

VULNERABILITY ASSESSMENT FORM

1. ORGANIZATION: _____ 2. ORGANIZATION CODE: _____

3. PROGRAM/
FUNCTION/
ACTIVITY
(ASSESSABLE UNIT)



| | | CHOICE | VALUE | | CHOICE | VALUE |
|---|---|--------|--|---|--------|-------|
| GENERAL CONTROL ENVIRONMENT | 4. EMPHASIS ON INTERNAL CONTROLS: | | | | | |
| | MAJOR EMPHASIS | | (1) | 7. ADEQUACY OF CHECKS AND BALANCES: | | |
| | MODERATE EMPHASIS | | (3) | NOT APPLICABLE | | |
| | MINOR EMPHASIS | | (5) | ADEQUATE | | (1) |
| | 5. COVERAGE BY WRITTEN PROCEDURES: | | | NEEDS IMPROVEMENT | | (3) |
| | SPECIFIC GUIDANCE W/ LITTLE OR NO DISCRETION | | (1) | REQUIRED BUT TOTALLY LACKING | | (5) |
| | FLEXIBLE GUIDANCE W/ SIGNIFICANT DISCRETION | | (3) | 8. ADP USED FOR REPORTING OR OPERATIONAL DATA: | | |
| | NO WRITTEN PROCEDURES | | (5) | NOT APPLICABLE | | |
| | 6. SPECIFYING GOALS AND MEASURING ACCOMPLISHMENTS: | | | DATA RELIABILITY (TIMELINESS, ACCURACY) AND SECURITY ARE SATISFACTORY | | (1) |
| | NOT APPLICABLE | | | DATA RELIABILITY OR SECURITY NEEDS SOME IMPROVEMENT | | (3) |
| GOALS/OBJECTIVES FORMALLY ESTABLISHED AND MONITORED | | (1) | DATA RELIABILITY/SECURITY IS A MAJOR PROBLEM | | (5) | |
| GOALS/OBJECTIVES USE INFORMALLY OR W/ LITTLE FOLLOWUP | | (3) | 9. PERSONNEL RESOURCES | | | |
| GOALS/OBJECTIVES NEEDED, BUT NOT ESTABLISHED | | (5) | ADEQUATE NUMBER OF QUALIFIED PERSONNEL | | (1) | |
| 10. PROGRAM ADMINISTRATION: | | | ADEQUATE NO. OF PERSONNEL BUT SOME TRAINING REQUIRED | | (3) | |
| DON ONLY | | (1) | INSUFFICIENT NO. OF PERSONNEL OR MAJORITY OF STAFF LACKS QUALIF. OR NEEDED TRAINING | | (5) | |
| JOINT SERVICE | | (3) | 15. TYPE OF TRANSACTION DOCUMENT | | | |
| THIRD PARTY (CONTRACTOR) | | | NON-CONVERTIBLE TO CASH OR BENEFIT | | (1) | |
| • HEAVY INVOLVEMENT | | (4) | CONVERTIBLE TO SERVICES ONLY | | (3) | |
| • TOTAL INVOLVEMENT | | (5) | DIRECTLY CONVERTIBLE TO CASH | | (5) | |
| 11. SCOPE OF WRITTEN AUTHORITY: | | | 16. INTERVAL SINCE MOST RECENT EVALUATION OR AUDIT: | | | |
| PRECISE | | (1) | WITHIN LAST 9 MONTHS | | (1) | |
| CLARIFICATION REQUIRED | | (3) | BETWEEN 9 AND 24 MONTHS | | (3) | |
| NO WRITTEN AUTHORITY | | (5) | MORE THAN 2 YEARS | | (5) | |
| 12. AGE/STATUS OF PROGRAM: | | | 17. RECENT INSTANCES OF ERRORS OR IRREGULARITIES: | | | |
| RELATIVELY STABLE | | (1) | NONE IN THE LAST 18 MONTHS | | (1) | |
| CHANGING | | (3) | MOST SIGNIFICANT FINDINGS OR KNOWN ERRORS FULLY CORRECTED | | (3) | |
| NEW OR EXPIRING WITHIN 2 YEARS | | (5) | MOST SIGNIFICANT FINDINGS OR KNOWN ERRORS UNRESOLVED | | (5) | |
| 13. EXTERNAL IMPACT OR SENSITIVITY: | | | 18. ADEQUACY OF REPORTS: | | | |
| NOT APPLICABLE | | | ACCURATE AND TIMELY | | (1) | |
| LOW LEVEL | | (1) | SOMETIMES INACCURATE, INCOMPLETE, AND/OR LATE | | (3) | |
| MODERATE LEVEL | | (3) | USUALLY INADEQUATE AND LATE | | (5) | |
| HIGH LEVEL | | (5) | 19. TIME CONSTRAINTS: | | | |
| 14. INTERACTION ACROSS ORGANIZATIONS: | | | NOT A SIGNIFICANT FACTOR IN OPERATIONS | | (1) | |
| EXCLUSIVE TO ONE OFFICE | | (1) | OCCASIONALLY A FACTOR | | (3) | |
| WITHIN TWO FUNCTIONAL OFFICES | | (3) | A SIGNIFICANT DAILY FACTOR | | (5) | |
| MORE THAN TWO FUNCTIONAL OFFICES | | (4) | | | | |
| INVOLVEMENT WITH OUTSIDE ORGANIZATIONS | | (5) | | | | |
| 20. ASSUMED EFFECTIVENESS OF EXISTING CONTROLS | | | 21. OVERALL VULNERABILITY ASSESSMENT: | | | |
| CONTROLS ADEQUATE | | (1) | LOW <input type="checkbox"/> (LESS THAN 27) | SCORE | | |
| LESS THAN ADEQUATE | | (3) | MEDIUM <input type="checkbox"/> (27-34) | | | |
| NO EXISTING CONTROLS OR COSTS OUTWEIGH BENEFITS | | (5) | HIGH <input type="checkbox"/> (GREATER THAN 34) | | | |
| | | | 22. MCR RECOMMENDED? <input type="checkbox"/> YES <input type="checkbox"/> NO | | | |

23. COMMENTS

24. VA CONDUCTED BY _____ Title _____ Date _____

25. VA APPROVED BY _____ Title _____ Date _____

COMPLETING THE VULNERABILITY ASSESSMENT FORM

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

1. **Organization.** Enter the activity/command conducting the VA.
2. **Organization Code.** Enter your organization code.
3. **Program/Function/Activity.** Enter the assessable unit under evaluation.

GENERAL CONTROL ENVIRONMENT. Blocks 4-9 cover some of the organizational, procedural, and operational factors which can have an impact on the effectiveness of internal controls.

4. **Emphasis on Internal Controls.** Select one of the following:

Major Emphasis: Internal controls are considered in the planning and operations of functions and programs at each level within the organization.

Moderate Emphasis: Controls are considered in one or more of the following: evaluation of operations, performance appraisal, and external requirements.

Minor Emphasis: There is little evident consideration of internal controls at most levels within the organization.

5. **Coverage by Written Procedures.** The basic issue is whether there are written procedures for employees to follow within the general rules, and how much discretion is allowed. Usually, the more discretion allowed, the more potential for abuse. An example involving no discretion would be the time and attendance system; allocation of staffing or budget resources would represent significant discretion.
6. **Specifying Goals and Measuring Accomplishments.** Establishing program and budgeting goals provides an office and its employees with benchmarks for measuring accomplishments. When these goals are not established, reviewed periodically, updated, and disseminated to employees, successful achievement is less likely.
7. **Adequacy of Checks and Balances.** Checks and balances are utilized so that authority for certain functions is shared among two or more employees or organization levels to minimize the potential of waste, fraud, abuse, or mismanagement. Determine first if checks and balances are appropriate, and if so, are they adequate to protect the resource from manipulation, misappropriation, etc.
8. **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. If ADP is not used for the unit being assessed, check the not applicable box.
9. **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.

ANALYSIS OF INHERENT RISK. Blocks 10-19 deal with the function's inherent potential for waste, fraud, abuse, or management.

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

11. **Scope of Written Authority.** Select one of the following:

Precise: Governing legislation or regulations, and/or delegations of authority clearly establish the amount of authority and discretion vested in program officials.

Clarification Required: The amount 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.

12. **Age/Status of Program.** A program or assessable unit which has relative stability over a period of years with the same fundamental mission can be potentially less vulnerable because procedures for administering its resources have been worked out and in place to a greater degree. Major new responsibilities or legislative changes can introduce greater potential for risk, as can situations involving phase out (expiration) or new programs.

13. **External Impact or Sensitivity.** Select one of the following:

Not Applicable: No external impact or sensitivity.

Low Level: Total number of individuals or organization affected are relatively small.

Moderate Level: The program serves or impacts a moderately sizable number of individuals or organization external to the activity.

High Level: Significant impact or sensitivity due to high degree of interest and potential influence of the program by external organizations. This situation exists when program managers must continuously consider the external impact of the program operations.

14. **Interaction 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. Select one of the following:

Exclusive To One Office: (e.g., classification, telephone change requests)

Within Two Functional Offices: (e.g., procurement requests)

More Than Two Functional Offices: (e.g., proposed policy directives, clearance of regulations, information collection)

Involvement With Outside Organization: (e.g., interagency agreements, professional organizations, or systems which involve more than one agency (i.e., payroll or administrative payment systems))

15. **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, check received by the activity, imprest fund vouchers, etc.

16. **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 16 the length of time passed since the last audit or evaluation, then list in block 23 the title, review, and date of any reviews or audits of program/function/activity during the previous 24 months.

17. **Recent Instances of Errors or Irregularities.** Recent errors or irregularities are indications of either a lack of internal controls or ineffectiveness or 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.

18. **Adequacy of Reports.** The accuracy and timeliness of normal recurring reports (particular financial reports) are good indicators of a well-run operation.
19. **Time Constraints.** To the extent than an activity must operate under severe time constraints, the ability to produce work of consistent quality is reduced. Such constraints generate a powerful inducement to end run system of internal control.

PRELIMINARY ASSESSMENT OF SAFEGUARDS

20. **Assumed Effectiveness of Existing Controls.** Select one of the following:
Controls Adequate: If control improvements are required they are of a 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 internal control, or instances where costs unquestionably exceed the benefits derived from controls.
21. **Overall Vulnerability 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.
22. **MCR Recommended?** In most cases, if you have marked a high overall VA on Block 21, you should indicate "Yes". If there is a reason you feel that an MCR need not be conducted in a highly vulnerable area, provide details under Block 23, Comments. The conduct of MCRs in medium or low vulnerability areas should be in consonance with guidance issued by superiors in the chain of command. Use Block 23, Comments to provide clarification for not performing MCRs in medium and low areas (e.g., not required by HQ component guidance).
23. **Comments.** Provide additional detail concerning responses in other blocks, and any other information you feel is relevant.
24. **VA Conducted By.** This form should be signed and dated by the person who made the assessment and completed the form.
25. **VA Approved By.** The management official who approves this assessment should sign and date the form. Normally, this official would be the supervisor of the individual who made the assessment.