

RISK ASSESSMENT METHODOLOGY

Risk Criteria	Factors for Consideration
1. Senior Management Concerns (Weighting 33%)	<ul style="list-style-type: none"> • The public profile and significance of programs in fulfilling ministry/government objectives. • The capability/proficiency of management. • The quality of business practices being used. • Prior audit results or other concerns. • Current news items or public concern over programs or services. • Involvement of the minister or politically sensitive third parties. • Legislation or regulations involving public safety, health or welfare.
2. Internal Control Environment (Weighting 25%)	<ul style="list-style-type: none"> • Clarity of roles, responsibilities and mandate. • Level of authority, responsibility and accountability. • Establishment of measurable performance objectives. • Degree and quality of documentation of policies and procedures. • Competence, integrity and adequacy of personnel. • Human Resource policies and the ethical environment. • Adequacy of systems and processes. • Quality of performance monitoring, reporting and assessment. • Asset liquidity, convertibility and size. • Past fraud or frequency of loss of assets. • Findings and scope of previous audits. • Time elapsed since previous audit.
3. Complexity of Program (Weighting 16%)	<ul style="list-style-type: none"> • Delivery model (centralized vs. decentralized, multi-ministry, contracted delivery agents etc.) • Ability to achieve objectives (identified strategic/business risks, management decision-making capability, and clarity of mandate). • Degree of automation of systems.
4. Changes in Programs, Systems, Processes or Procedures (Weighting 14%)	<ul style="list-style-type: none"> • Turnover in key staff • Changes to the organizational structure. • Significant changes in mandate and/or programs delivered. • Changes in automation of systems. • Business process redesign or changes to program delivery methods.
5. Size of Program/Area (Weighting 12%)	<ul style="list-style-type: none"> • Size of expenditures, revenue, staff, assets and liabilities. • Potential benefit from savings, efficiency or incremental revenues to government.

Total 100%

EXAMPLE OF RISK ASSESSMENT CRITERIA AND WEIGHTING

Risk Criteria	Factors for Consideration	Weighting	Risk Ranking
1. Senior Management Concerns	<p>Management assesses risk considering concerns such as:</p> <ul style="list-style-type: none"> • Significance of program in fulfilling ministry/government objectives (1 = not significant, 5 = critical). • Business practices support achievement of goals and objectives (1 = business practices support achievement, 5 = business practices do not support achievement). • Central agency concerns (1 = OCG/TBS/PC/Other have no concerns relative to the entity, 5 = OCG/TBS/PC/ISTA/Other have significant concerns relative to programs, management, control, information technology (infrastructures/strategy), or other aspects of entity operations). • Achievement of program's intended results (1 = program can demonstrate achievement of results, 5 = program cannot demonstrate achievement of results). • Current news item or public concern over programs or services (1 = program is never in the news, 5 = program is frequently in the news). • Involvement of the minister or politically sensitive third parties (1 = politically sensitive parties are never involved, 5 = politically sensitive parties are always involved). • Program or services involve public safety, health or welfare (1 = public safety, health and/or welfare not a consideration, 5 = public safety, health and/or welfare focus of program or service). 	33%	<ol style="list-style-type: none"> 1. Low risk. 2. Low to mode rate risk. 3. Mode rate risk. 4. Mode rate to high risk. 5. High risk.