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INTEROFFICE MEMORANDUM MEMORANDUM INTERIEUR
INTERNAL AUDIT DIVISION · DIVISION DE L'AUDIT INTERNE
OIOS · BSCI

TO: Dr. Konrad Osterwalder, Rector
A: United Nations University

DATE: 29 October 2007

REFERENCE: AUD- (07-20678)

FROM: Dagfinn Knutsen, Director
DE: Internal Audit Division, OIOS



SUBJECT: **Assignment No. AE2007/370/01 - Risk Assessment of United Nations University**
OBJET:

1. I am pleased to present OIOS' risk assessment of United Nations University which was carried out in August 2007 for your information. While we do not require a formal response to this report, you are welcome to discuss any of the issues raised further.

2. OIOS encourages the management of United Nations University to use the results of this risk assessment to put in place appropriate risk mitigation measures. OIOS will update the risk assessment periodically, based on subsequent audits or additional information obtained.

3. I take this opportunity to thank the management and staff involved in the risk assessment for the assistance and cooperation provided to the project team in connection with this assignment.

cc: Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
Mr. Jonathan Childerley, Chief, Oversight Support Unit, Department of Management
Mr. Byung-Kun Min, Programme Officer, OIOS
Mr. Anders Hjertstrand, Chief, Geneva Audit Service, OIOS



INTERNAL AUDIT DIVISION

OFFICE OF INTERNAL OVERSIGHT SERVICES

RISK ASSESSMENT

UNITED NATIONS UNIVERSITY

29 October 2007

Assignment No. AE2007/370/01

INTERNAL AUDIT DIVISION

FUNCTION

“The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization” (General Assembly Resolution 48/218 B).

CONTACT INFORMATION

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PARTICIPANTS

The OIOS risk assessment team conducted workshops and interviews with the following staff members of United Nations University, to gain an understanding of existing organizational relationships, risks, controls and process issues.

Focus Area	Name and Functional Title
Strategic Management and Governance	<ul style="list-style-type: none">• Professor Hans van Ginkel (Former Rector until 31 August 2007)
Human Resource Management	<ul style="list-style-type: none">• Dr. Itaru Yasui (Vice-Rector)
Programme and Project Management	<ul style="list-style-type: none">• Mr. Max. Bond (Executive Officer)
Financial Management,	<ul style="list-style-type: none">• Professor A. H. Zakri (Director of Institute of Advanced Studies)
Procurement and Contract Management	<ul style="list-style-type: none">• Dr. Vesselin, Popovski (Chief, Peace and Governance Programme)• Dr. François d'Artagnan (Director of Administration)

SUMMARY OF RISK RATINGS

The risk assessment identified the following areas as Higher, Moderate and Lower Risk. A summary of the identified risks is shown below. Full details of the identified risks are listed in the Risk Register.

Focus Area	Overall Risk
i. Strategic Management and Governance ii. Financial Management iii. Procurement and contract administration iv. Information Technology Management	Higher Risk
i. Programme and Project Monitoring ii. Human Resources Management	Moderate Risk
i. Property and Facilities Management	Lower Risk

RISK REGISTER

Risk Assessment of : United Nations University

1	Focus Area:	Strategic Management and Governance		Likely	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
I	<p>Strategic Planning</p> <p>A(i) The use of endowment fund as a primary financing method for the UNU may result in a strategy that is not working effectively to meet the operational goals of UNU as can be seen from the past financial results.</p> <p>A(ii) Difficulties in determining the impact of strategic initiatives may result in inadequate assessment of results as well as duplicating of efforts between different units in UNU.</p> <p>A(iii) UNU may not have specific goals and objectives that are aligned with their programme objectives for its RTCs.</p> <p>A(iv) The length of time (a few years or more) to finalise legal agreements with host countries may result in management losing patience and motivation to see through these projects.</p> <p>continue below.</p>	<p>A fund-raising strategy has been approved by the UNU Council, however there may still be a need for alternative financing methods and to determine if the endowment fund approach is the most appropriate. The Endowment Fund provides 40 per cent of the UNU's basic income.</p> <p>UNU stated that the Rector's Office will be strengthened to ensure better overall strategic coordination within UNU.</p> <p>UNU established goals and objectives for most RTCs in strategic documents that were aligned with the goals stated in the biennial programme and budget documents.</p> <p>UNU management had demonstrated considerable patience and steadfastness in pursuing legal discussions with the Malaysian Government for over 3 years in order to establish International Institute for Global Health in that country.</p>	Strategy	Likely	High	Higher Risk
				Likely	High	Higher Risk

1	Focus Area:	Strategic Management and Governance	Likely	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Likelihood	Impact	Overall Risk
	<p>A(v) Governments and public may be unwilling to invest/participate in projects addressing potential problems areas where they have yet to recognize problems involved.</p> <p>A(vi) Competition from other bodies performing similar activities to the UNU may threaten the existence of UNU or affect its ability to obtain funding.</p> <p>A(vii) There may be inadequate relationship between research performed and the activities for capacity building (e.g. training) in the programmes initiated by UNU.</p> <p>A(viii) Lack of involvement of New York and Paris offices in fund raising activities may result in major donors in those regions not being approached to support UNU activities.</p> <p>A(ix) Relationship with host governments may become delicate. Deterioration in relationship with host countries may lead to decreasing financial and academic support.</p>	<p>UNU had relied on the use of endowment funds to finance research of important issues that have yet to attract attention or support from donors.</p> <p>The Rector has a policy of cooperation with other bodies, which he believes will lessen results from competition.</p> <p>The Peace and Government Programme needs to strengthen its activities for capacity building (teaching/providing training)</p> <p>UNU has been managing its relationship with the host countries.</p>	Likely	High	Higher Risk

1	Focus Area:	Strategic Management and Governance		Likely	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
II	<p>Leadership oversight</p> <p>B(i) Insufficient resources for internal audit services may result in inadequate coverage of UNU high risk areas</p> <p>B(ii) Lack of a formal, documented risk management strategy and absence of a formal internal control policy may result in high-risk areas not being mitigated or prevented. Likewise, the lack of an internal control policy may result in key financial and operational processes not being adequately monitored and improved as necessary.</p> <p>B(iii) The risk of an individual or a group of persons misrepresenting UNU through his/her/ their behaviours, publications and speeches. This may negatively affect UNU's reputation, credibility and the neutrality and may lead to loss of donors' confidence and support.</p>	<p>OIOS has performed some auditing however this may not be commensurate with the risks faced by UNU.</p> <p>UNU has performed a SWOT (Strength, Weakness, Opportunities and Threats) analysis as part of its strategic planning process. UNU relied on the United Nations regulatory framework to ensure there are adequate internal control mechanisms.</p>	Governance	Likely	Medium	Higher Risk
	<p>E(i) Lack of a forum for the chiefs of administrative and programme services to share best practices, improve internal communications and streamline procedures within administrations and programmes.</p>	<p>UNU did not have a forum to share best practices, improve internal communications and streamline procedures within administrations and programmes.</p>	Operational	Likely	Low	Moderate Risk
	<p>A(i) Risk that the chiefs of departments may not be able to focus on both fundraising activities as well as programme activities. This may negatively affect the implementation of programme activities as well as inability to raise the funding resources required.</p>	<p>UNU relies on all chiefs of departments to take part in fund-raising. There is no dedicated fund-raising staff.</p>	Strategy	Possible	High	Higher Risk

1	Focus Area:	Strategic Management and Governance		Likely	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
III	<p>Organizational structure</p> <p>B(i) Rapid expansion of programmes in various geographical regions without adequate management structure to support these expansion, may result in UNU not being able to effectively implement its management goals and objectives.</p> <p>B(ii) Line function in the organizational structure may result in an excessive number of staff reporting directly to the Rector, not allowing him sufficient time for developing overall direction of UNU, including focusing on relationships with strategic partners.</p> <p>B(iii) Changes in leadership may cause some disruption to the activities. New management are likely to have a different management style. UNU officials will need some adjustment period.</p>	<p>The Rector has established the post of Vice Rector in Europe as an experiment to strengthen the organizational structure.</p> <p>Like in Europe, subject to funding availability, UNU may consider establish post of Vice Rector in other regions to strengthen management structure and co-ordination.</p> <p>The Rector retired on 31 August 2007, there is an ongoing recruitment for a Vice-Rector and another Vice-Rector is leaving in December 2007. The Executive Officer, Director of Administration and the programme directors have been with UNU for some time. They will provide support to the new management team in order to minimise disruption to activities.</p>	Governance	Likely	Medium	Higher Risk
	<p>E(i) RT Centres and Programmes may have a tendency to become independent and may look more to the donor (sponsor) than to the UNU Centre for endorsement of activities. This may result in management not being able to exercise adequate control and direction.</p>	<p>UNU acknowledged some research training centres(RTC) and research training programme (RTP) may have a tendency to seek more independence. However, UNU did not consider a risk that the RTC and RTP will look more at the donors than to the UNU Centre for endorsement of activities.</p>	Operational	Possible	Medium	Moderate Risk
	<p>A(i) Location of UNU Centre in Tokyo is far away from centre of UN activities in New York and Geneva, which may result in lack of coordination and coherence with other UN system activities.</p>	<p>UNU would normally consult with the leading UN agency of the potential research theme to avoid duplication. E.g. UNU has consulted with WHO and invited a representative from WHO to participate in the feasibility study before embarking on the implementation of a health related programme in Malaysia.</p>	Strategy	Possible	Medium	Moderate Risk

Risk Assessment of : United Nations University

2	Focus Area:	Financial Management		Likely	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
I	<p>Fund raising/contributions</p> <p>D(i) Income is less than expenditures reflecting a shortfall in contributions. The shortfall puts into question the viability of UNU's operations. This may hamper UNU's operations and UNU may not be able to fully implement its mandate or objectives.</p> <p>D(ii) Outstanding obligations may not be reviewed on a regular basis, putting into question the validity of the obligations and their financial statement presentation.</p> <p>D(iii) Contributions by the host country may be decreased significantly and new contributions from other sources may not be immediately available.</p> <p>A(i) Inadequate utilization of the Joint Activity Fund (JAF) and the Innovative Capacity Development Fund (ICDF), may put into question the need for these funds and the strategy in establishing them.</p>	<p>UNU has transferred its admin operations to Malaysia in order to save costs.</p> <p>Controls to review obligations and settle amounts are weak.</p> <p>Contributions by the host country have been decreasing, however, the Rector believes that this will not affect the viability of operations continuing.</p> <p>There are no established procedures for the use of these funds. There is the expectation that these funds may eventually be used, however this has not yet been clearly established.</p>	Financial	Likely	High	Higher Risk
				Likely	High	Higher Risk
			Strategy	Likely	Medium	Higher Risk

2	Focus Area:	Financial Management		Likely	High	Higher Risk
No II	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
	<p>Financial reporting</p> <p>D(i) Financial reporting may not present fully results of operations which may lead users of financial statements to draw incorrect conclusions.</p> <p>D(ii) Voluntary in-kind contributions may not be reflected in the financial statements, which may result in a misstatement of the actual financial position. Consequently, donors may hesitate in making in-kind contributions if they are not properly accounted for.</p>	<p>This may affect the willingness of donors to contribute to UNU due to lack of adequate information on the use of funds and the status of the organization.</p> <p>Weak financial management can also affect the ability of management to properly plan operations and to allocate resources.</p> <p>Financial statements do not accurately reflect the financial position of UNU.</p> <p>The main in-kind donor is Japan the host country who contributes facilities to UNU.</p>	Financial	Likely	Medium	Higher Risk
	C(i) Adjustments to financial statements may not be duly approved, which increase the risk of errors.	For the biennium 2006-2007, adjustments to financial statements were made manually on a spreadsheet and were not subject to review and approval.	Compliance	Possible	Medium	Moderate Risk
	G(i) UNU may use a number of resource-intensive and time-consuming manual processes to prepare adjustments to financial statements, which may be prone to the risk of errors.	UNU was assessing the implementation of an ERP system such as Atlas used by UNDP.	Information Resources	Likely	Low	Moderate Risk

2	Focus Area:	Financial Management		Likely	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
III	<p>Budget process C(i) Spending limits on the endowment fund for each RTCP as established by the UNU Council may not be properly implemented since transfers of endowment fund surpluses may not be based on the set distribution ratios but may be on cash transfers.</p>	<p>The Council has set a limit on the amount of 5 per cent of the 5-year average market value of the Endowment Fund as the amount of investment income that can be allocated to UNU programme on annual basis. UNU Council decisions should be implemented fully.</p>	Compliance	Likely	Low	Moderate Risk
	<p>E(i) UNU may not have fully implemented a results based budget (RBB) approach.</p>	<p>It has planned to develop an RBB approach.</p>	Operational	Likely	Medium	Higher Risk
IV	<p>Cash management E(i) Risk of ineffective cash management may result in inefficient use of scarce resources.</p>	<p>Ineffective cash management reflects lack of internal controls. UNU has a total of 19 bank accounts, which makes reconciliations and management of cash resources complex. For example, as shown in an audit, the Representative Office in Paris, had a cash balance of approximately \$340,000, which equaled more than 20 months expenditures.</p>	Operational	Possible	Medium	Moderate Risk

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3	Focus Area:	Human Resource Management		Possible	Medium	Moderate Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
I	Recruitment E(i) Key resource administrative and programme management posts may not be filled due to a lack of funding	UNU had moved its administrative function to Kuala Lumpur and advised OIOS that this would enable them to recruit local staff to fill posts within their budget.	Operational	Possible	Medium	Moderate Risk
	F(i) High vacancy rates may hamper the implementation of programme and administrative activities. F(ii) Absence of an established policy for the engagement of researchers to relate more closely to the work of research institutions may result in recruitment of unsuitable candidates. F(iii) UNU may not always be able to recruit quality researchers because a) lack of career path for academics in UNU b) inability to offer an attractive financial package especially in Japan	At Research and Training Centre (RTC) UNU-MERIT, close to one-half of all staff positions were vacant. UNU Centre does not appear to adequately monitor the staffing resources of its RTCs. However, UNU stated that the monitoring of staffing resources in all parts of UNU will be improved by the new administrative unit in Kuala Lumpur.	Human Resources	Likely	High	Higher Risk

Risk Assessment of : United Nations University

4	Focus Area:	Procurement and Contract Administration	Likely	Medium	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Likelihood	Impact	Overall Risk
I	Procurement process		Likely	Medium	Higher Risk
	C(i) Goods and services received may not conform with the order/contract specifications.	Established internal controls are not always complied with. Receipt and inspection reports are often not signed as required	Possible	Low	Lower Risk
	E (i) Sole reliance on a procurement assistant may result in lack of monitoring and oversight over procurement matters. E(ii) Due to lack of a database of prospective vendors, UNU may not be able to widely distribute its request for proposals for acquisitions to prospective vendors . E(iii) Absence of a functioning LCC may result in lack of oversight over procurement matters.	A procurement officer has been recruited in July 2007. UNU did not make optimal use of the LCC whose composition is also outdated. There was no chief procurement officer and the legal advisor did not attend the meetings over a period of two years. However, UNU has changed the composition of the LCC. The Executive Officer is responsible for legal matters in liaison with a consultant legal advisor.	Likely	Medium	Higher Risk
	E(iv) UNU may not get the best value for money for its procurement because request for proposals for acquisitions may not be widely distributed to prospective vendors limiting the number of proposals received.	Overall, administration over procurement will improve with additional staff being recruited in Kuala Lumpur.			Higher Risk

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6	Focus Area:	Information Technology Management		Likely	Medium	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
I	<p>Information System</p> <p>G(i) The Financial, Budgetary and Personnel Management System (FBPMS) may not be able to provide the necessary information required by the management for decision making purposes.</p> <p>G(ii) The FBPMS may not provide UNU management with the required accessibility and may not meet the management reporting needs.</p> <p>G(iii) UNU may not have an effective IT contingency plan for disaster recovery and for minimising operational downtime in the events of computer viruses' attack, external hacking etc.</p>	<p>The FBPMS does not have a programme management module. UNU has established a working group to study the specific needs for a programme management component in the FBPMS.</p> <p>FBPMS was developed at a cost of \$300,000, however it did not fully modernize UNU's financial management platform. UNU is assessing whether an ERP system such as Atlas, used by UNDP, can be implemented in order to improve overall ICT capability.</p>	Information Resources	Likely	Medium	Higher Risk

Risk Assessment of : United Nations University

7	Focus Area:	Programme and Project Management	Possible	Medium	Moderate Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Likelihood	Impact	Overall Risk
I	Programme monitoring	Strategy	Possible	Medium	Moderate Risk
	<p>A(i) UNU may not have identified best practices at RTCs that could be applied throughout the UNU system such as a "call for papers" procedures.</p>	<p>UNU planned to gather information on best practices by December 2008.</p>	Possible	Medium	Moderate Risk
	<p>A(ii) UNU may not have conducted post-implementation reviews of after the closure of RTC projects to assess the cost-effectiveness, impact and timing of the project as well as the effectiveness of the implementing methodology used.</p>	<p>UNU agreed to carry out such completion reviews.</p>	Possible	Medium	
	<p>A(iii) There may be a lack of focus when establishing new RTCs as a result of governments wanting specific types of projects that may be outside of the mandate established by the UNU Council.</p>	<p>UNU stated that each proposals for establishment of a new research, training or programme is based on a feasibility study.</p>			
	<p>A(iv) Projects established may duplicate work conducted by other UN entities resulting in a lack of coherence and duplication of activities within the UN system.</p>	<p>UNU has established criteria for selection of UNU projects (in UNU strategic directions documents) that include an explicit statement about ensuring no duplication. UN management discusses plans for new programmes with other UN organizations and therefore has some assurance that there is no duplication.</p>			

7	Focus Area:	Programme and Project Management			Possible	Medium	Moderate Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment		Risk Category	Likelihood	Impact	Overall Risk
	<p>E(i) Quantifiable outputs may not be included in the approved academic programme budget and project proposals.</p> <p>E(ii) Effectiveness of programme management may be negatively affected by unclear definition of programme/project cycle as well as inadequate instructions on procedures, tools for project formulation, costing policy, project monitoring and reporting.</p> <p>E(iii) Untimely or inadequate evaluations of programme activities may lead to failure of the programme to achieve its objectives in a timely manner or inability to detect programme implementation problems.</p> <p>E(iv) Challenges to produce a high quality product may result in additional time needed to finalize project or outputs.</p> <p>E(v) Certain programmes may take excessive resources to prepare without proportionate results for UNU. For example, the Global Seminars programme may require the use of 4 to 5 support staff and puts a strain on resources.</p>	<p>UNU does not have a comprehensive manual or set of management instructions that define the programme/project cycle, procedures and tools for project formulation and criteria, costing policy, and project monitoring and reporting. However, there are plans to develop an operations manual.</p> <p>A peer review of each RTC/RTP was done every four to five years. The overall UNU is evaluated by an international group of peers every ten years.</p>	Operational	Possible	Medium	Moderate Risk	
	<p>B(i) RTCs may not be properly managed which may result in donors not supporting continuation of the RTC or being dissatisfied with its performance.</p>	<p>An advisory board is established for each RTC which includes representation from the government where the RTC is located. In addition, UNU management informed OIOS that no project has been closed as a result of its performance.</p>	Governance	Remote	High	Moderate Risk	

7	Focus Area:	Programme and Project Management			Possible	Medium	Moderate Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment		Risk Category	Likelihood	Impact	Overall Risk
	<p>F(i) Recruiting staff for RTCs may pose challenges in ensuring that the right person is recruited. This may involve ensuring that the candidate has not only academic qualifications but also the personality to deal with staff members, public and government officials.</p> <p>F(ii) Not recruiting staff for specific programmes on a timely basis (i.e. for the Peace and Governance Programme) may result in not being able to complete planned programme activities on a timely basis.</p>	<p>UN management has developed procedures to conduct timely recruitment and to ensure that the right candidates are selected including involvement of the Rector.</p>		Human Resources	Remote	High	Moderate Risk

Risk Assessment of : United Nations University

9	Focus Area:	Property and Facilities Management		Remote	Low	Lower Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
I	Property management C(i) Internal control weaknesses and procedures in property management may not be always complied with leading to unidentified losses and theft of property.	Personal property receipts are not always signed as required. Non-expendable property not always charged to the correct account.	Compliance	Remote	Low	Lower Risk
				Remote	Low	Lower Risk

Focus Areas

Focus areas are the key standard processes that are typically found in United Nations operations. These are categories established by the risk assessment framework to facilitate understanding and communicating common processes or functions within the Organization (common language). They are based on a categorization of objectives, using a hierarchy that begins with high-level objectives and then cascades down to objectives relevant to organizational units, functions, or business processes. The IAD risk assessment framework has identified eleven focus areas as follows:

- 1 Strategic Management and Governance
- 2 Financial Management
- 3 Human Resources Management
- 4 Procurement and Contract Administration
- 5 Logistics Management
- 6 Information Technology Management
- 7 Programme and Project Management
- 8 Conference and Documents Management
- 9 Property and Facilities Management
- 10 Safety and Security
- 11 Other areas (for areas not included in 1 to 10)

Each focus area may be broken down into sub-focus areas. Examples of sub-focus areas are listed below.

No.	Focus Areas	Examples of Sub Focus areas relating to principal focus
1	Strategic Management and Governance	Strategic planning and monitoring, Mandate and mission, Organizational structure and functions, Start up planning, Liquidation planning, Risk management, Policies and procedures, Governing/Legislative bodies, High level committees, Top level offices.
2	Financial Management	Accounting and financial reporting, Results-based Budgeting, Cash management, Treasury, Contributions, Fund raising, Payroll
3	Human Resources Management	Recruitment, Training, Conduct and discipline, Entitlements and allowances, Performance appraisal system and Medical Services, Use of short term staff (consultants, gratis personnel etc
4	Procurement and Contract Administration	Procurement planning, Procurement process, Local contracts committee, Administration of major contracts such as for fuel, rations, airfield services, medical supplies etc.
5	Logistics Management	Travel services, Transport operations, Air operations, Movement control, Fleet Management and Maintenance
6	Information Technology Management	Management of ICT infrastructure, software development, Communications services, ICT operations, Business continuity and disaster recovery, IT Security
7	Programme and Project Management	Management of programmes such as Rule of Law, Human Rights, Child Protection, Public Information, Disarmament , Demobilization and Reintegration, Mine action, Protection of Civilians, Military and Civilian Police operations, and Logistics; Management of projects such as technical cooperation and quick impact projects
8	Conference and Documents Management	Records management, Publications, Editorial services, Conference management, Translation and interpretation services, Web sites
9	Property and Facilities Management	Management of office premises and facilities, Contingent-owned equipment, Expendable and non-expendable property, Building Services, Inventory management, Local Property Service Board
10	Safety and Security	Security of UN staff and installations, Contingency planning, Evacuation procedures and drills, Occupational safety
11	Other areas	This is for illustration purposes only and is not a comprehensive audit and is included for any other focus areas not specified in 1-10. This may include general office administration, executive offices and common services etc.

Risk Categories

Risk categories are common concerns or events, grouped together by the type of risk that will result.

The seven (7) risks used in OIOS Risk Assessment methodology is as follows:

- A. Strategy
- B. Governance
- C. Compliance
- D. Financial
- E. Operational
- F. Human Resources
- G. Information Resources

No.	Risk Category	Description
A	Strategy	Impact on mandate, operations or reputation arising from inadequate strategic planning, adverse business decisions, improper implementation of decisions, a lack of responsiveness to changes to the external environment, or exposure to economic or other considerations that affect the Organization's mandates and objectives.
B	Governance	Impact on mandate, operations or reputation as a result of failure to establish appropriate processes and structures to inform, direct, manage and monitor the activities of the Organization toward the achievement of its objectives. Includes attributes such as leadership, tone at the top, and promotion of an ethical culture in the Organization.
C	Compliance	Impact on mandate, operations or reputation from violations or non-conformance with, or inability to comply with laws, rules, regulations, prescribed practices, policies and procedures, or ethical standards.
D	Financial	Impact on mandate, operations or reputation resulting from: failure to obtain sufficient funding, funds being inappropriately used, financial performance being not managed according to expectations, or financial results being inappropriately reported or disclosed.
E	Operational	Impact on mandate, operations or reputation resulting from inadequate, inefficient or failed internal processes that do not allow operations to be carried out economically, efficiently or effectively.
F	Human Resources	Impact on mandate, operations or reputation resulting from a failure to develop and implement appropriate human resources policies, procedures and practices to meet the Organization's needs.
G	Information Resources	Impact on mandate, operations or reputation resulting from failure to establish appropriate information and communication systems and infrastructure so as to efficiently and effectively.

Risk Assessment Ratings

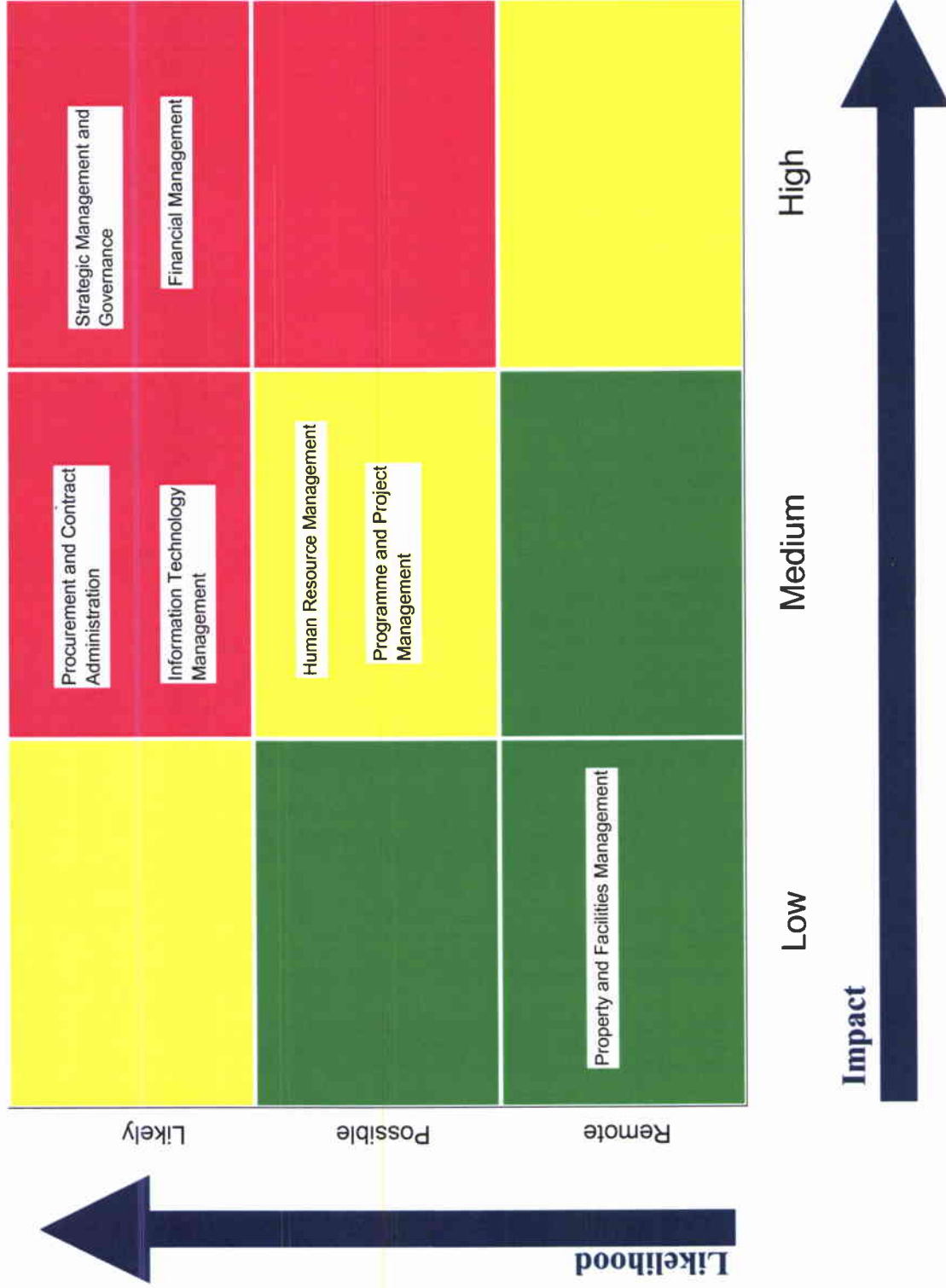
The OIOS Risk Assessment Framework evaluates the likelihood of the risk occurring and the impact it will have if it occurs. Based on the assessment of the two factors an overall risk rating is derived indicating whether the risk of a focus area is High, Moderate or Low. The ratings used is show below:

Risk Likelihood	
Likely	Conditions within our environment indicate that an event is expected to occur in most circumstances
Possible	Conditions within our environment indicate that an event will probably occur in many circumstances
Remote	Conditions within our environment indicate that an event may occur at some time

Risk Impact	
High	Serious impact on operation, reputation, or funding status
Medium	Significant impact on operations, reputation, or funding status
Low	Less significant impact on operations, reputation, or funding status

Overall Risk Combinations Impact and Likelihood	
Higher Risk	The identified issue represents the following likelihood and impact combinations: <ul style="list-style-type: none"> Likely and high Likely and medium Possible and high
Moderate Risk	The identified issue represents the following likelihood and impact combinations <ul style="list-style-type: none"> Likely and low Possible and medium Remote and high
Lower Risk	The identified issue represents the following likelihood and impact combinations <ul style="list-style-type: none"> Possible and low Remote and low Remote and medium

RISK SUMMARY PROFILE (Focus Area)



RISK SUMMARY PROFILE (Sub Focus Area)

