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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		Yes	No	N/A
Step 4.	**Internal Control Implementation** (more than one type internal control may apply):			
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?	☐	☐	☐

ORM Assessment conducted by: _____ **Date:** _____

ORM Assessment reviewed by: _____ **Date:** _____
(Department Head)

ORM Assessment conducted by: _____ **Date:** _____

ORM Assessment reviewed by: _____ **Date:** _____
(Department Head)

ORM Assessment conducted by: _____ **Date:** _____

ORM Assessment reviewed by: _____ **Date:** _____
(Department Head)

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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: