

# CHICAGO STATE UNIVERSITY

## Annual Risk Assessment

## Risk Assessment Instructions

### ● Purpose

- The risk assessment tool is designed to help Chicago State University (CSU) identify and document our critical risk categories. In an effort to administer an effective, efficient, and “World Class” audit function, a risk assessment will help to identify, rank and prioritize CSU’s risks and possible audit areas. Combined with facilitated meetings, this approach will help us gain CSU-wide consensus by including key process owners throughout the process.

### ● CSU Benefits

- Risk Assessment Process is Considered a “Best Practice”
- Increased awareness of “Risk” associated with CSU
- Provides a “Uniform” approach to assess risk in all areas of CSU
- Promotes a common language regarding risk
- Provides an opportunity for the “Administration” to be a part of the risk assessment and audit planning process
- Ability to align risk elements to CSU’s Mission, Goals and Objectives

### ● Objective

- We would like to solicit your feedback to identify and prioritize those risk categories critical to CSU and your functional area. To do so, we are asking you to identify what you feel are the 10 most critical risk categories to CSU and your functional area and rank them against a pre-defined set of criteria. Your lists will be combined with your peers to create a CSU-wide list and ranking for discussion purposes and Inclusion to the 2012/2013 Internal Audit Plan. Internal Audit will be contacting you to set up a meeting time to review your completed Risk Assessment. Please have your risk assessment completed prior to our meeting.

## Risk Assessment Instructions

- **Risk Group/Category Universe**
  - Pages 3 and 4 contain a list of the risk groups and categories for CSU. Risk groups detail the primary groups of risk such as Governance & Oversight, Finance & Accounting, Financial Aid, etc. Under each group are risk categories, which detail risk at a more finite level. This list will serve as a basis for you to select your 10 critical risk categories. In addition, please document any additional risk groups or categories that you do not find on this list, which may relate to your functional area.
  
- **Risk Category Ranking:**
  - To assess your critical risk categories, we would like you to rank each category by 1) Risk Impact (see chart on Page 5), and 2) Risk Likelihood (see chart on Page 6) to CSU and/or your functional area. Definitions of “Impact” and “Likelihood” are documented on the associated page.
  
- **Action Items**
  - a) If you have not already been contacted, Internal Audit will contact you by 5/16/12 to set up a 1 hour meeting to answer questions and assist you in its completion. During this meeting we will:
    - b) Work with you to identify the 10 most critical risk categories to CSU and your functional area;
    - c) Obtain additional detail as to the concern within the risk category;
    - d) Work with you to document the Risk Impact to CSU and your functional area; and
    - e) Work with you to document the Risk Likelihood to CSU and your functional area.
  
- *For further information or assistance, please contact Kenneth Clow at (office) 773-995-3595; (cell) 630-946-7254; or via e-mail at [kclow@csu.edu](mailto:kclow@csu.edu)*

Thank-you  
 Kenneth Clow CIA, CRMA, CRP, CSOE, Chief Internal Auditor  
 Chicago State University

## Risk Group/Category Universe

The following list is a sample of the primary risk categories that should be identified for prioritizing risk throughout CSU.

Example – Governance & Oversight = Risk Group; Ethics = Risk Category

### Athletics

- Academic Review
- Scholarships
- Travel & Expenditures
- Ticket Sales

### Cash Management

- Banking Operations
- Cashier Operations
- Student Accounts
- Unclaimed Property

### Curriculum & Enrollment

- Course Options & Fees
- Distance Learning
- Extension Courses
- Incomplete Grades
- Faculty Salary & Payments
- Faculty Course Load
- Satisfactory Academic Performance
- Student Admissions
- Student Recruitment & Retention
- Student Services
- Student Withdrawal
- Time Reporting
- Web Access & Enrollment

### Finance & Accounting

- Accounts Payable
- Accounts Receivable
- Capital Investments & Financing
- Endowment Management
- External Reporting
- Financial Close
- Fixed Assets
- Improper Payments
- Other Liabilities
- Procurement
- Purchasing Cards
- Travel & Entertainment
- Tuition & Fees

### Financial Aid

- Map Awards
- Pell Grants
- Perkins Loans
- Satisfactory Academic Progress
- Scholarship Awards
- Tuition Waivers

### Governance & Oversight

- Accreditation
- Administration Change & Governing Policy
- Alumni Relations
- Budgeting & Forecasting
- Conflict of Interest
- Disclosures
- Ethics
- Faculty Recruitment & Retention
- Fraud, Waste & Abuse
- Gifts and Pledges
- Insurance Risk Management
- Performance Reporting
- Reputation
- Risk Management
- Strategic Planning & Goals

### Grants Administration

- Fiscal Administration
- Grants Management
- OMB Circular A-21
- Procurement & Property Management
- Program Administration

## Risk Group/Category Universe

The following list is a sample of the primary risk categories that should be identified for prioritizing risk throughout CSU.

Example – Governance & Oversight = Risk Group; Ethics = Risk Category

### Human Resources

- Benefit Plan Administration
- Civil Service Processing
- Employee Annual Review
- Extra Help
- Hiring & Termination
- New Employee Orientation
- Payroll & Time Tracking
- Training & Development
- Union Relations
- Workers Compensation

### Infrastructure & Other

- Environmental, Health & Safety Management
- Facility Construction Management
- Facility Maintenance
- Parking Services
- Physical Access & Key Management
- Physical Records Management
- Police Services
- Receiving
- Telecommunications
- University Vehicles

### Operations

- Bookstore
- Cafeteria
- Concession Stands
- CSU Foundation
- Special Events (JCC)
- Library
- Policies & Procedures Management
- Records Retention
- Residence Hall

### Information Technology

- Application Level Security
- Business Continuity & Disaster Recovery Planning
- ERP Systems (Banner)
- Help Desk & Support
- IT Strategy/Planning
- IT Systems Change Management
- IT Systems Implementation & Upgrades
- IT Systems Maintenance
- Network Management & Administration
- Software Assessment & Purchasing
- Software Certificate & Licensing

### Legal & Regulatory

- Biomaterials & Biosafety
- Contracting
- Freedom of Information Act
- Intellectual Property
- Litigation Management
- Real Estate & Lease Management
- Regulatory Compliance (Fed & State)
- Whistle Blower

### Wellness Center

- Billing & Collections
- Managed Care
- Medical Records
- Patient Scheduling & Registration
- Performance Metrics
- Physician Contracting
- Regulatory Compliance (FERPA, HIPAA)

# Risk Impact Descriptions

The risk impact is the result or effect of an event. The impact of an event can be positive or negative relative to CSU’s strategic objectives, and their can be a range of possible impacts associated with any single event.

Impact	Descriptor	CSU Impact Description
9	<b>Highly Significant</b>	<ul style="list-style-type: none"> <li>•Significant negative public and/or enforcement exposure in a majority of operational areas</li> <li>•Violation of laws or regulations potentially resulting in significant financial or compliance penalties that require disclosure</li> <li>•Very significant impacts on operational effectiveness that could manifest in significantly increased, unbudgeted costs</li> <li>•Operational impacts that have very significant potential for efficiency and effectiveness concerns</li> <li>•Significant financial exposure</li> </ul>
7	<b>Significant</b>	<ul style="list-style-type: none"> <li>•Negative public and/or enforcement exposure in significant operational areas</li> <li>•Significant impacts on operational effectiveness that manifest in costs that may negatively impact strategic plans of CSU</li> <li>•Operational impacts that have significant potential for efficiency and effectiveness concerns</li> <li>•Financial exposures causing financial ramifications to business plans and projections</li> </ul>
5	<b>Moderately Significant</b>	<ul style="list-style-type: none"> <li>•Limited (city/state) negative feedback and/or enforcement exposure</li> <li>•Potential financial exposure that would be coverable within the current budget</li> <li>Operational impacts that have the potential for increased resources over budget to mitigate exposure</li> </ul>
3	<b>Slightly Significant</b>	<ul style="list-style-type: none"> <li>•Internal negative reputation</li> <li>•Potential financial exposure could be covered within the budget</li> </ul>
1	<b>Not Significant</b>	<ul style="list-style-type: none"> <li>•No strategic, operational, regulatory or financial impact</li> </ul>

# Risk Likelihood Descriptions

Risk Likelihood is the possibility that a negative event will occur within the risk category. When categorizing the probability of a risk category, evaluate the risk category inherently (without controls or management actions/strategies in place). Inherent risk is the risk to CSU in the absence of any actions management might take to otherwise alter the likelihood the risk could result in an event with a negative impact.

Impact	Descriptor	CSU Impact Description
9	Definitely	•Already occurring or almost certainly will occur (>95% probability)
7	Likely	•More likely to occur than not (65 – 95% probability)
5	Possibly	•May occur (35 – 65% probability)
3	Unlikely	•Not likely to occur (5 – 35% probability)
1	Never	•Virtually certain it will not occur (<5% probability)

## "Inherent" Risk Assessment Ranking

- ▶ ***Inherent*** risk is defined as the risk that exists in each line of business without consideration of the level of management control in place. Please list what you feel are the 10 most critical risk categories and rank each category by Importance (1 = Highest Risk, 10 = Lowest Risk). Use the "Risk Group/Category Universe" from pages 3 & 4. If you have any risk categories that are not listed, please add them and make a note for Internal Audit. For each risk category, please determine an "Impact" score using the table shown on page 5. Then evaluate the "Likelihood" score for each risk category using the table on page 6.

<u>10 Key Risk Categories by Rank</u>	<u>Impact Score</u>	<u>Likelihood Score</u>
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____
6. _____	_____	_____
7. _____	_____	_____
8. _____	_____	_____
9. _____	_____	_____
10. _____	_____	_____

Completed By: \_\_\_\_\_ Date: \_\_\_\_\_ Title: \_\_\_\_\_



## “Control” Risk Assessment Ranking

- ▶ From the Inherent Risk Category ranking, please document the 10 risk areas you chose. Then, considering the current “Control Structure” in place at CSU, please score each category with an “Impact” and “Likelihood” using the tables on pages 5 & 6.

<u>10 Key Risk Categories by Rank</u>	<u>Impact Score</u>	<u>Likelihood Score</u>
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____
6. _____	_____	_____
7. _____	_____	_____
8. _____	_____	_____
9. _____	_____	_____
10. _____	_____	_____

Completed By: \_\_\_\_\_ Date: \_\_\_\_\_ Title: \_\_\_\_\_

## Risk Assessment Ranking Example

- ▶ Please list what you feel are the 10 most critical risk categories and rank each category by Importance (1 = Highest Risk, 10 = Lowest Risk). Use the “Risk Group/Category Universe” from Page 3 & 4. If you have any risk categories that are not listed, please add them and make a note for Internal Audit. For each risk category, please determine an “Impact” score using the table shown on page 5. Then evaluate the “Likelihood” score for each risk category using the table on page 6.

<u>10 Key Risk Categories by Rank</u>	<u>Impact Score</u>	<u>Likelihood Score</u>
1. Regulatory Compliance	9	9
2. Fund Management	9	7
3. Reputation	9	3
4. Federal Funded Grants	7	7
5. Scholarship Awards	7	5
6. Banner System	7	3
7. Policy Management	5	7
8. Internal/External Reporting	5	5
9. Network Management & Admin	5	3
10. Physical Security	3	3

**Completed By: Kenneth Clow    Date: 6/23/10    Title: Chief Internal Auditor**