

RISK ASSESSMENT METHODOLOGY

Risk Criteria	Factors for Consideration
1. Senior Management Concerns	<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	<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	<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	<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	<ul style="list-style-type: none"> • Size of expenditures, revenue, staff, assets and liabilities. • Potential benefit from savings, efficiency or incremental revenues to government.