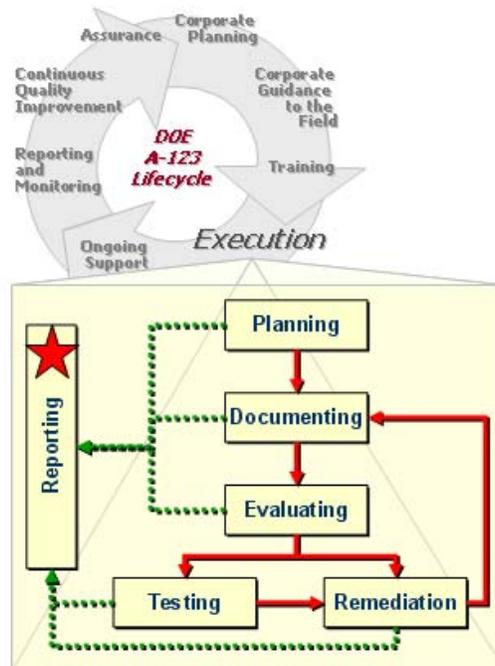




Quick Start Guide 6 – Reporting and Assurance Prep



Purpose	<ul style="list-style-type: none"> • Report progress of the A-123 implementation. • Provide the yearly Assurance Statement and Report
Key Activities	<ul style="list-style-type: none"> • Develop and submit Quarterly Reports • Develop and submit annual assurance • Understand reporting criteria
Required Templates	<ul style="list-style-type: none"> • AART Tool Suite • Quarterly Report (Form & Content) • Implementation Plan • Assurance Report (Form & Content)



Quick Start Guide 6 – Reporting and Assurance Prep



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 process risks and controls, as well as entity risks and controls within a large organization.

End note references indicate more detailed information 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 6 – Reporting and Assurance Prep

INTRO

OBJECTIVE

Provide SrAT, CFO, and oversight organizations with an ongoing report of A-123 Implementation progress, as well as, the necessary information to respond to OMB requests. A fixed schedule for all reporting entities has been established and is published in the FY07 Annual Guidance.

Out of cycle reporting may be required to support external reporting requirements or senior management needs.

QUARTERLY REPORTING

Field Offices will be required to consolidate (i.e., “roll-up”) all Site AART data as part of the Field Office reporting requirements.

LPSOs, Corporate Departments and Field Offices will be required to submit a quarterly reporting packet that includes:

- Transmittal Memorandum
- Quarterly Report
- Current Implementation plan
- Corrective Action Plan(s)
- AART Tool Suites for the reporting unit – **NOTE:** Field Offices MUST also submit all Site AART Tool Suites

Once submitted, both qualitative and quantitative quarterly reviews will be conducted by the A-123 Project Management Team (PMT) on the reporting packets and the PMT will provide timely feedback to the reporting entities.

OUT OF CYCLE REPORTING

PMT will provide specific guidance as needed.

YEAR END ASSURANCE REPORTING

All data captured in the AART Tool Suite is the foundation for developing the annual Secretarial assurance statement required by OMB A-123, Appendix A.

The Assurance functionality of the AART Tool Suite facilitates a methodological and disciplined approach, as documented in this guide, to ensure consistency across all DOE reporting elements and effective support of the Secretarial assurance statement.



Two separate year end reports will be required (i.e., preliminary and final).



Quick Start Guide 6 – Reporting and Assurance Prep

- Validate that the site data was appropriately imported for the selected location.

AART: Rollup		Chicago-Rollup										Chicago					Argonne National Lab					Brookhaven National Lab									
Select View: <input type="text" value="Select view"/> <input type="button" value="HELP"/>																	<input type="button" value="Import"/>					<input type="button" value="Import"/>									
Chicago																															
FO	CH	FO-CH										CH					ANL					BNL									
Attester		Tom Foley, CFO										Tom Foley, CFO					Michael Bartos, CFO														
Material Account	Acct Status	MAD	EC	B2C	P2P	D2C	P2A	ERM	MAD	EC	B2C	P2P	D2C	P2A	ERM	MAD	EC	B2C	P2P	D2C	P2A	ERM	MAD	EC	B2C	P2P	D2C	P2A	ERM		
Balance Sheet																															
Intragovernmental Fund Balance with Treasury	5	y	6	5	6	6	6	6	y	6	5	6	6	6	6																
Intragovernmental Investment																															
Intragovernmental Regulatory Assets																															
Accounts Receivable, Net																															
Nuclear Materials	6	y	6	6	6											y	6	6	6												
Strategic Petroleum and Northeast Home Heating Oil Reserve																															
General Property, Plant and Equipment	6	y	6	6	6											y	6	6	6												
Regulatory Assets																															
Other non-intragovernmental assets																															
Intragovernmental debt																															
Intragovernmental appropriated capital owned																															
Accounts Payable	6	y	6	6	6	6		6								y	6	6	6	6											
Debt																															
Deferred Revenue and other credits																															
Environmental Liabilities	5	y	6	5	6	6	6		y	6	5	6	6	6																	
Pension and other actuarial liabilities	6	y	6	6	6			6								y	6	6	6												

 The AART will automatically roll up the ratings from the various sites and show the aggregate impact on the Field Office Material Accounts in the Account Status column¹ Rollup AART tab.

- Repeat for all Sites under your cognizance. This will consolidate the quarterly site AART data into the Rollup AART.



Quick Start Guide 6 – Reporting and Assurance Prep

B. Prepare for Quarterly Reporting Submission

1. Review Local/Rollup AARTs for completeness and quality
 - a. Validate proper incorporation of applicable Local AART data from the sites into the Rollup AART for completeness and correctness.
 - b. Perform QA on the local AART for elements under your cognizance to ensure quality submission to PMT.



The field element is accountable for the quality of all data submitted by the Sites under your cognizance.

- i) Review progress metrics in the statistics tab² of the AART (% Completion, planned vs. actual progress, results, areas of remediation, assessment of deficient areas)
- ii) Spot check of data
 - Completeness and quality of Risk statements and control statement in the Control Sets
 - Completeness and quality of test information capture in the AART.
 - Incorporation and reasonableness of Rationale for ratings
 - Recording of documentation location – to be used to calculate metrics on completion of Documenting phase.

2. Complete the Oversight tab in the Rollup AART.

An oversight tab has been incorporated in the Rollup AART beginning in FY07. Cognizant Field Offices and LPSOs should review the questions stated in the tab and answer them based on their current status regarding addressing those issues. Where they cannot answer affirmatively, they should record a “NO” and remediate the issue. The oversight guide will provide more complete guidance on performing ongoing oversight activities.

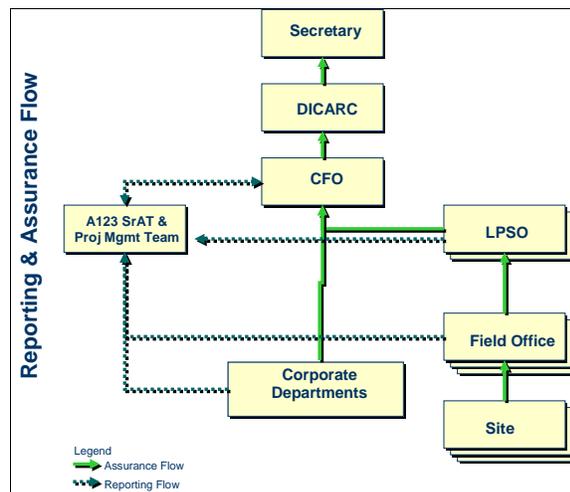
3. Review and complete the Quarterly Report utilizing the standard Form and Content provided on the DOE A-123 website.
4. Update the Implementation Plan based on the standard form and content available on the DOE A-123 website.



Quick Start Guide 6 – Reporting and Assurance Prep

C. Submit Quarterly Report

1. Develop your transmittal memorandum.
2. Compile your Quarterly Submission packet. It needs to include:
 - a. Transmittal memo (signed by the head of the Departmental Element or delegated official. Any delegation must be documented and included as part of the submission packet)
 - b. Completed Quarterly Report
 - c. Updated Implementation Plan (if changed significantly; indicate if an Implementation Plan is not being submitted)
 - d. Corrective Action Plan(s)
 - e. AART Tool Suite for the reporting unit
 - f. [FO Only] All AARTs for the elements under your cognizance
3. Review the Reporting and Assurance Flow below and submit the Quarterly Submission packet as follows:



FIELD OFFICES

- a. Send a copy to the Lead Program Secretarial Office (LPSO)
- b. Send carbon copy to other Secretarial Offices that provide significant funding to the Site.
- c. Send carbon copy to the Headquarters Office of the Chief Financial Officer / Office of Internal Review, and a copy to the A-123 PMT at A-123Helpdesk@hq.doe.gov.

LPSO/CD

- d. Send a copy to the Chief Financial Officer (CFO) with a carbon copy to the Headquarters Office of the Chief Financial Officer / Office of Internal Review.
- e. Send a carbon copy to the A-123 PMT at A-123Helpdesk@hq.doe.gov.

Reporting packages can be submitted exclusively via e-mail, with electronic versions of the packet acceptable in their native software formats (Word or Excel), except for the signed transmittal memo which must be in PDF format.

4. Refer to FY07 Annual Guidance for the reporting date deadlines.



Quick Start Guide 6 – Reporting and Assurance Prep

YEAR END ASSURANCE REPORTING

D. Identify process deficiencies and impacts to the respective material accounts



Assurance Local

1. Click on "EXTRACT" button on the Assurance Local tab. Data will automatically be populated with any process rated on the local AART with a rating of 3 or 4.

Material Account	Process	Site	Rating	Nature of Deficiency	Potential Impact Description
Intragovernmental Fund balance with Treasury	FBWT	TST	3		
General Property, Plant and Equipment	Inventory Management	TST	4		
Accounts Payable	FBWT	TST	4		
Accounts Payable	Payable Management	TST	3		

If there is data in the Assurance Local tab, click on the CLEAR ALL button prior to extracting the current assurance data to remove all values.

2. If there are no deficiencies found on the Local AART, a confirmation will appear. Click OK to close the box and the Assurance Local tool will be automatically populated with the phrase "No Deficiencies" and the Location Code.

Material Account	Process	Site	Rating	Nature of Deficiency	Potential Impact Description
No Deficiencies		TST			

3. If you have deficient processes they will automatically be populated in the Assurance Local tab of the AART. Review the list for completeness.



Quick Start Guide 6 – Reporting and Assurance Prep

4. Assess the Nature of Deficiency. Consider the following:
- a. A brief description of the control(s) that are not working effectively.
 - b. The key risk(s) that the control is designed to mitigate.
 - c. Summary of test results that identified the deficiency (if applicable).
 - d. Whether other key controls to offset the same risk were present and working effectively to mitigate the risk
 - e. Whether there are any known instances where the control failures resulted in the risk actually occurring
 - f. Whether there are any detective controls designed to identify problems after a risk may have occurred

Example:

Material Account: Accounts Payable

Process: Payable Management

Nature of Deficiency:

Key controls related to obtaining approving official signatures on commercial invoices prior to payment were not working effectively. There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors.



Assurance Local

5. Use **Nature of Deficiency** column to provide a brief description of the nature of the deficiency. While brief, the narrative should be descriptive enough to provide the reader with a firm understanding of the problem. A more complete description should be included in the Detailed A-123 Documentation.

AART - Assurance Local			VERSION 4.0
Select View: <input type="text" value="Select view"/>		<input type="button" value="HELP"/>	
FO Code	TST		
Date			
Attester	Shoshi Geller		
<input type="button" value="Insert Row"/>			
Material Account	Process	Site	Nature of Deficiency
Accounts Payable	Payable Management	TST	Key controls related to obtaining approving official signatures on commercial invoices prior to payment were not working effectively. There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors.



Quick Start Guide 6 – Reporting and Assurance Prep

6. Assess the **Potential Impact** of the process deficiencies on the affected Material Account(s). Considerations may include:
- The nature of risk the control was designed to offset (e.g., a risk related to compliance with laws and regulations may not result in an actual impact on accounts)
 - The results of testing (e.g., severity of test failures - did all or some controls to offset the risk fail, etc.)
 - Whether the risk actually occurred as a result of the control failures (e.g., If one control over invoice approval failed, was the correct amount ultimately paid.)
 - Results of additional testing (Note: Sites may opt to perform additional testing to get a better sense of how wide-spread the issue may be and how it might impact accounts.)
 - The original likelihood and impact ratings at the risk and control set level
 - Relative exposure (e.g., dollar amount and number of transaction affected by the control)
 - Whether all transactions/dollars may be effected equally or have the same likelihood and impact of occurrence (e.g., would the nature of an invoice approval control failure indicate that federal invoices are impacted differently than commercial invoices?)
 - Potential impact on the core financial reporting assertions (PERCV)
 - Potential impact of any entity level control issues that may increase the impact of the deficiency
 - Level of automation in the controls or lack thereof
 - Existence of backup controls that were known to be working effectively, whether originally considered key controls or not
 - Other criteria the site believes are important to its assessment

Example:

Material Account: Accounts Payable

Process: Payable Management

Nature of Deficiency:

Key controls related to obtaining approving official signatures on commercial invoices prior to payment were not working effectively. There are three primary controls to ensure that over/underpayments on commercial are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that, 20 of the 20 failures noted resulted in over/underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors.

Potential Significant Impact

The control deficiency could potentially result in significant over/underpayments. Factors contributing to this determination include: the systemic failure of primary and backup controls; the number of actual over/under payments identified as a result of the failures during testing; the failure of post payment detective controls to identify the problem; the high inherent likelihood and impact for over/under payments; and other factors.

Potential Insignificant Impact

The control deficiency could potentially result in significant non-compliance with laws and regulations. However, occurrence of this risk has no direct impact on account balances. Factors contributing to this determination include: the nature of the risk the control was designed to offset; the results of testing, which identified systemic control failures and actual instances of failure to comply with regulations.



Quick Start Guide 6 – Reporting and Assurance Prep



7. Record the Potential Impact summary and rationale for each Process by Material Account. While brief, the narrative should be descriptive enough to provide the reader with a firm understanding of the impact that could result from the control deficiency. A more complete description should be included in the Detailed A-123 Documentation.

AART - Assurance Local					EXTRACT	
Select View: <input type="text" value="Select view"/> <input type="button" value="HELP"/>					EXTRACT	
FO Code: TST					CLEAR ALL	
Date: _____						
Attester: Shoshi Geller						
Material Account	Process	Site	Rating	Nature of Deficiency	Potential Impact Description	
Accounts Payable	Payable Management	TST	3	Key controls related to obtaining approving official signatures on commercial invoices prior to payment were not working effectively. There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors.	The control deficiency could potentially result in significant over/underpayments. Factors contributing to this determination include: the systemic failure of primary and backup controls; the number of actual over/under payments identified as a result of the failures during testing; the failure of post payment detective controls to identify the problem; the high inherent likelihood and impact for over/under payments; and other factors.	



8. Fill in Supporting Documentation and CAP Reference(s). These should include:

- Detailed documentation to provide more detail for the rationale
- Corrective Action Plan location
- CAP number(s)

AART - Assurance Local					EXTRACT	
Select View: <input type="text" value="Select view"/> <input type="button" value="HELP"/>					EXTRACT	
FO Code: TST					CLEAR ALL	
Date: _____						
Attester: Shoshi Geller						
Material Account	Process	Site	Rating	Potential Impact Description	Supporting Documentation	CAP References
Accounts Payable	Payable Management	TST	3	The control deficiency could potentially result in significant over/underpayments. Factors contributing to this determination include: the systemic failure of primary and backup controls; the number of actual over/under payments identified as a result of the failures during testing; the failure of post payment detective controls to identify the problem; the high inherent likelihood and impact for over/under payments; and other factors.	Dean's office filing cabinet	CAP-TST-1, CAP-TST-2

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



Quick Start Guide 6 – Reporting and Assurance Prep

E. Aggregate Site data into the Field Office AART Tool Suite.



1. Rollup the Site Assurance Data from the Assurance Local tabs for all sites under your cognizance. Copy and paste (“paste special”³) all Site data into the Assurance Rollup tab of the Field Office AART Tool Suite.

AART - Assurance Local					
Select View: Select view		HELP		EXTRACT	
FO Code: TST					
Date: [blank]					
Attester: AART - Assurance Local					
Material Account		Process		Site	
Accounts Payable	Accounts Payable	Payable Management	TST	3	
Nature of Deficiency				Potential Impact Description	
Key controls related to obtaining approving official signatures on commercial invoices prior to payment were not working effectively. There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors.				The control deficiency could potentially result in significant over/underpayments. Factors contributing to this determination include: the systemic failure of primary and backup controls; the number of actual over/under payments identified as a result of the failures during testing; the failure of post payment detective controls to identify the problem; the high inherent likelihood and impact for over/under payments; and other factors.	

AART - Assurance Rollup					
Select View: Select view		HELP		EXTRACT	
FO Code: CH					
Date: [blank]					
Attester: Tom Foley, CFO					
Material Account		Process		Site	
Accounts Payable	Accounts Payable	Payable Management	TST	3	
Intragovernmental Fund Balance with Treasury	Intragovernmental Fund Balance with Treasury	FBWT	TST2	4	
Nature of Deficiency				Potential Impact Description	
Key controls related to obtaining approving official signatures on commercial invoices prior to payment were not working effectively. There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors.				The control deficiency could potentially result in significant over/underpayments. Factors contributing to this determination include: the systemic failure of primary and backup controls; the number of actual over/under payments identified as a result of the failures during testing; the failure of post payment detective controls to identify the problem; the high inherent likelihood and impact for over/under payments; and other factors.	
Key controls related to obtaining approving official signatures on commercial invoices prior to payment were not working effectively. There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors.				The control deficiency could potentially result in significant over/underpayments. Factors contributing to this determination include: the systemic failure of primary and backup controls; the number of actual over/under payments identified as a result of the failures during testing; the failure of post payment detective controls to identify the problem; the high inherent likelihood and impact for over/under payments; and other factors.	

2. Review and analyze all data in the Assurance Rollup tab.

AART - Assurance Rollup					
Select View: Select view		HELP		EXTRACT	
FO Code: CH					
Date: [blank]					
Attester: Tom Foley, CFO					
Material Account		Process		Site	
Accounts Payable	Accounts Payable	Payable Management	TST	3	
Intragovernmental Fund Balance with Treasury	Intragovernmental Fund Balance with Treasury	FBWT	TST2	4	
Nature of Deficiency				Potential Impact Description	
Key controls related to obtaining approving official signatures on commercial invoices prior to payment were not working effectively. There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors.				The control deficiency could potentially result in significant over/underpayments. Factors contributing to this determination include: the systemic failure of primary and backup controls; the number of actual over/under payments identified as a result of the failures during testing; the failure of post payment detective controls to identify the problem; the high inherent likelihood and impact for over/under payments; and other factors.	
Key controls related to obtaining approving official signatures on commercial invoices prior to payment were not working effectively. There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors.				The control deficiency could potentially result in significant over/underpayments. Factors contributing to this determination include: the systemic failure of primary and backup controls; the number of actual over/under payments identified as a result of the failures during testing; the failure of post payment detective controls to identify the problem; the high inherent likelihood and impact for over/under payments; and other factors.	



Quick Start Guide 6 – Reporting and Assurance Prep

F. Assess materiality of process deficiencies.

1. Review the **Assurance Summary tab**. The “y” is automatically populated and indicates Material Accounts with Deficiencies that need to be evaluated and assessed.
2. Fill in **Total Account Balance** for each Material Account that is identified as having a deficiency.



AART - Assurance Summary VERSION 4.0					
Select View: <input type="text" value="Select view"/> <input type="button" value="HELP"/>					
FO Code		TST			
Date		November 5, 2006			
Attester		Shoshi Geller			
		No. Mat Acct			
Deficiency		Total Account Balance ('000)	Material Weakness Threshold ('000)	Assurance Rating	Rationale
Material Accounts Summary					
Balance Sheet					
y	Intragovernmental Fund Balance with Treasury	\$ 15,000	\$ 150		
	Intragovernmental Investment				
	Intragovernmental Regulatory Assets				
	Accounts Receivable, Net				
	Nuclear Materials				
	Strategic Petroleum and Northeast Home Heating Oil Reserve				
y	General Property, Plant and Equipment	\$ 50,000	\$ 500		
	Regulatory Assets				
y	Other non-intragovernmental assets	\$ 6,900	\$ 69		
	Intragovernmental debt				
	Intragovernmental appropriated capital owned				
y	Accounts Payable	\$ 10,000	\$ 100		

3. Material **Weakness Threshold** is automatically calculated and is **1%** of the **Total Account Balance**.

AART - Assurance Summary VERSION 4.0					
Select View: <input type="text" value="Select view"/> <input type="button" value="HELP"/>					
FO Code		TST			
Date		November 5, 2006			
Attester		Shoshi Geller			
		No. Mat Acct			
Deficiency		Total Account Balance ('000)	Material Weakness Threshold ('000)	Assurance Rating	Rationale
Material Accounts Summary					
Balance Sheet					
y	Intragovernmental Fund Balance with Treasury	\$ 15,000	\$ 150		
	Intragovernmental Investment				
	Intragovernmental Regulatory Assets				
	Accounts Receivable, Net				
	Nuclear Materials				
	Strategic Petroleum and Northeast Home Heating Oil Reserve				
y	General Property, Plant and Equipment	\$ 50,000	\$ 500		
	Regulatory Assets				
y	Other non-intragovernmental assets	\$ 6,900	\$ 69		
	Intragovernmental debt				
	Intragovernmental appropriated capital owned				
y	Accounts Payable	\$ 10,000	\$ 100		



Quick Start Guide 6 – Reporting and Assurance Prep

4. **Determine** whether material weaknesses or reportable conditions exist:
- a. A **material weakness** has been identified that could materially impact the account (i.e., creates more than a remote likelihood that a material misstatement of financial statement accounts may not be prevented or detected.) For this exercise, material misstatement at the field office level will be defined as a potential misstatement in a specific account that exceeds 1% of the total account balance for the field element or that the decision maker otherwise believes would materially mislead a user of the affected report.
 - b. A **reportable condition** has been identified that could significantly impact the account (i.e., creates more than a remote likelihood for a misstatement of financial statements and the misstatement may be of a more than inconsequential magnitude.)
 - c. **Not significant** deficiencies are deficiencies that do not rise to a reportable condition or material weakness level.
 - d. Specific criteria to consider when determining the rating include (but are not limited to):
 1. The nature of the deficiency.
 2. The nature of risk the control was designed to offset (e.g., a risk related to compliance with laws and regulations may not result in an actual impact on reports.).
 3. The results of testing (e.g., severity of test failures - did all or some controls to offset the risk fail, etc.).
 4. Whether the risk actually occurred as a result of the control failures (e.g., if one control over invoice approval failed, was the correct amount ultimately paid.).
 5. Results of additional testing (Note: Sites may opt to perform additional testing to get a better sense of how wide-spread the issue may be and how it might impact accounts.).
 6. The original likelihood and impact ratings at the risk and control level.
 7. Whether all transactions/dollars may be affected equally or have the same likelihood and impact of occurrence (e.g., would the nature of an invoice approval control failure indicate that federal invoices are impacted differently than commercial invoices?).
 8. Potential impact on the core financial reporting assertions (PERCV).
 9. Potential impact of any entity level control issues that may increase the impact of the deficiency.
 10. Level of automation in the controls or lack thereof.
 11. Existence of backup controls that were known to be working effectively, whether originally considered key controls or not.
 12. Other criteria the site believes are important to its assessment.



Quick Start Guide 6 – Reporting and Assurance Prep

Example:

Material Account: Accounts Payable

Process: Payable Management

Nature of Deficiency (Significant):

There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors. Payments are a high risk activity for the site and, it is our professional judgment that the severity and impact of the deficiencies creates more than a remote likelihood that a material misstatement may not be prevented or detected.

Nature of Deficiency (Insignificant):

There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in one of the key controls. However, follow-up work revealed that none of the failures noted during testing resulted in actual over/underpayments as the other key controls were effective backups to ensure the control objective was achieved. In addition, post payment detective controls, such as quarterly erroneous payment reviews have proven effective in detecting any errors that may occur. Based on the effectiveness of the control set taken as a whole, it is our professional judgment that there is not more than a remote likelihood that a material misstatement may not be prevented or detected.



- For all Material Accounts with identified deficiencies in the **Assurance Rating column** select, from the drop down box, material weakness, reportable condition, or not significant.

AART - Assurance Summary					
Select View: <input type="text" value="Select view"/>					
FO Code		CH			
Date		November 20, 2006			
Attester		Shoshi Geller			
		No. Mat Acct			
Deficiency	Total Account Balance ('000)	Material Weakness Threshold ('000)	Assurance Rating	Rationale	Strategy for Correction
Material Accounts Summary					
Balance Sheet					
Intragovernmental Fund Balance with Treasury	\$ 15,000	\$	not sig		
Intragovernmental Investment					
Intragovernmental Regulatory Assets					
Accounts Receivable, Net					
Nuclear Materials					
Strategic Petroleum and Northeast Home Heating Oil Reserve					
General Property, Plant and Equipment	\$ 50,000	\$	mat		
Regulatory Assets					
Other non-intragovernmental assets	\$ 6,900	\$	not sig		
Intragovernmental debt					
Intragovernmental appropriated capital owned					
Accounts Payable	\$ 10,000	\$	rep		
Debt					
Deferred Revenue and other credits					



Quick Start Guide 6 – Reporting and Assurance Prep

6. Record rationale for **all** accounts regardless of rating. While brief, the narrative should be descriptive enough to provide the reader with a firm understanding of the problem. This description might include (but is not limited to) the following:
 - a. A summary of the nature of the deficiency (you may use language from the Local & Assurance Rollup Sheets to assist.).
 - b. A summary of potential impacts (you may use language from the Local & Assurance Rollup Sheets to assist.).
 - c. A summary statement on the key factors that drove the decision.
 - d. A statement that there is or is not more than a remote likelihood that a material misstatement (affecting the noted account) may not be prevented or detected

AART - Assurance Summary VERSION 4.0				
Select View: <input type="text" value="Select view"/>		<input type="button" value="HELP"/>		
FO Code		TST		
Date		November 5, 2006		
Attester		Shoshi Geller		
		No. Mat Acct		
Deficiency	Material Accounts Summary		Assurance Rating	Rationale
	Total Account Balance ('000)	Material Weakness Threshold ('000)		
Balance Sheet				
y	Other non-intragovernmental assets	\$ 6,900	\$ 69	not sig
	Intragovernmental debt			
	Intragovernmental appropriated capital owned			
y	Accounts Payable	\$ 10,000	\$ 100	mat
				There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/ underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors. Payments are a high risk activity for the site and, it is our professional judgment that the severity and impact of the deficiencies creates more than a remote likelihood that a material misstatement may not be prevented or detected.



A-123 Detailed Documentation

7. Incorporate a complete discussion of the rationale and related **considerations** into the Detailed A-123 Documentation.
8. Develop a summary **Strategy for Correction** for each account with a material weakness or reportable condition based on the corrective action plans **identified** and in process at the local levels.



Quick Start Guide 6 – Reporting and Assurance Prep

Example:

Material Account: Accounts Payable

Process: Payable Management

Nature of Deficiency (Significant):

There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors. Payments are a high risk activity for the site and, it is our professional judgment that the severity and impact of the deficiencies creates more than a remote likelihood that a material misstatement may not be prevented or detected.

Nature of Deficiency (Insignificant):

There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in one of the key controls. However, follow-up work revealed that none of the failures noted during testing resulted in actual over/underpayments as the other key controls were effective backups to ensure the control objective was achieved. In addition, post payment detective controls, such as quarterly erroneous payment reviews have proven effective in detecting any errors that may occur. Based on the effectiveness of the control set taken as a whole, it is our professional judgment that there is not more than a remote likelihood that a material misstatement may not be prevented or detected.

Strategy for Correction:

Steps to correct the deficiency have already been taken. The key strategies for correction are to:

- a) Do a 100% review of invoices for the last 12 months to identify any instances where the controls failed.
- b) Recover/repay any over/under payments.
- c) Perform monthly spot audits to ensure that controls are being implemented properly.
- d) Retrain payment personnel and specifically link their performance ratings to adherence to control standards.
- e) Revise quarterly erroneous payment review procedures to increase the likelihood of detecting such failures in the future



Quick Start Guide 6 – Reporting and Assurance Prep



- Record the **Strategy for Correction** summary for any material weakness or reportable condition ratings (not required for *not significant* items) into the Strategy for Correction column of the Assurance Summary tab.

AART - Assurance Summary					
Select View: Select view		HELP			
FO Code		TST			
Date		November 5, 2006			
Attester		Shashi Geller			
No. Mat Acct					
Material Accounts Summary	Total Account Balance ('000)	Material Weakness Threshold ('000)	Assurance Rating	Rationale	Strategy for Correction
Balance Sheet					
Other non-intragovernmental assets	\$ 6,900	\$ 69	not sig		
Intragovernmental debt					
Intragovernmental appropriated capital funds					
Accounts Payable	\$ 10,000	\$ 100	mat	There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/ underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors. Payments are a high risk activity for the site and, it is our professional judgment that the severity and impact of the deficiencies creates more than a remote likelihood that a material misstatement may not be prevented or detected.	Steps to correct the deficiency have already been taken. The key strategies for correction are to: a) Do a 100% review of invoices for the last 12 months to identify any instances where the controls failed. b) Recover/repay any over/under payments. c) Perform monthly spot audits to ensure that controls are being implemented properly. d) Retrain payment personnel and specifically link their performance ratings to adherence to control standards. e) Revise quarterly erroneous payment review procedures to increase the likelihood of detecting such failures in the future.



- Incorporate a complete discussion of the Strategy for Correction and related considerations into the Detailed A-123 Documentation.



- Enter the location information of the Detailed A-123 Documentation in the **Supporting Documentation** field of the AART.

AART - Assurance Summary						
Select View: Select view		HELP				
FO Code		TST				
Date		November 5, 2006				
Attester		Shashi Geller				
No. Mat Acct						
Material Accounts Summary	Total Account Balance ('000)	Material Weakness Threshold ('000)	Assurance Rating	Rationale	Strategy for Correction	Supporting Documentation
Balance Sheet						
Other non-intragovernmental assets	\$ 6,900	\$ 69	not sig			
Intragovernmental debt						
Intragovernmental appropriated capital funds						
Accounts Payable	\$ 10,000	\$ 100	mat	There are three primary controls to ensure that over/underpayments on commercial invoices are not made due to lack of knowledge by the payment technician regarding whether charges are valid. Testing revealed systemic failure in all three key controls. In addition, follow-up work revealed that 20 of the 20 failures noted resulted in over/ underpayments being made. In addition, post payment detective controls, such as quarterly erroneous payment reviews failed to detect these errors. Payments are a high risk activity for the site and, it is our professional judgment that the severity and impact of the deficiencies creates more than a remote likelihood that a material misstatement may not be prevented or detected.	Steps to correct the deficiency have already been taken. The key strategies for correction are to: a) Do a 100% review of invoices for the last 12 months to identify any instances where the controls failed. b) Recover/repay any over/under payments. c) Perform monthly spot audits to ensure that controls are being implemented properly. d) Retrain payment personnel and specifically link their performance ratings to adherence to control standards. e) Revise quarterly erroneous payment review procedures to increase the likelihood of detecting such failures in the future.	Dean's office filing cabinet



Quick Start Guide 6 – Reporting and Assurance Prep

G. Update the Assurance by Process tab based on the information populated in the Assurance Summary tab.



1. For all processes with deficiencies and identified by a "y", review the Assurance Summary tab and the Assurance Rollup tab to see if any deficiencies related to that process are the cause of a Material Weakness or Reportable Condition at the Account level.

Select the respective rating (i.e., material weakness, reportable condition, or not significant) from the drop down list to provide the **Assurance Rating**.

AART - Assurance by Process		VERSION 4.0				
Select View: <input type="text" value="Select view"/>						
FO Code	CH					
Date						
Attester	Shoshi Geller					
Number of Material Weaknesses by Process		0				
Deficiency	Assurance Rating	Process	Accounts Materially Impacted	Strategy for Correction	Rem. Status	CAP References
		General Ledger Management				
		Funds Management				
y	not sig	FBWT				
		Cost Management				
		Insurance				
		Grants				
		Loans				
		Acquisition				
y	mat	Inventory Management				
y	rep	Payable Management				
		Travel				
		Revenue				



2. Enter the Accounts that are materially impacted by the deficient processes (i.e., indicated as having material weaknesses or reportable conditions in the Assurance Rating column) into the **Accounts Materially Impacted** column.

AART - Assurance by Process		VERSION 4.0		
Select View: <input type="text" value="Select view"/> <input type="button" value="HELP"/>				
FO Code	TST			
Date				
Attester	Shoshi Geller			
Number of Material Weaknesses by Process		1		
Deficiency	Assurance Rating	Process	Accounts Materially Impacted	Strategy for Correction
		General Ledger Management		
		Funds Management		
y	not sig	FBWT		
		Cost Management		
		Insurance		
		Grants		
		Loans		
		Acquisition		
y	mat	Inventory Management	General Property, Plant and Equipment	
y	rep	Payable Management	Accounts Payable, Other Non-	



Quick Start Guide 6 – Reporting and Assurance Prep



**Assurance by
Process**

- Develop a summary **Strategy for Correction** for each process with a material weakness or reportable condition based on the corrective action plans identified and in process at the local levels.

AART - Assurance by Process VERSION 4.0				
Select View: <input type="text" value="Select view"/> <input type="button" value="HELP"/>				
FO Code		TST		
Date				
Attester		Shoshi Geller		
Number of Material Weaknesses by Process		1		
Deficiency Assurance Rating	Process	Accounts Materially Impacted	Strategy for Correction	
y	mat	Inventory Management	General Property, Plant and Equipment	Steps to correct the deficiency have already been taken. The key strategies for correction are to: Do a 100% review of invoices for the last 12 months to identify any instances where the control failed. Recover/repay any over/under payments; Perform monthly spot audits to ensure that the controls are being implemented properly; Retrain payment personnel and specifically link their performance ratings to adherence to control standards; Revise quarterly erroneous payment review procedure to increase the likelihood of detecting such failures in the future.



**Assurance by
Process**

- Fill in the **Remediation Status** and **CAP Reference(s)** column with appropriate status and reference information.

z VERSION 4.0						
Select View: <input type="text" value="Select view"/> <input type="button" value="HELP"/>						
FO Code		TST				
Date						
Attester		Shoshi Geller				
Number of Material Weaknesses by Process		1				
Deficiency Assurance Rating	Process	Accounts Materially Impacted	Strategy for Correction	Rem. Status	CAP References	
y	mat	Inventory Management	General Property, Plant and Equipment	Steps to correct the deficiency have already been taken. The key strategies for correction are to: Do a 100% review of invoices for the last 12 months to identify any instances where the control failed. Recover/repay any over/under payments; Perform monthly spot audits to ensure that the controls are being implemented properly; Retrain payment personnel and specifically link their performance ratings to adherence to control standards; Revise quarterly erroneous payment review procedure to increase the likelihood of detecting such failures in the future.	In Progress	CAP-TST-1



Quick Start Guide 6 – Reporting and Assurance Prep

H. Year End Assurance Reporting

1. Complete the year end Assurance Report using the provided Assurance Report form and content, available on the DOE A-123 Website, and using the information compiled in the assurance tool.
2. Ensure completion of the Oversight tab in the Rollup AART.

An oversight tab has been incorporated in the Rollup AART beginning in FY07. Cognizant Field Offices and LPSOs should review the questions stated in the tab and answer them based on their current status regarding addressing those issues. Where they cannot answer affirmatively, they should record a “NO” and remediate the issue. The oversight guide will provide more complete guidance on performing ongoing oversight activities.

3. Prepare the Assurance submission packet.
 - a. Certified Transmittal memo (signed by the head of the Departmental element)
 - b. Completed Assurance Statement (signed by the head of the Departmental element)
 - c. Updated Implementation Plan (if changed significantly; indicate if an Implementation Plan is not being submitted)
 - d. AART Tool Suite for the reporting unit (FO must include all Site AARTs)
 - e. Corrective Action Plans for items in remediation
4. Submit the Assurance submission packet.

FIELD OFFICE

- f. Send a copy to the Lead Program Secretarial Office (LPSO)
- g. Send carbon copy to other Secretarial Offices that provide significant funding to the Site.
- h. Send carbon copy to the Headquarters Office of the Chief Financial Officer / Office of Internal Review, and a copy to the A-123 PMT at A-123Helpdesk@hq.doe.gov.

LPSO/CD

- i. Send a copy to the Chief Financial Officer (CFO) with a carbon copy to the Headquarters Office of the Chief Financial Officer / Office of Internal Review.
- j. Send a carbon copy to the A-123 PMT at A-123Helpdesk@hq.doe.gov.

Reporting packages can be submitted exclusively via e-mail, with electronic versions of the packet acceptable in their native software formats (Word or Excel), except for the signed transmittal memo and the assurance statement which must be in PDF format.

5. Refer to FY07 Annual Guidance for required reporting dates.



Quick Start Guide 6 – Reporting and Assurance Prep

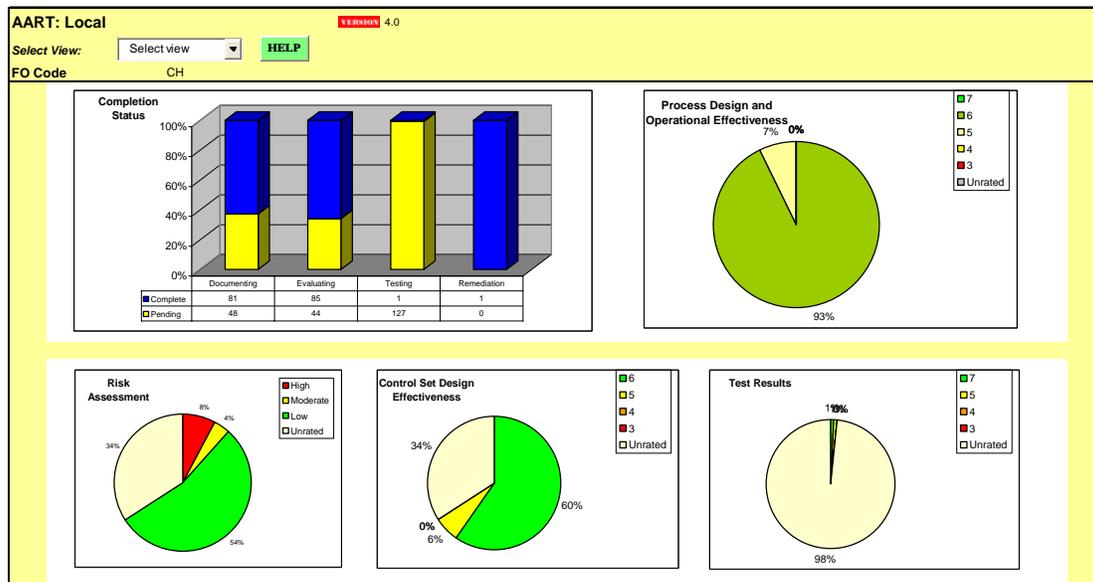
SUPPLEMENTARY INFORMATION AND DEFINITIONS

¹ The account status column of the Rollup AART provides the Field Office with the ability to quickly identify Material Accounts with process or entity control environment deficiencies across all elements under your cognizance.

AART: Rollup		Chicago-Rollup										Chicago					Argonne National Lab					Brookhaven National Lab							
Select View: <input type="text"/> <input type="button" value="HELP"/>																	<input type="button" value="Import"/>					<input type="button" value="Import"/>							
Chicago																													
FO	CH	FO-CH										CH					ANL					BNL							
Attester		Tom Foley, CFO										Tom Foley, CFO					Michael Bartos, CFO												
Material Account	Acct Status	MAD	EC	B2C	P2P	D2C	P2A	ERM	MAD	EC	B2C	P2P	D2C	P2A	ERM	MAD	EC	B2C	P2P	D2C	P2A	ERM	MAD	EC	B2C	P2P	D2C	P2A	ERM
Intragovernmental Fund Balance with Treasury	5	y	6	5	6	6	6	6	y	6	5	6	6	6	6														
Intragovernmental Investment																													
Intragovernmental Regulatory Assets																													
Accounts Receivable, Net																													
Nuclear Materials	6	y	6		6											Y	6		6										
Strategic Petroleum and Northeast Home Heating Oil Reserve																													
General Property, Plant and Equipment	6	y	6		6											Y	6		6										
Regulatory Assets																													
Other non-intragovernmental asset																													
Intragovernmental debt																													

The account status will display the lowest rating of the Material Account row. In the event that a Field Office Entity Control Environment is deemed deficient, that Overall EC rating will impact all accounts.

² The statistics tab includes charts displaying local progress and key metrics. Results are based on local data included in the AART (no "Rollup" data is included). An explanation of the charts is available below the charts on the statistics tab.





Quick Start Guide 6 – Reporting and Assurance Prep

³ **PASTE SPECIAL:** Go to Edit -> Paste Special and select the “Values” radio button. Click OK and ensure the column populates correctly.

The image shows a screenshot of Microsoft Excel with the 'Edit' menu open and 'Paste Special...' selected. The 'Paste Special' dialog box is also open, showing the 'Values' radio button selected under the 'Paste' section. The 'Transpose' checkbox is also checked. The 'OK' button is highlighted.

The Excel spreadsheet shows a table with the following data:

	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V
1										4.0							
2																	
3																	
4																	
5																	
6																	