GUIDANCE FOR COMPLETING A RISK ASSESSMENT
FOR AN ACCOUNTABILITY UNIT (AU)

Definition

Risk Assessment - An educated diagnosis by management of a program's or function's susceptibility to failing to achieve its missions or goals, to producing erroneous reports or data, to allowing unauthorized uses of resources, or committing illegal or unethical acts, and to receiving adverse or unfavorable opinion.

Purpose

A risk assessment is conducted in order to appropriately identify, measure, and prioritize risks so that primary focus is placed on the areas of greatest significance. It also ensures that proper internal controls are in place to manage identified risks. The process can assist management in identifying problems or weaknesses and, with proper follow-through, result in improvements. The assessment reflects the perception, understanding and opinion of the evaluator (ideally someone with a solid working knowledge of the program/function) and, when performed objectively, is a very good indicator of risk. **Keep in mind that the existence of risk is not detrimental as long as it is recognized and properly controlled.**

Approach

This form was designed for use by the Bureau Internal Control Officer (BICO) and program/function manager in conjunction with their knowledge of the risks, controls in place, and associated circumstances of a program or function. **This form is not all-inclusive and should be used in conjunction with other risk assessment resources such as the ones listed below.**

Other Risk Assessment Resources include:

- the program/function managers' knowledge of the program's operations;
- rationale for changes occurring in a program, function, or procedure;
- results of recent reviews or evaluations by OIG, TIGTA or GAO;
- changes in mission, goals, or objectives

The risk assessment form consists of the following sections:

Section A - Control Environment
Section B – Risk
Section C - Evaluation of Safeguards
Section D - Overall Vulnerability

If any additional information or assistance is needed when completing this form, contact the Office of Accounting and Internal Control.

PROGRAM/FUNCTION RISK ASSESSMENT WORKSHEET

OFFICE/DIVISION:
PROGRAM/FUNCTION:

PROGRAM/FUNCTION MANAGER:

ACCOUNTABILITY UNIT DESCRIPTION:

SIGNIFICANT ISSUES (IF ANY):

STATUS OF CORRECTIVE ACTIONS:

LEGEND:	1-ALWAYS AGREE	2-NORMALLY AGREE	3-SOMETIMES AGREE	4-RARELY AGREE	5-DISAGREE

SECTION A – CONTROL ENVIRONMENT	**SCORE**				
(1) There are written policies and procedures for the establishment and maintenance of a system of internal controls. These policies are complete, accurate, current and clearly documented.	1	2	3	4	5
(2) There are clearly defined and established organizational units to perform the necessary functions and reporting relationships. Organizational charts are current and distributed to all employees.	1	2	3	4	5
(3) Employees have a level of knowledge and training about the mission, program, tasks, and vulnerabilities that enables them to achieve program/function goals. Cross training is provided and policies and procedures are in place to facilitate reassignment of staff with minimal loss of efficiency or work product quality.	1	2	3	4	5
(4) Management decisions, program direction and management action plans are in place. Organizational components regularly and effectively communicate requirements, issues and concerns and resolve problems in a timely manner.	1	2	3	4	5
(5) Appropriate delegations or limitations of authority are current, written, well defined, and communicated in a manner that provides assurance that responsibilities are effectively discharged. Authorities are promptly revoked when no longer required.	1	2	3	4	5
(6) Policies and procedures as to how the AU is intended to perform in all situations are clearly defined, documented, and disseminated to all employees in a timely manner.	1	2	3	4	5
(7) Program/function goals are specific, documented, and communicated and their accomplishment is continually monitored.	1	2	3	4	5
(8) An appropriate level of financial and management controls have been established and are maintained.	1	2	3	4	5
(9) Management is aware of the strengths and exposures inherent in automated information systems and ensures the existence of appropriate controls.	1	2	3	4	5
(10) Resource levels (budget and staff) are adequate to support achievement of program/function goals. Internal control activities are sufficient to control recognized risks.	1	2	3	4	5
SECTION TOTAL					

LEGEND: 1-ALWAYS 2-NORMALLY 3-SOMETIMES 4-RARELY 5-DISAGREE
        AGREE   AGREE   AGREE   AGREE

SECTION B – RISK	SCORE				
(1) Program/function mission, goals, and objectives are clear and documented. Applicable legislative mandates and regulations are clearly communicated by management to employees.	1	2	3	4	5
(2) Controlled properties are safeguarded and access is limited to authorized personnel.	1	2	3	4	5
(3) There is no impact on outside persons or organizations, in terms of economic status or health and safety, which might make the agency susceptible to external pressures and cause internal controls to be circumvented.	1	2	3	4	5
(4) The program/function is stable, and is expected to remain so for the near term. Changes are not likely to cause major revisions to policies or procedures, loss of experienced managers, lowering of personnel interest and motivation, or weakening of controls.	1	2	3	4	5
(5) The degree of management oversight and control is consistent with the needs of the program/function.	1	2	3	4	5
(6) The program/function is not subject to special interest in the form of Congressional or other high-level inquiries, media attention, or litigation.	1	2	3	4	5
(7) The program/function has been the subject of periodic audits, reviews, and inspections that have not disclosed significant or repeated findings.	1	2	3	4	5
SECTION TOTAL					

LEGEND: 1-ALWAYS 2-NORMALLY 3-SOMETIMES 4-RARELY 5-DISAGREE
           AGREE   AGREE   AGREE   AGREE

SECTION C – EVALUATION OF SAFEGUARDS	SCORE				
(1) Established internal control systems are cost-effective and provide reasonable assurance that risk has been reduced to the extent practicable.	1	2	3	4	5
(2) Managers and employees demonstrate a positive attitude and supportive behavior toward internal controls. Internal control reviews are completed in a timely manner.	1	2	3	4	5
(3) Managers and employees maintain and demonstrate personal and professional integrity. For example, mandatory ethics training is completed as required.	1	2	3	4	5
(4) Specific internal control objectives are established and documented to address the particular risks associated with this program/function or activity. The objectives are documented in the internal control review process.	1	2	3	4	5
(5) Established internal control mechanisms are effective and efficient in meeting control objectives and are documented in program/function internal control reviews.	1	2	3	4	5
(6) Internal control objectives and techniques, work flow, operational procedures, and other significant control activities are clearly documented in program/function internal control reviews, and the documentation is readily available for examination. Documentation is the written description of what should be not what actually happened, and is a required part of internal control reviews.	1	2	3	4	5
(7) Transactions (i.e. invoices, tracking/suspense items) and other significant activities (i.e. PARS actions, customer service requests) are properly classified and recorded.	1	2	3	4	5
(8) The organizational structure ensures that key duties and responsibilities in authorizing, processing, recording and reviewing transactions are separated among individuals to prevent financial loss or conflict of interest. Transactions include items such as invoices, complaints or service requests.	1	2	3	4	5
(9) Work is assigned, reviewed, and approved by supervisors to ensure that internal control objectives are achieved. Program/function managers review the results of internal control reviews.	1	2	3	4	5
(10) Access to resources and sensitive records is limited to authorized individuals, and accountability for the custody and use of resources is assigned and maintained. Access privileges are revoked when no longer required. The pre-exit clearance process for departing employees is strictly utilized. Periodic checks are made to ensure compliance.	1	2	3	4	5
(11) Managers in this program/function promptly review findings and recommendations reported by auditors and reviewers, determine proper action to be taken in response to findings and recommendations, and ensure that corrective actions are completed within established timeframes.	1	2	3	4	5
(12) Contract oversight is appropriate to ensure that work is performed according to the agreement, claims receive prompt action, and invoices are reviewed and paid within established time frames.	1	2	3	4	5
13) Safeguards are established to protect personnel, their work environment and property. Periodic checks are made to ensure safety and compliance.	1	2	3	4	5
SECTION TOTALS					
TOTAL SCORE (Total columns 1 through 5)					

SECTION D. OVERALL VULNERABILITY

Check the risk ranking below that corresponds to the TOTAL SCORE computed above.

HIGH RISK (TOTAL SCORE is 101 or greater)
MEDIUM RISK (TOTAL SCORE is 46-100)
LOW RISK (TOTAL SCORE is 45 or less)

PROPOSED PROGRAM/FUNCTION RANKING: _____

[Note: In assigning risk ranking, the evaluator should consider qualitative factors in addition to the total ranking score.]

PROGRAM/FUNCTION Manager Signature: DATE:

PROGRAM/FUNCTION Manager Title:

DCFO COMMENTS:

FINAL PROGRAM/FUNCTION RANKING: _____

DCFO Signature: DATE: