

Audit Universe	Magnitude/ Materiality	Likelihood/P robability	Impact/Severity				Combined	Rank	
			R	O	F	Total			
	Weighting Factor		35%	30%	35%	100%			
Process Area	Process Area Activities	New							
Governance and Planning			2.90	5.00	3.40	5.00	4.52	3.71	4
	Governance Environment: IA has responsibility for assessing and making recommendations for improving the governance process in the accomplishment of four key objectives:	N	2.50	5.00	3.00	5.00	4.40	3.45	
	1) Promotion of Ethics and Values	N	2	5	3	5	4.40	3.20	
	2) Performance Management and Accountability	N	3	5	3	5	4.40	3.70	
	3) Communication of Risk and Control Information	N	3	5	3	5	4.40	3.70	
	4) Coordinate Activities and Communicate among the Board, External and Internal Auditors, and Management	N	2	5	3	5	4.40	3.20	
	Control Environment (P&P)		3	5	3	5	4.40	3.70	
	IT Governance and Control Environment	N	3	5	3	5	4.40	3.70	
	Budget Development		3	5	4	5	4.70	3.85	
	Budget Administration		3	5	4	5	4.70	3.85	
Accounting and Reporting			2.12	4.08	2.36	1.84	2.78	2.45	18
	Financial Close and Reporting		2.60	3.40	2.80	2.20	2.80	2.70	
	- Account reconciliations	N	4	3	4	2	2.95	3.48	
	- Accruals	N	3	3	2	3	2.70	2.85	
	- Journal Entries	N	2	3	2	2	2.35	2.18	
	- Commitments and Contingencies	N	3	5	3	3	3.70	3.35	
	- Accounting System	N	1	3	3	1	2.30	1.65	
	Charter Schools	N	5.00	4.00	2.00	4.00	3.40	4.20	
	External/Internal Auditing		1.00	5.00	2.00	1.00	2.70	1.85	
	- Comprehensive Annual Financial Report	N	1	5	1	1	2.40	1.70	
	- Single Audit Report	N	1	5	3	1	3.00	2.00	
	Fund Balance Management		1.00	3.00	4.00	1.00	2.60	1.80	
	External Reporting	N	1.00	5.00	1.00	1.00	2.40	1.70	
	- Auditor's Electronic Financial Data Integrity Check Figures (CDE)	N	1	5	1	1	2.40	1.70	
	- Assurances for Financial Accreditation (CDE)	N	1	5	1	1	2.40	1.70	
Revenue			2.50	3.58	2.72	2.92	3.09	2.80	16
General Fund	Public School Finance Act - State of Colorado	N	2.75	4.00	3.75	3.50	3.75	3.25	
	- Funded Pupil Count/Program Base Funding	High N	3	4	4	4	4.00	3.50	
	- Additional Funding for At-Risk Pupils	Med N	3	4	4	4	4.00	3.50	
	- Additional Funding for On-Line and ASCENT	Med N	4	4	4	3	3.65	3.83	
	- Negative Factor	Med N	1	4	3	3	3.35	2.18	
General Fund	Colorado - Categorical Program Funding	N	2.00	3.67	3.33	3.33	3.45	2.73	
	- State Aid/Special Ed. (ECEA)	Low N	2	4	4	4	4.00	3.00	
	- State Aid/Transportation	Low N	2	3	3	3	3.00	2.50	
	- Vocational Education & Other	Low N	2	4	3	3	3.35	2.68	
General Fund	Local Funding/Property Tax & Ownership taxes	High	1.00	3.00	1.00	1.00	1.70	1.35	
General Fund	Local Funding/Other - General Fund	N	2.25	2.75	2.50	2.75	2.68	2.46	
	Cash in lieu of land	Low N	3	4	4	4	4.00	3.50	
	Tuition - other	Low	1	1	1	1	1.00	1.00	
	Use of Facilities	Low	2	2	2	2	2.00	2.00	
	Other	Low N	3	4	3	4	3.70	3.35	
Public School Activities Fund	PSA Revenue	Med	4.50	4.50	3.00	4.00	3.88	4.19	
	Kindergarten tuition	N	4	4	3	4	3.70	3.85	
	Pupil activities	N	5	5	3	5	4.40	4.70	
	Fees	N	4	4	3	4	3.70	3.85	
	Donations/Fundraising		5	5	3	3	3.70	4.35	
Cash Management			2.67	5.00	4.00	4.33	4.47	3.57	7
	Collection and posting of receipts - Central (site cash receipts listed)	Med	3	5	4	5	4.70	3.85	
	Cash management	High	4	5	4	5	4.70	4.35	
	Investment management	High	1	5	4	3	4.00	2.50	
Purchasing and related expenditures			4.36	4.55	2.91	4.45	4.02	4.19	1
	PO System	Med	5	5	4	5	4.70	4.85	
	Payments outside PO system	Med	5	5	4	5	4.70	4.85	
	Vendor selection	N	5	4	3	4	3.70	4.35	
	Vendor file maintenance	N	4	3	2	4	3.05	3.53	
	W-9/1099 reporting/backup withholding	N	5	4	2	4	3.40	4.20	
	Contract review and authorization	N	5	5	3	5	4.40	4.70	
	Purchasing process		5	5	4	5	4.70	4.85	
	Payment processing	Med	4	4	3	3	3.35	3.68	
	Travel and conferences	Low	3	5	2	4	3.75	3.38	
	Credit Cards (Purchasing cards)	Med	5	5	2	5	4.10	4.55	
	Supplies inventory	Low	2	5	3	5	4.40	3.20	
Payroll			2.60	4.40	2.80	2.80	3.36	2.98	14
	Payroll disbursements	High	2	5	4	5	4.70	3.35	
	Payroll accounting and reporting		2	5	3	2	3.35	2.68	
	Payroll tax filings		2	5	2	2	3.05	2.53	
	Pay rate/contract changes	N	4	5	3	3	3.70	3.85	
	Payroll reconciliation		3	2	2	2	2.00	2.50	
Benefits			3.25	4.00	3.50	2.25	3.24	3.24	10

	Eligibility			2		3	3	2	2.65	2.33	
	Compliance with ACA		N	4		5	4	2	3.65	3.83	
	Benefit Calculations			3		4	3	2	3.00	3.00	
	Self Insurance			4		4	4	3	3.65	3.83	
Human Resources				3.17		4.33	3.17	3.17	3.58	3.37	9
	Hiring			3		5	3	2	3.35	3.18	
	Independent contractor/employee determination			4		4	4	3	3.65	3.83	
	Personnel evaluation			2		5	3	2	3.35	2.68	
	Termination			3		5	3	2	3.35	3.18	
	Employee attendance - manual process			4		4	3	5	4.05	4.03	
	Employee attendance - SmartFind			3		3	3	5	3.70	3.35	
Facilities/Capital Projects				3.50		4.50	3.83	2.67	3.66	3.58	6
	Facilities Maintenance			3		4	4	2	3.30	3.15	
	Renovations - non-major		N	4		4	4	2	3.30	3.65	
	Long range planning - Bond/Mill Levy		N	3		5	4	2	3.65	3.33	
	Vendor selection for new construction/major renovations		N	4		4	3	4	3.70	3.85	
	Project Planning			3		5	5	3	4.30	3.65	
	Project Monitoring			4		5	3	3	3.70	3.85	
Debt Service Fund				1.00		4.33	2.33	1.00	2.57	1.78	19
	Revenue		N	1		3	1	1	1.70	1.35	
	Bond interest expense		N	1		5	3	1	3.00	2.00	
	Retirement of bonds		N	1		5	3	1	3.00	2.00	
Information Systems											
	Governance Security			3.00		4.00	3.00	4.00	3.70	3.35	
	Network Security			3.00		3.00	3.00	2.00	2.65	2.83	
	Financial application security			3.80		4.00	3.40	3.80	3.75	3.78	
	- Business Plus backup procedures		N	3		4	3	2	3.00	3.00	
	- Protection of personal information (SS#, bank info.)		N	4		4	3	4	3.70	3.85	
	- System access rights (appropriate, segregation of duties)		N	4		4	4	4	4.00	4.00	
	- Electronic payment approval (FNB)		N	4		4	4	4	4.00	4.00	
	- Positive Pay (FNB)		N	4		4	3	5	4.05	4.03	
	Synergy application security			4		4	4	2	3.30	3.65	
	Reliance on critical IT functionality (financial data and reporting):		N	3.00					0.00	1.50	
	Synergy			3		4	3	2	3.00	3.00	
	My School Bucks - online lunch payment system		N	3					0.00	1.50	
	PCI DSS for Systems accepting credit card payments		N	4		5	4	4	4.35	4.18	
	Service Organization Control Reports for outsourced processes		N						0.00	0.00	
	Disaster recovery			3		5	4	2	3.65	3.33	
Site based controls				4.20		4.20	2.40	4.20	3.66	3.93	2
	General budget controls			3		1	1	3	1.70	2.35	
	Revenue and cash management			5		5	3	5	4.40	4.70	
	Petty cash/change funds	Low		4		5	2	5	4.10	4.05	
	Purchasing and related expenditures			4		5	3	5	4.40	4.20	
	Support Organizations		N	5		5	3	3	3.70	4.35	
Athletics				4.50		3.90	2.60	3.40	3.34	3.92	3
	General budget controls		N	3.00		1.00	1.00	3.00	1.70	2.35	
	Revenue and cash management		N	4.50		4.50	3.00	4.00	3.88	4.19	
	- Ticket sales - POS system		N	3		4	3	4	3.70	3.35	
	- Ticket sales - non-POS		N	5		4	3	4	3.70	4.35	
	- Fundraisers		N	5		5	3	4	4.05	4.53	
	- Donations		N	5		5	3	4	4.05	4.53	
	Purchasing and related expenditures		N	5.00		4.00	3.00	4.00	3.70	4.35	
	- Travel		N	5		4	3	4	3.70	4.35	
	- Employee/independent contractor pay (coaches, officials, game v	Low	N	5		4	3	4	3.70	4.35	
	- Purchasing cards, restricted checks, petty cash		N	5		4	3	4	3.70	4.35	
	Support Organizations/Boosters		N	5.00		5.00	3.00	3.00	3.70	4.35	
	PSA accounts		N	5.00		5.00	3.00	3.00	3.70	4.35	
Child Nutrition				2.75		3.75	3.00	4.00	3.61	3.18	11
	Eligibility determination			2		2	2	2	2.00	2.00	
	Collection and posting of receipts			3		5	3	5	4.40	3.70	
	Federal reimbursement claims			3		5	5	5	5.00	4.00	
	Inventory and purchasing	Low		3		3	2	4	3.05	3.03	
Transportation				2.00		4.67	4.00	2.00	3.53	2.77	17
	Fleet Inventory and Maintenance			2		5	4	2	3.65	2.83	
	Bus routing and Planning			2		4	5	2	3.60	2.80	
	Labor and Supervision			2		5	3	2	3.35	2.68	
Grants				3.50		3.83	4.50	3.33	3.86	3.68	5
	General Processing/Monitoring			4		3	3	2	2.65	3.33	
	Grant Application			2		3	5	2	3.25	2.63	
	Allowable Costs			4		5	5	5	5.00	4.50	
	Cash Management			3		3	5	4	3.95	3.48	
	Reporting and Monitoring			4		4	4	2	3.30	3.65	
	Compliance			4		5	5	5	5.00	4.50	
Fixed/Tracked Assets				3.29		2.86	3.43	2.86	3.03	3.16	12
	Acquisition			3		2	4	2	2.60	2.80	
	Disposal			4		3	4	3	3.30	3.65	
	Transfer of assets between locations			4		3	4	3	3.30	3.65	
	Capitalization policy			2		1	2	1	1.30	1.65	
	Depreciation	Med		3		1	2	1	1.30	2.15	
	Inventory			4		5	4	5	4.70	4.35	

Matt Lorek, Data Base Admin in IT (per Harry)

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Heartland Payment Systems - website states they are PCI compliant
 TSYS is PCI compliant, however, merchants need to be compliant as well.
 Medical plan administration

Disaster recovery for finance if they couldn't access the building/offsite processing of checks, banking, payroll, etc.
 50% of schools reviewed in FY15

* includes grant reform for grants subsequent to 12.26.14

	Stewardship			3		5	4	5	4.70	3.85	
Early Childhood				3.00		3.33	2.67	3.33	3.13	3.07	13
	Cost allocation			2		3	2	2	2.35	2.18	
	Compliance			4		4	3	4	3.70	3.85	
	Reporting			3		3	3	4	3.35	3.18	
Private Purpose Trust Funds				2.50		5.00	2.00	3.00	3.40	2.95	15
	Compliance with trust agreements		N	4		5	2	3	3.40	3.70	
	Cash and investment management	Low	N	1		5	2	3	3.40	2.20	
Warehouse				2.67		4.33	3.67	4.33	4.13	3.40	8
	Sales and revenue - internal/external	Low	N	2		4	3	3	3.35	2.68	
	Inventory control/costing	Low	N	2		4	4	5	4.35	3.18	
	Purchasing - inventory items	Low	N	4		5	4	5	4.70	4.35	

Impact:

R = Reputational risk

O = Operational risk

F = Fraud risk

Considerations in assessment of likelihood:

- Complexity and contentiousness of accounting, reporting and compliance issues
- Frequency or significance of difficult-to-audit transactions or disclosures
- Nature, cause and materiality of misstatements or noncompliance detected in prior audits
- Susceptibility to fraud, including both misappropriation of assets and fraudulent financial reporting
- Competence and experience of personnel assigned to process data or make decisions
- Extent of judgment or estimates involved
- Size and volume of items comprising the account balances or transaction classes
- Complexity of calculations
- Control environment stability
- Prior audit coverage
- Identified risks
- Reliance on IT systems
- Segregation of duties
- Access rights and permissions of users within accounting system

Scale:

Likelihood

- 1 Unlikely**
- 2**
- 3 Likely**
- 4**
- 5 Certain/imminent**

Impact

- 1 Negligible**
- 2**
- 3 Moderate**
- 4**
- 5 Critical**