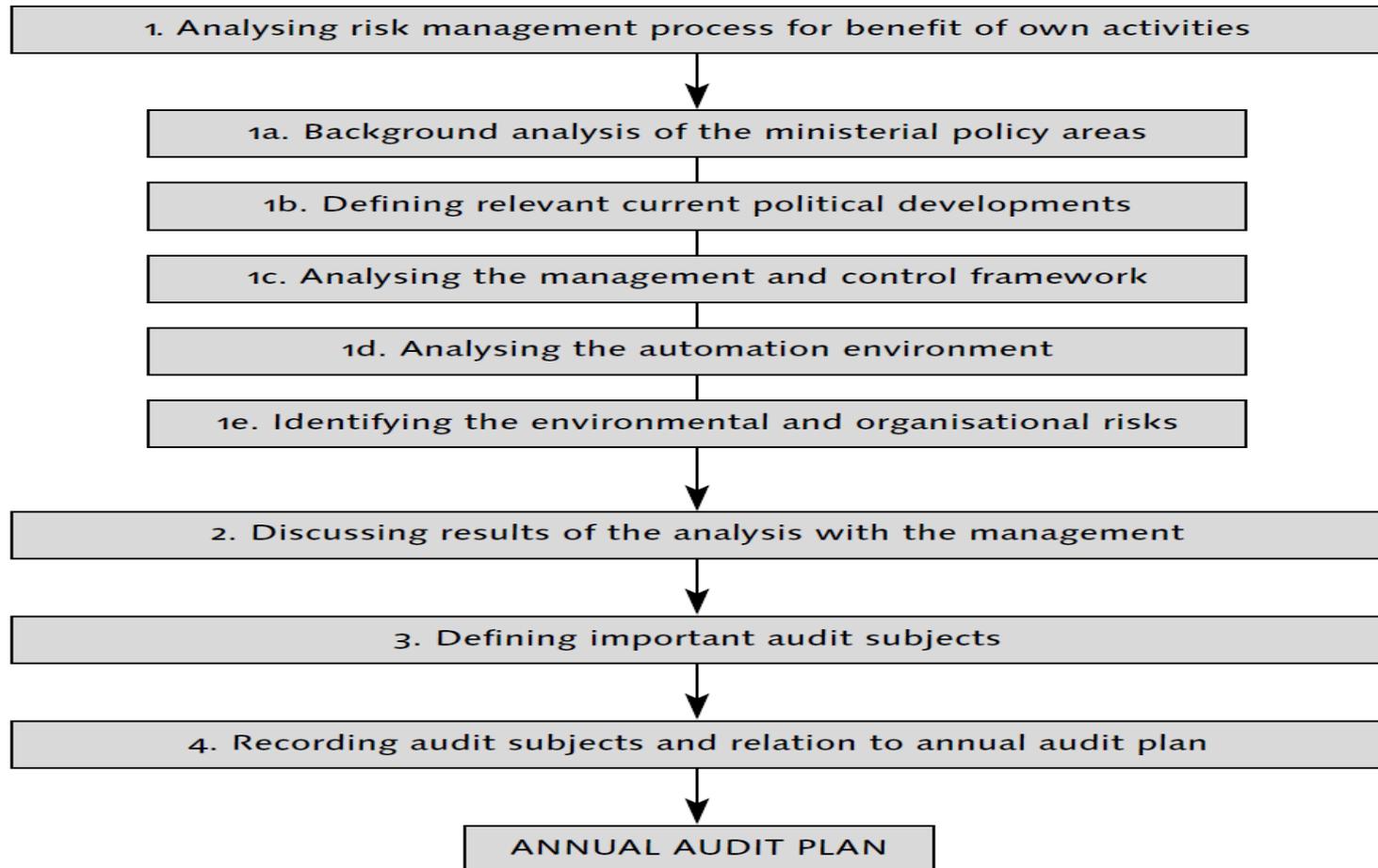


# Risk Assessment as a basis for the Annual Audit Plan (NL)

*Manfred van Kesteren*

# Road towards the Annual Audit Plan (NL)



# From Risks to Annual Audit plan

Risks defined on two levels:

- Government-wide risks;
- Risks on department/ministry-level



# Government-wide risks

4 theme's/risky area's deducted:

- Supervision on public institutions;
- Chain dependency design;
- Transition in change-processes;
- Dependency on IT-systems.



# Risks on department/ministry-level

Categorized in 4 domains:

- Strategic risks (Governance, political, policy-development, policy-implementation);
- Risks in supervision (operational management from a distance, shared services, supervision, inspection);
- Risks in supporting processes (HRM, Financial management, IT, information-security);
- Risks in legality and accountability (integrity, fraud, compliance, fidelity).

# Risk Categorization

## ENVIRONMENT RISK

Competitor  
 Customer Wants  
 Technological Innovation  
 Sensitivity  
 Shareholder Expectations  
 Capital Availability  
 Sovereign/Political  
 Legal  
 Regulatory  
 Industry  
 Financial Markets  
 Catastrophic Loss

## PROCESS RISK

### FINANCIAL

#### Price

Interest Rate  
 Currency  
 Equity  
 Commodity  
 Financial Instrument

#### Liquidity

Cash Flow  
 Opportunity Cost  
 Concentration

#### Credit

Default  
 Concentration  
 Settlement  
 Collateral

### EMPOWERMENT

Leadership  
 Authority/Limit  
 Outsourcing  
 Performance Incentives  
 Change Readiness  
 Communications

### INFORMATION TECHNOLOGY

Integrity  
 Access  
 Availability  
 Infrastructure

### OPERATIONS

Customer Satisfaction	Scalability	Compliance
Human Resources	Performance Gap	Business Interruption
Knowledge Capital	Cycle Time	Product/Service Failure
Product Development	Sourcing	Environmental
Efficiency	Channel Effectiveness	Health and Safety
Capacity	Partnering	Trademark/Brand Erosion

### GOVERNANCE

Organizational Culture  
 Ethical Behavior  
 Board Effectiveness  
 Succession Planning

### REPUTATION

Image and Branding  
 Stakeholder Relations

### INTEGRITY

Management Fraud  
 Employee Fraud  
 Third Party Fraud  
 Illegal Acts  
 Unauthorized Use

## INFORMATION FOR DECISION MAKING RISK

### STRATEGIC

Environmental Scan  
 Business Model  
 Business Portfolio  
 Investment Valuation / Evaluation  
 Organization Structure  
 Measurement (Strategy)  
 Resource Allocation  
 Planning  
 Life Cycle

### PUBLIC REPORTING

Financial Reporting Evaluation  
 Internal Control Evaluation  
 Executive Certification  
 Taxation  
 Pension Fund  
 Regulatory Reporting

### OPERATIONAL

Budget and Planning  
 Product/Service Pricing  
 Contract Commitment  
 Measurement (Operations)  
 Alignment  
 Accounting Information

# Risks on department/ministry-level

Based on categorization:

- Top-5 risks per department;
- Auditable objects/subjects;
- Available hours linked with audits.



# Q&A



*"All I'm saying is now is the time to develop the technology to deflect an asteroid."*