



MANAGEMENT INNOVATION: OPERATIONS

Risk Assessment Survey

Doug Garver, Executive Director

Brenda Walker, Director of Internal Audit

2014 Entry Form
(Complete one for each entry.)

Fill out the entry name *exactly* as you want it listed in the program.

Entry Name _____

HFA _____

Submission Contact _____

Phone _____ **Email** _____

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Use this header on the upper right corner of each page.

HFA _____

Entry Name _____

Communications	Homeownership	Rental Housing	Special Needs Housing
<input type="checkbox"/> Annual Report <input type="checkbox"/> Promotional Materials and Newsletters <input type="checkbox"/> Creative Media	<input type="checkbox"/> Empowering New Buyers <input type="checkbox"/> Home Improvement and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Multifamily Management <input type="checkbox"/> Preservation and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Combating Homelessness <input type="checkbox"/> Housing for Persons with Special Needs
Legislative Advocacy	Management Innovation	Special Achievement	Are you providing visual aids?
<input type="checkbox"/> State Advocacy <input type="checkbox"/> Federal Advocacy	<input type="checkbox"/> Financial <input type="checkbox"/> Human Resources <input type="checkbox"/> Operations <input type="checkbox"/> Technology	<input type="checkbox"/> Special Achievement	<input type="checkbox"/> YES <input type="checkbox"/> NO

2014 NCSHA Award Nomination

HFA: Ohio Housing Finance Agency
Category: Management Innovation – Operations
Entry Name: Risk Assessment Survey
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Under increased regulation and scrutiny, senior management teams of public and private entities are evaluating internal controls and strategies. Internal Audit offices are quickly evolving into a trusted partner for valuable insight on internal controls and to provide valuable information that management and audit committees need to mitigate risk.

The Ohio Housing Finance Agency (OHFA) established an Internal Audit Office to address the need for increased governance in a manner that aligns with its mission, values and strategic objectives. The office embraced the challenges facing OHFA with a risk-based approach to its audit planning. The objective of risk-based audit planning is to optimize the assignment of internal audit resources and enable auditors to have the tools needed to prepare defensible audit plans. This approach empowers the team to gain a better understanding of the entity and its environment in order to identify risks of the highest priority.

Initially, OHFA used a general survey to learn basic information related to risk categories specific to OHFA activities. Leadership in each office completed the survey to identify risk within their office or programs by responding to questions that identified how generic risks affect their office. The survey provided enough information for the team to prepare the annual audit plan, but the survey lacked in-depth information required to identify specific risks. With a small audit office, the survey required an extensive amount of staff time to analyze and evaluate management responses to identify the specific risks of an office or program as part of the audit engagement planning stage. A different approach was needed.

Innovation

Acknowledging that management is in the best position to identify risks and controls for their own area, OHFA developed a comprehensive risk and control matrix for completion. Enlisting management to identify risks and controls using an integrated method was a new concept for the Agency. In response, OHFA created the Risk Assessment Survey, a tool with a series of nine interrelated steps. In the first step, each office identified its mission, goals and strategic objectives. Once management reflected on its purpose, goals, and strategies, the survey led management through the development of a risk matrix. Steps two and three required each office to identify its core processes (major functions) and the key activities that support each core process. Then, management exercised a critical eye to pinpoint potential consequences if the offices were unable to meet its goals and objectives, regardless of reason. Management analyzed each consequence and categorized its impact on a five-point scale from high to low. The fifth step identified reasons why a core process might fail and pose a potential risk. Risks were categorized as strategic, compliance, operational, reporting, information technology, or financial.

Matching consequences and risks was the sixth step. After consequences and risks were aligned, the probability of the risk occurrence was assigned as step seven. Probability was also assigned a five-point scale from high to low. Next, the Risk Assessment Survey processed the data as a risk matrix, a summary

of risks based upon their impact and the likelihood that they will occur. Step nine guided managers to identify the controls implemented in order to mitigate risk. This step involved the identification of existing controls for each core process and their associated risks, resulting in a control matrix. The controls were identified as operational, supervisory or oversight and are assigned to each risk that they are designed to mitigate. Management also had the ability to identify needed controls and assign staff to design and implement changes.

The Risk Assessment Survey provides valuable information for the Internal Audit team. It provides specific risks for each office and core process, as well as a determination of the Agency's exposure based upon a defined risk ranking. It also equips the team with the ability to develop an annual Audit Plan based on identified risks within the various offices and programs of the Agency. The Risk Assessment Survey also produces critical information related to risks and controls in order to prepare effective individual audit engagements.

Replication

The Risk Assessment Survey is easily replicable for use by other housing finance agencies. The Risk Assessment Survey leads management through the process of identifying risks and is replicable in any setting. The Risk Assessment Survey contains two parts: a Microsoft Word document containing instructions and a Microsoft Excel file used by management to complete the survey. Staff time related to customization and training is the only cost incurred.

Respond to Management Challenge

OHFA's Internal Audit team is comprised of one director and two auditors. The team was challenged to find adequate time to perform the OHFA Board-approved Audit Plan, as the previous survey only provided general risk categories from management. Staff spent significant time identifying high-exposure risks as part of the audit engagement preparation.

The new Risk Assessment Survey emphasizes the specific risks of individual offices, eliminating the need for the Internal Audit team to make a best-guess determination. The Risk Assessment Survey places the responsibility for risk identification with managers who are best suited to determine risk in their office.

Benefits Outweigh Costs

The Director of Internal Audit developed the Risk Assessment Survey internally. The cost of development will be recovered through the efficiencies gained from process improvement and the enhanced understanding and mitigation of the Agency's risks.

Effective Use of Resources

The use of the Risk Assessment Survey allows for better use of Internal Audit staff time. The Risk Assessment Survey provides the team with the ability to focus directly on the controls that management has implemented rather than identification of individual office risks. By focusing on management's controls and the effectiveness of them, internal audit staff is able to better use its time to recommend office improvements and efficiencies.

Achieve Strategic Objectives

Management review of risk creates an opportunity to recognize areas of concern, improve controls, and improve the use of Agency resources. By focusing on improvements, management becomes more efficient. It reduces costs and Agency staff time through better preparation for external audits and compliance reviews. Through the effective use of resources in Agency operations, OHFA is better able to meet the housing needs of the citizens of Ohio. These saved resources provide senior management additional opportunities to meet the strategic priorities of growing the First-Time Homebuyer Program, and increasing and preserving affordable multifamily housing in Ohio.

Attachments: Risk Assessment Survey
Appendix 1 - Sample Risk Assessment
Appendix 2 – Business Affairs Risk Control Matrices
Appendix 3 – Business Affairs Risk Footprint
Appendix 4 – General Control List
Appendix 5 – Control Footprint



Risk Assessment Survey

This risk assessment survey walks an Office through steps to identify its existing operational risks and the impact they have on the Office mission and goals.

**The Internal Audit Office
Winter 2014**

Risk Assessment Survey

What is a risk assessment?

- A risk assessment is not an audit.
- A risk assessment is a method used to identify weaknesses which might prevent an Office from achieving its goals and objectives.
- Part of the process is a review of mission and goals: Are your Office's mission and goals in sync with the Agency's mission and goals?
- Part of the process is to identify the activities of the Office and determine what could prevent an Office from achieving its goals or mission.
- A risk assessment is a process that assigns a score to risk based on impact and probability (explained in more detail later in the process).

Why assess risk?

- To identify weak areas within an Office.
- To direct resources effectively. Too many people or too much time may be spent on processes that do not need that much attention while 'riskier' processes are lacking in attention.
- To communicate risks – an end product that will visually show where the problems exist.

How do you assess risk?

Risk assessments can be performed on a single function within a major function, or they can be performed on a major function within a larger division. On the following pages is an outline of a risk assessment survey that can be applied to an entire Office.

Please review the process for your own Office. Identify the units that exist within your Office that represent core processes (functions). For illustrative purposes, you will find an example of an already-completed risk assessment of a Business Affairs department of a university in the [Sample Risk Assessment](#) (Appendix 1).

You may perform the risk assessment on your own, but if you would like to have someone from Internal Audit facilitate a risk assessment survey for your Office please contact the [Internal Audit Office](#).

Risk Assessment Survey

Note: All Steps will be completed in a separate Excel document, Risk Control Matrix, that will be provided to you.

Step 1: Identify the Office’s mission and goals. If you don’t have one now – in writing – develop one before proceeding with this assessment. Think about your Office’s purpose and how it ties into the overall mission of OHFA – *We Open the Doors to an Affordable Place to Call Home*. See [Sample Risk Assessment](#) (Appendix 1), pages 1 - 2. Use the Step 1 tab in the Risk Control Matrix to complete this step.

Step 2: Identify the core processes (major functions) that support this Office’s mission and accomplishment of its goals and objectives.

See [Sample Risk Assessment](#) (Appendix 1), page 3. Use the Step 2 tab in the Risk Control Matrix to complete this step.

Step 3: List the key activities performed for each of the core processes (major functions). See [Sample Risk Assessment](#) (Appendix 1), pages 4 - 8. Use the Step 3 tab in the Risk Control Matrix to complete this step.

Step 4: Prepare a list of consequences that may occur if the Office is unable to meet its goals and objectives. Rank the consequences based on the impact each would have on the Office should it occur, no matter the reason.

The following continues with the example of a Business Affairs department at a university: With a few exceptions, the consequences listed in the table below represent a set of consequences identified by a group of senior managers from universities around the country. This is not a comprehensive list that would apply to every department. Other consequences could be added; some consequences could be disregarded. Also, if you were performing a risk assessment on a single function within a major function, e.g., processing a vendor payment in accounts payable, which is a sub-function of the Business Office operations, you would likely have a completely different set of consequences.

For OHFA staff the plan is to create a list of consequences that pertain to your Office and to rank the consequences from high to low based on the impact they would have on your Office. **An explanation of high, medium high, medium, medium low and low is below the table.** The ranking below was used by the Business Affairs administration unit.

List each consequence in the appropriate category. There is a limit of 10 consequences per category. The numbers in each category are used in other tables as you will see later. The color coding is used for visual effect only.

Notes: There is no significance to the order of consequences within each category. Use the tab labeled *Step 4 & 6* in the Risk Control Matrix file to complete this step.

CONSEQUENCES		IMPACT	VALUE
1	Students unprepared to 'live wisely'	H	5
2	1 - Loss of significant future revenue stream	H	5
3	Loss of credibility (long term bad PR)	H	5
4	Loss of significant assets	H	5
5	Declining enrollment	H	5
6	Significant interruption to business continuity	H	5
7	Death/Major injury	H	5
8		H	5
9		H	5
10		H	5
11	No awareness of USI - no name recognition	MH	4
12	Decisions based on inaccurate or unreliable information	MH	4
13	Qualified or adverse audit opinion	MH	4
14		MH	4
15		MH	4
16		MH	4
17		MH	4
18		MH	4
19		MH	4
20		MH	4
21	Low Morale	M	3
22	Bad PR (short term)	M	3
23	Civil fines, penaltie, or sanctions	M	3
24	Increased oversight	M	3
25		M	3
26		M	3
27		M	3
28		M	3
29		M	3
30		M	3
31	Loss of knowledge base (key personnel or data)	LM	2
32	Re-work/inefficiency	LM	2
33	Lawsuits - individual	LM	2
34	Criminal punishment	LM	2
35		LM	2
36		LM	2
37		LM	2
38		LM	2
39		LM	2
40		LM	2
41	Lawsuits - class action	L	1
42	Letter of reprimand	L	1
43	Return funds	L	1
44	Increased costs	L	1
45		L	1
46		L	1
47		L	1
48		L	1
49		L	1
50		L	1

High = the consequence of the risk occurring will prevent the Office/unit from meeting its goals and objectives, or to do so will require major damage control.

Medium High = the consequence of the risk occurring will dramatically diminish the efforts of the Office/unit from meeting its goals and objectives resulting in inefficiencies and some damage control

Medium = the consequence of the risk occurring will only slow, or make inefficient, the Office/unit from meeting its goals and objectives.

Medium Low = the consequence of the risk occurring will have minimal effect on the Office/unit meeting its goals and objectives

Low = the consequence of the risk occurring will have little or no effect on the Office/unit meeting its goals and objectives.

Step 5: Identify risks or challenges associated with each core process based on the activities identified in step 3.

This is a brainstorming session. Ask “What would cause this process to fail?” Don’t get carried away with this part. Identify your most likely or significant risks first and stop after identifying 12 risks. More than that is information overload and impossible to work with later on.

Assign each risk to one or more risk categories:

- Strategic – affect or are created by business strategy and strategic objectives
- Compliance – relate to legal and regulatory compliance
- Operational- affects ability to execute its strategic plan
- Reporting – includes ability to file disclosure, compliance, monitoring and other reports
- IT – affected by technology
- Financial – include areas such as financial reporting, valuation, market, liquidity, and credit risks

Note: Use the *Core Process* tabs in the Risk Control Matrix file to complete this step. Use a different tab for each Core Process.

Step 5		
Core Process (Business Area Objective)	Risk	Risk Category (Strategic, Compliance, Operational, Reporting, IT, Financial)
Budgeting	Decreasing State appropriation	Strategic, Operational
Budgeting	Insufficient budget staff	Operational, Financial
Budgeting	Competing budget priorities	Strategic, Operational
Budgeting	Understated expenditure and/or overstated revenue budgets (significant variances)	Financial
Budgeting	Budget additions or changes not properly approved or traceable	Financial, Operational
Budgeting	Inability to control consistent budget overruns year after year	Operational, Financial
Budgeting	Inability to prevent end-of-year spending to ‘use up’ available budget	Operational, Financial

Step 6: Using the ranked consequences, an IMPACT value will be assigned to each risk/challenge based on the most likely consequence(s) should that risk happen.

As defined earlier, *impact is the effect on the achievement of goals and objectives when the risk happens.*

In this step assign a consequence or multiple consequences created in step 4 to each risk/challenge from step 5.

Note: Use the tab labeled *Step 4 & 6* in the Risk Control Matrix file to complete this step. The risk/challenge identified in Step 5 will automatically populate.

Business Affairs			Budgeting						
RISKS →	CONSEQUENCES	IMPACT VALUE	Decreasing State appropriation	Insufficient budget staff	Competing budget priorities	Understated expenditure and/or overstated revenue budgets (significant variances)	Budget additions or changes not properly approved or traceable	Inability to control consistent budget overruns year after year	Inability to prevent end-of-year spending to 'use up' available budget
2	1 - Loss of significant future revenue stream	H 5							
3	Loss of credibility (long term bad PR)	H 5							
4	Loss of significant assets	H 5							
5	Declining enrollment	H 5	X						
6	Significant interruption to business continuity	H 5							
7	Death/Major injury	H 5							
11	No awareness of USI - no name recognition	MH 4							
12	Decisions based on inaccurate or unreliable information	MH 4				X	X		
13	Qualified or adverse audit opinion	MH 4							
21	Low Morale	M 3	X	X	X				
22	Bad PR (short term)	M 3		X	X	X		X	X
23	Civil fines, penalties, or sanctions	M 3							
24	Increased oversight	M 3		X		X	X	X	X
31	Loss of knowledge base (key personnel or data)	LM 2		X					
32	Re-work/inefficiency	LM 2		X		X	X	X	X
33	Lawsuits - individual	LM 2							
34	Criminal punishment	LM 2							
41	Lawsuits - class action	L 1							
42	Letter of reprimand	L 1							
43	Return funds	L 1							
44	Increased costs	L 1						X	X

After the consequences are assigned, an average Impact of the consequences will automatically be calculated by assigning the following points: High – 5; Medium High – 4; Medium – 3; Low Medium – 2; Low – 1. The total of the consequences is divided by the number of consequences to calculate an average. The result will determine the Impact value – High – 4.5 and greater; Medium High – 4.25 thru 4.49; Medium – 3.25 thru 4.24; Low Medium – 2.50 thru 3.24; Low - <2.5.

In the example in step 7, risk 1 has a Medium High Impact as calculated: Consequences 1 – High (5 points) + 4 – High (5 points) + 10 – Medium (3 points) = 13 divided by 3 (number of consequences assigned) = 4.33. A Medium High Impact is assigned for any value 4.25 thru 4.49 so the Impact is Medium High.

Step 7: Assign a PROBABILITY value (High, Medium, Low) of the risk happening.

Assume there are only operating controls in place -- which are those embedded in day-to-day operations, guided by policies and procedures, segregation of duties, and routine reconciliations -- **but disregard any supervisory or oversight controls** that may exist when assigning a probability value.

- High probability = It will happen often.
- Medium probability = It is likely to happen, but not often.
- Low probability = It is unlikely to happen at all

Sort the risks from high to low as shown in the 'Ranking' column of the table below.

The results of steps 5, 6, & 7 are reflected in tables like the one below. See [Business Affairs Risk Control Matrices](#) (Appendix 2) for more examples.

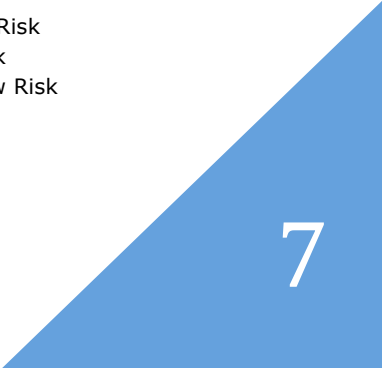
Note: Use the *Core Process* tabs in the Risk Control Matrix file to complete this step. Use a different tab for each Core Process.

		Step 5	Auto - Populated	Step 6 - Automatically Calculated	Step 7 1 = Low 5 = HIGH	Auto - Populated																																																		
Core Process (Business Area Objective)	Risk	Risk Category (Strategic, Compliance, Operational, Reporting, IT, Financial)	Consequences (From List Created in Step 4)	Impact (Range of 1 to 5)	Likelihood (Range of 1 to 5)	Risk Rating																																																		
Budgeting	Decreasing State appropriation	Strategic, Operational	<table border="1"> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td></tr> <tr><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td><td>30</td></tr> <tr><td>31</td><td>32</td><td>33</td><td>34</td><td>35</td><td>36</td><td>37</td><td>38</td><td>39</td><td>40</td></tr> <tr><td>41</td><td>42</td><td>43</td><td>44</td><td>45</td><td>46</td><td>47</td><td>48</td><td>49</td><td>50</td></tr> </table>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	4	3	M MH
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Budgeting	Understated expenditure and/or overstated revenue budgets (significant variances)	Financial	<table border="1"> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td></tr> <tr><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td><td>30</td></tr> <tr><td>31</td><td>32</td><td>33</td><td>34</td><td>35</td><td>36</td><td>37</td><td>38</td><td>39</td><td>40</td></tr> <tr><td>41</td><td>42</td><td>43</td><td>44</td><td>45</td><td>46</td><td>47</td><td>48</td><td>49</td><td>50</td></tr> </table>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	3	3	M M
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Point values: H = 5; MH = 4; M = 3; LM = 2; L = 1
Impact based on average score of Consequences listed:
H = 4.5 and above
MH = 4.25 thru 4.49
M = 3.25 thru 4.24
LM = 2.50 thru 3.24
L = < 2.49

Ranking scores:
 HH
 MH H, M H, H MH
 LM H, L H, MH MH, M MH, H M, MH M
 LM MH, L MH, M M, LM M, L M, H LM, MH LM, M LM, H L
 LM LM, L LM, MH L, M L, LM L, L L

	Critical Risk
	Near-Critical Risk
	Moderate Risk
	Moderate-Low Risk
	Low Risk



Step 8: Generate a Risk Footprint matrix based on the risks and associated ranking for each core process.

NOTE: The Risk Footprint will automatically be generated based on the information entered in the prior steps. It will appear in the *Risk Footprint* tab.

When performing a risk assessment of one or two smaller departments, visualizing where the riskier areas are from the tables created in steps 6 and 7 above are easily identifiable. However, when performing a risk assessment of a larger unit, such as the entire Business Affairs division in the example, it is better to create the risk footprint to get the full picture. A segment of the Business Affairs Risk Footprint is shown below. Click on this link, [Appendix 3](#), for a full display of the risk footprint.

Layout of the Risk Footprint matrix:

- The core processes are listed down the left column (vertical axis). Those with the most critical risks are listed first.
- The risks identified in the steps 5, 6 and 7 are listed across on the same row as the core process to which they pertain (horizontal axis).
- The footprint is designed so that core processes with the highest risk items (blue) are presented first at the top left, moving right and down with lesser risk items. The lowest risk items would be at the far right and/or at the bottom right.

Management should use the footprint to allocate resources to managing the risks that can affect the achievement of goals and objectives. Internal audit will use this information to devise audit programs.

Business Affairs		Risks						
Core Process	1		2		3		4	
Business Affairs Administration	Insufficient budget dollars	L H	Ineffective leadership	L MH	Key staff turnover	H LM	Failure to identify and manage risks	M LM
Business Office Operations and Services	Inaccurate/untimely posting of financial information - receivables, payables, receipts, disbursements, etc.	L M	Vendor payment errors not detected in timely manner	M M	Computer systems malfunction/downtime	M M	Lack of knowledge of IRS regulations and changes	M M
Physical Plant Operations	Dependency on city and Vectren for water and electricity	H H	Inability to control utilities costs	H MH	Failure to fill open positions in timely manner	H M	Failure to attract qualified people for key positions (e.g., HVAC operator, maintenance mechanics)	H M
Budgeting	Competing budget priorities	H M	Decreasing State appropriation	M MH	Insufficient budget staff	H M	Understated expenditure and/or overstated revenue budgets (significant variances)	M M

Step 9: Construct a Control Footprint matrix for each core process, identifying controls that are in place, or should be in place, for each of the risks identified.

Once the risk assessment is complete, you are now faced with the task of determining what to do next. A mitigation strategy will help you determine how to manage risk. There are several choices depending on the criticality of the risk and management's tolerance for risk. Options for managing risk include the following:

- *Accept the risk* – Do nothing to manage it. This may be a suitable action for low risk activities where the cost of adding a control would outweigh the benefit.
- *Avoid the risk* – Do not do the activity which generates the risk. This may not be possible if the activity causing the risk is an activity that's critical to accomplishing the Office's goals.
- *Control the risk* – Establish policies and procedures to manage the risk. Review existing policies and procedures to determine where they might be strengthened to better control the risk.
- *Manage the risk* – Do something to lower the probability to an acceptable level. Be aware that managing a risk will affect the *probability* of the risk occurring, but the *impact* will remain the same should the risk occur anyway.
- *Share the risk* – Partner with another entity who has a stake in the success of the unit accomplishing its goals. If another party takes responsibility for some portion of the activity, the risk level could be lowered.
- *Transfer the risk* – Let someone outside the organization be responsible for the activity or be the control. An example of this is the coverage provided by an insurance policy.

For purposes of this exercise, identify an existing control or a potential control that could be implemented for each risk identified in the preceding steps. This might be a brainstorming session, or you might draw from some of the controls found in [General Controls](#) (Appendix 4).

Using the *Control Footprint* tabs in the Risk Control Matrix file, complete the following steps. (Appendix 5 contains a sample format of a [Control Footprint](#) matrix)

1. Document the controls down the left side that are currently in place for each risk (populated across the top from risks identified in step 5) within each core process. **Note:** There is a separate control footprint tab for each core process.
2. Document which risks a control mitigates by placing an "X" in the matrix. Keep in mind that one control can mitigate more than one risk.
3. Document any controls within a core process that are currently being performed that are not tied to a risk. The reason for this is because you may have a control that is unnecessary – or perhaps another risk that was forgotten.
4. In the far left column, indicate the level of the control identified.
 - a. 1 = Operating control – generally performed as part of the process itself by the staff performing the activity.
 - b. 2 = Supervisory control – performed as a quality check on the process by supervisors or others who do not originate the event or transaction.
 - c. 3 = Oversight control – status reports, analytical reviews, etc. performed by representatives of executive management.

Notice on the Control Footprint, on the far right hand side, there is a section entitled 'Monitoring Plan'. The following instructions pertain to this section.

5. Document the responsible person and evidence of control for each control listed.
6. Decide on which controls to monitor.
 - a. Controls shaded in peach are chosen to monitor because they provide the most coverage for critical (red) or near critical (yellow) risks, or because management has the experience and available resources to monitor.
 - b. Controls shaded in blue are managed outside the authority of this unit.
 - c. Controls shaded in purple are being considered for implementation in the future.

A portion of the Control Footprint matrix for the budgeting process is illustrated below. Unfortunately, there is no example of a completed Monitoring Plan at this time to reference. If you should complete one, Internal Audit would greatly appreciate receiving a copy to use as an example with this risk assessment survey process.

Notes: The Monitoring Plan is for use by management and is an optional section for completion.
Use the *Control Footprint* tabs in the Risk Control Matrix file to complete this step.

Business Affairs

Core Process: Budgeting		Control Footprint Matrix			
LEVEL	RISKS →	1	2	3	4
	CURRENT CONTROLS ↓	M MH	H M	H M	M M
		Decreasing State appropriation	Insufficient budget staff	Competing budget priorities	Understated expenditure and/or overstated revenue budgets (significant variances)
3	Effectively lobby legislators	X			
1	Provide budget training and awareness programs		X	X	X
1	Hire qualified staff		X		
3	Monitor state legislation	X			
2	Assign responsibility		X	X	X
3	Monitor budget to actual			X	X
3	Performance evaluations		X		
1	Training and professional development		X		

Congratulations!

You have completed the Risk Assessment Survey all the way to the end and you are to be congratulated.

As was stated earlier, if you want help from Internal Audit on any part of the process, please contact the [Internal Audit Office](#).

Business Affairs

Risk Assessment Survey

Office Mission and Goals

Step 1: Identify the Office's mission and goals

Mission:

The mission of the Business Affairs division is to further the cost effective, efficient, and fiscally prudent operation of the University; support the academic goals of the University; and enhance the operating prospects of the University. The Business Affairs division will achieve this mission through:

- Good stewardship of the University's assets
- Professional development of the Business Affairs staff
- The application of sound business and financial management principals to the operation of the University
- The provision of good service to the students, faculty, and staff of the University

Long-Term Goals or Objectives:

1 • The continued development of an enhanced sense of community at the University, both through the ongoing development of the campus and its buildings, and in partnership with Academic and Student Affairs in their various community-building initiatives

2 • The enhancement of the University's asset base through good stewardship of fiscal and physical assets

3 • The judicious application of University assets in the achievement of the academic and programmatic goals of the University

4 • The ongoing review, updating and enhancement of Business Affairs policies and practices

5 • Continual review of the internal and external operating environment of the University, making operating adjustments as required

Business Affairs
Risk Assessment Survey
Office Mission and Goals

Short-Term Goals or Objectives:

- 1 • The delivery, on time and on budget, of over \$70 million in major capital improvements planned and funded over the next three years
- 2 • The borrowing of the attendant capital necessary to construct the planned improvements
- 3 • Providing the fiscal orientation for several new Board of Trustee members scheduled to be appointed July 1, 2008
- 4 • Supporting the needs of the pending executive leadership transition

Business Affairs
Risk Assessment Survey
Core Processes

Step 2: Identify and list below the core processes (major functions) that support this Office's mission and accomplishment of its goals and objectives

1 Business Affairs Administration

2 Business Office Operations and Services

3 Risk Management and Environmental Health/Safety

4 Computer and Telecommunications Operations

5 Safety and Security Operations

6 Physical Plant Operations

7 Internal Auditing

8 Budgeting

9 Financing and Investing

10

Business Affairs Risk Assessment Survey Key Activities

Step 3: List the key activities performed for each of the core processes (major functions)

Core

Process Key Activities

Business Affairs Administration

- Represent the University on financial matters to the Board of Trustees

- Oversee development of operating budget; identify problems and opportunities

- Provide vision, inspiration, and effective leadership for the division

- Chair, serve, and represent the division and the University on numerous committees on and off campus

- Promote continued professional growth and development division wide

- Oversee planning, financing, and completion of construction projects

- Resolve issues as requested by the president

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Business Affairs

Risk Assessment Survey

Key Activities

Business Office Operations and Services

- General accounting

- Accounts payable

- Bursar/cashier operations

- Inventory and fixed asset management

- Bookstore operations

- Travel services

- Procurement services

- Distribution services

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Risk Management and Environmental Health/Safety

- Protect from risk of accidental injury and financial loss

- Provide programs on safe and healthy work/study conditions

- Provide education and training on environmental laws and regulations

- Provide technical services, periodic audits, and compliance assistance

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Business Affairs

Risk Assessment Survey

Key Activities

Computer and Telecommunications Operations

- Provide computer hardware and software support and maintenance

- Maintain administrative software system (Banner)

- Provide network services and support

- Provide Web services support and maintenance

- Maintain and support academic computer labs

- Maintain and support library system support

- Telecommunications and voice mail

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Safety and Security Operations

- 24/7 presence on campus

- Traffic and parking control

- Security of physical assets

- Safety of employees, students, and guests

- Provide first aid and emergency procedures

- Provide method to report crimes

- Educate and enforce code of student behavior

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Business Affairs

Risk Assessment Survey

Key Activities

Physical Plant Operations

- Building maintenance

- Custodial services

- Grounds maintenance

- Special event and moving services

- Central heating and cooling plant operations

- Utility and energy management

- Fleet vehicle operations

- Construction and renovation planning

- Construction management

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Internal Auditing

- Risk assessment

- Compliance audits

- Financial audits

- Operational audits

- Internal control reviews

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Business Affairs

Risk Assessment Survey

Key Activities

Budgeting

- Establish University operating budgets

- Assists departments in development and control of budgets

- Prepares schedules for biennial budgets

- Liaison between business office and other departments

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Financing and Investing

- Issue bonds for capital projects

- Manage cash flow to meet daily/monthly needs

- Invest funds per policy

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Step 4: Prepare a list of consequences that may occur if the Office is unable to meet its goals and objectives. Rank the consequences based on the impact each would have on the Office should it occur, no matter the reason.

The following continues with the example of a Business Affairs department at a university: With a few exceptions, the consequences listed in the table below represent a set of consequences identified by a group of senior managers from universities around the country. This is not a comprehensive list that would apply to every department. Other consequences could be added; some consequences could be disregarded. Also, if you were performing a risk assessment on a single function within a major function, e.g., processing a vendor payment in accounts payable, which is a sub-function of the Business Office operations, you would likely have a completely different set of consequences.

For OHFA staff the plan is to create a list of consequences that pertain to your Office and to rank the consequences from high to low based on the impact they would have on your Office. **An explanation of high, medium high, medium, medium low and low is below the table.** The ranking below was used by the Business Affairs administration unit.

List each consequence in the appropriate category. The numbers in each category are used in other tables as you will see later. The color coding is used for visual effect only.

CONSEQUENCES	IMPACT	VALUE
1 Students unprepared to 'live wisely'	H	5
2 1 - Loss of significant future revenue stream	H	5
3 Loss of credibility (long term bad PR)	H	5
4 Loss of significant assets	H	5
5 Declining enrollment	H	5
6 Significant interruption to business continuity	H	5
7 Death/Major injury	H	5
8	H	5
9	H	5
10	H	5
11 No awareness of USI - no name recognition	MH	4
12 Decisions based on inaccurate or unreliable information	MH	4
13 Qualified or adverse audit opinion	MH	4
14	MH	4
15	MH	4
16	MH	4
17	MH	4
18	MH	4
19	MH	4
20	MH	4
21 Low Morale	M	3
22 Bad PR (short term)	M	3
23 Civil fines, penalties, or sanctions	M	3
24 Increased oversight	M	3
25	M	3
26	M	3
27	M	3
28	M	3
29	M	3
30	M	3
31 Loss of knowledge base (key personnel or data)	LM	2
32 Re-work/inefficiency	LM	2
33 Lawsuits - individual	LM	2
34 Criminal punishment	LM	2
35	LM	2
36	LM	2
37	LM	2
38	LM	2
39	LM	2
40	LM	2
41 Lawsuits - class action	L	1
42 Letter of reprimand	L	1
43 Return funds	L	1
44 Increased costs	L	1
45	L	1
46	L	1
47	L	1
48	L	1
49	L	1
50	L	1

High = the consequence of the risk occurring will prevent the Office/unit from meeting its goals and objectives, or to do so will require major damage control.

Medium High = the consequence of the risk occurring will dramatically diminish the efforts of the Office/unit from meeting its goals and objectives resulting in inefficiencies and some damage control

Medium = the consequence of the risk occurring will only slow, or make inefficient, the Office/unit from meeting its goals and objectives.

Medium Low = the consequence of the risk occurring will have minimal effect on the Office/unit meeting its goals and objectives

Low = the consequence of the risk occurring will have little or no effect on the Office/unit meeting its goals and objectives.

NOTE: There is no significance to the order of consequences within each category.

Step 5: Brainstorm risks or challenges associated with each core process based on the activities identified in step 3.

Step 6: Using the ranked consequences, an IMPACT value will be assigned to each risk/challenge based on the most likely consequence(s) should that risk happen.

Step 7: Assign a PROBABILITY value (High, Medium High, Medium, Medium Low, Low) of the risk happening if there are no supervisory or oversight controls in place. [NOTE: This means only operating controls are in place, such as training and written policies and procedures that describe how to perform a task.]

The results of these steps are reflected on the following page.

Risk Control Matrix

Date: _____

Office: Business Affairs

Date of First Change: _____

Date of Last Change: _____

Step 5												Step 6 - Automatically Calculated	Step 7 1 = Low 5 = HIGH	Auto - Populated	
Core Process (Business Area Objective)	Risk	Risk Category (Strategic, Compliance, Operational, Reporting, IT, Financial)	Consequences (From List Created in Step 4)										Impact (Range of 1 to 5)	Likelihood (Range of 1 to 5)	Risk Rating
Budgeting	Decreasing State appropriation	Strategic, Operational	1	2	3	4	5	6	7	8	9	10	4	3	M MH
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Budgeting	Insufficient budget staff	Operational, Financial	1	2	3	4	5	6	7	8	9	10	3	5	H M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Budgeting	Competing budget priorities	Strategic, Operational	1	2	3	4	5	6	7	8	9	10	3	5	M H
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Budgeting	Understated expenditure and/or overstated revenue budgets (significant variances)	Financial	1	2	3	4	5	6	7	8	9	10	3	3	M M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Budgeting	Budget additions or changes not properly approved or traceable	Financial, Operational	1	2	3	4	5	6	7	8	9	10	3	3	M M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Budgeting	Inability to control consistent budget overruns year after year	Operational, Financial	1	2	3	4	5	6	7	8	9	10	2	3	LM M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Budgeting	Inability to prevent end-of-year spending to 'use up' available budget	Operational, Financial	1	2	3	4	5	6	7	8	9	10	2	1	LM L
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			

Risk Control Matrix

Date: _____

Office: **Business Affairs**

Date of First Change: _____

Date of Last Change: _____

Step 5		Risk Category (Strategic, Compliance, Operational, Reporting, IT, Financial)	Consequences (From List Created in Step 4)	Step 6 - Automatically Calculated	Step 7 1 = Low 5 = HIGH	Auto - Populated																																																		
Core Process (Business Area Objective)	Risk			Impact (Range of 1 to 5)	Likelihood (Range of 1 to 5)	Risk Rating																																																		
Business Affairs Administration	Ineffective leadership	Strategic, Operational	<table border="1"> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td></tr> <tr><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td><td>30</td></tr> <tr><td>31</td><td>32</td><td>33</td><td>34</td><td>35</td><td>36</td><td>37</td><td>38</td><td>39</td><td>40</td></tr> <tr><td>41</td><td>42</td><td>43</td><td>44</td><td>45</td><td>46</td><td>47</td><td>48</td><td>49</td><td>50</td></tr> </table>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	4	1	L MH
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Business Affairs Administration	Key staff turnover	Strategic, Operational	<table border="1"> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td></tr> <tr><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td><td>30</td></tr> <tr><td>31</td><td>32</td><td>33</td><td>34</td><td>35</td><td>36</td><td>37</td><td>38</td><td>39</td><td>40</td></tr> <tr><td>41</td><td>42</td><td>43</td><td>44</td><td>45</td><td>46</td><td>47</td><td>48</td><td>49</td><td>50</td></tr> </table>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	2	5	H LM
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Business Affairs Administration	Insufficient budget dollars	Operational, Financial	<table border="1"> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td></tr> <tr><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td><td>30</td></tr> <tr><td>31</td><td>32</td><td>33</td><td>34</td><td>35</td><td>36</td><td>37</td><td>38</td><td>39</td><td>40</td></tr> <tr><td>41</td><td>42</td><td>43</td><td>44</td><td>45</td><td>46</td><td>47</td><td>48</td><td>49</td><td>50</td></tr> </table>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	5	1	L H
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Business Affairs Administration	Inadequate monitoring of productivity	Compliance	<table border="1"> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td></tr> <tr><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td><td>30</td></tr> <tr><td>31</td><td>32</td><td>33</td><td>34</td><td>35</td><td>36</td><td>37</td><td>38</td><td>39</td><td>40</td></tr> <tr><td>41</td><td>42</td><td>43</td><td>44</td><td>45</td><td>46</td><td>47</td><td>48</td><td>49</td><td>50</td></tr> </table>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	3	1	L M
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Business Affairs Administration	Ineffective communication with direct reports	Operational	<table border="1"> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td></tr> <tr><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td><td>30</td></tr> <tr><td>31</td><td>32</td><td>33</td><td>34</td><td>35</td><td>36</td><td>37</td><td>38</td><td>39</td><td>40</td></tr> <tr><td>41</td><td>42</td><td>43</td><td>44</td><td>45</td><td>46</td><td>47</td><td>48</td><td>49</td><td>50</td></tr> </table>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	3	1	L M
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Business Affairs Administration	Ineffective communication with other university departments	Strategic, Operational	<table border="1"> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td></tr> <tr><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td><td>30</td></tr> <tr><td>31</td><td>32</td><td>33</td><td>34</td><td>35</td><td>36</td><td>37</td><td>38</td><td>39</td><td>40</td></tr> <tr><td>41</td><td>42</td><td>43</td><td>44</td><td>45</td><td>46</td><td>47</td><td>48</td><td>49</td><td>50</td></tr> </table>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	4	1	L MH
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Business Affairs Administration	Failure to identify and manage risks	Strategic, Operational, Financial	<table border="1"> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td></tr> <tr><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td><td>30</td></tr> <tr><td>31</td><td>32</td><td>33</td><td>34</td><td>35</td><td>36</td><td>37</td><td>38</td><td>39</td><td>40</td></tr> <tr><td>41</td><td>42</td><td>43</td><td>44</td><td>45</td><td>46</td><td>47</td><td>48</td><td>49</td><td>50</td></tr> </table>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	2	3	M LM
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Business Affairs Administration	Inadequate disaster recovery and business continuity plans	Strategic, Operational, Financial, IT	<table border="1"> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td></tr> <tr><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td><td>30</td></tr> <tr><td>31</td><td>32</td><td>33</td><td>34</td><td>35</td><td>36</td><td>37</td><td>38</td><td>39</td><td>40</td></tr> <tr><td>41</td><td>42</td><td>43</td><td>44</td><td>45</td><td>46</td><td>47</td><td>48</td><td>49</td><td>50</td></tr> </table>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	3	3	M M
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Core Process (Business Area Objective)	Risk	Risk Category (Strategic, Compliance, Operational, Reporting, IT, Financial)	Consequences (From List Created in Step 4)										Impact (Range of 1 to 5)	Likelihood (Range of 1 to 5)	Risk Rating
Business Office Operations and Services	Inaccurate/untimely posting of financial information - receivables, payables, receipts, disbursements, etc.	Financial	1	2	3	4	5	6	7	8	9	10	3	1	L M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Business Office Operations and Services	Vendor payment errors not detected in timely manner	Financial, Operational	1	2	3	4	5	6	7	8	9	10	3	3	M M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Business Office Operations and Services	Failure to follow governmental accounting standards	Compliance, Financial	1	2	3	4	5	6	7	8	9	10	3	1	L M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Business Office Operations and Services	Failure to follow USI policies and procedures	Compliance	1	2	3	4	5	6	7	8	9	10	3	1	L M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Business Office Operations and Services	Lack of knowledge of IRS regulations and changes	Compliance, Operations, Reporting	1	2	3	4	5	6	7	8	9	10	3	3	M M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Business Office Operations and Services	Inappropriate use of University assets	Strategic, Financial, Operational	1	2	3	4	5	6	7	8	9	10	2	1	L LM
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Business Office Operations and Services	Inappropriate release of confidential information	Operational	1	2	3	4	5	6	7	8	9	10	2	1	L LM
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Business Office Operations and Services	Computer systems malfunction/downtime	IT, Reporting, Operational	1	2	3	4	5	6	7	8	9	10	3	3	M M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			

Core Process (Business Area Objective)	Risk	Risk Category (Strategic, Compliance, Operational, Reporting, IT, Financial)	Consequences (From List Created in Step 4)										Impact (Range of 1 to 5)	Likelihood (Range of 1 to 5)	Risk Rating
			1	2	3	4	5	6	7	8	9	10			
Business Office Operations and Services	Conflicts of interest – vendor/employee	Financial, Operational	1	2	3	4	5	6	7	8	9	10	3	1	L M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Business Office Operations and Services	Employee collusion, fraud, or theft	Operational, Financial	1	2	3	4	5	6	7	8	9	10	3	3	M M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Business Office Operations and Services	Cash and other assets not adequately safeguarded	Financial	1	2	3	4	5	6	7	8	9	10	3	3	M M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Business Office Operations and Services	Capital assets valued incorrectly	Financial	1	2	3	4	5	6	7	8	9	10	3	1	L M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			

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Core Process (Business Area Objective)	Risk	Risk Category (Strategic, Compliance, Operational, Reporting, IT, Financial)	Consequences (From List Created in Step 4)										Impact (Range of 1 to 5)	Likelihood (Range of 1 to 5)	Risk Rating
Risk Management and Environmental Health/Safety	Failure to alert campus community of hazardous materials in the workplace	Operational	1	2	3	4	5	6	7	8	9	10	3	3	M M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Risk Management and Environmental Health/Safety	Failure to comply with environmental health and safety regulatory requirements	Compliance	1	2	3	4	5	6	7	8	9	10	3	3	M M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Risk Management and Environmental Health/Safety	Failure to provide environmental health and safety educational programs and training to USI constituents	Operational	1	2	3	4	5	6	7	8	9	10	3	1	L M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Risk Management and Environmental Health/Safety	Inadequate insurance coverage	Operational, Compliance	1	2	3	4	5	6	7	8	9	10	4	1	L MH
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Risk Management and Environmental Health/Safety	Increasing premium costs	Financial	1	2	3	4	5	6	7	8	9	10	1	5	H L
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Risk Management and Environmental Health/Safety			1	2	3	4	5	6	7	8	9	10			
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Risk Management and Environmental Health/Safety			1	2	3	4	5	6	7	8	9	10			
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Risk Management and Environmental Health/Safety			1	2	3	4	5	6	7	8	9	10			
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
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Core Process (Business Area Objective)	Risk	Risk Category (Strategic, Compliance, Operational, Reporting, IT, Financial)	Consequences (From List Created in Step 4)										Impact (Range of 1 to 5)	Likelihood (Range of 1 to 5)	Risk Rating
Computer and Telecommunications Operations	Attracting and/or maintaining qualified staff	Operational	1 11 21 31 41	2 12 22 32 42	3 13 23 33 43	4 14 24 34 44	5 15 25 35 45	6 16 26 36 46	7 17 27 37 47	8 18 28 38 48	9 19 29 39 49	10 20 30 40 50	2	3	M LM
Computer and Telecommunications Operations	Failure to keep pace with technology changes – software/hardware upgrades	IT	1 11 21 31 41	2 12 22 32 42	3 13 23 33 43	4 14 24 34 44	5 15 25 35 45	6 16 26 36 46	7 17 27 37 47	8 18 28 38 48	9 19 29 39 49	10 20 30 40 50	3	3	M M
Computer and Telecommunications Operations	Failure to maintain secure IT environment	IT	1 11 21 31 41	2 12 22 32 42	3 13 23 33 43	4 14 24 34 44	5 15 25 35 45	6 16 26 36 46	7 17 27 37 47	8 18 28 38 48	9 19 29 39 49	10 20 30 40 50	3	3	M M
Computer and Telecommunications Operations	Unavailability of systems/necessary services – unscheduled downtime	IT,Operational,Financial	1 11 21 31 41	2 12 22 32 42	3 13 23 33 43	4 14 24 34 44	5 15 25 35 45	6 16 26 36 46	7 17 27 37 47	8 18 28 38 48	9 19 29 39 49	10 20 30 40 50	3	1	L M
Computer and Telecommunications Operations	Inappropriate destruction or retention of data	IT, Compliance, Reporting	1 11 21 31 41	2 12 22 32 42	3 13 23 33 43	4 14 24 34 44	5 15 25 35 45	6 16 26 36 46	7 17 27 37 47	8 18 28 38 48	9 19 29 39 49	10 20 30 40 50	3	1	L M
Computer and Telecommunications Operations	Failure to adequately protect/recover data from man-made or natural disasters	IT, Operational, Reporting	1 11 21 31 41	2 12 22 32 42	3 13 23 33 43	4 14 24 34 44	5 15 25 35 45	6 16 26 36 46	7 17 27 37 47	8 18 28 38 48	9 19 29 39 49	10 20 30 40 50	4	3	M MH
Computer and Telecommunications Operations			1 11 21 31 41	2 12 22 32 42	3 13 23 33 43	4 14 24 34 44	5 15 25 35 45	6 16 26 36 46	7 17 27 37 47	8 18 28 38 48	9 19 29 39 49	10 20 30 40 50			
Computer and Telecommunications Operations			1 11 21 31 41	2 12 22 32 42	3 13 23 33 43	4 14 24 34 44	5 15 25 35 45	6 16 26 36 46	7 17 27 37 47	8 18 28 38 48	9 19 29 39 49	10 20 30 40 50			

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Core Process (Business Area Objective)	Risk	Risk Category (Strategic, Compliance, Operational, Reporting, IT, Financial)	Consequences (From List Created in Step 4)								Impact (Range of 1 to 5)	Likelihood (Range of 1 to 5)	Risk Rating		
Safety and Security Operations	Inadequate staffing	Operational	1	2	3	4	5	6	7	8	9	10	3	1	L M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Safety and Security Operations	Inadequate emergency response plans for major disasters – natural or man-made	Operational	1	2	3	4	5	6	7	8	9	10	3	1	L M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Safety and Security Operations	Inadequate education of campus community on emergency procedures	Operational	1	2	3	4	5	6	7	8	9	10	3	1	L M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Safety and Security Operations	Poor coordination with other law enforcement agencies	Operational	1	2	3	4	5	6	7	8	9	10	3	1	L M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Safety and Security Operations	Failure to respond timely and appropriately	Operational	1	2	3	4	5	6	7	8	9	10	4	1	L MH
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Safety and Security Operations	Communications breakdown in emergency situation	Operational	1	2	3	4	5	6	7	8	9	10	4	1	L MH
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Safety and Security Operations	Failure to practice safe campus procedures	Operational	1	2	3	4	5	6	7	8	9	10	3	1	L M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Safety and Security Operations	Failure to test emergency response plans	Operational	1	2	3	4	5	6	7	8	9	10	4	3	M MH
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			

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Core Process (Business Area Objective)	Risk			Impact (Range of 1 to 5)	Likelihood (Range of 1 to 5)	Risk Rating																																																		
Physical Plant Operations	Failure to attract qualified people for key positions (e.g., HVAC operator, maintenance mechanics)	Operational	<table border="1"> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td></tr> <tr><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td><td>30</td></tr> <tr><td>31</td><td>32</td><td>33</td><td>34</td><td>35</td><td>36</td><td>37</td><td>38</td><td>39</td><td>40</td></tr> <tr><td>41</td><td>42</td><td>43</td><td>44</td><td>45</td><td>46</td><td>47</td><td>48</td><td>49</td><td>50</td></tr> </table>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	3	5	H M
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Physical Plant Operations	Failure to maintain capacity to operate campus boilers, chillers, electrical, or HVAC	Operational	<table border="1"> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td></tr> <tr><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td><td>30</td></tr> <tr><td>31</td><td>32</td><td>33</td><td>34</td><td>35</td><td>36</td><td>37</td><td>38</td><td>39</td><td>40</td></tr> <tr><td>41</td><td>42</td><td>43</td><td>44</td><td>45</td><td>46</td><td>47</td><td>48</td><td>49</td><td>50</td></tr> </table>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	4	1	L MH
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Physical Plant Operations	Failure to perform maintenance on facilities	Operational	<table border="1"> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td></tr> <tr><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td><td>30</td></tr> <tr><td>31</td><td>32</td><td>33</td><td>34</td><td>35</td><td>36</td><td>37</td><td>38</td><td>39</td><td>40</td></tr> <tr><td>41</td><td>42</td><td>43</td><td>44</td><td>45</td><td>46</td><td>47</td><td>48</td><td>49</td><td>50</td></tr> </table>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	3	1	L M
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Physical Plant Operations	Failure to manage outsourced services (e.g., fire sprinklers, alarms and elevator maintenance, snow/ice removal, etc.)	Operational	<table border="1"> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td></tr> <tr><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td><td>30</td></tr> <tr><td>31</td><td>32</td><td>33</td><td>34</td><td>35</td><td>36</td><td>37</td><td>38</td><td>39</td><td>40</td></tr> <tr><td>41</td><td>42</td><td>43</td><td>44</td><td>45</td><td>46</td><td>47</td><td>48</td><td>49</td><td>50</td></tr> </table>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	4	1	L MH
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Physical Plant Operations	Theft or abuse of equipment, tools, supplies, or fuel	Operational	<table border="1"> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td></tr> <tr><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td><td>30</td></tr> <tr><td>31</td><td>32</td><td>33</td><td>34</td><td>35</td><td>36</td><td>37</td><td>38</td><td>39</td><td>40</td></tr> <tr><td>41</td><td>42</td><td>43</td><td>44</td><td>45</td><td>46</td><td>47</td><td>48</td><td>49</td><td>50</td></tr> </table>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	3	3	M M
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Physical Plant Operations	Failure to maintain and construct building components to current building or seismic codes	Operational	<table border="1"> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td></tr> <tr><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td><td>30</td></tr> <tr><td>31</td><td>32</td><td>33</td><td>34</td><td>35</td><td>36</td><td>37</td><td>38</td><td>39</td><td>40</td></tr> <tr><td>41</td><td>42</td><td>43</td><td>44</td><td>45</td><td>46</td><td>47</td><td>48</td><td>49</td><td>50</td></tr> </table>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	3	1	L M
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Physical Plant Operations	Inability to control utilities costs	Operational	<table border="1"> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td></tr> <tr><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td><td>30</td></tr> <tr><td>31</td><td>32</td><td>33</td><td>34</td><td>35</td><td>36</td><td>37</td><td>38</td><td>39</td><td>40</td></tr> <tr><td>41</td><td>42</td><td>43</td><td>44</td><td>45</td><td>46</td><td>47</td><td>48</td><td>49</td><td>50</td></tr> </table>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	4	5	H MH
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Physical Plant Operations	Dependency on city and Vectren for water and electricity	Operational, Strategic	<table border="1"> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td></tr> <tr><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td><td>30</td></tr> <tr><td>31</td><td>32</td><td>33</td><td>34</td><td>35</td><td>36</td><td>37</td><td>38</td><td>39</td><td>40</td></tr> <tr><td>41</td><td>42</td><td>43</td><td>44</td><td>45</td><td>46</td><td>47</td><td>48</td><td>49</td><td>50</td></tr> </table>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	5	5	H H
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Core Process (Business Area Objective)	Risk	Risk Category (Strategic, Compliance, Operational, Reporting, IT, Financial)	Consequences (From List Created in Step 4)										Impact (Range of 1 to 5)	Likelihood (Range of 1 to 5)	Risk Rating
			1	2	3	4	5	6	7	8	9	10			
Physical Plant Operations	Safety concerns of 15-passenger vans and fleet of golf carts on campus	Operational	1	2	3	4	5	6	7	8	9	10	3	3	M M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Physical Plant Operations	Excessive employee absenteeism	Operational	1	2	3	4	5	6	7	8	9	10	2	5	H LM
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Physical Plant Operations	Failure to fill open positions in timely manner	Operational	1	2	3	4	5	6	7	8	9	10	3	5	H M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Physical Plant Operations	Serious accident at construction site	Operational	1	2	3	4	5	6	7	8	9	10	3	3	M M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			

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Step 5												Step 6 - Automatically Calculated	Step 7 1 = Low 5 = HIGH	Auto - Populated	
Core Process (Business Area Objective)	Risk	Risk Category (Strategic, Compliance, Operational, Reporting, IT, Financial)	Consequences (From List Created in Step 4)										Impact (Range of 1 to 5)	Likelihood (Range of 1 to 5)	Risk Rating
Internal Auditing	Inadequate audit coverage	Strategic, Operational	1 11 21 31 41	2 12 22 32 42	3 13 23 33 43	4 14 24 34 44	5 15 25 35 45	6 16 26 36 46	7 17 27 37 47	8 18 28 38 48	9 19 29 39 49	10 20 30 40 50	5	5	H H
Internal Auditing	Audits not focused on risk and/or significance	Strategic, Operational	1 11 21 31 41	2 12 22 32 42	3 13 23 33 43	4 14 24 34 44	5 15 25 35 45	6 16 26 36 46	7 17 27 37 47	8 18 28 38 48	9 19 29 39 49	10 20 30 40 50	3	3	M M
Internal Auditing	Audits not performed objectively	Operational	1 11 21 31 41	2 12 22 32 42	3 13 23 33 43	4 14 24 34 44	5 15 25 35 45	6 16 26 36 46	7 17 27 37 47	8 18 28 38 48	9 19 29 39 49	10 20 30 40 50	4	1	L MH
Internal Auditing	Insufficient audit staff	Operational	1 11 21 31 41	2 12 22 32 42	3 13 23 33 43	4 14 24 34 44	5 15 25 35 45	6 16 26 36 46	7 17 27 37 47	8 18 28 38 48	9 19 29 39 49	10 20 30 40 50	4	3	M MH
Internal Auditing	Noncompliance with IIA Standards	Compliance	1 11 21 31 41	2 12 22 32 42	3 13 23 33 43	4 14 24 34 44	5 15 25 35 45	6 16 26 36 46	7 17 27 37 47	8 18 28 38 48	9 19 29 39 49	10 20 30 40 50	4	3	M MH
Internal Auditing	Restricted independence/scope/access	Compliance, Operational	1 11 21 31 41	2 12 22 32 42	3 13 23 33 43	4 14 24 34 44	5 15 25 35 45	6 16 26 36 46	7 17 27 37 47	8 18 28 38 48	9 19 29 39 49	10 20 30 40 50	3	1	L M
Internal Auditing	Lack of management or audit committee support	Operational	1 11 21 31 41	2 12 22 32 42	3 13 23 33 43	4 14 24 34 44	5 15 25 35 45	6 16 26 36 46	7 17 27 37 47	8 18 28 38 48	9 19 29 39 49	10 20 30 40 50	6	1	L H
Internal Auditing	Inability to communicate effectively with auditee, management, or audit committee	Operational	1 11 21 31 41	2 12 22 32 42	3 13 23 33 43	4 14 24 34 44	5 15 25 35 45	6 16 26 36 46	7 17 27 37 47	8 18 28 38 48	9 19 29 39 49	10 20 30 40 50	6	3	M H

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Core Process (Business Area Objective)	Risk	Risk Category (Strategic, Compliance, Operational, Reporting, IT, Financial)	Consequences (From List Created in Step 4)										Impact (Range of 1 to 5)	Likelihood (Range of 1 to 5)	Risk Rating
Budgeting	Decreasing State appropriation	Strategic, Operational	1	2	3	4	5	6	7	8	9	10	4	3	M MH
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Budgeting	Insufficient budget staff	Operational, Financial	1	2	3	4	5	6	7	8	9	10	3	5	H M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Budgeting	Competing budget priorities	Strategic, Operational	1	2	3	4	5	6	7	8	9	10	3	5	H M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Budgeting	Understated expenditure and/or overstated revenue budgets (significant variances)	Financial	1	2	3	4	5	6	7	8	9	10	3	3	M M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Budgeting	Budget additions or changes not properly approved or traceable	Financial, Operational	1	2	3	4	5	6	7	8	9	10	3	3	M M
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Budgeting	Inability to control consistent budget overruns year after year	Operational, Financial	1	2	3	4	5	6	7	8	9	10	2	3	M LM
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Budgeting	Inability to prevent end-of-year spending to 'use up' available budget	Operational, Financial	1	2	3	4	5	6	7	8	9	10	2	1	L LM
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			

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Core Process (Business Area Objective)	Risk	Risk Category (Strategic, Compliance, Operational, Reporting, IT, Financial)	Consequences (From List Created in Step 4)										Impact (Range of 1 to 5)	Likelihood (Range of 1 to 5)	Risk Rating
Financing and Investing	Rating change of underlying credit instrument, either bond insurance or bank liquidity	Financial	1	2	3	4	5	6	7	8	9	10	2	3	M LM
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Financing and Investing	Failure to meet spending requirements for tax-exempt borrowing	Financial	1	2	3	4	5	6	7	8	9	10	2	3	M LM
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Financing and Investing	Inability to make timely payment of principal and interest	Financial	1	2	3	4	5	6	7	8	9	10	4	1	L MH
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Financing and Investing	Downgrade in our stand-alone rating causing increase in the cost of borrowing	Financial	1	2	3	4	5	6	7	8	9	10	2	1	L LM
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Financing and Investing	Failure to meet the 'private use' restriction for space constructed with tax exempt financing	Financial	1	2	3	4	5	6	7	8	9	10	2	1	L LM
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Financing and Investing	Failure to ensure that cash flow is adequate to meet daily needs, payroll, and periodic large outlays such as bond payments	Financial	1	2	3	4	5	6	7	8	9	10	4	1	L MH
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Financing and Investing	Failure to maximize revenue generation while maintaining investment security	Financial	1	2	3	4	5	6	7	8	9	10	2	1	L LM
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Financing and Investing	Minimizing lost revenue associated with interest-loss requirements from early cash-in of investment	Financial	1	2	3	4	5	6	7	8	9	10	2	1	L LM
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			

Core Process (Business Area Objective)	Risk	Risk Category (Strategic, Compliance, Operational, Reporting, IT, Financial)	Consequences (From List Created in Step 4)										Impact (Range of 1 to 5)	Likelihood (Range of 1 to 5)	Risk Rating
			1	2	3	4	5	6	7	8	9	10			
Financing and Investing	Market values affected by the change in the interest rate environment	Financial	1	2	3	4	5	6	7	8	9	10	2	5	H LM
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Financing and Investing	Call provisions associated with the purchase of notes or bonds	Financial	1	2	3	4	5	6	7	8	9	10	2	5	H LM
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Financing and Investing	Allowing funds to sit in non-interest earning accounts	Financial	1	2	3	4	5	6	7	8	9	10	2	1	L LM
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			
Financing and Investing			1	2	3	4	5	6	7	8	9	10			
			11	12	13	14	15	16	17	18	19	20			
			21	22	23	24	25	26	27	28	29	30			
			31	32	33	34	35	36	37	38	39	40			
			41	42	43	44	45	46	47	48	49	50			

Business Affairs

Core Process	Risks							
	1		2		3		4	
Business Affairs Administration	Insufficient budget dollars	L H	Ineffective leadership	L MH	Key staff turnover	H LM	Failure to identify and manage risks	M LM
Business Office Operations and Services	Inaccurate/untimely posting of financial information - receivables, payables, receipts, disbursements, etc.	L M	Vendor payment errors not detected in timely manner	M M	Computer systems malfunction/downtime	M M	Lack of knowledge of IRS regulations and changes	M M
Safety and Security Operations	Failure to test emergency response plans	M MH	Inadequate staffing	L M	Inadequate emergency response plans for major disasters – natural or man-made	L M	Inadequate education of campus community on emergency procedures	L M
Physical Plant Operations	Dependency on city and Vectren for water and electricity	H H	Inability to control utilities costs	H MH	Failure to fill open positions in timely manner	H M	Failure to attract qualified people for key positions (e.g., HVAC operator, maintenance mechanics)	H M
Internal Auditing	Inadequate audit coverage	H H	Inability to communicate effectively with auditee, management, or audit committee	M H	Insufficient audit staff	M MH	Noncompliance with IIA Standards	M MH
Budgeting	Competing budget priorities	H M	Decreasing State appropriation	M MH	Insufficient budget staff	H M	Understated expenditure and/or overstated revenue budgets (significant variances)	M M
Financing and Investing	Market values affected by the change in the interest rate environment	H LM	Call provisions associated with the purchase of notes or bonds	H LM	Rating change of underlying credit instrument, either bond insurance or bank liquidity	M LM	Failure to meet spending requirements for tax-exempt borrowing	M LM

Business Affairs

Core Process	Risks							
	5		6		7		8	
Business Affairs Administration	Inadequate disaster recovery and business continuity plans	M M	Inadequate monitoring of productivity	L M	Ineffective communication with direct reports	L M	Ineffective communication with other university departments	L MH
Business Office Operations and Services	Employee collusion, fraud, or theft	M M	Cash and other assets not adequately safeguarded	M M	Failure to follow governmental accounting standards	L M	Failure to follow USI policies and procedures	L M
Safety and Security Operations	Failure to practice safe campus procedures	L M	Poor coordination with other law enforcement agencies	L M	Failure to respond timely and appropriately	L MH	Communications breakdown in emergency situation	L MH
Physical Plant Operations	Excessive employee absenteeism	H LM	Failure to maintain capacity to operate campus boilers, chillers, electrical, or HVAC	L MH	Theft or abuse of equipment, tools, supplies, or fuel	M M	Safety concerns of 15-passenger vans and fleet of golf carts on campus	M M
Internal Auditing	Lack of management or audit committee support	L H	Audits not focused on risk and/or significance	M M	Audits not performed objectively	L MH	Restricted independence/scope/access	L M
Budgeting	Budget additions or changes not properly approved or traceable	M M	Inability to control consistent budget overruns year after year	M LM	Inability to prevent end-of-year spending to 'use up' available budget	L LM		
Financing and Investing	Inability to make timely payment of principal and interest	L MH	Failure to ensure that cash flow is adequate to meet daily needs, payroll, and periodic large outlays such as bond payments	L MH	Failure to maximize revenue generation while maintaining investment security	L LM	Minimizing lost revenue associated with interest-loss requirements from early cash-in of investment	L LM

Business Affairs

Core Process	Risks							
	9		10		11		12	
Business Affairs Administration								
Business Office Operations and Services	Conflicts of interest – vendor/employee	L M	Capital assets valued incorrectly	L M	Inappropriate release of confidential information	L LM	Inappropriate use of University assets	L LM
Safety and Security Operations								
Physical Plant Operations	Serious accident at construction site	M M	Failure to perform maintenance on facilities	L M	Failure to manage outsourced services (e.g., fire sprinklers, alarms and elevator maintenance, snow/ice removal, etc.)	L MH	Failure to maintain and construct building components to current building or seismic codes	L M
Internal Auditing								
Budgeting								
Financing and Investing	Downgrade in our stand-alone rating causing increase in the cost of borrowing	L LM	Failure to meet the 'private use' restriction for space constructed with tax exempt financing	L LM	Allowing funds to sit in non-interest earning accounts	L LM		

General Controls

1. Segregation of duties.
2. Supervisory review and approval.
3. Management oversight/supervision.
4. Safeguard assets.
5. Perform periodic audits.
6. Documented policies and procedures that are relevant, adequate, effective, and updated.
7. Orientation, training, and awareness programs – informative and ongoing.
8. Attend trade shows, conferences, and seminars for continuing professional development.
9. Timely reconciliations performed on a regular basis and reviewed and approved by supervisor.
10. Perform analyses and reviews to determine trends, transactions, budget vs. actual.
11. Perform cost/benefit analyses.
12. Embrace budget planning process.
13. Review financial transactions regularly.
14. Hire competent personnel.
15. Perform background checks – credentials, references, criminal record.
16. Establish measurable goals and performance objectives.
17. Communicate expectations to staff.
18. Conduct performance assessments/evaluations.
19. Establish consequences for noncompliance.
20. Build collaborative partnerships.
21. Create independent/objective oversight committee.
22. Conduct regular inspections of facilities, equipment, inventory, etc.
23. Monitor work hours, vacations, sick leave, overtime, and comp time reported.
24. Access – secured, limited, controlled, monitored.
25. Back up data regularly.
26. Develop and test a disaster recovery plan.
27. Develop and test an emergency preparedness plan.
28. Establish backup or contingency plan.
29. Assign responsibility.
30. Document conflict of interest disclosures.
31. Develop and update strategic plans.
32. Benchmark with other universities, university departments with similar functions, etc.
33. Use surveys or solicit feedback.
34. Perform safety inspections.
35. Conduct physical security assessment.
36. Promote and uphold ethical 'tone at the top'.

