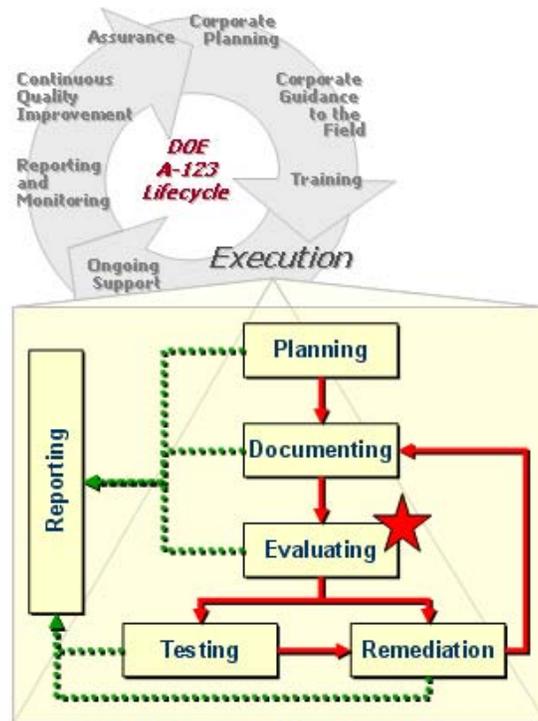




Quick Start Guide (QSG) 3 - Evaluating



Purpose	<ul style="list-style-type: none"> Evaluate the Design Effectiveness of internal controls over financial reporting related to departmental financial statements.
Key Activities	<ul style="list-style-type: none"> Rate Control Design Effectiveness for controls at the following levels: <ul style="list-style-type: none"> Entity and Process Control Sets at the Risk Level Entity Controls at the Area Level Process Controls at the Process Level Overall Entity Control Environment Record Rationales for the ratings provided Identify efficiency opportunities (optional/recommended)
Required Templates	<ul style="list-style-type: none"> AART Tool Suite Implementation Plan



Quick Start Guide 3 – Evaluating

Users who have completed an A-123 cycle in FY06 may have already completed many of the activities described herein. It is still recommended that the Evaluating Guide be reviewed to ensure that all additional FY07 guidance is incorporated into your local FY07 A-123 Implementation.



The examples throughout these guides are based on a Procure to Pay (P2P) process cycle scenario, within a government agency. The business cycle from Requisitioning goods and services through to Payment of invoices is used to exemplify inherent process risks and controls, as well as inherent entity risks and controls within a large organization.

DOCUMENT LEGEND

 Note box	 AART Input Color schemes indicate tab entry
 Requirements box	 → Detailed Documentation Requirements
 Tip box	



Quick Start Guide 3 – Evaluating

INTRO

OBJECTIVE

Evaluate and Assess, using professional judgment, the effectiveness of the design of your control sets in mitigating risks.

RATING DESCRIPTIONS

A consistent rating scheme has been developed to support capturing professional judgment assessments of the control sets at the risk level as well as the summary (area/process) and assurance levels.

The following table provides an explanation of the ratings for each of the above areas.



Quick Start Guide 3 – Evaluating

	Control Set (Design)	Control Set (Testing)	Summary Ratings (PCS Process, ECS Area, ECS Overall Environment)	Assurance Ratings
3	<p><u>Significant Design Deficiency</u> <u>Significant deficiency(ies)</u> in the control set design exist such that there is a HIGH probability of the risk occurring. This may adversely affect the organization's ability to meet its internal control objectives for the specified risk.</p>	<p><u>Significant Operational Deficiency</u> <u>Significant deficiency(ies)</u> in the control set operation exists such that there is a HIGH probability of the risk occurring. This may adversely affect the organization's ability to meet its internal control objectives for the specified risk.</p>	<p><u>Significant Deficiency</u> Control deficiency(ies) (design or operational) exist that create a HIGH probability of not detecting or preventing fraudulent and/or erroneous transactions WITH a <u>significant exposure</u> to unreliable, inaccurate and/or untimely financial reporting.</p>	<p><u>Material Weakness</u> More than a remote likelihood for a misstatement of financial statements and reports AND the misstatement may be of a <u>material magnitude</u>.</p>
4	<p><u>Design Deficiency</u> <u>Deficiency(ies)</u> in the control set design exist such that there is MORE than a remote possibility of the risk occurring. This may adversely affect the organization's ability to meet its internal control objectives for the specified risk.</p>	<p><u>Operational Deficiency</u> <u>Deficiency(ies)</u> in the control set operation exists such that there is MORE than a remote possibility of the risk occurring. This may adversely affect the organization's ability to meet its internal control objectives for the specified risk.</p>	<p><u>Deficiency</u> Control deficiency(ies) (design or operational) exist that create a MODERATE probability of not detecting or preventing fraudulent and/or erroneous transactions WITH a <u>significant exposure</u> to unreliable, inaccurate and/or untimely financial reporting.</p>	<p><u>Reportable Condition</u> More than a remote likelihood for a misstatement of financial statements and reports AND the misstatement may be of a <u>more than inconsequential magnitude</u>.</p>
5	<p><u>Minor Design Deficiency</u> <u>Deficiency(ies)</u> in the control set design exist such that there is ONLY a remote possibility of the risk occurring. This may not adversely affect the organization's ability to meet its internal control objectives for the specified risk.</p>	<p><u>Minor Operational Deficiency</u> <u>Deficiency(ies)</u> in the control set operation exists such that there is ONLY a remote possibility of the risk occurring. This may not adversely affect the organization's ability to meet its internal control objectives for the specified risk.</p>	<p><u>Minor Deficiency</u> Control deficiency(ies) (design or operational) exist that create a LOW probability of not detecting or preventing fraudulent and/or erroneous transactions OR an insignificant exposure to unreliable, inaccurate and/or untimely financial reporting.</p>	<p><u>Control Deficiency</u> A remote likelihood for a misstatement of financial statements and reports OR the misstatement may be of an <u>inconsequential magnitude</u>.</p>
6	<p><u>Designed Effective</u> Control set design is <u>effective</u> such that there is LESS than a remote possibility of the risk occurring. This should not adversely affect the organization's ability to meet its internal control objectives for the specified risk.</p>	N/A	<p><u>Designed Effectively</u> Controls are designed <u>effectively</u> to detect and/or prevent fraudulent and erroneous transactions AND ensure reliable, accurate and timely financial reporting.</p>	<p><u>Effectively designed controls</u></p>
7	N/A	<p><u>Operating Effectively</u> Control set is operating <u>effectively</u> such that there is LESS than a remote possibility of the risk occurring. This should not adversely affect the organization's ability to meet its internal control objectives for the specified risk.</p>	<p><u>Operating Effectively</u> Controls are operating <u>effectively</u> to detect and/or prevent fraudulent and erroneous transactions AND ensure reliable, accurate and timely financial reporting.</p>	<p><u>Effectively operating controls</u></p>



Quick Start Guide 3 – Evaluating

EVALUTION AT THE SUMMARY LEVELS

As specified in the AART methodology, sites will summarize the results of Control Set/Risk level ratings to provide ratings at the Process, Entity Area and Overall Entity Environment levels. The table below shows the possible ratings at various stages of completion of the evaluation of specific PCS Process and/or ECS Areas.

<i>IF</i> completion of Control Design Effectiveness assessment is:	<i>AND</i> Test ratings are:	<i>THEN</i> possible Summary Ratings are:
Some evaluated	Some/None tested	5, 4, 3, [blank]
All evaluated	Some/None tested	6, 5, 4, 3
	All	7, 5, 4, 3



Quick Start Guide 3 – Evaluating



Completing the AART Tool Suite is a requirement; however the data in the AART is summarized data and does not fulfill the complete A-123 Documentation requirements (i.e., A-123 Detail Documentation and appropriate Source Documentation are required).

Entity Control Summary (ECS)

A. Analyze, rate and record the effectiveness of the control set design in mitigating the identified inherent risks

1. Analyze each inherent risk statement and the design of the corresponding control set, and, based on professional judgment and the rating scale guidance provided, rate the perceived effectiveness of the design to mitigate the risk. To support this decision, consider among other things the following:
 - a. Degree of automation of the control set
 - b. Type of control set
 - c. Mode of the control set
 - d. Frequency of execution of the control set
 - e. Existence of primary and backup controls
 - f. Risk Assessment rating
 - g. Relative exposure
 - h. Potential for risk occurrence

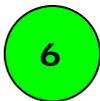
Examples:

Area: Control Environment

Sub-Category: Integrity and Ethical Values

Risk Statement: Management does not communicate, provide guidance, or practice its ethical values and/or standards to employees, suppliers, creditors, investors, customers, or other relevant parties resulting in unethical behavior and illegal practices.

Control Set: **To promote and enforce ethical behavior:**



- (1) Management has posted their integrity and ethical ideals in a guidance document entitled "Code of Conduct" on their website and in hard copies, and is distributed to all employees. [P/Man]
- (2) All employees on every level must read, accept, and sign a document indicating they understand and will follow the guidance as outlined in the "Code of Conduct". [P/Man]
- (3) Meetings are conducted that include integrity and ethical values as an agenda item and employees are required to attend once a year. [P/Man]
- (4) Annual employee appraisals include a section to discuss employees' behavior. [D/Man]
- (5) Management maintains an open door policy to ensure that any unethical behavior is reported and management looks into any reports. [D/Man]
- (6) Management encourages anonymous e-mails to report unethical behavior. [D/Man]
- (7) Management takes appropriate action immediately once an allegation of unethical or illegal behavior has been proven. [D/Man]
- (8) Management has a "no-tolerance" policy and terminates anyone who commits unethical or illegal indiscretions. [D/Man]



Quick Start Guide 3 – Evaluating

Area: Control Activity

Sub-Category: Segregation of Duties

Risk Statement: An employee who creates a requisition also approves the requisition, purchases the requested goods or services, and pays the subsequent invoice(s), resulting in fraud, waste, and / or abuse of government funds.

Control Set: To prevent fraud, waste and/or abuse.

6

- (1) Management publishes an internal control manual (distributed to all employees) that requires segregation of duties in all financial activities. [P/Man]
- (2) Security rules are set up such that no single user ID can be assigned the roles of creating a requisition and approving that requisition; approving a requisition and creating the corresponding Obligation; and creating the obligation and paying the invoice. [P/Aut]
- (3) Workflow technology is implemented to automate work flow message distribution to monitor expenditures and approvals. [P/Pau]
- (4) Workflow technology is implemented to enforce limits of authority management. [P/Aut]
- (5) Only 3 Administrators have the authorization to create and / or change security profiles and workflow rules. [P/Man]



2. Record your Control Design Effectiveness rating for the control set in the Control Design Effective column of the ECS-Assess tab.

AART: ECS Assess										Overall Entity Control Ratings	
Select View:										<input checked="" type="checkbox"/> Control Environment <input checked="" type="checkbox"/> Control Activities <input checked="" type="checkbox"/> Information and Communication <input checked="" type="checkbox"/> Risk Assessment <input checked="" type="checkbox"/> Monitoring	
FO	CH										
Attester	Ard Geller										
Implementer	Shelley Hart										
Date Updated	October 31, 2006										
<input type="button" value="Insert Row"/> <input type="button" value="Delete Row"/>											
Ref Col	Cycle	Area	Sub-Category	Risks	Likelihood	Impact	Risk Assessment	Controls	Prev Det	Crit Type	Control Design Effective
EC		Control Environment	Integrity and Ethical Values	Management does not communicate, provide guidance, or practice its ethical values and/or standards to employees, suppliers, creditors, investors, customers, or other relevant parties resulting in unethical behavior and illegal practices.	L	H	H	To promote and enforce ethical behavior: <ul style="list-style-type: none"> Management has posted their integrity and ethical ideals in a guidance document entitled "Code of Conduct" on their website and in hard copies, and is distributed to all employees [P] All employees on every level must read, accept, and sign a document indicating they understand and will follow the guidance as outlined in the "Code of Conduct." [P] Meetings are conducted that include integrity and ethical values as an agenda item and employees are required to attend once a year. [P] Annual employee appraisals include a section to discuss employees' behavior. [D] Management maintains an open door policy to ensure that any unethical behavior is reported and management looks into any reports. [D] Management encourages anonymous e-mails to report unethical behavior. [D] Management takes appropriate action immediately once an allegation of unethical or illegal behavior has been proven. [D] Management has a "no-tolerance" policy and terminates anyone who commits unethical or illegal indiscretions. [D] 	P&D	Man	6
EC		Control Activities	Segregation of Duties	An employee who creates a requisition also approves the requisition, purchases the requested goods or services, and pays the subsequent invoice(s), resulting in fraud, waste, and / or abuse of government funds.	L	H	H	To prevent fraud, waste and/or abuse: <ul style="list-style-type: none"> Security rules are set up such that no single user ID can be assigned the roles of creating a requisition and approving that requisition, approving a requisition and creating the corresponding Obligation; and creating the obligation and paying the invoice. [P] Workflow technology is implemented to automate work flow message distribution to monitor expenditures and approvals. [P] Workflow technology is implemented to enforce limits of authority management. [P] Only 3 Administrators have the authorization to create and / or change security profiles and workflow rules. [P] 	P&D	Aut	6

NOTE: The design effectiveness rating should not be changed until the activity is remediated, re-documented and re-evaluated



Quick Start Guide 3 – Evaluating



A-123 Detailed Documentation

3. Document, in the Detailed A-123 Documentation, the rationale used to determine the control set design effectiveness rating as it relates to the particular risk statement. Explain the reason for assigning the specific rating and minimally include:
 - a. The logic employed to develop the numeric rating provided in the Control Design Effectiveness Rating.
 - b. Any analysis and other factors used in support of the numeric rating

A well formulated rationale: Control set designed effectively – Rating 6 / Control set contains both manual and automated control directly linked to key risks. The control set provides for preventive and detective controls to mitigate the risk and provides for identification of issues should the risk occur. The number of controls also appears adequate based on the level of risk (i.e. there are 4 key controls related to this low risk process, with several additional backup controls that require no additional effort or cost.)



ECS-ASSESS

4. Record a summarized rationale in the Rationale column of the ECS-Assess tab.

AART: ECS Assess										Overall Entity Control Ratings				Overall Assessment Rationale						
Select View: [All]										Control Environment				Area Rating Rationale						
Attester: Fred Geller										Control Activities				Area Rating Rationale						
Implementer: Shelley Hoff										Information and Communications				Area Rating Rationale						
Run Dates: 1/20/2010										Risk Assessment				Area Rating Rationale						
[Tabular Data]										Monitoring				Area Rating Rationale						
Ref. ID	Cycle	Area	Sub-Category	Risks	Class	Impact	Risk	Controls	Pror. Cat	Ctrl. Type	Ctrl. Freq.	Control	Eff. Rating	Control	Eff. Rating	Remediation Plan	Next	CDPE	Status	Date Comp.
EC		Control Environment	Integrity and Ethical Values	Management does not communicate, provide guidance, or practice its ethical values and/or standards to employees, suppliers, creditors, vendors, customers, or other relevant parties resulting in unethical behavior and illegal practices.	H	H	H	<ul style="list-style-type: none"> To promote and enforce ethical behavior: <ul style="list-style-type: none"> Management has posted their integrity and ethical values in a guidance document entitled "Code of Conduct" or their website and in their codes and a distribute to all employees. [5] All employees on every level must read, accept, and sign a document indicating they understand and will follow the guidance as outlined in the "Code of Conduct". [5] Meetings are conducted that include integrity and ethical values as an agenda item and employees are required to attend such a meeting. [5] Annual employee speeches include a section to discuss employee behavior. [5] Management maintains an open door policy to ensure that any unethical behavior is reported and management looks into any reports. [5] Management encourages anonymous methods to report unethical behavior. [5] Management takes appropriate action immediately once an allegation of unethical or illegal behavior has been proven. [5] Management has a "no-tolerance" policy and terminates anyone who commits unethical or illegal infractions. [5] 	PRD	Man	M	6	na							

Control set designed effectively – Rating 6 / Control set contains both manual and automated control directly linked to key risks. The control set provides for preventive and detective controls to mitigate the risk and provide for identification of issues should the risk occur. The number of controls also appears adequate based on the level of risk (i.e. there are 4 key controls related to this low risk process, with several additional backup controls that require no additional effort or cost.)



ECS-ASSESS

5. While the control set design may be effective, A-123 evaluations should also assess efficiency where possible. If during the course of the evaluation, opportunities to improve the efficiency of controls are identified (e.g. numerous duplicative controls, some of which can be deleted; manual controls that should be automated; detective controls that could be converted to preventive; etc.), record a "yes" in the Efficiency Opportunities Identified column. The nature of the potential efficiency should be recorded in the Detailed A-123 Documentation. Use of this efficiency column will allow the site to provide a tickler to address the efficiency issues when time permits.



A-123 Detailed Documentation

6. Repeat these steps to rate all control sets at the risk activity level.



Quick Start Guide 3 – Evaluating

B. Assess the design effectiveness of the controls at the Entity Area level.

1. In determining the control set's design effectiveness for control sets at the Area Level, consider, among other things, the effectiveness rating for each control set and its relationship to the respective risk assessment rating. Also consider exposure at the Area level and potential for risk occurrence.
2. Record your Control Design Effectiveness rating for the specific Entity control Area in the header of the ECS-Assess tab.



AART: ECS Assess										Overall Entity Control Ratings										Overall Assurance Rating	
Select View: [Dropdown] ID: [Text] Manager: [Text] Implementer: [Text] Date Updated: [Text]										Control Environment: [Rating] Control Activities: [Rating] Information and Communications: [Rating] Monitoring: [Rating]										Area Rating: [Rating] Area Documentation: [Rating]	
Ref. Code	Cycle	Area	Sub-Category	Risks	Last Test	Pass/Fail	Control Type	Control Frequency	Control Impact	Remediation Plan	Control Design Effectiveness Rating										
DC		Control Environment	Integrity and Ethical Values	Management does not communicate, provide guidance, or practice its ethical values and/or standards to employees, suppliers, vendors, investors, customers, or other relevant parties resulting in unethical behavior and legal practices.			PRD	Man	M	3	7	6	6	6	6	6	6	6	6		

3. Repeat these steps for all 5 Entity Areas.
4. Document the rationale used to determine the Area Control Design Effectiveness rating in the Detailed A-123 Documentation. Explain, in detail, the reason for assigning the specific rating and minimally include the following:
 - a. The logic employed to develop the number rating provided in the Control Design Effectiveness rating
 - b. Any analysis and other factors used in support of the numeric rating



A well formulated rationale: Control set designed effectively – Efficiencies identified – Rating 6 / While deficiencies were noted in one sub-category supporting this area, it was a low risk activity. In addition, only one of 5 key controls failed and there is no evidence of risk occurrence. While the area will be remediated, the control failure should not negatively impact the overall operation of the control set and would not increase the likelihood of risk occurrence beyond less than remote. The site also identified opportunities to automate the annual ethics training program to gain greater efficiencies and strengthen the manual control currently used.



Quick Start Guide 3 – Evaluating

Process Control Summary (PCS)

D. Analyze, rate and record the effectiveness of the control set design in mitigating the identified inherent risks

1. Analyze each inherent risk statement and the design of the corresponding control set, and based on professional judgment and the rating scale provided, rate the effectiveness of the control set design to mitigate the risk specified by the risk statement. Consider among others things, the following:
 - a. Degree of automation of the control set
 - b. Type of control set
 - c. Mode of the control set
 - d. Frequency of execution of the control set
 - e. Existence of primary and backup controls
 - f. Risk Assessment rating
 - g. Relative exposure
 - h. Potential for risk occurrence



Quick Start Guide 3 – Evaluating

Example:

Process: Payable Management

Sub-Process: Disbursing

Risk Statement 1: Payments may be made in excess of approved contract amounts, resulting in loss to the Government (if not detected) and an increase in improper payment percentages reported to OMB (if later detected).

Control Set: To comply with Anti-Deficiency Act



- (1) System automatically closes contracts when receipts and invoices have been posted and paid equal to the amount of the contract. [P/Aut]
- (2) Invoices in excess of contract are automatically rejected with the reason code indicating that the contract is complete. [P/Aut]
- (3) Rejected invoices are sent back to appropriate departments for follow-up. [D/Pau]

Risk Statement 2: Duplicate payments may be made for a single invoice, resulting in loss to the Government (if not detected) and an increase in improper payment percentages reported to OMB (if later detected).

Control Set: To prevent loss of funds.



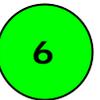
- (1) System rejects entry of duplicate invoice numbers. [P/Aut]
- (2) System issues a warning if invoice numbers are different and amounts and payee are the same. [P/Pau]
- (3) Monthly report of potentially duplicate invoices is generated and reviewed by AP Supervisor. [D/Pau]

Process: Payable Management

Sub-Process: Invoice

Risk Statement: An invoice may be paid without receipt of goods or services, resulting in loss to the Government.

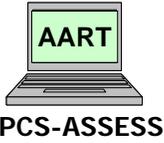
Control Set: To prevent loss of funds.



- (1) Goods and / or services received are posted to contract in receiving system which updates accounting system. [P/Pau]
- (2) Invoice is posted to contract and is automatically placed on hold if the goods and / or services have not been posted. [P/Aut]
- (3) If the invoice is in excess of the amount posted for receipt of goods and / or services, the invoice is placed on hold. [P/Aut]
- (4) An e-mail notification is sent to appropriate parties advising them that the invoice has been placed on hold and the reason for the hold. [P/Pau]



Quick Start Guide 3 – Evaluating



- Record your Control Design Effectiveness rating for the control set in the Control Design Effective column of the PCS-Assess.

AART: PCS Assess												BUC		PPA		ERM	
Ref Col	Process Cycle	Processes	Sub-Processes	Risks	Libel hood	Impact	Risk Assessment	Controls	Prev Det	P	E	R	C	V	Crit. Type	Control Design Effective	
P2P	Payable Management	Disbursing		Invoice amount exceeds obligation and approved funding, resulting in non-compliance with the Anti-Deficiency Act.	L	H	H	To ensure that payments do not exceed approved funding: • An invoice posted to an obligation in excess of approved, funded amount, is automatically placed on hold with appropriate reason code. (P) • An e-mail is generated and sent to the appropriate parties. (P) • A follow up report listing these invoices is sent to Budget, Procurement and AP Managers. (P) • If the hold is overridden, and an invoice is paid regardless of these controls, an additional set of e-mails and reports is generated and sent to Budget, Procurement and AP Managers. (D)	P&D	Y	Y	Y	Y	Aut	R	6	
P2P	Payable Management	Disbursing		Duplicate payments may be made, resulting in extraordinary burden to the government due to potential loss of unrecoverable funds.	L	M	L	To eliminate duplicate payments: • An invoice is entered and the number already exists, it is automatically rejected. (P) • An invoice is entered and the number is different, but the obligation is fully depleted, the three-way matching functionality will automatically cause the invoice to be placed on hold with the reason code that the invoice is in excess of the contract / received quantities and / or amounts. (P) • The duplicate invoice cannot be manually released for payment without changes in the contract and/or receipts to support the invoice. (P) • An e-mail is generated and sent to responsible party advising of discrepancy. (P) • A report is generated listing all invoices that are on hold with reason codes and is reviewed by the Accounting Manager weekly. (D)	P&D	Y	Y	Y	Y	Aut	R	6	
P2P	Payable Management	Invoice		Invoice is approved for payment without receipt of goods and / or services, resulting in loss of funds to government and potential non-compliance with the Anti-Deficiency Act.	L	L	L	To ensure that the government has received the goods and / or services that the invoice contains: • Goods and / or services are posted to contract. (P) • Invoice is posted to contract and is automatically placed on hold if the goods and / or services have not been posted. (P) • If the invoice is in excess of the amount posted for receipt of goods and / or services, the invoice is placed on hold. (P) • An e-mail notification is sent to appropriate parties advising them that the invoice has been placed on hold and the reason for the hold. (P) • An AP aging report with reason codes for invoices on hold is generated and reviewed by Accounts Payable Manager. (D)	P&D	Y	Y	Y	Y	Aut	R	6	



- Document the rationale used to determine the control design effectiveness rating, for the particular risk specified in the corresponding risk statement, in the Detail A-123 Documentation. Explain the reason for assigning the specific rating and minimally include the following:

- The logic employed to develop the number rating provided in the control design effectiveness rating.
- Any analysis and other factors used in support of the numeric rating.

***A well formulated rationale:** Control set designed effectively – Rating 6 / Control set contains both manual and automated control directly linked to key risks. The control set provides for preventive and detective controls to mitigate the risk and provide for identification of issues should the risk occur. The number of controls also appears adequate based on the level of risk (i.e. there are 4 key controls related to this low risk process, with several additional backup controls that require no additional effort or cost.)*



Quick Start Guide 3 – Evaluating



PCS-ASSESS

- Summarize the rationale for the Control Design Effectiveness rating in the Rationale column of the PCS-Assess tab.

AART: PCS Assess										Process Rating Rationale									
Select View: [Dropdown] PD: [Dropdown] Manager: [Dropdown] Implementer: [Dropdown] Run Center: [Dropdown]										The Rating Column that all operational controls are operating effectively using a control efficiency score identified in a spreadsheet. Controls not listed were in line and accounted positions and have purchase from a single organization.									
Control Design Effectiveness Rating Rationale										Control Design Effectiveness Rating Rationale									
Control ID	Process	Sub-Process	Issue	Control	Control Type	Control Frequency	Control Location	Control Effectiveness	Control Efficiency	Control Reliability	Control Cost	Control Complexity	Control Risk	Control Impact	Control Status	Control Rationale	Control Rationale	Control Rationale	Control Rationale
101	Public Management	Delivering	Control set includes obligation and optional funding resulting in non-compliance with the Anti-Dumping Act	To ensure that payments do not exceed approved funding. An invoice is entered and a number (invoice) is entered with appropriate reason code. If a response is generated and sent to the appropriate parties. If a response is generated and sent to the appropriate parties. If a response is generated and sent to the appropriate parties.	Preventive	1	1	1	1	1	1	1	1	1	1	This function is highly automated, creating Budget in Close and Process in the process code. While the invoice is not generated from an invoice, the obligation entered with those amounts. The amount entered on the invoice is in excess of the approved amount of contract resulting payments in excess of obligation.	Control set includes obligation and optional funding resulting in non-compliance with the Anti-Dumping Act	Control set includes obligation and optional funding resulting in non-compliance with the Anti-Dumping Act	Control set includes obligation and optional funding resulting in non-compliance with the Anti-Dumping Act
102	Public Management	Delivering	Unilateral payments that do not comply with the government due to compliance with the Anti-Dumping Act	To administer multiple payments. An invoice is entered and a number (invoice) is entered with appropriate reason code. If a response is generated and sent to the appropriate parties. If a response is generated and sent to the appropriate parties. If a response is generated and sent to the appropriate parties.	Preventive	1	1	1	1	1	1	1	1	1	1	The automation in place to detect duplicate invoices is not effective in detecting duplicate invoices. The automation in place to detect duplicate invoices is not effective in detecting duplicate invoices. The automation in place to detect duplicate invoices is not effective in detecting duplicate invoices.	Control set includes obligation and optional funding resulting in non-compliance with the Anti-Dumping Act	Control set includes obligation and optional funding resulting in non-compliance with the Anti-Dumping Act	Control set includes obligation and optional funding resulting in non-compliance with the Anti-Dumping Act
103	Public Management	Invoice	Invoice is approved for payment without regard to compliance with the Anti-Dumping Act	To ensure that the government has received the invoice and is recorded for the invoice control. An invoice is entered and a number (invoice) is entered with appropriate reason code. If a response is generated and sent to the appropriate parties. If a response is generated and sent to the appropriate parties. If a response is generated and sent to the appropriate parties.	Preventive	1	1	1	1	1	1	1	1	1	1	The automatic receipt control in the invoice control is not effective in detecting duplicate invoices. The automatic receipt control in the invoice control is not effective in detecting duplicate invoices. The automatic receipt control in the invoice control is not effective in detecting duplicate invoices.	Control set includes obligation and optional funding resulting in non-compliance with the Anti-Dumping Act	Control set includes obligation and optional funding resulting in non-compliance with the Anti-Dumping Act	Control set includes obligation and optional funding resulting in non-compliance with the Anti-Dumping Act



PCS-ASSESS



A-123 Detailed Documentation

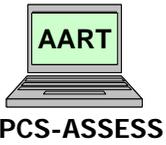
- While the control set design may be effective, A-123 evaluations should also assess efficiency where possible. If during the course of the evaluation opportunities to improve the efficiency of controls are identified (e.g. numerous duplicative controls, some of which can be deleted; manual controls that should be automated; detective controls that could be converted to preventive; etc.), record a “yes” in the Efficiency Opportunities column. The nature of the potential efficiency should be recorded in the Detailed A-123 Documentation. Use of this efficiency column will allow the site to provide a tickler to address the efficiency issues when time permits.
- Repeat these steps to rate all control sets’ associated inherent risk at the sub-process’ activity level.

E. Assess the control design effectiveness of the control sets at the Process Level

- In determining the control design effectiveness of the control sets at the Process Level, consider among other things the effectiveness ratings for each control set and its relationship to the respective risk assessment rating. Also consider exposure at the process level and the potential for risk occurrence.



Quick Start Guide 3 – Evaluating



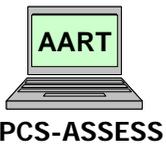
- Record your Control Design Effectiveness ratings for the specific Process in the header of the PCS-Assess tab.

AART: PCS Assess		Version 4.0									
Select View:											
FD	CH										
Attester	Ard Geller										
Implementer	Shelley Hart										
Date Updated	October 31, 2006										
Insert Row		Delete Row									
Ref Ctl	Process Cycle	Processes	Sub-Processes								
	P2P	Payable Management	Payee Information Maintenance								
			Vendor has expired CCR number and an AP invoice is posted and paid, resulting in payment to unapproved vendor.								
			<ul style="list-style-type: none"> To ensure that all vendors are active: <ul style="list-style-type: none"> The Vendor Numbers are matched to the CCR database on a regular basis. (P) Reports are generated weekly with the expiration dates, and those approaching expiration dates with open contracts highlighted. This report is sent to all pertinent parties. (P) Follow up workflow notifications are sent as expiration dates approach. (P) When an invoice is posted to a Vendor with an expired CCR number, the invoice is blocked for payment and notification sent to appropriate personnel for follow up. (D) An Accounts Payable aging report is run listing invoices that are not paid with reason code stating that CCR is expired and is distributed to Accounts Payable Supervisor for review. (D) 								
			<table border="1"> <tr><td>Assess</td><td>L</td></tr> <tr><td>Design</td><td>L</td></tr> <tr><td>Control</td><td>L</td></tr> <tr><td>Overall</td><td>L</td></tr> </table>	Assess	L	Design	L	Control	L	Overall	L
Assess	L										
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			<table border="1"> <tr><td>Control Design</td><td>6</td></tr> <tr><td>Overall</td><td>7</td></tr> <tr><td>Efficient</td><td>7</td></tr> </table>	Control Design	6	Overall	7	Efficient	7		
Control Design	6										
Overall	7										
Efficient	7										

- Repeat this step for all Processes with a "y" indicator in the header.
- Document the rationale used to determine the Process Control Design Effectiveness rating in the Detailed A-123 Documentation. Explain the reason for assigning the specific rating and minimally include the following:
 - The logic employed to develop the number rating provided in the control design effectiveness rating.
 - Any analysis and other factors used in support of the numeric rating.



A well formulated rationale: While deficiencies were noted in one sub-process supporting the Payable Management process, it was control set mitigating a low risk. In addition, only one of 5 key controls failed and there is no evidence of risk occurrence. While the process will be remediated, the control failure should not negatively impact the overall operation of the control set and would not increase the likelihood of risk occurrence beyond less than remote. While deficiencies were noted in one sub-process supporting the GL Management process, it was a low risk activity. In addition, only one of 4 key controls failed and there is no evidence of risk occurrence. While the process will be remediated, the control failure should not negatively impact the overall operation of the control set and would not increase the likelihood of risk occurrence beyond less than remote.



- Summarize the rationale for all Process Ratings in the Rationale cell in the header of the PCS-Assess tab.

AART: PCS Assess		Version 4.0									
Select View:											
FD	CH										
Attester	Ard Geller										
Implementer	Shelley Hart										
Date Updated	October 31, 2006										
Insert Row		Delete Row									
Ref Ctl	Process Cycle	Processes	Sub-Processes								
	P2P	Payable Management	Payee Information Maintenance								
			Vendor has expired CCR number and an AP invoice is posted and paid, resulting in payment to unapproved vendor.								
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<table border="1"> <tr><td>Process Rating Rationale</td><td>See to that we monitor vendor and their processes that a design changes</td></tr> </table>				Process Rating Rationale	See to that we monitor vendor and their processes that a design changes						
Process Rating Rationale	See to that we monitor vendor and their processes that a design changes										



Quick Start Guide 3 – Evaluating

F. Update the Implementation Plan



A-123 Detailed
Documentation

- 1. Capture the status and barriers as well as any significant deviations encountered during the evaluating phase.



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