ASSESSABLE UNIT (AU) RISK ASSESSMENT

1. AU Title/ONR Code _____

2. AU Manager: _____ **3. AU Code Manager**_____

	CHOICE	VALUE		CHOICE	VALUE
4. Emphasis on Internal Controls: (1) Major Emphasis (3) Moderate Emphasis (5) Minor Emphasis	☐ ☐ ☐	(1) (3) (5)	**15. Scope of Written Authority**: (1) Precise (3) Clarification Required (5) No Written Authority	☐ ☐ ☐	(1) (3) (5)
5. Coverage By Written Procedures and Supervision: (1) Specific Guidance with Little or No Discretion (3) Flexibility Guidance with Significant Discretion (5) No Written Procedures	☐ ☐ ☐	(1) (3) (5)	**16. Documentation:** (1) A System of Documentation is Established and Working as intended (3) A Document System Exists But is Not Correct (5) No Documentation System Exists	☐ ☐ ☐	(1) (3) (5)
6. Specifying Goals and Measuring Accomplishments: (1) Goals/Objectives Formally Established & Monitored (3) Goals/Objectives Used Informally or with Little or No Follow-up (5) Goals/Objectives Needed, but not Established.	☐ ☐ ☐	(1) (3) (5)	**17. Personnel Resources:** (1) Adequate Number of Qualified Personnel (3) Adequate Number of Personnel But Some Training Required (5) Insufficient Number of Personnel or Majority of Staff Lacks Qualifications or Needed Training	☐ ☐ ☐	(1) (3) (5)
7. Separation of Duties: (1) Adequate (3) Needs Improvement (5) Required But Totally Lacking	☐ ☐ ☐	(1) (3) (5)	**18. Type of Transaction Document:** (1) Non-Convertible To Cash or Benefit (3) Convertible To Services Only (5) Directly Convertible To Cash	☐ ☐ ☐	(1) (3) (5)
8. Program Administration: (1) ONR Only (3) ONR and DON (5) Heavy Involvement with a Third Party (contractor or other gov't entity)	☐ ☐ ☐	(1) (3) (5)	**19. Interval Since Most Recent Evaluation or Audit**: (1) Within Last 12 Months (3) Between 13 and 24 Months (5) More Than 2 Years	☐ ☐ ☐	(1) (3) (5)
9. ADP Used For Reporting or Operational Data: (1) Data Reliability (Timeliness, Accuracy) and Security are Satisfactory (3) Data Reliability or Security Needs some Improvement (5) Data Reliability/Security is a Major Problem	☐ ☐ ☐	(1) (3) (5)	**20. Recent Instances of Errors or Irregularities:** (1) None in the Last 18 Months (3) Most Significant Findings or Known Errors Fully Corrected (5) Most Significant Findings or Known Errors Unresolved	☐ ☐ ☐	(1) (3) (5)
10. Age/Status of Program: (1) Relatively Stable (3) Changing (5) New or Expiring Within 2 Years	☐ ☐ ☐	(1) (3) (5)	**21. Adequacy of Reports:** (1) Adequate and Timely (3) Sometimes Inacurate, Incomplete, and/or Late (5) Usually Inadequate and Late	☐ ☐ ☐	(1) (3) (5)
11. External Impact or Sensitivity: (1) Low Level (3) Moderate Level (5) High Level	☐ ☐ ☐	(1) (3) (5)	**22. Time Constraints:** (1) Not a Significant Factor In Operations (3) Occasionally a Factor (5) A Significant Daily Factor	☐ ☐ ☐	(1) (3) (5)
12. Implementation Across Organizations: (1) Exclusive to One Office (3) Within Two or More Functional Offices (5) Involvement With Outside Organizations	☐ ☐ ☐	(1) (3) (5)	**23. Overall Risk Assessment:** (1) Low ☐ (Less Than 31) (3) Medium ☐ (31 - 40) (5) High ☐ (Greater Than 40)		**Place Score Here:**_____
13. Assumed Effectiveness of Existing Controls: (1) Controls Adequate (3) Less Than Adequate (5) No Existing Controls or Costs Outweigh Benefits	☐ ☐ ☐	(1) (3) (5)	**24. Managers' Internal Control Review Required?** **Yes** ☐ **No** ☐		
14. AU Manager's Knowledge/History: (1) Long Term Designation (over 36 mo's) (3) Mid Term Designation (12-36 mo's) (5) Short Term Designation (less than 12 mo's)	☐ ☐ ☐	(1) (3) (5)			

25. Comments

26. _____ AU Manager _____ _____
RA Conducted By — Title — Date

27. _____ AU Code Manager _____ _____
RA Approved By — Title — Date

COMPLETING THE RISK ASSESSMENT (RA)

Mark the blocks which come closest to describing the program, function, or activity being assessed.

1. Assessable Unit/ONR Code. Enter the AU being assessed and the code to which it is assigned.

2. AU Manager. Identify the individual responsible for managing the unit being evaluated.

3. AU Code Manager. Identify the individual responsible for managing the code listed in block 1.

4. Emphasis on Intenal Controls. Select one of the following:

Major Emphasis: Controls are emphasized at all levels, and in all phases of AU planning and operations.
Moderate Emphasis: Controls are considered at some levels, and in certain phases of AU planning and operations.
Minor Emphasis: There is little consideration of internal controls within the assessable unit.

5. Coverage by Written Procedures and Supervision. Basic issues include whether or not there are written procedures for employees to follow, is there qualified and continuous supervision, and how much discretion is allowed; the more discretion, the more there is potential for abuse. An example of a system involving no discretion would be the time and attendance system; allocation of staffing or budget resources would represent a system with significant discretion.

6. Specifying Goals and Measuring Accomplishments. Establishing program and budgeting goals provides benchmarks for measuring accomplishments. When these goals are not established, reviewed periodically, updated, and disseminated to employees, successful achievement is less likely.

7. Seperation of Duties. Key duties and responsibilities for authorizing, processing, recording, and/or reviewing transactions are separated among individuals.

8. Program Administration. An important factor in determining the vulnerability of a particular program is the extent to which ONR management control mechanisms can effectively monitor and influence program operations. If another organization or a contractor has significant responsibility for program administration, inherent risk is greater.

9. ADP Used for Reporting or Operational Data. Many activities are highly dependent on ADP for either operations or providing data or information on which management decisions are made. While use of ADP can save time, there are issues of reliability and security which are particularly important when the use of automated equipment is involved.

10. Age/Status of Program. A program or assessable unit which has been relatively stable over a period of years with the same fundamental mission is less vulnerable because procedures for administering its resources have been established and in place over time. Major new responsibilities or legislative changes can introduce greater potential for risk, as can the expiration of old programs or the establishment of new programs.

11. External Impact or Sensitivity. Select one of the following:

Low Level: Total number of individuals or organizations affected are relatively small.
Moderate Level: The program serves or impacts a moderate number of individuals or organizations external to the activity.
High Level: Significant impact or sensitivity due to high degree of interest and potential influence by external impact of the program operations.

COMPLETING THE RISK ASSESSMENT (RA)

12. Implementation Across Organizations. The greater the number of activity offices or outside organizations involved in carrying out the processes of a program or function, the greater the risk of error.

13. Assumed Effectiveness of Existing Controls. Select one of the following:

Controls Adequate: If control improvements are required, they are of minor nature.
Less Than Adequate: Controls in need of more than minor revisions or improvements.
No Existing Controls or Costs Outweigh Benefits: Indicates the need for establishing management control, or instances where costs unquestionably exceed the benefit derived from controls.

14. Assessable Unit (AU) Manager's Knowledge/History. The more knowledge and history of the AU the designated manager possesses, the lower the risk. New managers may not have the experience or familiarity with the process, which could lend itself to a higher risk.

15. Scope of Written Authority. Select one of the following:

Precise: Governing legislation or regulations, and/or delegations of authority clearly established the amount of authority and discretion vested in program officials.
Clarification Required: The scope of authority and discretion is not clearly established.
No Written Authority: There are not written delegations or other official documentation establishing the limits on administering a program or function.

16. Documentation. A thorough and accurate documentation system is useful in responding to outside inquiries, audits and investigations in a timely and professional manner; and conveys that a program, function, or activity is being managed efficiently and ethically.

17. Personnel Resources. Select the choice which best depicts both the number of needed personnel available to perform the activity and the extent to which these personnel are adequately qualified and trained.

18. Type of Transaction Document. An instrument is a document utilized in the approval/disapproval or execution phases of a process. The base issue is the convertibility of instruments to cash or things suitable for personal benefit. Many instruments can be converted to personal use. Select one of the following:

Non-convertible instruments: Memoranda and letters indicating a determination or approval. These are records of transactions and cannot be exchanged for cash or services.
Convertible to Services Only: Numbered items; convertible to services, not cash. (e.g., government meal tickets, GTR's)
Directly Convertible to Cash: Negotiable items; salary checks, checks received by the activity, impress fund vouchers, etc.

19. Interval Since Most Recent Evaluation or Audit. The longer the interval between systematic operational reviews, the greater the likelihood that system or operational errors go undetected. It is important, therefore, that all control systems undergo periodic audits/reviews/evaluations to detect errors and initiate improvements. Indicate in block 19 the length of time passed since the last AU audit, review, or evaluation, then list on line 25 the titles and dates of any audits, reviews, or evaluations performed during the previous 24 months.

20. Recent Instances of Error or Irregularities. Recent errors or irregularities are indications of either lack of management controls or ineffectiveness of existing ones. Further, the speed with which these errors are corrected can be an indication of management commitment to minimizing opportunities for waste, fraud, abuse, and mismanagement.

COMPLETING THE RISK ASSESSMENT (RA)

21. Adequacy of Reports. The accuracy and timeliness of normal recurring reports (particularly financial reports) are good indicators of a well-run operation.

22. Time Constraints. To the extent that an activity must operate under severe time constraints, the ability to produce work of consistent quality is reduced. Time constraints generate a powerful inducement to ignore systems of management control.

23. Overall Risk Assessment. To arrive at the overall assessment rating add up the numerical values assigned to the blocks checked and compare the sum with the ranges indicated next to the Low, Medium, and High ratings.

24. Managers' Internal Control Review Required? As a minimum, a Managers' Internal Control Review is to be performed on all AUs every three years; and is to be accomplished every year for those ranked as a high risk.

25. Comments. Provide additional detail concerning responses in other blocks, and any other information you feel is relevant. Use additional pages if necessary.

26. RA Conducted By. This form should be completed, signed, and dated by the AU Manager.

27. RA Approved By. This form should be approved, signed, and dated by the AU Code Manager.

NOTE:

GENERAL CONTROL ENVIRONMENT: Blocks 4, 5, 6, 7, 9, 16 and 17 cover some of the organizational, procedural, and operational factors which can have an impact on the effectiveness of internal controls.

ANALYSIS OF INHERENT RISK: Blocks 8, 10, 11, 12, 13, 14, 15, 18, 19, 20, 21 and 22 deal with the function's inherent potential for waste, fraud, abuse or mismanagement.