**Sample Risk Assessment Questionnaire**

**OVERALL RISK ASSESSMENT**

**Risk Assessment Questionnaire – Summary**

|  |  |  |
| --- | --- | --- |
| **AGENCY:** |  | |
| **PREPARED BY:** |  | **DATE:** |

One of the following risk factors has been assigned to each of the categories identified in the **RISK TABLE** below:

|  |  |
| --- | --- |
| **HIGH RISK** | Internal control evaluation required |
| **MEDIUM RISK** | Internal control evaluation recommended on a cyclical basis. |
| **LOW RISK** | Internal control evaluation not required. |

|  |  |  |
| --- | --- | --- |
| **ASSIGNED RISK CATEGORY** | **EVALUATION FACTOR** | **RATING** |
|  | **General Controls:** |  |
|  | Integrity & Ethical Values (SAAM 20.20.40) |  |
|  | Standards of Conduct (SAAM 20.20.40) |  |
|  | Performance Evaluations (SAAM 20.20.40) |  |
|  | Deviations from Standards of Conduct (SAAM 20.20.40) |  |
|  | Oversight Responsibility (SAAM 20.20.50) |  |
|  | Stakeholder Interest |  |
|  | Reporting Lines (SAAM 20.20.60) |  |
|  | Assignment of Responsibility and Delegation of Authority (SAAM 20.20.60) |  |
|  | Written Policies/Procedures (SAAM 20.20.70) |  |
|  | Training (SAAM 20.20.70) |  |
|  | Employee Turnover (SAAM 20.20.70) |  |
|  | Departure of Critical Employees (SAAM 20.20.70) |  |
|  | Critical Tasks (SAAM 20.20.70) |  |
|  | Fraud Assessment (SAAM 20.22.50) |  |
|  | Regulatory/Contractual/Legislative (SAAM 20.22.60) |  |
|  | Changes to the Internal Environment ( SAAM 20.22.60) |  |
|  | Access to Reliable Information (Internal and External) (SAAM 20.26.30) |  |
|  | Internal Communication (SAAM 20.26.40) |  |
|  | External Communication (SAAM 20.26.50) |  |
|  | Monitoring Activities (SAAM 20.28.40) |  |
|  | Evaluation and Communication of Deficiencies (SAAM 20.28.50) |  |
|  | Lean Activities |  |

|  |  |  |
| --- | --- | --- |
|  | **Other Reviews and Audits** |  |
|  | Internal Audit Coverage (SAAM 20.28.40) |  |
|  | Results of Prior Audit Reviews (Internal) (SAAM 20.28.40) |  |
|  | External Audit Coverage (SAAM 20.28.40) |  |
|  | Results of Prior Audit Reviews (External) (SAAM 20.28.40) |  |
|  | **Specific Financial Risks:** |  |
|  | Account Balance Size |  |
|  | Appropriated Fund Expenditures |  |
|  | Account Reconciliation |  |
|  | **Specific Federal Risks:** |  |
|  | Federal Assistance Expenditures |  |
|  | Federal Assistance Programs |  |
|  | Compliance w/Federal Regulations (SAAM 20.15.30) |  |
|  | **Specific Accountability Risks:** |  |
|  | Segregation of Duties (SAAM 20.24.30) |  |
|  | Cash and Checks |  |
|  | Access to Inventories |  |
|  | Fixed Assets |  |
|  | **Specific System Risks:** |  |
|  | Automation/System Changes |  |
|  | Decentralization |  |
|  | **Specific IT Risks:** |  |
|  | Sensitive Data |  |

**Risk Assessment Questionnaire – DETAIL**

|  |  |  |
| --- | --- | --- |
| **AGENCY** |  | |
| **PREPARED BY** | | **DATE:** |

This document is prepared as a guideline for identifying areas where an agency should ensure adequate controls are in place and operating properly. The absence of sound internal controls increases an agency's risk of noncompliance with laws or regulations, of producing unreliable accounting data, loss from fraud, and incurring agency embarrassment.

Please read the explanation of each evaluation factor on the following pages. Then **assign a value in the box provided below based on the assessed risk**. The rating should be from 1 to 5, with 1 being the lowest or no risk and 5 being the highest or maximum risk.

NOTE - Intermediate ratings (ratings numbers not listed) can be used for shading of ratings.

|  |
| --- |
| **RISK CATEGORY—GENERAL** |

**EVALUATION FACTOR – Integrity & Ethical Values (SAAM 20.20.40)**

The oversight body and management should establish and maintain an environment throughout the agency that sets a positive and supportive attitude toward internal control. If the tone set by management upholds honesty, integrity and ethics, employees are more likely to uphold those same values. The opposite is also true.

|  |  |
| --- | --- |
| **Assessed Level of Risk** | **DEFINITION** |
| 1 | The oversight body and/or management demonstrate the importance of ethical values and integrity through their directives, attitudes and behavior. |
| 3 | The oversight body and/or management’s demonstration of the importance of ethical values and integrity is requiring additional efforts in one or more area regarding directives, attitude or behavior. |
| 5 | The oversight body and/or management’s demonstration of the importance of ethical values and integrity is not evident. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR – Standards of Conduct (SAAM 20.20.40)**

Employees must meet standards of professional behavior as a condition of employment. It is management’s responsibility for setting the expectations regarding integrity and ethical values defined in the agency’s standards of conduct. These standards should be clearly communicated at all levels of the agency.

|  |  |
| --- | --- |
| **Assessed Level of Risk** | **DEFINITION** |
| 1 | Management has established standards of conduct and has clearly communicated those expectations at all levels throughout the agency. |
| 3 | Management has established expectations for standards of conduct; however, the expectations have not been clearly communicated throughout the agency or beyond. |
| 5 | Management has not established expectations for standards of conduct. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR – Performance Evaluations (SAAM 20.20.40)**

Management must establish and communicate expectations regarding integrity and ethical values, defined in the agency’s standards of conduct, to all employees at all levels. In order to ensure adherence to those standards, management must evaluate the performance of individuals and teams against those expectations.

|  |  |
| --- | --- |
| **Assessed Level of Risk** | **DEFINITION** |
| 1 | Performance of individuals and teams/units/departments are evaluated at least annually to ensure adherence to the agency’s standards of conduct. |
| 3 | Although there is evidence of management’s evaluation of the performance of individuals and teams/units/departments, it does not appear to be occurring on a consistent basis. |
| 5 | Management does not perform evaluations of employees to determine adherence to the agency’s standards of conduct. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR – Deviations from Standards of Conduct (SAAM 20.20.40)**

Deviations from standards of conduct can leave a negative opinion on both the agency and its leadership. Therefore, deviations should require a higher level of analysis and documentation of expectations. Identified deviations should be addressed consistently and timely

|  |  |
| --- | --- |
| **Assessed Level of Risk** | **DEFINITION** |
| 1 | Management takes seriously deviations from standards and has implemented clear policies and procedures to ensure that these types of behaviors are dealt with consistently and timely. |
| 3 | Management has established policies and procedures to deal with deviations from standards; however, it does not appear/is not clear whether these types of behaviors are being address timely or consistently. |
| 5 | Management does not have policies and/or procedures in place for addressing deviations from standards. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR – Oversight Responsibility (SAAM 20.20.50)**

Controls should be re-evaluated on a regular basis to ensure they are operating properly and still meeting the objectives of the agency. In addition, because management is primarily responsible for the design, implementation, and maintenance of internal control, there exists an inherent risk that management could override those controls. Mitigating risks related to the system of internal controls, requires an oversight body to take an active approach in evaluating existing controls, considering the possibility of fraud occurring and providing input concerning management’s plans for remediation of deficiencies.

|  |  |
| --- | --- |
| **Assessed Level of Risk** | **DEFINITION** |
| 1 | The oversight body routinely reviews and provides input for deficiencies related to the design, implementation, and maintenance of the agency’s system of internal controls taking into account the potential for fraud. |
| 3 | The oversight body reviews and provides input for deficiencies related to the design, implementation, and maintenance of the agency’s system of internal controls, taking into consideration the potential for fraud; however, it is not being performed on a regular basis. |
| 5 | The oversight body does not review and/or provide input for deficiencies related to management’s design, implementation, and operation of the agency’s system of internal controls. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR—Stakeholder Interest.**

Because interest shown by outside parties such as board members, legislators, news media, citizen groups, the general public or others (including agency personnel) can have an impact on an agency's ability to meet its objectives, management should consider the agency’s overall responsibilities to stakeholders and establish reporting lines that allow the entity to communicate, receive, and evaluate information from stakeholders.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle One)** | **DEFINITION** |
| 1 | The agency has a system in place to communicate and receive input from stakeholders’ and further evaluate the potential impact on achieving its objectives. |
| 3 | The agency has a system in place to communicate and receive input from stakeholders’; however, that communication/input is not being utilized to determine the potential impact to the agency in meeting its objectives. |
| 5 | The agency does not have a system in place to communicate or receive input from stakeholders’; therefore, it cannot measure the potential impact such input may have on achieving its objectives. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR – Reporting Lines (SAAM 20.20.60)** When not clearly defined, reporting lines can become confusing causing inefficiencies in communication and workflow.

|  |  |
| --- | --- |
| **Assessed Level of Risk** | **DEFINITION** |
| 1 | Management has established, and evaluates periodically, lines of reporting to enable execution of authorities and responsibilities and the flow of information to manage the activities of the agency. |
| 3 | Management has designed lines of reporting; however, the design is not evaluated periodically to ensure that operations and communication continue to flow as intended. |
| 5 | Reporting lines are not clearly defined. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR – Assignment of Responsibility and Delegation of Authority (SAAM 20.20.60)** When employees do not follow established lines of reporting, due to lack of communication or an unclearly defined chain of command, inefficiencies can be the result. When establishing lines of reporting, the agency head assigns responsibility and delegates authority to key roles throughout the agency in an effort to achieve objectives.

|  |  |
| --- | --- |
| **Assessed Level of Risk** | **DEFINITION** |
| 1 | Responsibilities and delegation of authority have been appropriately assigned and appear to be clearly understood and observed by employees throughout the agency. |
| 3 | Responsibilities and delegation of authority have been appropriately assigned, but do not appear to be clearly understood and/or observed by employees throughout the agency. |
| 5 | Assignment of responsibility and delegation of authority have not been appropriately assigned. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR—Written Policies/Procedures (SAAM 20.20.70)**

In order for employees, at all levels, to perform their duties as expected, written policies and procedures, whether electronic or in paper form, should be clearly documented minimizing the risks related to the proper management and maintenance of records and control of operations.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | Written documentation exists covering the agency’s internal control structure and for all significant transactions and events. They are readily available for its intended user. |
| 3 | Written documentation exists covering the agency’s internal control structure and significant transactions and events. They are available for its intended user, but are not always being utilized as intended. |
| 5 | The agency has no written policies/procedures for its internal control structure, significant transactions or events. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR – Training (SAAM 20.20.70)**

Qualified employees are the most valuable assets in an agency. Management should invest in training and professional development opportunities in an effort to develop the knowledge and skills needed for staff to perform their job. The risk of errors and inefficiency in operations is reduced when employees have adequate education and experience to properly perform their duties.

|  |  |
| --- | --- |
| **Assessed Level of Risk** | **DEFINITION** |
| 1 | Training opportunities are available and encouraged for both new and existing employees to develop the knowledge and skills required to perform their duties. |
| **3** | Limited training opportunities are available for either new and/or existing employees to further develop the skills and knowledge required to perform their duties. |
| **5** | Training opportunities, to develop the skills and knowledge required to perform their duties, are not available for new and/or existing employees. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR—Employee Turnover (SAAM 20.20.70)**

Employee turnover increases risk due to lag time between hiring a replacement, inexperience and training of new employees.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | There has been no turnover in key management or staff. |
| 3 | There has been limited turnover in key management or staff. |
| 5 | There has been significant turnover in key management and staff. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR – Departure of Critical Employees (SAAM 20.20.70)**

The responsibilities associated with critical employees is vital to the daily operations of the agency. Loss of a critical employee increases the risk that operations will be interrupted.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | The agency has identified critical employees and their associated roles and responsibilities, and has developed a contingency plan for the departure of such an employee. |
| 3 | The agency has identified critical employees and their associated roles and responsibilities, but does not have a contingency plan for the departure of such an employee. |
| 5 | The agency has no contingency plan for the loss of a critical employee |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR – Critical Tasks (SAAM 20.20.70)**

Critical tasks are those tasks that simply cannot be interrupted. Risks increase due to lag time in hiring appropriate replacements, lack of training and adequate supervision.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | The agency has procedures in place to identify and address potential interruptions of critical tasks. |
| 3 | The agency has identified critical tasks within the agency, but has no procedures on how to address interruptions of such tasks. |
| 5 | The agency has not identified critical tasks and, therefore, has no procedures in place to address potential interruptions of critical tasks. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR – Fraud Assessment (SAAM 20.22.50)**

Various circumstances combined together can create a situation that promotes rather than prevents fraudulent activity. When assessing fraud risk, the agency should consider the various types of fraud and misconduct that can occur including fraudulent reporting, possible loss of assets, and corruption. The assessment should consider incentives and pressures, opportunities to commit inappropriate acts and, how management and other personnel might engage in or justify inappropriate actions. The agency should also consider its response to fraud risk using the same process performed for all risks.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | The agency has documented its consideration of the various types of fraud and misconduct that can occur including the incentives and pressures, opportunities and rationalizations that could potentially promote fraud as well as its response to mitigate such risks. |
| 3 | The agency has documented its consideration of the various types of fraud and misconduct that can occur, but has not developed a response for mitigating such risks. |
| 5 | The agency has not considered the various types of fraud and misconduct that could occur. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR—Regulatory/Contractual/Legislative (SAAM 20.22.60)**

Risks increase when changes to laws, regulations, contractual or reporting requirements that could have an effect on system requirements create the opportunity for noncompliance.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | The agency is subject to no apparent external laws, regulations, contractual, or reporting requirements of outside entities. |
| 3 | The agency is subject to minimal external laws, regulations, contractual, or reporting requirements of outside entities. |
| 5 | The agency is subject to numerous external laws, regulations, contractual, or reporting requirements of outside entities. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR — Changes to the Internal Environment (SAAM 20.22.60)**

Risks increase when changes to the business model (i.e. new technologies, rapid growth) and leadership, that could have an effect on system requirements, create the opportunity for noncompliance.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | Management has procedures in place to address changing conditions that may prompt new risks or changes to existing risks that could significantly impact its system of internal controls. |
| 3 | Procedures are in place to identify changing conditions that may prompt new risks or changes to existing risks that could significantly impact its system of internal controls; but those procedures do not address mitigating the impact such changes will have on the internal control system. |
| 5 | Procedures do not exist to address changing conditions that may prompt new risks or changes to existing risks that could significantly impact its system of internal controls. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR—Access to Reliable Information (Internal and External) ( SAAM 20.26.30)**

Quality of information and effectiveness of dissemination is critical to agency operations. Management should regularly receive internally, as well as externally, generated information that may affect the achievement of its mission, goals, and objectives.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | Management has procedures in place to identify information requirements; capture relevant information from reliable sources, and process that data into information that is appropriate, current, complete, accurate, and accessible. |
| 3 | Management has procedures in place to identify information requirements and capture relevant information from reliable sources, but does not have procedures in place for processing that data into information that is appropriate, current, complete, accurate, and accessible. |
| 5 | There are no procedures in place to identify information requirements, capture relevant information from reliable sources, both internal staff and external entities nor, process that data into information that is appropriate, current, complete, accurate, and accessible. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR—Internal Communication (SAAM 20.26.40)**

It is essential, if internal controls are to function properly, that there be clear lines of communication throughout the agency occurring in all directions.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | There are established clear lines of communication occurring in all directions within the agency including hotlines and whistleblower programs of which employees have been made aware. |
| 3 | Although there are lines for communication within the agency, It does not appear the flow is occurring in all directions. |
| 5 | There are no clear lines of communication within the agency. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR—External Communication (SAAM 20.26.50)**

In order to maintain relationships, it is imperative that management communicate relevant and timely information to external parties. Likewise, management and other personnel must stay abreast of new matters relevant to their area of responsibility in order to identify and respond to changes that may impact agency objectives and internal controls.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | Management has established lines of open communication for the exchange of relevant and timely information to external parties to maintain relationships as well as from external parties to stay informed of and address changes that may impact operations and/or internal controls. |
| 3 | Management has established lines of communication for the dissemination of relevant and timely information with external parties to maintain relationships; however, there do not appear to be open lines to receive communication related to changes that may impact operations and/or internal controls. (Or vice versa) |
| 5 | Management has no established lines of open communication with external parties. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR—Monitoring Activities (SAAM 20.28.40)**

A control activity responds to a specific risk, while a monitoring activity assesses whether those controls are operating as intended.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | Management has procedures in place for monitoring and evaluating the results of internal controls to determine whether controls are operating effectively and as intended. |
| 3 | Management has procedures in place for monitoring internal controls, but does not appear to be evaluating results to determine whether they are operating effectively. |
| 5 | Management does not have procedures in place for monitoring internal controls. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR—Evaluates and Communicates Deficiencies (SAAM 20.28.50)**

In order for controls to continue to operate effectively, management must evaluate and communicate deficiencies to parties responsible for taking corrective action.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | Management has procedures in place for evaluating and documenting internal control issues and for communicating them to all parties responsible for taking corrective action. |
| 3 | Management has procedures in place for evaluating and documenting internal control issues, but the information does appear to be making it to those responsible for taking corrective action. |
| 5 | Management does not have procedures in place for assessing and communicating internal control issues. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR—Lean Activities**

The goal of Lean is to develop processes that are both efficient and effective. In an effort to implement Lean activities, agencies can put key operational activities and financial transactions at risk.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | Documented procedures are in place to assess risks related to the implementation of Lean activities and to mitigate the likelihood that they will have a significant impact on key internal controls. |
| 3 | Although there are documented procedures in place to assess risks related to the implementation of Lean activities and to mitigate the likelihood that they will have a significant impact on key internal controls, they do not appear to be functioning as intended. |
| 5 | The agency does not have a process in place to assess risks related to the implementation of Lean activities and to mitigate the likelihood that they will have little/no impact on key internal controls. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

|  |
| --- |
| **RISK CATEGORY—OTHER REVIEW OR AUDITS** |

**EVALUATION FACTOR—Internal Audit Coverage (SAAM 20.28.40)**

Internal audit of internal controls will likely decrease risk.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | Reviewed by internal auditors within the last year. |
| 2 | Not reviewed within the last year. |
| 3 | Not reviewed within the last two years. |
| 5 | Not reviewed within the last three years. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR—Results of Prior Audit Reviews (Internal) (SAAM 20.28.40)**

A history of audit findings and/or informal internal control comments normally indicate a higher level of risk.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | No internal control audit findings in the last 4 years. |
| 2 | Last internal control audit finding four years ago. |
| 3 | Last internal control audit finding less than three years ago. |
| 4 | Informal internal control comment less than two years ago. |
| 5 | Internal control audit finding less than two years ago that resulted in either a compliance failure or a significant adjustment to an account balance. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR—External Audit Coverage (SAAM 20.28.40)**

External audits of internal controls may decrease agency risk.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | Reviewed by external auditors within the last year. |
| 2 | Not reviewed within the last year. |
| 3 | Not reviewed within the last two years. |
| 5 | Not reviewed within the last three years. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR—Results of Prior Audit Reviews (External) (SAAM 20.28.40)**

A history of audit findings and/or informal internal control comments normally indicate a higher level of risk.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | No internal control audit findings in the last 4 years. |
| 2 | Last internal control audit finding four years ago. |
| 3 | Last internal control audit finding less than three years ago. |
| 4 | Informal internal control comment less than two years ago. |
| 5 | Internal control audit finding less than two years ago that resulted in either a compliance failure or a significant adjustment to an account balance. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

|  |
| --- |
| **RISK CATEGORY—SPECIFIC FINANCIAL RISK AREAS** |

**EVALUATION FACTOR—Account Balance Size**

Account or activity balance size has an effect on risk due to materiality considerations.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | Account balance under $10 million. |
| 2 | Account balance between $10 and $30 million. |
| 3 | Account balance between $30 and $70 million. |
| 5 | Account balance more than $150 million. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR—Appropriated Fund Expenditures**

Processing appropriated fund expenditures increases agency risk due to the budgetary constraints and concerns with monitoring and accurate reporting of this data.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | Processes under $1,000,000 in appropriated expenditures. |
| 2 | Processes between $1,000,000 and $10,000,000 in appropriated expenditures. |
| 3 | Processes between $10 and $30 million in appropriated expenditures. |
| 4 | Processes between $30 and $100 million in appropriated expenditures. |
| 5 | Processes more than $100 million in appropriated expenditures. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR—Account Reconciliation**

The foundation of quality financial information is in the detail of the data recorded at the general ledger (GL) level. Reconciliations serve as a key element of a system of internal control and are required by state policy.Reconciling accounts timely can help to identify and correct errors that could contain a significant or material misstatement.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | Independent, specified staff perform reconciliations regularly; variances are investigated timely, and are documented. |
| 3 | Reconciliations are performed by independent, specified staff, variances are investigated, and are documented; however, they are not performed regularly or timely. |
| 5 | Reconciliations are not being performed. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

|  |
| --- |
| **RISK CATEGORY—SPECIFIC FEDERAL RISK AREAS** |

**EVALUATION FACTOR—Federal Assistance Expenditures**

Processing federal assistance transactions causes an increase in agency risk due to the stringent administrative and cost principle guidelines that must be met.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | Processes no federal assistance transactions. |
| 2 | Processes between $1 and $5 in federal assistance. |
| 3 | Processes between $5 and $10 million in federal assistance. |
| 5 | Processes more than $10 million in federal assistance. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVLAUATION FACTOR – Federal Assistance Programs**

Because Federal Programs are unique and require a thorough understanding of the associated federal requirements, risks increase as the number of programs increase.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | Agency manages no federal programs. |
| 3 | Agency manages 1-5 Federal programs. |
|  | Agency manages 5-10 Federal programs. |
|  | Agency manages 10-15 Federal programs. |
| 5 | Agency manages more than 15 federal programs. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVLAUATION FACTOR – Compliance with Federal Regulation (SAAM 20.15.30)**

A history of non-compliance could impact future funding of federal dollars.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | The agency has never received a federal finding. |
| 3 | The agency has not received a federal finding within the past three years. |
| 5 | The agency received a finding during its last federal audit. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

|  |
| --- |
| **RISK CATEGORY—SPECIFIC ACCOUNTABILITY RISK AREAS** |

**EVALUATION FACTOR – Segregation of Duties (SAAM 20.24.30)**

No one individual should be allowed to control all key aspects of a transaction. To reduce the risk of error, waste or fraud, agencies should make all attempts to segregate duties of key operations and transactions.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | Key duties and responsibilities are divided or segregated among different employees to reduce the risk of error, misuse, or fraud. |
| 3 | Responsibilities are divided or segregated among different employees for most key duties within the agency. |
| 5 | Key duties are not divided or segregated among different employees for key duties within the agency. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR—Cash and Checks**

Cash and checks are more susceptible to fraud/theft than other assets. Their presence, especially if it is a major function of operations, increases risk.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | Operations do not involve the handling of cash or other highly liquid instruments. |
| 2 | There is limited opportunity for access to cash and checks or other attractive negotiable items. |
| 3 | The agency/department has some actual handling of cash and checks or other attractive negotiable items where an opportunity exists for potential access to them. |
| 5 | The handling of cash and checks or other attractive negotiable instruments is a significant function of operations. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR—Access to Inventories**

Risk increases with the presence of large inventory balances or specialized inventories such as controlled substances, hazardous wastes, or precious metals.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | No access to inventories. |
| 2 | Access to inventories under $50,000 that do not include specialized inventories. |
| 3 | Access to inventories between $50,000 and $500,000 that do not include specialized inventories. |
| 5 | Access to inventories more than $500,000 or that include specialized inventories. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR—Fixed Assets**

General procedures and policies for acquisitions, transfers and disposals of fixedassets should be clearly established and followed in order to maintain physical controls over inventories and to ensure that the fixed asset value is accurately reported on the financial statements. Risk increases with the presence of large fixed asset balances or highly desirable small and attractive assets.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | No fixed asset balance or inventoriable, highly desirable assets exist within the agency/department. |
| 2 | Fixed asset balances between $200,000 and $2 million with no inventoriable, highly desirable assets. |
| 3 | Fixed asset balance between $2 million and $15 million or limited inventoriable, highly desirable assets. |
| 5 | Fixed asset balance over $15 million or extensive inventoriable, highly desirable assets. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

|  |
| --- |
| **RISK CATEGORY—SYSTEM ENVIRONMENT** |

**EVALUATION FACTOR—Automation/System Changes**

Generally, risk will decrease with a higher level of automation within systems. In contrast, risk will tend to increase with major system changes and systems that have not had an update in a significant number of years.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | Manual with no changes since last evaluation. |
| 2 | Manual with minor changes since last evaluation. |
| 3 | Automated with minor changes since last evaluation. |
| 5 | Automated with major changes since the last evaluation or implementation of a new system. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

**EVALUATION FACTOR—Decentralization**

The extent of decentralization has an effect on internal accounting controls. Generally, decentralized operations are more difficult to control than centralized.

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| 1 | One location. |
| 2 | Two locations. |
| 3 | Three or four locations. |
| 4 | Five to ten locations. |
| 5 | More than ten locations. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |

|  |
| --- |
| **RISK CATEGORY—SPECIFIC IT RISK AREAS** |

**EVALUATION FACTOR—Sensitive Data**

Risk increases by the degree that the system is involved in the creation, handling, storage, or affords potential access to sensitive data. (E.g., personnel files, medical records, client files, research records, student records or other activities deemed confidential by law or policy.)

|  |  |
| --- | --- |
| **RATING SCALE—(Circle Choice)** | **DEFINITION** |
| **1** | The [system] does not include the creation or handling of sensitive data. |
| **2** | The [system] does not include the creation or handling of sensitive data; however, information is used by outside parties. |
| **3** | The [system] includes the handling or creation of sensitive data that is not an integral part of the system's internal controls. |
| **5** | The [system] includes the creation or handling of sensitive data that is an integral part of the system's internal controls. |

**COMMENTS/EXPLANATIONS**

|  |
| --- |
|  |