

## **A-123 Questions and Answers**

**Q.** *Where can the Quick Start Guides and Material Accounts listing be found?*

**A.** These items can be found on the A-123 website at the following link:  
[www.cfo.doe.gov/progliaison/doeA123/index.htm](http://www.cfo.doe.gov/progliaison/doeA123/index.htm)

**Q.** *How do Sites document controls when certain activities are, at a certain point, passed off to other locations such as EFASC or ORFSC?*

**A.** Sites are only required to document controls up to the point where the activities are passed off to other locations, such as the ORFSC for payment activities. The Site picking up the activity would be responsible for documenting controls from the point of acceptance.

**Q.** *Some of the things in the A-123 Site Implementation Plan Form & Content do not appear to apply to the M&O contractors (e.g., Section 2.2, Contractors Managed). How do we handle this when developing our Site Implementation Plan?*

**A.** For those items in the Guides or templates that do not apply (e.g., Section 2.2 of the A-123 Site Implementation Plan Form & Content), state that they do not apply and provide a justification.

**Q.** *How much detail are you expecting in the A-123 Site Implementation Plans?*

**A.** We are expecting enough detail to provide a sense of how A-123 is being implemented at each location. We are not expecting A-123 Site Implementation Plans to be hundreds of pages long. To the extent practicable or possible, you can rely on work already done to support completion of the A-123 Site Implementation Plan. For example, Section 2.3 of the A-123 Site Implementation Plan asks for the documented material accounts for Field Offices and their contractor sites. This section could be a brief narrative with a reference to the A-123 Assessment and Reporting Tool for the listing of specific material accounts identified for each Site.

**Q.** *Does Headquarters expect sites to complete the AART Tools and perform an A-123 assessment for contractors who achieve site closure in the current fiscal year?*

**A.** Yes. Even if contractors achieve site closure during the fiscal year, their financial operations would still impact the Department's assurances on its FY 2006 Consolidated Financial Statements.

**Q.** *Do the planning and reporting requirements identified in the recently released draft Guide for Financial Management Oversight apply to the same contractors subject to formal A-123 requirements and monitoring? If not, to whom does the new guide apply?*

**A.** The Guide for Financial Management Oversight and OMB Circular A-123 both apply to major site and facilities management contractors. While all major site and facilities management contractors will be involved with the reporting requirements of the Guide, only those major site and facilities management contractors with accounts determined to be material to the Department's financial statements will be involved with the reporting requirements of A-123.

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**Q.** *How will the Department integrate MEO responsibilities into the A-123 process? Will the MEO service centers have any responsibilities for A-123 activities over the material accounts? Or will the A-123 responsibilities belong strictly to the post A-76 field accounting and finance "residual organizations?"*

**A.** Service Centers will have responsibility for implementing A-123 to the extent that they "own" the controls over financial reporting. In this context, Service Centers are responsible for implementing all phases of A-123 only up to the point where activities are accepted from, or passed off to, other locations. Headquarters will have to work with the Service Centers to understand how this will be handled in actual practice.

**Q.** *What is anticipated as far as the "modified assurance statement" that the Secretary will make (and presumably field CFOs will make) for FY 2006?*

**A.** This is addressed in the Annual Reporting section of Quick Start Guide 6 - Reporting.

**Q.** *Will there be a consolidated effort to document processes, or will each Departmental element be on its own?*

**A.** There will not be a consolidated, Department-wide effort to document processes for A-123. Each Site Assessment Team will be responsible for the overall implementation of A-123 at its Federal and contractor activity. However, a set of Process Documentation Standards has been developed Corporately, and should be used by Field Offices/Sites to the extent possible.

**Q.** *Who is going to do the testing?*

**A.** Testing will be performed by the Site Assessment Team or its designated representative(s). This should be fully described in each site's Test Plan.

**Q.** *Is the A-123 software solution Oracle based?*

**A.** The Department does plan to acquire an A-123 corporate software solution in the future. While it is too early to predict what type of software will ultimately be purchased, an Oracle-based system will be considered as one of the options.

**Q.** *To what extent will a risk-based approach be used to select, document, and report on assessment areas, what with the limited resources we have available?*

**A.** In order for a risk-based approach to be utilized, a baseline must first be established that identifies, among other things, the existing controls, available documentation, and control effectiveness. Fiscal year 2006 will establish this baseline across the Department. A cyclical risk-based testing approach will be used starting in fiscal 2007. Site Quick Start Guides will be revised to outline this cyclical approach.

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**Q.** *Are the sub-processes listed in the reference document "A-123 Process Cycles, Processes and Crosswalk to JFMIP" a comprehensive list of all sub-processes associated with a particular process?*

**A.** No. The sub-processes listed in the "A-123 Process Cycles, Processes and Crosswalk to JFMIP" reference document are examples of possible sub-processes. Sites are ultimately responsible for identifying all relevant existing sub-processes in accordance with the Quick Start Guides. The Department will be working to standardize sub-processes in the future.

**Q.** *What do effective management controls reasonably assure?*

**A.** Agency management controls are the organization, policies, and procedures that reasonably ensure:

- Programs achieve their intended results
- Resources are used consistent with agency mission
- Programs and resources are protected from waste, fraud, and mismanagement
- Laws and regulations are followed
- Reliable and timely information is obtained, maintained, reported, and used for decision making.

[\(OMB Circular No. A-123, Management Accountability and Control, Section II, Establishing Management Controls\)](#)

**Q** *In identifying significant accounts, what constitutes a selection based on qualitative characteristics?*

**A.** The following are examples of some characteristics that maybe considered.

- Sensitivity to a program balance
- Knowledge of past errors
- Importance of a balance or amount to and their reliance on other balances and amounts
- Susceptibility to loss due to errors or fraud
- Accounting and reporting complexities associated with the account (e.g. environmental liabilities).
- Changes in account characteristics.

**Q.** *Where do I go for additional help and guidance?*

**A.** You can call the A-123 help desk at 301 903-3937 or go the website at <http://www.cfo.doe.gov/progliaison/doeA123/index.htm>.

**Q.** *Who signs the assurance to the LPSO?*

**A.** Annual reporting packages to the LPSO, including the annual assurance statement, must be signed by the Field Office Manager. Quarterly reporting packages, however, can be signed by either the Field Office Manager or his/her designee. If a delegation is used, it must be documented in writing and the documentation maintained by the Site A-123 Lead.

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**Q.** *Does every process within a process cycle have to be covered as part of A-123 implementation?*

**A.** No. Only the sub-processes that directly affect material accounts must be covered.

**Q.** *How do Entity Controls impact the material accounts?*

**A.** The five interrelated Entity Control areas are derived from the way management runs an organization, and are integrated with the management process. As such, Entity Controls cross-cut all the financial and operational processes that impact the development and reporting of the Department's financial statements.

**Q.** *What Entity Controls are required to be documented, evaluated and tested for Fiscal Year 2006?*

**A.** Entity Controls that are directly related to financial management areas must be documented and evaluated as part of A-123 implementation. However, since Entity Controls are embedded in corporate structure of Department's organization elements, it may be difficult to separately identify and evaluate Entity Controls only relevant to financial management areas. In this case, all Entity Controls (financial and operational) will need to be considered.

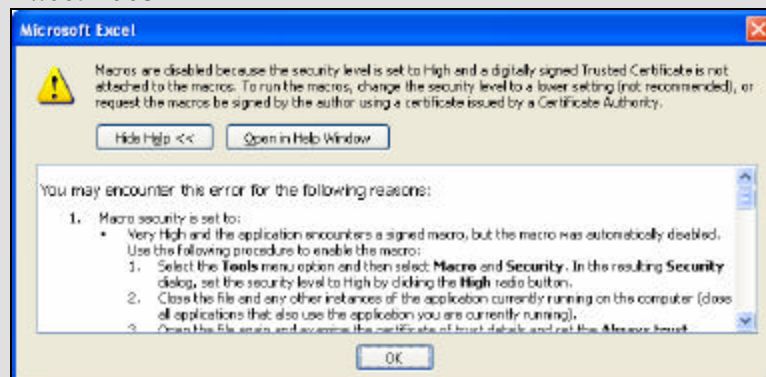
Consistent with the Department's FY 2006 scope limitation, only Entity Controls evaluated to be high-risk must tested.

**Q.** *Is the risk assessment in the AART based on inherent or control risk?*

**A.** The risk assessment is based on inherent risk for both likelihood and impact. Interim clarifying guidance regarding the risk assessment can be found on the A-123 Website. This guidance will be incorporated into future versions of the Quick Start Guides.

**Q.** *In the AART Toolkit, when I try to Insert, Delete, or Duplicate a row, I get an error message:*

### *Excel 2003*



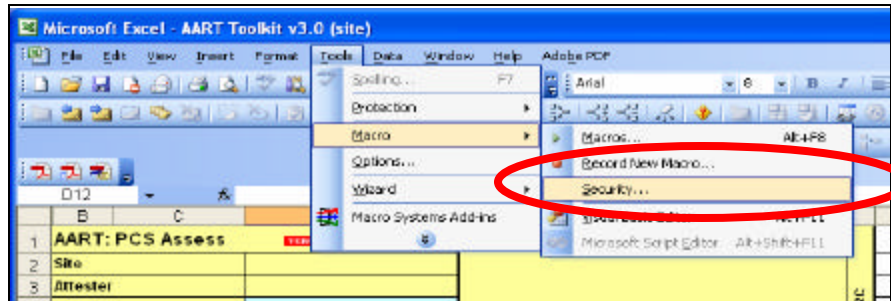
### *Excel 2002*

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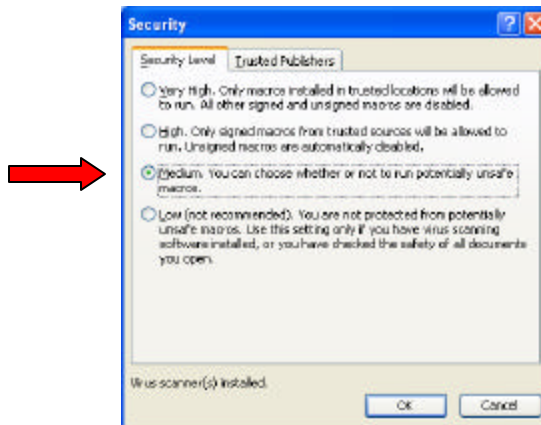


*What's wrong?*

**A.** The AART Toolkit uses macros to increase functionality within the tool. The error message appears when your Excel macro security setting is set above Medium. To adjust these security settings go to Tools -> Macro -> Security Settings



Change the Security Level to **Medium** and click .



Close the AART Toolkit and if prompted, **do not** save your file.

**Q.** Step B.3 of the Testing Quick Start Guide mentions that prior testing performed within 12 months of the assurance date can be used under certain circumstances. For the FY 2006 assurance, what is the timeframe during which this testing must have been performed?

**A.** For purposes of the *initial* assurance statement prepared as of 6/30/06, testing—including prior testing—should be performed on controls in place during the time period 10/1/05-6/30/06. Starting in FY 2007, testing will need to be performed on controls in place during the 12-month period from 7/1/XX-6/30/XX. It should be noted that with respect to prior testing, such tests can be relied upon only if the tests were acceptable and no significant system, process or control changes have taken place.

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**Q.** *The ECS-Assess and ECS-Test worksheets in the AART Toolkit (version 3.0) has duplicate rows for the "Internal relevant, reliable, and timely communications" sub-category within the Information and Communication category. This was done intentionally, based on a design consideration. Please explain.*

**A.** The AART Toolkit (version 3.0) includes the complete listing of Areas and Sub-Categories from the GAO Internal Control Standards, which were not available in the previous version of the AART. Customized mapping from the old to the new ECS worksheets was utilized to ensure a successful upgrade to the new tool. This customized mapping resulted in the duplication of Sub-Categories. The new duplicate functionality allows users to process entity control risks the same way as Process Control risks by evaluating individual risks rather than the original process of evaluating a summary of risks. When completing the ECS worksheets, simply ignore the duplicate Sub-Category.