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DIVISION OF MILITARY AND NAVAL AFFAIRS
VULNERABILITY ASSESSMENT

Proponent is MNAG-IC. Prescribing Directive is DMNA Reg. 11-7

Prepared By:
Date Prepared: **Directorate:**
Major Function:
Approved By:

SECTION I

Function Description: Provide a brief description of the series of activities and primary operating responsibilities of the function.

Function Objectives: Indicate the desired outcome of the function to the mission of the agency, directorate or unit. State what the function is designed to achieve or avoid.

Goals: For each function objective, indicate its specific and measureable goal. Goals are generally quantifiable and it provides a means for assessing the accomplishment of the functions' objectives.

Major Internal Control Activities of the Function: List the major internal controls of the function. Examples include: Documentation, Approval, Authorization, Verification, Supervision, Separation of Duties, Safeguarding Assets, Reporting, Encryption of Data, Back-up Procedures, Passwords, Physical Security, etc.

Provide type of guidance & date of publication: Identify policies and procedures used to execute function. Examples: Regulations, Standard Operating Procedures, Bulletins, etc. Please cite the Publication and Date Published.

SECTION II

In regards to this function, please provide a brief answer to the following questions:

Are you aware of any *fraudulent* activities within this major function?

Are you aware of any *wasteful* activities within this major function?

Are you aware of any instances of *abuse* within this major function?

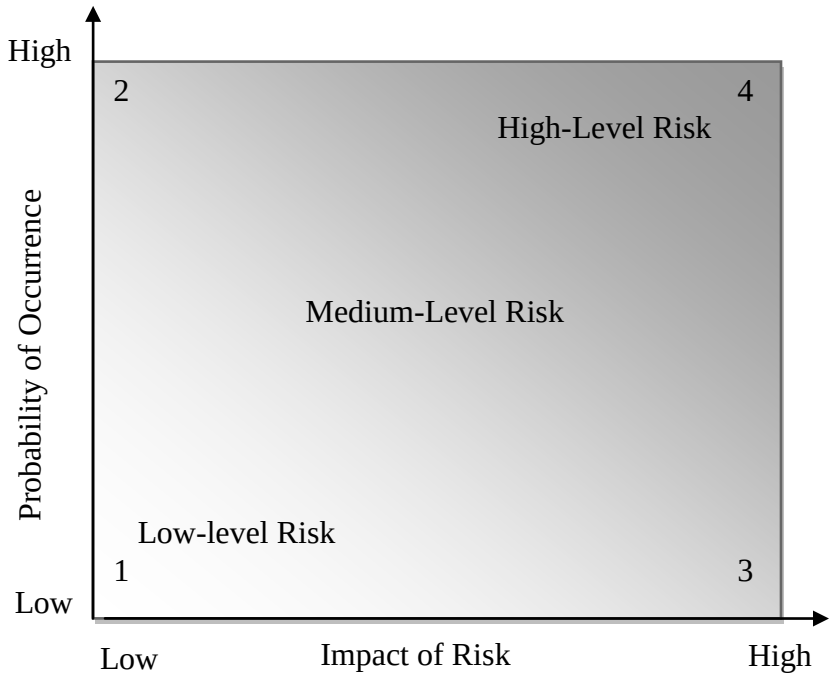
Are you aware of any *mismanagement* within this major function?

Are you aware of any areas of *non-compliance* within this major function?

SECTION III

Identify the major risks of the function in column one. Describe the potential negative consequences of those risks if the internal controls were to fail or are not in place in column two. For each risk identified, record a risk level of High, Medium or Low based on Probability and Impact for failed controls and controls in place.
See chart below for additional guidance.

Identify the Major Risks of the Function:	Potential Negative Consequences of those Risks	Controls Failed			Controls in Place		
		H	M	L	H	M	L
		☐	☐	☐	☐	☐	☐
		☐	☐	☐	☐	☐	☐
		☐	☐	☐	☐	☐	☐
		☐	☐	☐	☐	☐	☐
		☐	☐	☐	☐	☐	☐
		☐	☐	☐	☐	☐	☐



Impact of Risk is the effect an unfavorable event would have on DMNA if the event were to occur. This effect could be some type of harm or an opportunity that would be lost.

Probability of Occurrence is the likelihood that an unfavorable event would occur based on the controls in place.

Select an Overall Risk Level of the function if there is Failed Controls.

If the above internal controls or the function **failed** and the potential negative consequences occur, how would you estimate the risk level of the function?

☐ High
Major negative consequences could result if the function or its internal controls fail to operate properly. **High** impact and **high** likelihood that the risk would occur, #4 on above graph.

☐ Moderate
Moderate negative consequences could result if the function or its internal controls fail to operate properly. #2 or 3 on above graph.

☐ Low
Little or no negative consequences could result if the function or its internal controls fail to operate properly. **Low** impact and **low** likelihood that the risk would occur, #1 on above graph.

Select an Overall Risk Level of the function if Controls are in Place.

If the above **internal controls are in place** and the potential negative consequences occur, how would you estimate the risk level of the function?

☐ High
Major negative consequences could result if the function or its internal controls operate properly. **High** impact and **high** likelihood that the risk would occur, #4 on above graph.

☐ Moderate
Moderate negative consequences could result if the function or its internal controls operate properly. #2 or 3 on above graph.

☐ Low
Little or no negative consequences could result if the function or its internal controls operate properly. **Low** impact and **low** likelihood that the risk would occur, #1 on above graph.

SECTION IV – TESTING INTERNAL CONTROLS

Of the Major Internal Controls listed in Section I, select at least two (2) controls for testing. Select the transactions that are reflective upon the function's mission, important operations, potential weaknesses, and non-compliant areas. Consider some of the following areas:

- Extent of resources controlled by the function
- Liquidity of assets
- Degree of technological complexity
- Importance of the function to DMNA
- Non-compliant areas
- Susceptibility to fraud, waste or abuse
- Sensitivity of transactions
- Past audit findings
- Interdependency on other functions

Testing of internal controls measures **actual performance** of procedures against **expectations**. Testing of internal controls asserts to the organization that the controls are operational. Use one or more of the following **methods**:

- **Document Analysis or Sample:** review documentation of the transactions by using files, log books, source documentation, etc.
- **Walkthrough** a transaction with staff to learn the process they follow to complete the task. A walkthrough includes an interview of staff and documenting the details of the process and stating whether or not the controls are in place.
- **Observation:** watch the control and procedures being performed.

Clearly document the details of your testing stating the *Who, What, When, Where, Why and How* to provide sufficient proof that control testing took place.

Control Tested:	

Testing Method: Using one of the three methods above, describe the method used to test whether the key control points are being followed.	

Sample Size: Describe the number of staff interviewed; transactions observed; or documents sampled and universe.	

Results of Test: Describe the results of the test, stating whether no problems were found or the weaknesses discovered. Estimate the frequency of failure in the procedure.	

Analyze the Weakness Uncovered: Cite the source of failure. Document and explain the corrective action plan on DMNA Form 11-4.	

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SECTION V

Continuous Improvement Section: Explain what steps have been taken since the last review that enhanced the internal controls within this functional area. Describe what changes took place that made the function more efficient or effective. If no changes have been made to the functional area since the last vulnerability assessment was performed, state "none."

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