

OPERATIONAL RISK MANAGEMENT (ORM) ASSESSMENT (OPNAVINST 3500.39D FIVE-STEP PROCESS)

Command/Department:

Work Process/Assessable Unit Title:

Step 1. Identify Hazards: (Hazard = Process Risks and/or Vulnerabilities)	Yes	No	N/A
a. Has a flowchart been completed identifying major steps of the work process?	[]	[]	[]
b. Have applicable hazards of each step with possible causes for those hazards been documented? If yes, complete page 3. If no, comment on page 2.	[]	[]	[]
c. Are internal controls/safeguards in place for Personally Identifiable Information (PII)?	[]	[]	[]

Step 2. Assess Hazards. Each hazard identified in Step 1 will be assigned a “Hazard Severity Category,” “Mishap Probability Rating,” and a “Risk Assessment Code (RAC).” The below matrices are a guide for assessing hazards.

- | | | | |
|---|-----|-----|-----|
| a. Has each hazard been assigned a Hazard Severity Category? | [] | [] | [] |
| b. Has each hazard been assigned a Mishap Probability Rating? | [] | [] | [] |
| c. Has each hazard been assigned a RAC? | [] | [] | [] |

Hazard Severity Category Matrix:

- I Death, grave damage, inefficiencies, or loss (\$ 1M plus)
- II Severe injury, inefficiencies, or damage (\$200K to \$1M)
- III Minor injuries, inefficiencies, or damage (\$20K to \$200K)
- IV Minimal or no threat to personnel and property loss
(Any loss valued at \$20K or less)

Mishap Probability Sub-Category Matrix:

- A Frequent to occur
- B Likely to occur immediately
- C Occasionally will occur in time.
- D Seldom may occur in time
- E Unlikely to occur

Hazard

Severity

Mishap Probability Rating

	A	B	C	D	E
I	1	1	2	2	3
II	1	2	2	3	4
III	2	3	3	4	4
IV	3	4	4	4	4

Risk Assessment Code (RAC)

- 1 = Catastrophic
- 2 = Critical
- 3 = Moderate**
- 4 = Negligible

(Calculation Example: III + C = RAC 3 = Moderate Assessment)

Note: Administrative processes can be assessed a RAC 1 if potential exists for loss of assets, PPI, or resources.
Most processes with limited internal controls will be RAC 3 and RAC 4 with controls.

Step 3. Risk Decisions:

- | | | | |
|--|-----|-----|-----|
| a. Have risks been prioritized and internal controls selected to reduce process risks? | [] | [] | [] |
| b. Do selected internal controls provide benefits that outweigh risks? | [] | [] | [] |
| c. If risk outweighs benefit, does the process warrant reporting to higher authority as a material weakness? Discuss issues on page 2. | [] | [] | [] |

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Step 4. Internal Control Implementation (more than one type internal control may apply):	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. Have “Engineering Controls” been implemented that reduce risks by design, material selection, or substitution when technically or economically feasible?	[]	[]	[]
b. Have “administrative controls” been implemented that reduce risks through specific administrative actions, such as:			
(1) Providing suitable warnings, markings, placards, signs, and notices?	[]	[]	[]
(2) Establishing written policies, programs, instructions, and standard operating procedures?	[]	[]	[]
(3) Training personnel to recognize hazards and take appropriate precautionary measures?	[]	[]	[]
(4) Limiting the exposure to a hazard (either by reducing the number of personnel/assets or the length of time they are exposed)?	[]	[]	[]
c. Is there use of “personal protective equipment” (serves as a barrier between personnel and a hazard and should be used when other controls do not reduce the hazard to an acceptable level)?	[]	[]	[]

Step 5. Supervision. Is there periodic supervisory oversight of internal controls for the work process?	[]	[]	[]
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ORM Assessment conducted by: _____	Date: _____
ORM Assessment reviewed by: _____ (Department Head)	Date: _____
ORM Assessment conducted by: _____	Date: _____
ORM Assessment reviewed by: _____ (Department Head)	Date: _____
ORM Assessment conducted by: _____	Date: _____
ORM Assessment reviewed by: _____ (Department Head)	Date: _____

(Additional signature blocks are provided to permit signatures in subsequent years.)

Issues/Comments

Actions (Include estimated completion dates.)

OPERATIONAL RISK MANAGEMENT (ORM) ASSESSMENT WORK PROCESS HAZARDS	
Command/Department:	
Work Process/Assessable Unit Title:	
Document applicable risks and causes on the above work process. List hazards in order of severity. Refer to page 1 of ORM Assessment form for matrices to determine Hazard Severity Category, Mishap Probability Sub-Category, and Risk Assessment Code (RAC).	
1.	Hazard:
a.	Cause:
b.	Hazard Severity Category:
c.	Mishap Probability Sub-Category:
d.	RAC:
2.	Hazard:
a.	Cause:
b.	Hazard Severity Category:
c.	Mishap Probability Sub-Category:
d.	RAC:
3.	Hazard:
a.	Cause:
b.	Hazard Severity Category:
c.	Mishap Probability Sub-Category:
d.	RAC: