

**East Carolina University
Office of Internal Audit
Risk Assessment Preliminary Work**

Date:	
Name:	
Area of Responsibility:	
Prior to meeting with your units gather and review the following information:	
1. Review unit's website. Note anything of significance or print any materials you deem relevant. List http address of website.	
2. Review unit's strategic plan. Attach a copy.	
3. Obtain organizational chart if applicable.	
4. Review risk assessment completed last year. (May not be one)	
5. Review audits performed for this unit. (For this time gather all audit history for this unit). List date of audits, whether it was management requested, # of findings, outstanding findings, whether fraud or abuse issue for all audits.	
6. Obtain units revenue and expenditure information. (Director will provide to you.)	
7. Other comments.	

**East Carolina University
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Risk Assessment Subjective Criteria**

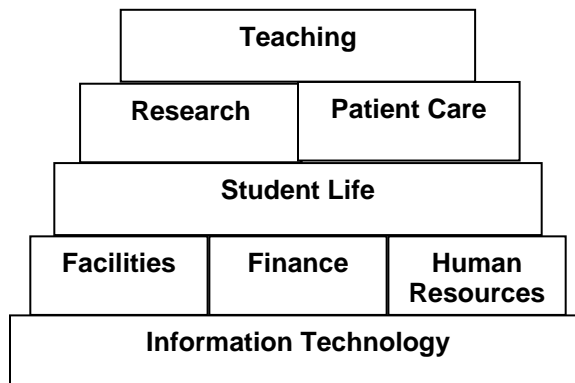
Introduction

Universities have had to learn to do more with less. There are many drivers that are transforming today’s higher education environment. Besides the academic mission, Universities are also faced with corporate governance and accountability issues, which have been driven by current events and legislation. To effectively manage today’s changing University environment, academic leaders must be cognizant of these drivers and the risks that accompany them and create a risk-conscious climate.

In partnering with management to create a risk-conscious climate, the Office of Internal Audit has developed and implemented risk-based engagement plans. This will ensure that our priorities are focused on those areas where risks and materiality of exposure is greatest.

The development of a risk-based engagement plan includes defining an auditable unit, establishing the audit universe, establishing the risk criteria, constructing the risk model, and ranking the audit universe. We are basing the establishment of East Carolina University’s audit universe and risk framework on the models listed below.

Audit Universe Model:



Risk Framework Model:

Higher Education Business Risks:
Strategic – Goals of the institution
Financial – Safeguarding assets
Operational – Processes that achieve goals
Compliance – Laws and regulations
Reputational – Public image

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Please consider the models on the previous page when identifying processes and risks.

Planning

Date:	
Name:	
Area of Responsibility:	
Please answer the following questions:	
1. What are the main goals and objectives of this unit?	
2. What recent events have occurred in this unit (e.g. new degrees, centers, change in management, turnover of staff)	
3. What are some of the areas of risk that your unit is facing? In other words, what exposures do you have that could potentially pose a threat or disruption to your research/business/academic programs? What keeps you up at night when you think what "could" go wrong? Consider these in the various areas (not limited to) financial risks, human resources, technological, students, legal and regulatory compliance, public relations or political risk, changes in units (reorganization, turnover).	
4. What is the likelihood these will happen and the impact if they do?	
5. What do you have in place to manage and deal with these risks?	
6. What is the worst thing that has already happened in your unit?	
7. Based on the goals and objectives of the unit, what obstacles do you face that could affect or keep you from achieving your goals and objectives (e.g. resources, priority of project, support from management)?	
8. How do you measure your performance? Have you obtained the desired outcome in recent years?	
9. What other units do you depend on to achieve your objectives? Do you feel you receive the information and support you need from these units? If not, please explain why and the difficulties you have encountered.	
10. Who are your key stakeholders or external constituents (e.g. donors, legislatures?)	
11. List any reviews that have been conducted in your area of responsibility either internally or by external auditors and/or consultants. Get a copy of any reports that were issued as a result of the review.	
12. Are there any particular areas within your unit or on campus which you currently have a concern about? If so, please explain. List any areas or concerns that you would like reviewed by Internal Audit.	

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13. List any areas in which you are aware of fraud and abuse and describe the nature of the fraud and abuse.
14. What unique systems do you have and how critical are they to the functioning of your unit? Have you had any performance issues? Who supports these systems? Do you have any systems that contain confidential or critical information such as patient, student, or employee information (eg. social security numbers, etc.)
15. Is IA meeting the expectations of your unit? What benefits has your unit received from IA? Do you feel comfortable calling IA with a problem or concern?
16. List any training with regard to internal control and fraud awareness that Internal Audit can provide to your area.
Additional comments:

**East Carolina University
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Risk Assessment Objective Criteria**

Unit/Major Process:		
Name:		
Date:		
1 Criticality of Unit – 20%		
Measuring What?	Criticality of the unit to the proper functioning of the University.	
Questions to Consider:	<ul style="list-style-type: none"> ● What happens if the unit is unable to provide its service to the University within the required time frames or at the normally expected level? ● What would be the impact of the unit not providing its service to the University at all? 	
Rating Factors:	<input type="checkbox"/> No impact <input type="checkbox"/> The University could still function for an extended period of time. <input type="checkbox"/> The University could only function for a short period of time. <input type="checkbox"/> The University would be negatively impacted and might not be able to function.	
2 Internal Control – 20%		
Measuring What?	The quality of the internal control environment based on results of prior audit work, general observations, and/or other interactions (e.g. department heads, business officers).	
Questions to Consider:	<ul style="list-style-type: none"> ● Is the internal control environment sufficient to ensure that controls are in place and working effectively? ● Is there oversight by an internal or external entity that represents an effective control for the unit? 	
Rating Factors:	<input type="checkbox"/> No weakness in controls. <input type="checkbox"/> Minor weaknesses in controls. <input type="checkbox"/> Major weaknesses in controls. <input type="checkbox"/> Controls have not been evaluated.	
3 Public or Political Sensitivity – 20%		
Measuring What?	The sensitivity of the unit to public exposure of any internal issues and the level of public embarrassment that could be caused to the University as a whole.	
Questions to Consider:	<ul style="list-style-type: none"> ● What would be the impact to the University if negative information about the unit was made public in some way? ● How dependent is this unit on external constituents (e.g. Legislature, Federal agencies) 	
Rating Factors:	<input type="checkbox"/> No impact. <input type="checkbox"/> Some impact. <input type="checkbox"/> High impact.	

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4	Legal and Governance – 20%	
	Measuring What?	The exposure to potential litigation and/or compliance with required laws, policies, etc.
	Questions to Consider:	<ul style="list-style-type: none"> ● Is there any current or potential litigation? ● What outside entities, policies, etc. (e.g. Federal, EPA, OSHA) are you governed by or required to comply with?
	Rating Factors:	<input type="checkbox"/> No current or potential litigation and no outside governance. <input type="checkbox"/> Potential litigation and/or minimal required compliance with outside entities. <input type="checkbox"/> Current litigation and/or excessive required compliance with outside entities.
5	Change in Management or Organizational Structure – 15%	
	Measuring What?	The amount of change in the structure of the unit.
	Questions to Consider:	<ul style="list-style-type: none"> ● Has there been a recent reorganization of the personnel or the processes in the unit? ● Have there been management or key personnel changes? ● Has there been unusually high turnover for the size of the group and the nature of the work?
	Rating Factors:	<input type="checkbox"/> No changes. <input type="checkbox"/> Some turnover but no change in management or key personnel. <input type="checkbox"/> Excessive turnover and/or change in management by key personnel.
6	Financial Impact – 5%	
	Measuring What?	Overall annual budget for unit (from State and other funding sources).
	Questions to Consider:	<ul style="list-style-type: none"> ● If there was misuse of funds or something went wrong financially, what would be the impact to the University from a financial perspective?
	Rating Factors:	<input type="checkbox"/> Small = <\$5 Million <input type="checkbox"/> Medium = \$5 - \$25 Million <input type="checkbox"/> Large => \$25 Million