

## ANNUAL RISK ASSESSMENT QUESTIONNAIRE 2011-2012

### RISK FACTORS USED FOR THE 2011-2012 RISK ASSESSMENT Ranking and Description of the Risk Factors

Section	Category	Weight	Question Numbers
A	Internal Control & Risk Management	35	2, 7, 8, 9, 11, 12, 13, 14, 15, 16
B	Complexity of Operations	20	1, 6, 19
C	Changes to Operations	10	4, 10, 17, 18
D	Financial Impact	15	3, 5, 20, 21
E	Management Concerns	10	22, 23, 25
F	Results of Previous Audits	10	24

**A. Internal Controls and Risk Management, Adequacy and Effectiveness of -**  
Considers management's approach to assessing objectives, identifying what could cause the objects to not be met, and how to manage that risk. It also considers the adequacy of the internal control system, existence and adherence to policies and procedures, whether controls are automated or manual, and management's oversight of the internal control system.

#### Risk Rating

5	<b>High Risk</b> - Indications of major material internal control system weaknesses or failures, few to no policies and procedures, little or no adherence to policies and procedures, mostly manual controls, and management oversight of the internal control system is marginal.
3	<b>Moderate Risk</b> - No indications of material internal control system weaknesses or failures, some policies and procedures, some adherence to policies and procedures, some manual controls, and/or management oversight of the internal control system is marginal.
1	<b>Low Risk</b> - No indications of material internal control system weaknesses or failures, mostly automated controls, adequate policies and procedures, full adherence to policies and procedures and /or management's oversight of the internal control system is adequate.

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**B. Complexity of Operations** - Considers the complexity of the organizational structure, operations, information systems, and whether the unit is centralized or decentralized.

Risk Rating

5	<b>High Risk</b> - A complex organizational structure, operations, information systems, and/or a decentralized unit.
3	<b>Moderate Risk</b> - A moderately complex organizational structure, operations, information systems and/or a partially decentralized unit.
1	<b>Low Risk</b> - A simple organizational structure, operations, information systems, and /or a centralized unit.

**C. Changes to Operations** - Considers changes to systems, policies and procedures, personnel, management, organizational structure, programs, and compliance/programmatic requirements.

Risk Rating

5	<b>High Risk</b> - Management has expressed concerns, management has specifically requested audit coverage, and/or the organizational unit has a high public relations impact.
3	<b>Moderate Risk</b> - Management has expressed some concerns, management has not specifically requested audit coverage, and/or the organizational unit has a moderate public relations impact.
1	<b>Low Risk</b> - Management has not expressed concerns, management has not specifically requested audit coverage, and/or the organizational unit has no public relations impact.

**D. Financial Impact** - Considers the size of the organizational unit, the size of the unit's budget and the volume of transactions flowing through the organizational unit.

Risk Rating

5	<b>High Risk</b> - Large organizational unit, sizeable budget and/or a high volume of transactions flowing through the unit.
3	<b>Moderate Risk</b> - Medium organizational unit, average budget

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	and/or a moderate volume of transactions flowing through the unit.
1	<b>Low Risk</b> - Small organizational unit, small budget and/or a low volume of transactions flowing through the unit.

**E. Management Concerns** - Considers management's concerns, management requests for audit coverage, and the public relations impact of the organizational unit.

Risk Rating

5	<b>High Risk</b> - Management has expressed concerns, management has specifically requested audit coverage, and/or the organizational unit has a high public relations impact.
3	<b>Moderate Risk</b> - Management has expressed some concerns, management has not specifically requested audit coverage, and/or the organizational unit has a moderate public relations impact.
1	<b>Low Risk</b> - Management has not expressed concerns, management has not specifically requested audit coverage, and/or the organizational unit has no public relations impact.

**F. Results of Previous Audits** - Considers the significance of previous findings related to the organizational unit including findings from management reviews and investigations.

Risk Rating

5	<b>High Risk</b> - Previous findings had a major impact on the organizational unit and/or were not implemented.
3	<b>Moderate Risk</b> - Previous findings had a moderate impact on the organizational unit and/or were partially implemented.
1	<b>Low Risk</b> - Previous findings had little impact on the organizational unit and/or there were no previous findings.