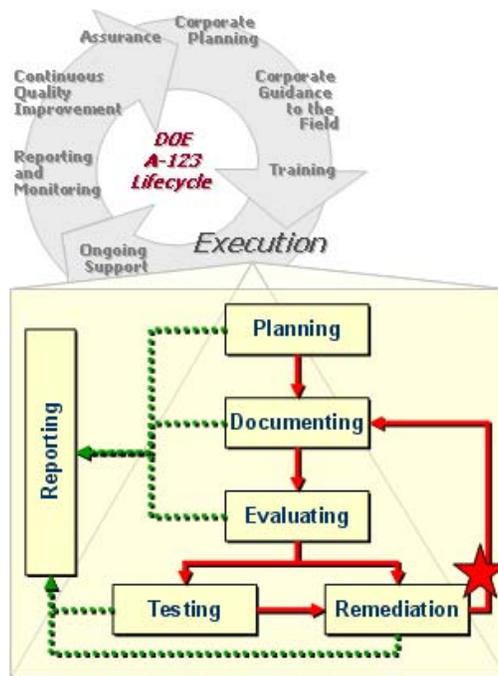




Quick Start Guide 5 - Remediation



Purpose	<ul style="list-style-type: none"> • Monitor and track remediation of internal control deficiencies identified during the A-123 assessment.
Key Activities	<ul style="list-style-type: none"> • Define Scope • Develop Strategy • Develop and Execute Plans • Monitor and Track progress
Required Templates	<ul style="list-style-type: none"> • Implementation Plan (Form & Content) • AART Tool Suite

<http://www.cfo.doe.gov/progliaison/daeA123/index.htm>

A-123Helpdesk@hq.doe.gov



Quick Start Guide 5 – Remediation

Users who have completed an A-123 cycle in FY06 may have already completed many of the activities described herein. However, the Remediation Guide should be reviewed to ensure that FY07 guidance is incorporated into your A-123 Implementation.

End note references identify more detailed information that is provided at the end of the guide.

DOCUMENT LEGEND

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



Quick Start Guide 5 – Remediation

INTRO

OBJECTIVE

The objective of remediation is to take appropriate corrective actions to ensure that controls over financial reporting (entity and process) are designed and operating effectively to offset related risks.

RESPONSIBILITIES

A-123 Assessment Team – The local A-123 assessment team is responsible for:

- a) Identifying the scope of remediation activities.
- b) Developing an overall remediation strategy to ensure corrective actions are accomplished in an effective and efficient manner, and ensuring that A-123 remediation activities are coordinated with other identified remediations (e.g., those identified through financial statement audits, self-assessment, IG/GAO audits, etc.).
- c) Ensuring that corrective action plans are developed and executed to address controls determined to be ineffectively designed or operating.
- d) Monitoring, tracking and reporting on the status of corrective actions.
- e) Re-assessing proper documentation and control design and operation once remediation activities have been completed (recycle through all A-123 phases beginning with Documenting).

Local Business Units – Local Business units (e.g. accounts payable department, systems operations, etc.) are responsible for:

- a) Developing and executing corrective action plans.
- b) Implementing process/control changes.
- c) Re-documenting processes to reflect changes effected during remediation.

STAGES OF REMEDIATION

To consider remediation complete to support an A-123 evaluation, four key stages must be completed:

- a) Planning – An action plan containing key milestones to correct the deficiency(ies) must be developed.
- b) Execution – Key corrective action milestones must be completed.
- c) Documentation – Process/entity control documentation must be updated to reflect the changes made.
- d) Implementation – The process/entity control changes must be implemented and operational for a sufficient time in order to assess their operational effectiveness.



Quick Start Guide 5 – Remediation

A. Define the scope of the Remediation

Remediation is required for all control sets rated as “3” (Significant Deficiency) or “4” (Deficiency) in control design effectiveness and “3” (Significant Deficiency), “4” (Deficiency) and “5” (Minor Deficiency) in operational effectiveness. All control sets requiring remediation are automatically identified in the PCS/ECS Assess tabs of the AART tool suite with “yes” in the Remediation Req’d column.

Sites should identify and group remediation activities by process or entity area to provide a less fragmented view of remediation activities required and to support better planning.

AART: PCS Assess										Remediation Plan				
Ref Col	Process Cycle	Processes	Sub-Processes	Inherent Risk	Likelihood	Impact	Risk Assessment	Control Design Effectiveness	Test Results	Efficiency	Req'd	CAP#	Status	Date Impl.
	P2P	Payable Management	Disbursing	Vendor to be paid may not be active CCR vendor, resulting in payment to unapproved vendor.	L	L	L	6	7		no			
	P2P	Payable Management	Disbursing	Terms of payment negotiated in contract may be overridden and incorrect terms may be utilized to calculate due dates, resulting in incorrect payment date and extraordinary burden to the government and non-compliance with the prompt payment act.	L	L	L	6	5		yes			

B. Develop Remediation strategy

1. Develop a remediation strategy for each process and entity area, supported by an action plan or plans covering the related control sets requiring remediation. In developing the remediation strategy, consider among other things the following:
 - a. Relationship of deficiencies to any other remediation activities planned or underway (e.g. financial statement remediations, IG/GAO audit finding corrective actions, etc.). Remediations need to be coordinated to leverage resources and avoid duplicative or contradictory corrective actions.
 - b. Breadth of organizations that should be engaged in remediation activities (e.g. accounting operations, CIO, HR, financial policy, etc.).
 - c. Opportunities to consolidate remediation activities into action plans by process/entity area.
 - d. Opportunities to consolidate remediation activities across processes/entity areas into action plans by functional area (e.g. training issues, systems issues, resource issues, etc.).
 - e. The priority for conducting remediation activities based on risk and potential impact on financial statement audit activities.
 - f. How to validate the quality and completeness of remediation activities.



Quick Start Guide 5 – Remediation

C. Develop corrective action plans (CAPs) and record CAP attributes into the AART



1. Once a remediation strategy has been developed, ensure that corrective action plans are developed and executed in accordance with the remediation strategy. Action plans may vary based on the business unit requirements and/or the remediation activity, and will be part of the Detailed A-123 Documentation. Action Plans must minimally include the following criteria:

- a. All the supporting information for the required CAP Fields as described below
- b. Detailed step-by-step action plan and associated milestones and other relevant dates
- c. Signature of authorized individual approving the plan
- d. Signature of authorized individual confirming completion

While specific business units may be responsible for carrying out remediation activities, the A-123 team should review action plans to ensure that they focus on the root cause and appear responsive to the issues identified.

If the action plans do not contain the above listed criteria, Detailed A-123 Documentation must be completed by the A-123 assessment team. A CAP Form and Content is available on the DOE A-123 Website.



2. Record the following attributes of each CAP in the CAP Track tab of the AART Tool Suite.

- a. Identification
 - i) **CAP Plan ID** – An automatically generated unique CAP Tracking ID specific to location. This number will automatically be assigned when a CAP is "ADDED¹" to the CAP Tracking tool.
 - ii) **Title** – Name identifying the remediation actions (e.g., upgrade duplicate invoice logic in accounting system)

Corrective Action Plan ID #		Title	Summary of Deficiency	Summary of Remediation Actions	Process Selection	Entity Sub-Categories	Sub-Category Selector	Date first identified	Priority	Impact	Severity	Resolution Type	Resolution Status	Resolution Date	Resolution Location	Resolution Status	Resolution Date	Resolution Location
081000		Payment Terms Requirement	In the matter of controls to prevent invoice being in the payment terms which allow from issue in the system should fix the error, however, the user should simply override the error.	In programming of the system to add security level into CAP controls the error.	Public Management													



Quick Start Guide 5 – Remediation

b. Description

- i) **Summary of Deficiency** – Summarize the deficiencies that have been identified for the respective entity sub-categories/processes.
- ii) **Summary of Remediation Actions** – Summary of the actions that are being taken to fix the identified control set deficiencies.
- iii) **Processes²** – Selection of process(es) that will be effected/remediated. Multiple Entity Sub-Categories and processes may be assigned to a single CAP.
- iv) **Entity Sub-Categories³** - Selection of entity sub-category(ies) that will be effected/remediated. Multiple processes and Entity Sub-Categories can be assigned to a single CAP.
- v) **Date first identified**

AART- Corrective Action Plan Tracking													
Select View: <input type="text"/> Search: <input type="text"/> <input type="button" value="SEARCH"/>													
CAP: <input type="text"/> Process: <input type="text"/> Sub-Category: <input type="text"/>													
Identification		Description											
Corrective Action Plan ID #	Title	Summary of Deficiency	Summary of Remediation Actions	Processes	Process Selector	Entity Sub-Categories	Sub-Category Selector	Control Set	Control Set ID	Control Set Name	Control Set Description	Control Set Location	Control Set Status
04P-001	Payment Terms Requirement	During the testing of controls to prevent invoice being paid using payment terms which differ from those in the system, the system would flag the error, however, the first case would simply override the error. Create report which shows the log file above.	Re-engineering of the system to add security controls so can override the error. Re-engineering of the system to add an entry into the log file that shows when an error was overridden and which user did the overriding. Create report which shows the log file above.	Portfolio Management									

c. Risk/Priority

- i) **Risk Assessment** – Select the highest risk assessment rating for all the risk statements for which control sets are being remediated (e.g. two low risk statements and one high risk statement associated with control sets targeted for the remediation actions, the risk assessment for the CAP should be high).
- ii) **Rating** - Select the lowest control effectiveness rating for all the control sets that are being remediated (e.g., two control sets were rated as 4 and one as a 3; the CAP rating should be a 3)
- iii) **Priority** – Based on the Risk Assessment and Rating assign a priority to ensure high risk areas with significant deficiencies are remediated first.

AART- Corrective Action Plan Tracking														
Select View: <input type="text"/> Search: <input type="text"/> <input type="button" value="SEARCH"/>														
CAP: <input type="text"/> Process: <input type="text"/> Sub-Category: <input type="text"/>														
Identification		Description												
Corrective Action Plan ID #	Title	Summary of Deficiency	Summary of Remediation Actions	Processes	Process Selector	Entity Sub-Categories	Sub-Category Selector	Risk/Priority	Remediation Target	Accountability	Planning & Status	Actual Implementation Date	Documentation Location	
								Risk/Priority Risk: <input type="text"/> Priority: <input type="text"/>	Approved: <input type="text"/> Approved Date: <input type="text"/>	Assigned: <input type="text"/> Assigned Date: <input type="text"/>	Status: <input type="text"/>	Planned Implementation Date: <input type="text"/>	Actual Implementation Date: <input type="text"/>	Documentation Location: <input type="text"/>
04P-001	Payment Terms Requirement	During the testing of controls to prevent invoice being paid using payment terms which differ from those in the system, the system would flag the error, however, the first case would simply override the error. Create report which shows the log file above.	Re-engineering of the system to add security controls so can override the error. Re-engineering of the system to add an entry into the log file that shows when an error was overridden and which user did the overriding. Create report which shows the log file above.	Portfolio Management				Risk: <input type="text"/> Priority: <input type="text"/>	Approved: <input type="text"/> Approved Date: <input type="text"/>	Assigned: <input type="text"/> Assigned Date: <input type="text"/>	Status: <input type="text"/>	Planned Implementation Date: <input type="text"/>	Actual Implementation Date: <input type="text"/>	Documentation Location: <input type="text"/>



Quick Start Guide 5 – Remediation

- After having “added” a CAP in the CAP Track Tab record, the assigned CAP number in the PCS/ECS Assess tabs for all affected control sets being remediated by that CAP will be generated. A single CAP number may be associated with multiple control sets (Entity and/or Process)⁴.

AART: PCS Assess																																																										
Select View: <input type="text" value="Select view"/> <input type="button" value="HELP"/>																																																										
FO: CH																																																										
Attester: Tom Foley, CFO																																																										
Implementer: Cornell Williams																																																										
Date Updated: June 30, 2006																																																										
<table border="1"> <tr> <td rowspan="5">BRC</td> <td>Travel</td> <td>5</td> </tr> <tr> <td>Revenue</td> <td></td> </tr> <tr> <td>Receivab</td> <td>6</td> </tr> <tr> <td>Project C</td> <td>6</td> </tr> <tr> <td>Property</td> <td>5</td> </tr> <tr> <td rowspan="5">PAP</td> <td>Seized Pr</td> <td></td> </tr> <tr> <td>Human R</td> <td>6</td> </tr> <tr> <td>Payroll</td> <td>6</td> </tr> <tr> <td>Benefit</td> <td>6</td> </tr> <tr> <td></td> <td></td> </tr> </table>											BRC	Travel	5	Revenue		Receivab	6	Project C	6	Property	5	PAP	Seized Pr		Human R	6	Payroll	6	Benefit	6																												
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<table border="1"> <thead> <tr> <th rowspan="2">Ref Ctl</th> <th rowspan="2">Process Cycle</th> <th rowspan="2">Processes</th> <th rowspan="2">Sub-Processes</th> <th rowspan="2">Inherent Risk</th> <th rowspan="2">Likelihood</th> <th rowspan="2">Impact</th> <th rowspan="2">Risk Assessment</th> <th rowspan="2">Control Design Effective</th> <th rowspan="2">Test Results</th> <th rowspan="2">Efficiency Opportunities Identified</th> <th rowspan="2">Rec</th> <th colspan="3">Remediation Plan</th> </tr> <tr> <th>CAP#</th> <th>Status</th> <th>Date Impl</th> </tr> </thead> <tbody> <tr> <td></td> <td>P2P</td> <td>Payable Management</td> <td>Disbursing</td> <td>Vendor to be paid may not be active CCR vendor, resulting in payment to unapproved vendor.</td> <td>L</td> <td>L</td> <td>L</td> <td>6</td> <td>7</td> <td></td> <td>no</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>P2P</td> <td>Payable Management</td> <td>Disbursing</td> <td>Terms of payment negotiated in contract may be overridden and incorrect terms may be utilized to calculate due dates, resulting in incorrect payment date and extraordinary burden to the government and non-compliance with the prompt payment act.</td> <td>L</td> <td>L</td> <td>L</td> <td>6</td> <td>5</td> <td></td> <td>yes</td> <td>CAP-CH-1</td> <td>1-Not started</td> <td>tbd</td> </tr> </tbody> </table>											Ref Ctl	Process Cycle	Processes	Sub-Processes	Inherent Risk	Likelihood	Impact	Risk Assessment	Control Design Effective	Test Results	Efficiency Opportunities Identified	Rec	Remediation Plan			CAP#	Status	Date Impl		P2P	Payable Management	Disbursing	Vendor to be paid may not be active CCR vendor, resulting in payment to unapproved vendor.	L	L	L	6	7		no					P2P	Payable Management	Disbursing	Terms of payment negotiated in contract may be overridden and incorrect terms may be utilized to calculate due dates, resulting in incorrect payment date and extraordinary burden to the government and non-compliance with the prompt payment act.	L	L	L	6	5		yes	CAP-CH-1	1-Not started	tbd
Ref Ctl	Process Cycle	Processes	Sub-Processes	Inherent Risk	Likelihood	Impact	Risk Assessment	Control Design Effective	Test Results	Efficiency Opportunities Identified													Rec	Remediation Plan																																		
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The status and date completed will automatically update based on the CAP#. There must be an active CAP in the CAP Track tab for this functionality to work correctly.

D. Execute and monitor remediation activities



The A-123 assessment team should monitor the execution of remediation activities on an on-going basis and obtain periodic status updates to support quarterly A-123 reporting and other ad hoc reporting required by OMB or management. Once activities are completed, the CAP Track tab must be updated.



While rare, not all remediations result in changes to the key control set. For example, remediation may have focused on “re-staffing” - a manual control that had gone unperformed due to attrition requirements.

E. Reassess results of remediation

- Once a specific CAP has been assigned a “4-completed” status in the CAP Track tab, re-assess all remediated control sets using the A-123 methodology (documenting, evaluating and testing).



If data is already in the cells, overwrite the existing data with the new information. If new sub-processes/risks have been created during the remediation, you must add these as you follow the A-123 methodology.



Quick Start Guide 5 – Remediation

F. Update the Implementation Plan



A-123 Detailed
Documentation

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



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



Quick Start Guide 5 – Remediation

³ To select effected entity sub-categories for the specific CAP:

STEP 1: Select the CAP ID row that you wish you assign entity sub-categories to.

STEP 2: Click the Sub-Category Selector button in the Entity Sub-Categories header of row.

AART- Corrective Action Plan Tracking																	
Select View: Select View HELP																	
FD Code	FD Name	Implementer	Date														
000	Control		11/2/2008														
Identification		Description															
Corrective Action Plan ID #	Title	Summary of Deficiency	Summary of Remediation Actions	Processes	Process Selector	Entity Sub-Categories	Sub-Category Selector	Date first identified	Severity	Priority	Resolution	Target Date	Accountability	Allocated Budget	Status	Plan complete date	
CAP001	Payment Terms Requirement	During the testing of controls to prevent invoices being paid using payment terms which differ from those in the system, the system would flag the error, however, the end user would simply override the error.	Reprogramming of the system to add security protocol which overrides the error. Reprogramming of the system to add an entry into the log files that shows when an error was overridden and which user did the overriding. Create report which shows the log file above.	Payable Management				08/08/08	L	Y	L	Y	Y	Invoice Team		Not started	10/31

STEP 3: Select the appropriate entity sub-categories by clicking on the selection boxes and click OK.

Entity Sub Categories Affected

Control Environment

Integrity and Ethical Values

Management's Commitment to Competence

Management's Philosophy and Operating Style

Organizational Structure

Assignment of Authority and Responsibility

Human Resources Policies and Practices

Relationship with Oversight Agencies

Control Activities

Top Level Reviews of Actual Performance

Reviews by Management at the Functional or Activity Level

Management of Human Capital

Controls Over Information Processing

Physical Control Over Vulnerable Assets

Establishment and Review of Performance Measures and Indicators

Segregation of Duties

Proper Execution of Transactions and Events

Accurate and Timely Recording of Transactions and Events

Proper Execution of Transactions and Events

Access Restrictions to and Accountability for Resources and Records

Appropriate Documentation of Transactions and Internal Control Exist

Information Systems - General Controls

Information Systems - Application Controls

Information and Communication

Internal relevant, reliable, and timely communications

External relevant, reliable, and timely communications

Risk Assessment

Clear, Consistent Agency Objectives

Identify Risks and Risk Factors, Internal and External

Risk Analysis and Actions

Monitoring

Policies and Procedures for Audit Findings

Review and Evaluate Findings

Develop Action Plan in Response to Findings

Complete Findings Action Plan

Regular Management and Supervisory Activities

Separate evaluations of Controls

The entity sub-categories will be automatically populated in the Entity Sub-Category field of the selected CAP.

⁴ Only a single CAP number can be associated to control set.