

## Appendix 2 – Risk Assessment Forms/Examples

**National Aeronautics and Space Administration (NASA)  
Office of the Chief Financial Officer (OCFO)  
Financial Management Internal Control Risk Assessment Form**

Date risk assessment completed:

NASA Center/Headquarters Organization:

Assessable unit and a brief description of the activities performed:

Financial Management Requirements (FMR) Volume 9, "Internal Management Controls", Chapter 4, "Risk Assessment", provides an overview of the required content and descriptions for this form. Examples are also available.

Objectives	Objective Category (O/F/C)	Risks	Risk Level (H/M/L)	Control Techniques and Activities	Other Objectives Affected	Evaluation and Conclusion

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**Date risk assessment completed:** March 30, 2005

**NASA Center/Headquarters Organization:** Organization Example

**Assessable unit and a brief description of the activities performed:**

Financial Disbursement/Transaction Processing Assessable Unit – responsible for disbursements and transaction processing.

Financial Management Requirements (FMR) Volume 9, "Internal Management Controls", Chapter 4, "Risk Assessment", provides an overview of the required content and descriptions for this form. Examples are also available.

<b>Objectives</b>	<b>Objective Category (O/F/C)</b>	<b>Risks</b>	<b>Risk Level (H/M/L)</b>	<b>Control Techniques and Activities</b>	<b>Other Objectives Affected</b>	<b>Evaluation and Conclusion</b>
Only those requests for disbursements that meet NASA's policy and procedures should be approved.	O	Disbursements are made to unauthorized vendors, and cash is intentionally or unintentionally dispersed to an unauthorized party (i.e., a vendor who did not provide the goods or services being paid for).	H	Documented procedures for initiating, reviewing and approving requests.  Periodic inspection of used critical forms for proper completion and authorized signatures.	<i>[Does objective impact or overlap any other objectives under the responsibility of other units in the financial management community?]</i>	Based on evaluator's opinion, control is in place and operating effectively.  Based on evaluator's opinion, control is in place and operating effectively.
Disbursements should be accurately and promptly reported.	O (with impact to F)	Disbursements made but never reported or reported inaccurately resulting in an error in the accounts payable or a misstatement of inventory records.	H	Pre-numbered documents that are subsequently accounted for as being sent to, or received by, an order-checking or accounts payable function.	Financial management system should process disbursement transactions in accordance with specified guidance.	Based on evaluator's opinion, the control in place does not mitigate the risk enough to provide reasonable assurance. <b>See Corrective Action Plan for recommendation. (see example)</b>

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						in Appendix 4.1)
Amounts due to vendors for goods and services accepted, and the accounting disbursements of such amounts, should be processed and recognized as liabilities promptly.	F (with impact to O)	<p>Liabilities are recorded for goods or services billed but not received.</p> <p>Liabilities are recorded at incorrect amounts due to data entry errors, incorrect prices, incorrect terms, etc.</p> <p>Liabilities for goods or services received are not recorded.</p>	<p>M</p> <p>M</p> <p>M</p>	<p>Verification of invoiced quantities, prices and terms by reference to the purchase order and receiving report and documentation of the verification (e.g., initialing stamped block on voucher).</p> <p>Verification of extensions and footings of invoices and documentation thereof.</p>	Only those requests of vendors for goods or services that meet management's criteria should be approved.	<p>Based on evaluator's opinion, control is in place and operating effectively.</p> <p>Based on evaluator's opinion, control is in place and operating effectively.</p> <p>No control currently exists to mitigate the risk. <b>See Corrective Action Plan for recommendation. (see example in Appendix 4.1)</b></p>

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**NASA Center/Headquarters Organization:** Organization Example

**Assessable unit (based on segmentation performed) and a brief description of the activities performed:**

Center Budget Assessable Unit – responsible for budget formulation and execution tasks for the Center CFO.

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<b>Objectives</b>	<b>Objective Category (O/F/C)</b>	<b>Risks</b>	<b>Risk Level (H/M/L)</b>	<b>Control Techniques and Activities</b>	<b>Other Objectives Affected</b>	<b>Evaluation and Conclusion</b>
The Center's budget should be developed in accordance with the missions of the Agency	F	Budget approved is not adequate to meet goals	H	Mission statements are included in budget	<i>[Does objective impact or overlap any other objectives under the responsibility of other units in the financial management community?]</i>	<i>[Does control technique/activity currently in place provide assurance that risk is mitigated and objective is met? If no control currently exists for a risk, then corrective action needs to be addressed in this section.]</i>
		Budget approved is excessive compared to actual needs	H	Budget is based on effective program measures  Budget is reviewed and approved by management		
Budgetary information should be properly classified in accordance with federal budget guidelines.	C	Budget is incorrectly prepared.	M	Automated budget system is used.		
		Budget is rejected in approval process	L	Defined procedures and forms are used		
		Waste is concealed in budget	H	Supporting analysis required to be submitted for review.		

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Detail budget data should be properly controlled and accounted for and reconciled with final appropriations.	F	Individual operations over-spend or under-spend.  Adverse impact on overall Center mission	M  H	Approval of allocations in systems is performed by management.  Automated transfer of final budget data to accounting systems.		

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**Assessable unit (based on segmentation performed) and a brief description of the activities performed:**

Center Procurement Assessable Unit – responsible for procurement tasks for the Center CFO.

Financial Management Requirements (FMR) Volume 9, "Internal Management Controls", Chapter 4, "Risk Assessment", provides an overview of the required content and descriptions for this form. Examples are also available.

<b>Objectives</b>	<b>Objective Category (O/F/C)</b>	<b>Risks</b>	<b>Risk Level (H/M/L)</b>	<b>Control Techniques and Activities</b>	<b>Other Objectives Affected</b>	<b>Evaluation and Conclusion</b>
Vendors should be authorized in accordance with laws, regulations, and management's policy.	C	Purchases may be made from unauthorized vendors, and payment may be intentionally or unintentionally made to an unauthorized party (i.e., a vendor who did not provide the goods or services being paid for).  Purchases may be made from related parties without the knowledge of management.	M  M	Clear statements of criteria (e.g., only vendors who offer volume discounts will be approved, only vendors who warrant their products will be approved, etc.).  Data bases are controlled, e.g., approved vendor file.	<i>[Does objective impact or overlap any other objectives under the responsibility of other units in the financial management community?]</i>	<i>[Does control technique/activity currently in place provide assurance that risk is mitigated and objective is met? If no control currently exists for a risk, then corrective action needs to be addressed in this section.]</i>
Only those requests of vendors for goods or	O	Excessive costs are incurred in operating the processing and	M	Documented procedures.		

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services that meet management's criteria should be approved.		reporting systems.  Funds needed for program use must be used to pay for processing costs.	H	Pre-numbered critical forms.  Periodic inspection of used critical forms for proper completion and authorized signatures.		
Access to purchasing, receiving and disbursement records; critical forms; processing areas; and processing procedures should be permitted only in accordance with management's criteria.	F	Records may be destroyed or lost, resulting in an inability to prepare reliable financial and operating reports.  Records may be misused or altered by unauthorized personnel to the detriment of the entity or its vendors.	H  L	Safes, locked cabinets, secure tape and disk library and off-site backup storage for records, computer files, and programs and related documentation.  Controlled custody and pre-numbering of critical forms (e.g., blank checks, purchase orders, signature plates, master file change forms, vouchers, check requests), including periodic accounting for such forms by independent personnel.  Segregation of responsibilities and restriction of access.		

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**Assessable unit (based on segmentation performed) and a brief description of the activities performed:**

Financial Management Systems Integration Assessable Unit – responsible for managing the financial management systems at the Center and ensuring that they are integrated with IFMP.

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<b>Objectives</b>	<b>Objective Category (O/F/C)</b>	<b>Risks</b>	<b>Risk Level (H/M/L)</b>	<b>Control Techniques and Activities</b>	<b>Other Objectives Affected</b>	<b>Evaluation and Conclusion</b>
Financial management systems are compliant with US Standard General Ledger	C	Not able to report financial information to US Treasury	H	Financial systems utilize US SGL account structure	<i>[Does objective impact or overlap any other objectives under the responsibility of other units in the financial management community?]</i>	<i>[Does control technique/activity currently in place provide assurance that risk is mitigated and objective is met? If no control currently exists for a risk, then corrective action needs to be addressed in this section.]</i>
All financial systems have a security plan in place and are current	C	Systems become inoperable and unable to produce reports  Not able to use financial reporting to assist management with decision making  Unauthorized access to data	M  L  M	A security plan in accordance with the Computer Security Act of 1987 and Circular A-130 exists for all systems		

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Adequate training and appropriate user support shall be provided to the users of the systems, based on the level, responsibility and roles of individual users, to enable the users of the systems at all levels to understand, operate and maintain the system.	O	<p>software</p> <p>User enter data in wrong fields</p> <p>Financial system do not produce reports with accurate information</p>	M  M	Adequate training and appropriate user support is provided to users of IFMIS, based on the level, responsibility and roles of individual users, to enable the users of the systems at all levels to understand, operate and maintain the system.		
On-going maintenance of the systems shall be performed to enable the systems to continue operating in an effective and efficient manner.	O	On-going maintenance of all systems is not performed.	M	<p>OC will not be able to report financial information accurately to Treasury.</p> <p>OC will not be able to manage its resources effectively.</p>		