



Internal Audit Risk Assessment Process

May 9, 2014

AGENDA

1. Purpose
2. Timeline
3. Framework
4. Analysis and Computations
5. Next Steps

Risk Assessment Purpose

To prioritize FY15 activities for reasonable assurance regarding:

- Financial Reporting
- Operations
- Information Systems and Security
- Compliance
- Strategic Alliance

The work plan will be risk-based in consideration of all UK units, processes and applications. The work plan aligns with UKIA skill sets, emerging risks and UK Objectives. Resources utilized to perform these tasks include:

- Collaborations / Partnerships
- Information Technology Tools

The outcome will be a risk-based work plan for fiscal year 2015

Risk Assessment Timeline

The risk assessment is dynamic throughout each fiscal year. The timeline for FY 15 risk assessment includes:

On-going:	Populating Database (Audit Universe)
March 2014:	Comply Line Review
Feb - April 2014:	Information Gathering
April 2014:	Risk Assessment Analysis
May 2014:	ACS Risk Assessment Review
June 2014:	ACS Work Plan Review and Approval

Risk Assessment Framework

Audit
Universe

Risk
Factors

Risk
Scoring

Audit
Trending

Audit Universe

Database containing information from various sources:

- Risk Assessment Interviews (RAI)
 - ❖ Annual interviews focusing on relevant events and industry concerns
- Previous Audit Work (PAW)
 - ❖ UKIA end of audit process used to document out of scope concerns
- UKIA Workshops (WKS)
 - ❖ Documenting participants attendance and concerns raised during seminar
- ACUA Risk Dictionary (ARD)
 - ❖ Database used by auditor association to document higher education trends
- Comply Line (CPL)
 - ❖ Documenting information by unit and process
- Other Unsolicited Information (OUI)
 - ❖ Documenting information directed to UKIA from emails, calls and website

Audit Universe

10 examples from each category

Units (500+)	Processes (300+)	Applications (900+)
<ol style="list-style-type: none"> 1. Office of Sponsor Project Administration 2. Sponsored Project Accounting 3. Benefits 4. Motor Pool 5. Mailroom 6. Office of International Affairs 7. Public Relations 8. Mining Engineering Foundation 9. Ophthalmology 10. College of Public Health 	<ol style="list-style-type: none"> 1. Software Licensing 2. Cash Handling 3. Procurement Cards 4. Scholarships 5. Payroll 6. Construction Projects 7. Grants 8. Student Registration 9. Property Leasing 10. Accounts Receivable 	<ol style="list-style-type: none"> 1. Kronos 2. ProSam 3. Online Employment System 4. HealthQuest 5. Sunrise Clinical Manager 6. Thriva 7. CS Gold 8. Axiom 9. Millennium 10. Blackboard
Internal Audit	UKIA Risk Assessment Continuous Audits Continuous Auditing	Auto Audit Audit Command Language ARUBA Database

Audit Universe

Enterprise Division	Division	Unit	Process	Process Owner	Examples of Possible Concern(s)	Event Date	Source
Affiliates	CKMS	Call Center	Compensation	HR Compensation	Required lunch breaks	07.22.10	PAW
Campus	Libraries	University Press	Compensation	HR Compensation	Nonexempt travel compensation	06.13.11	PAW
HealthCare	Chandler	Therapeutic Services	Compensation	HR Compensation	Timekeeping adjustment	12.03.12	CPL
Finance and Administration	Human Resources	HR Compensation	Compensation	HR Compensation	Nonexempt overtime compensation Timekeeping practices	03.21.13	RAI
Campus	Enrollment Management	Student Financial Aid	Scholarships	Student Financial Aid	Vendor and end-user access (ProSam)	03.31.09	PAW
Academics	College of Fine Arts	School of Music	Scholarships	Student Financial Aid	Eligibility	03.20.14	OUI
Academics	College of Public Health	Donovan Fellowship Office	Scholarships	Student Financial Aid	Refunds	04.08.14	OUI

Risk Factors

Risk Factor	Definition / Measurement	Criteria
Public Exposure	Media coverage intensity and type of clientele	<ol style="list-style-type: none"> 1. Media Coverage 2. Customer Type 3. Current Affairs
Control Environment	Rank and file workplace practices	<ol style="list-style-type: none"> 1. IS Applications 2. Key Position Turnover Rate 3. Employee Relations 4. Event Identification
External Regulation	Unit or process compliance	<ol style="list-style-type: none"> 1. Industry Compliance 2. Federal Regulations 3. State Regulations
Materiality	Dollar significance or transaction volume	<ol style="list-style-type: none"> 1. Sources of Revenue 2. Transaction Volume 3. Budget breakdown 4. Transaction Complexity
Last Audit	Duration since last external or internal review	<ol style="list-style-type: none"> 1. Internal Auditor 2. External Auditor 3. Other Audits

Scoring - Risk Assessment Calculation

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Enterprise Division	Unit or Process	Public Exposure			Score	Last Audit			Score	Total Score
		Media	Customer	Current Affairs		Internal	External	Other		
Campus	Scholarships									
Campus	Student Financial Aid									
Academics	School of Music									
Academics	Donovan Fellowship Office									

Steps after Risk Assessment Calculations

1. Units and Processes are sorted in descending order
2. Concerns from high risk areas are reviewed for trending

FY15 Audit Focus – Trending Concerns

Business Operations

- Grants
- Compensation
- Procurement
- Ancillary Units
- Student Financial Aid
- Cash Operations
- Business Continuity

Information Systems

- Information Security
- BYOD
- Application Configuration
- Regulatory Compliance
- Ancillary Systems
- Data Analytics
- Disaster Recovery

Next Step is Work Plan Creation

Work Plan Content

Compliance Program

- Continuous Audits & Auditing
- Regulatory Risk and Audit Coverage

Business / Operations

- Comprehensive & Assessments
- Financial and Operational Risk

Information Technology

- Data Centers & Applications
- Information Security and Data Integrity

Unplanned Activities

- Consultations & Inquires/Investigations
- Red Flags
- Management Concerns

Work Plan Considerations

UKIA Skill Set

- Business Operations
- Information Technology

Available Hours

- Auditor Productivity Goal @ 75%
- Excludes UKIA Support Staff

Audit Commitments

- Audit Follow-up
- Audit Cycle

Other Resources

- Collaborations / Partnerships
- Co-sourcing / Outsourcing
- Information Technology Tools



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