Sites receive the following documents (at a minimum):

   - ⇨ Field Office Quarterly Reports
   - ⇨ Field Office Site Implementation Plans
   - ⇨ Field Office AARTs
   - ⇨ Site AARTs (if requested by the CSO)
   - ⇨ Master Corrective Action Plan Tracking Sheets (if requested by the CSO)

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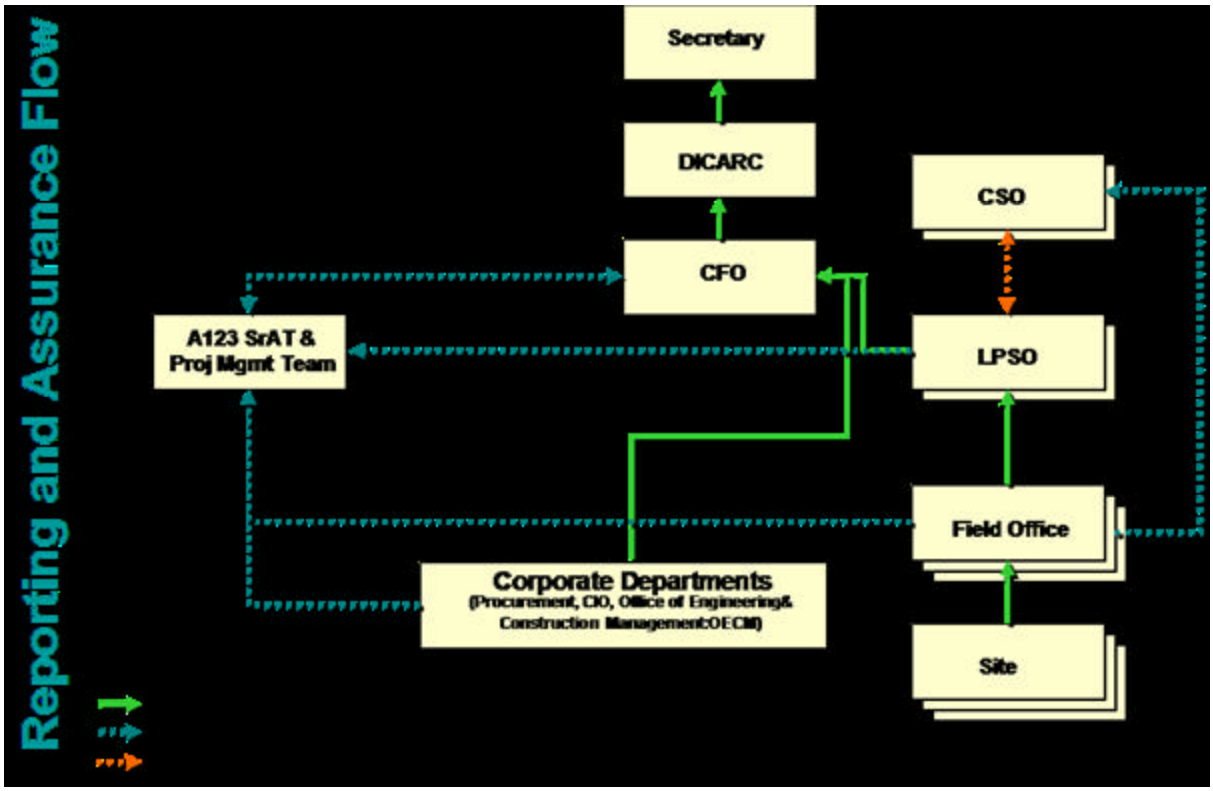

2. LPSO should solicit input/feedback from the appropriate CSO, if they have not already received it, regarding the information provided by the relevant CSO Field Offices and coordinate with the CSO any guidance provided back to those Field Offices.

C. Develop Assessment and Oversight Report

Currently, the only Assessment and Oversight Report required is the content provided in the Quarterly Reports and the Interim Status Reports. The A-123 PMT may request the AART Tools at their discretion.

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D. Roll-up of AART A-123 Reporting

REQUIREMENTS

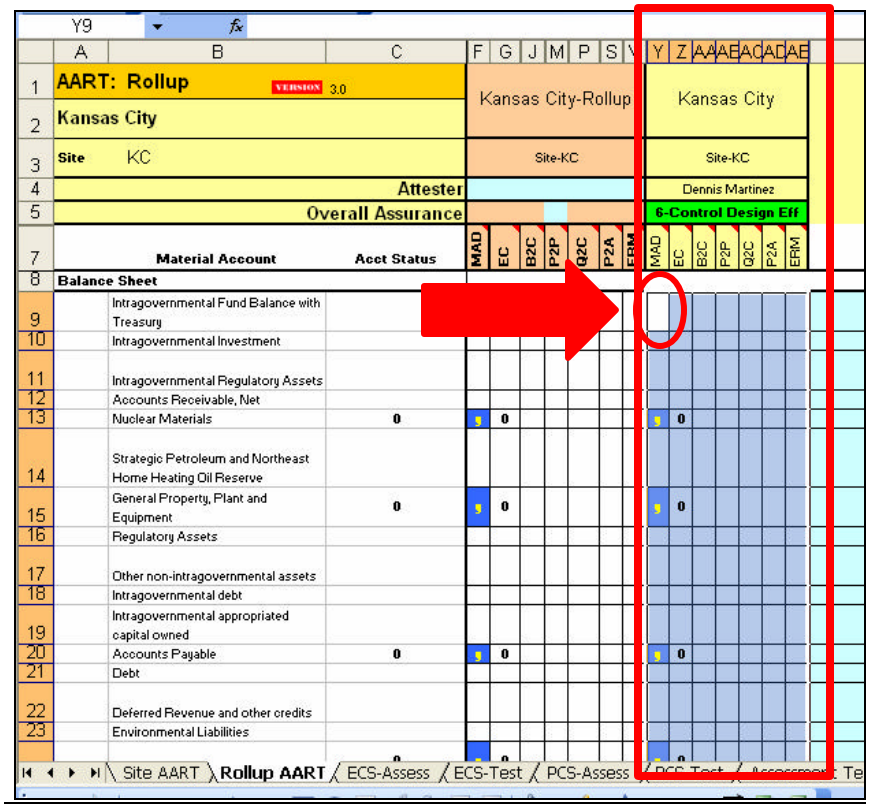
This step must be performed by the Field Office or LPSO Assessment Team lead.

Field Offices and LPSOs have different processes for FY 2006. Starting in FY2007 the rollup process will be the same

FIELD OFFICE ONLY

1. Starting in cell Y9 of the Site AART, copy all of the automatically populated ratings for the accounts and process cycles. (Cells Y9 through AE51)

Figure 1



2. Navigate to the Rollup tab of the workbook that will consolidate the data for oversight purposes (i.e., the Field Office AART), find the correct predefined Site or Field Office section and select the first cell of the Attester row (for example, cell AF9 for KC).

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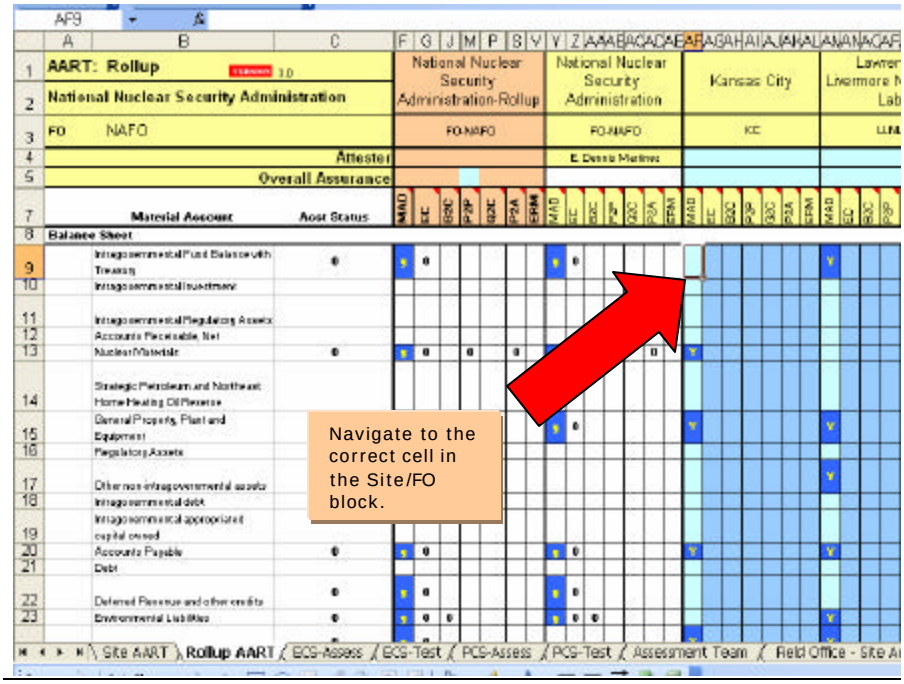
Figure 2



SPECIAL ATTENTION REQUIRED

It is critical that the "Paste Special" functionality is used and that just values are pasted into the Rollup AART (see below for details).

3. Paste Special the results as follows: Go to Edit –> Paste Special and select the values radio button. Click OK.

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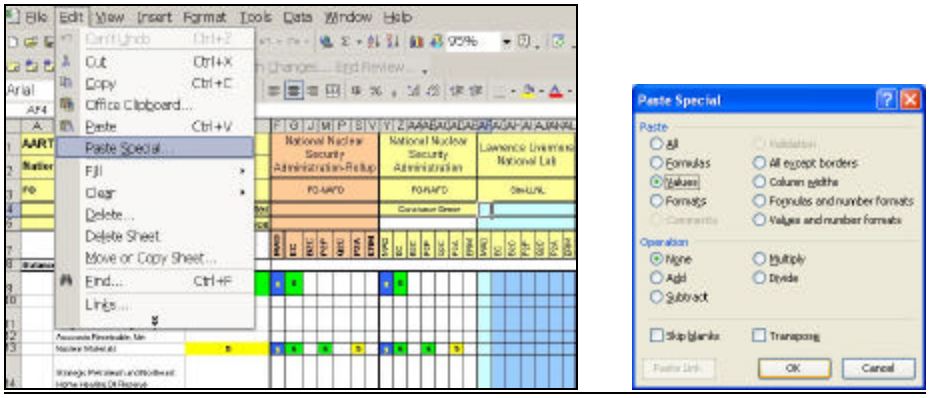
Figure 3



4. Repeat steps 1-3 for the Rollup Overall rating

    a. Copy cells Y5 through AE5 from the Site AART Rollup.
    b. Navigate to the appropriate cell block for that Site in row 5.
    c. Go to Edit -> Paste Special and select the values radio button.
    d. Click OK.

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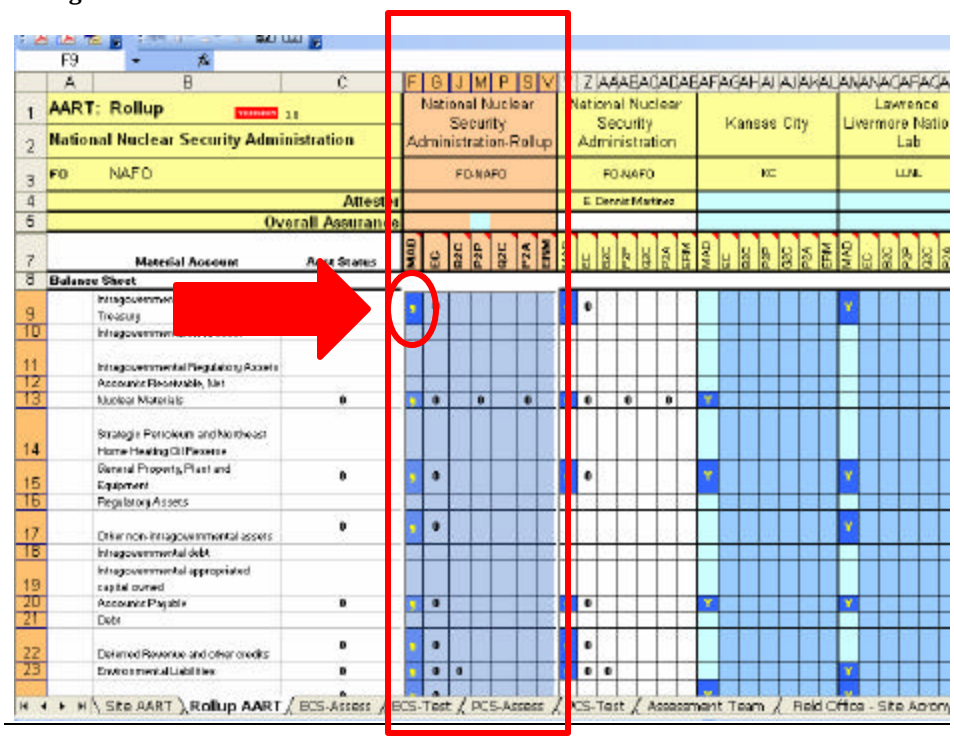
LPSO ONLY

5. Starting in cell F9 of the Field Office AART, copy all the automatically populated ratings for the accounts and process cycles. (Cells F9 through V51)

Figure 4



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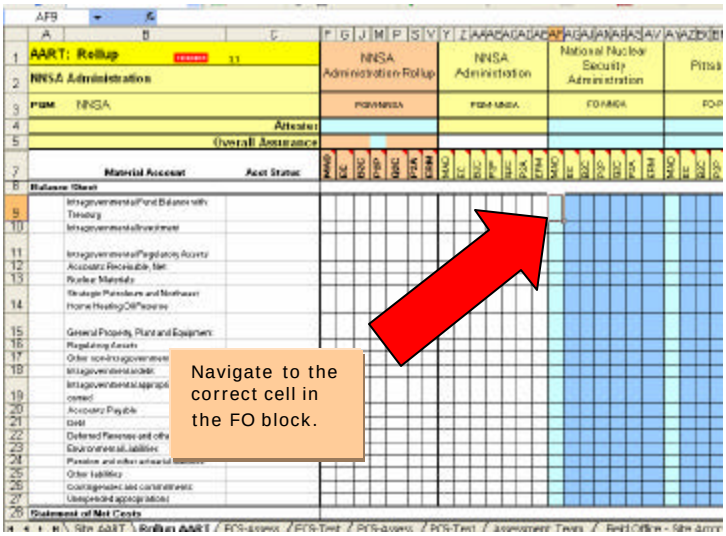
6. Navigate to the Rollup tab of the workbook that will consolidate the data for oversight purposes (i.e., the LPSO AART), find the correct predefined Field Office section and select the first cell of the Material Accounts listing (for example, cell AF9 for NNSA).

Figure 5



SPECIAL ATTENTION REQUIRED

It is critical that the "Paste Special" functionality is used and that just values are pasted into the Rollup AART (see below for details).

7. Paste Special the results as follows: Go to Edit –> Paste Special and select the values radio button. Click OK.

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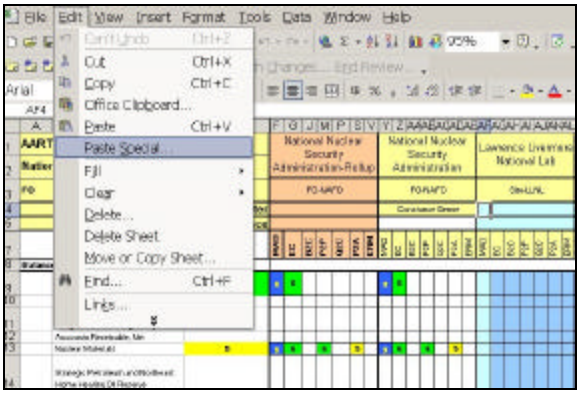
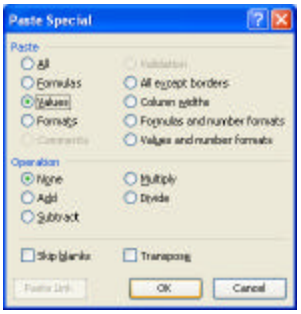
Figure 6





8. Repeat steps 1-3 for the Rollup Overall rating

    e. Copy cells Y5 through AE5 from the Site AART Rollup.
    f. Navigate to the appropriate cell block for that Site in row 5.
    g. Go to Edit -> Paste Special and select the values radio button.
    h. Click OK.

E. Update the Implementation Plan (Field Office and LPSO)

1. Document the results of the oversight activities performed in Sections A through D of this Guide.

2. Review the Implementation Plan for accuracy.

3. Make and track necessary changes.

> *Major changes to the Site or Program Implementation Plan will need to be reported as part of interim and/or quarterly reporting to the Office of the Chief Financial Officer, Office of Internal Review.*

REFERENCES

See CFO A-123 Website for suggested reading material:

OMB A-123 Appendix A
CFO Council Implementation Guide for OMB Circular A-123
Financial Audit Manual (GAO-01-765G)
DOE OMB Circular A-123, Appendix A, Implementation Plan
DOE Interim Guidance for OMB Circular A-123
FY 2005 Audit Report
FY 2005 Management Letter

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ADDITIONAL INFORMATION

Refer to the CFO A-123 website which will be updated with latest materials including tools, FAQs and additional reading material.
(http://www.cfo.doe.gov/progliaison/doeA123/index.htm)

In particular, see:

Program Oversight Checklist
DOE A-123 Oversight Checklist – Thought Provoking Questionnaire

DEFINITIONS

Word	Definition
Attester	The person who will be required to affirm the authenticity of information for the LPSO.
Implementer	The person responsible for executing the activities to support the Attester's affirmation.
Field Office	Location where the Site Assessment Team manages the A-123 Implementation for its Sites. Only the Field Office provides assurance to the LPSO.
Site	Unit of a Field Office including the Field Office federal activities and its contractors (both integrated and non-integrated). Predefined by Headquarters.
Headquarters Element	Lead Program Secretarial Office or Headquarters Business Program that is affected by the financial reporting requirements of OMB A-123, Appendix A.
Lead Program Secretarial Office	Headquarters Element whose cognizance includes those Field Offices that are affected by the financial reporting requirements of OMB A-123, Appendix A. These LPSOs provide oversight activities to Field Offices that directly impact the accounts determined to be material to the Department's financial statements.
Cognizant Secretarial Office	Headquarters Elements that provide significant funding to Field Offices overseen by the LPSOs.

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NEXT PHASE

There is no Next Phase per se, as Oversight should be a continuous process throughout the DOE A-123 implementation process.