

Reviewing an Internal Audit's Risks

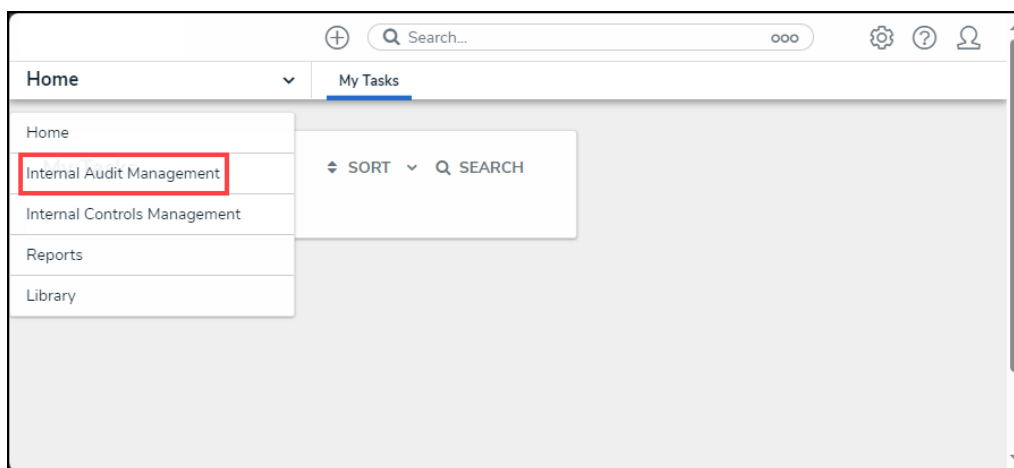
Last Modified on 06/07/2024 9:57 am EDT

Overview

Once a member of the **Internal Audit Leads/Managers** user group has moved the audit project into the **Fieldwork** state, staff members can review the risks attached to the project. It is recommended that a risk is reviewed after all of its attached controls have been reviewed.

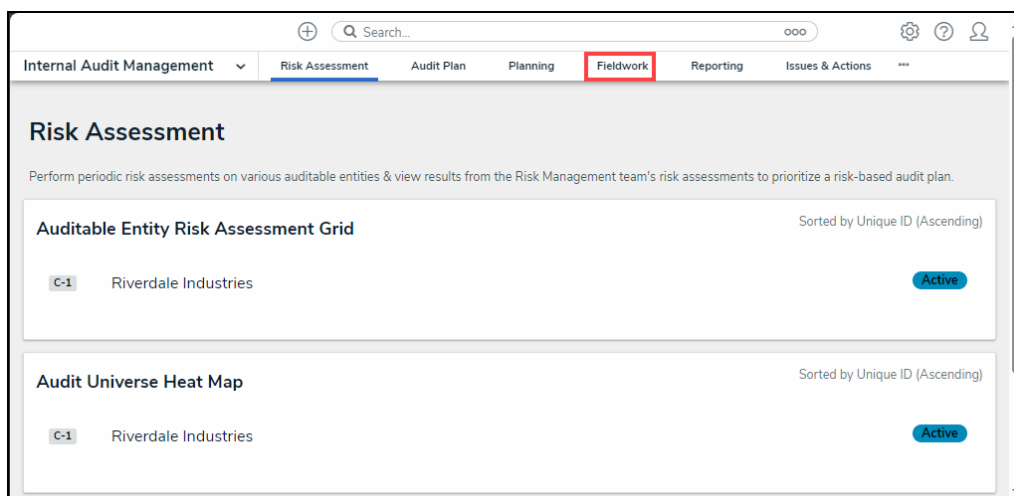
Navigation

1. From the **Home** screen, click the **Home** dropdown and select the **Internal Audit Management** link.



Home Dropdown

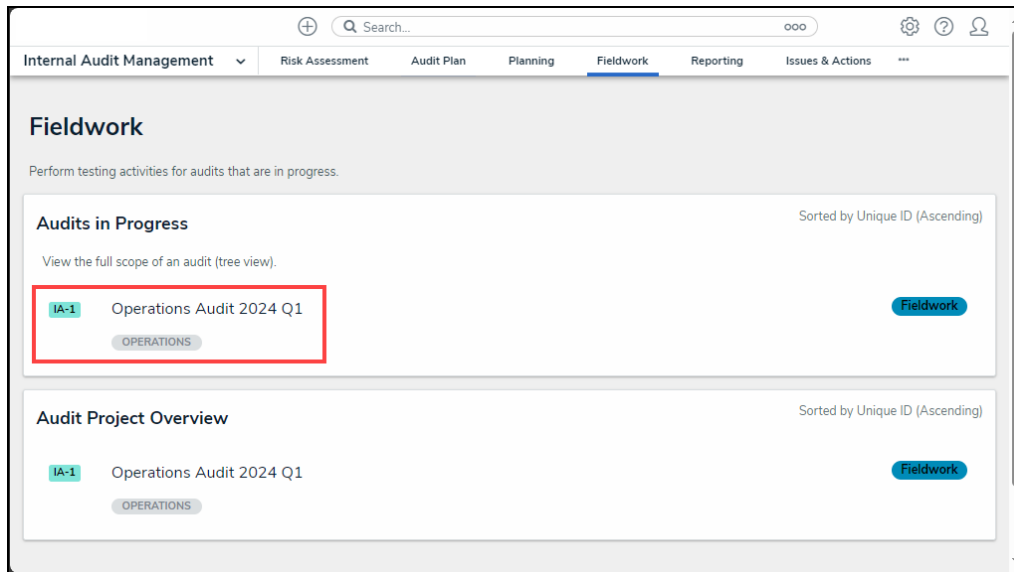
2. From the **Risk Assessment** screen, click on the **Fieldwork** tab.



Fieldwork Tab

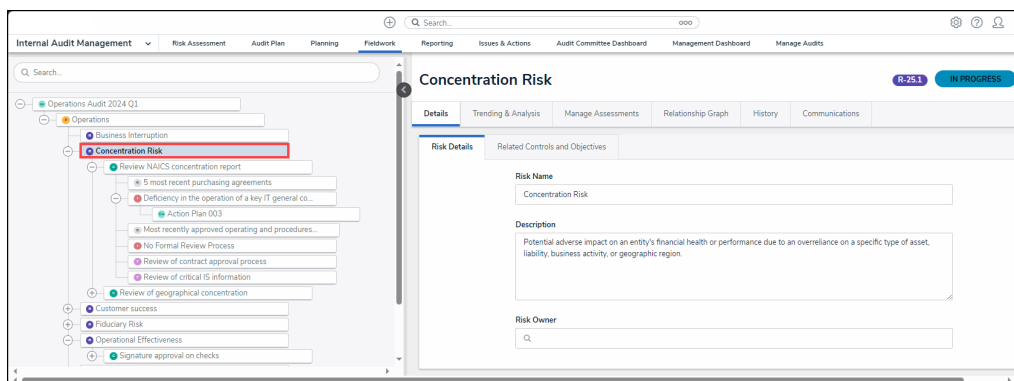
3. From the **Fieldwork** screen, click on the **Internal Audit** report name that contains the risk

you want to review from the **Audits in Progress** section.



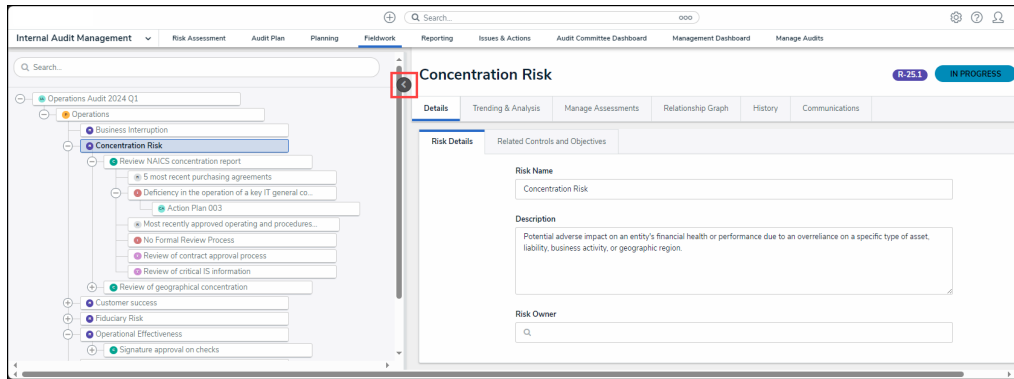
Internal Audit Report

- From the **Audit Project Overview** screen, click on the **Expand** icon on the **Navigation Tree** to expand the nodes until you find the risk.
- Click the risk to open the **Process Details** tab. The risk is indicated with an **R** icon next to the risk name on the node.



Process Node

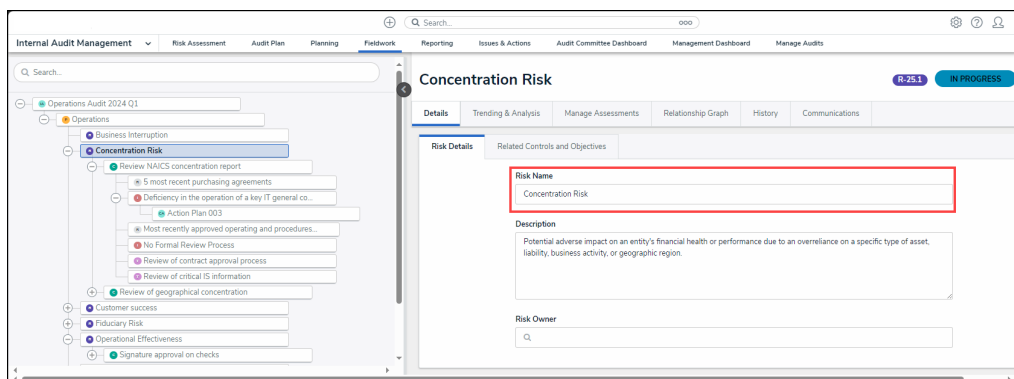
- Click the **Collapse** Icon to collapse the **Navigation Tree**.



Collapse Icon

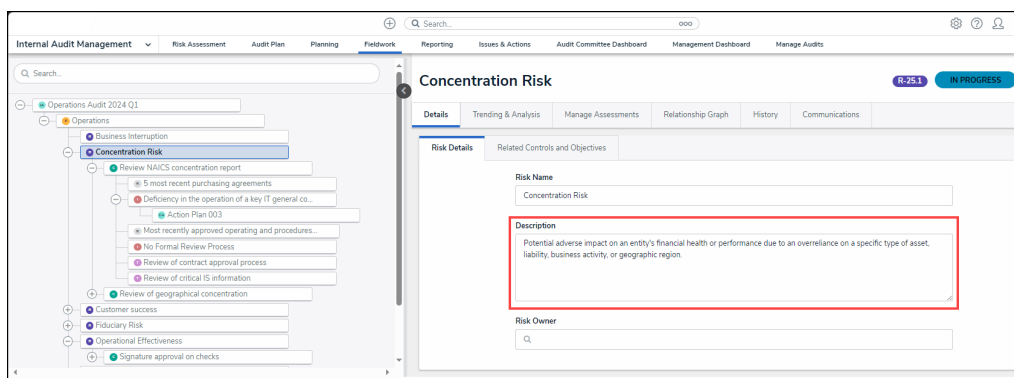
Reviewing an Internal Audit's Risks

1. The **Risk Details** tab will appear.
2. **(Optional)** Enter a new **Risk Name**. The risk name will represent the risk throughout the system.



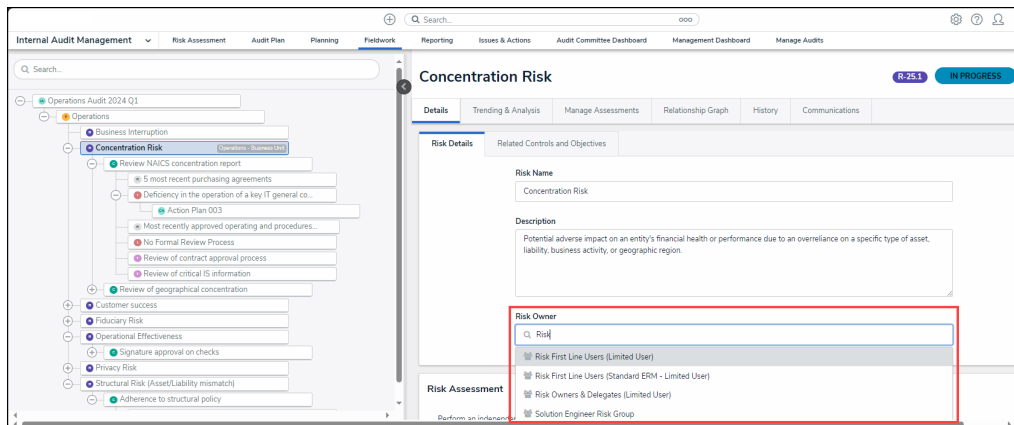
Risk Name Field

3. **(Optional)** Enter a new risk description in the **Description** field.



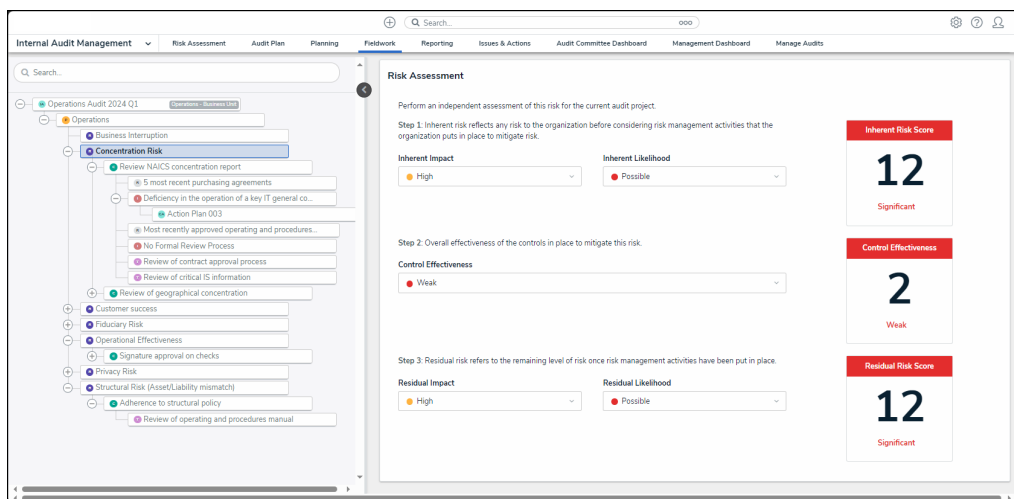
Description Field

4. Enter a user or user group name in the **Risk Owner** field and select a user or user group from the dropdown menu.



Risk Owner Dropdown Menu

- From the **Risk Assessment** section, users can perform an independent risk assessment for the internal audit project.



Risk Assessment Section

- Select an inherent impact score from the **Inherent Impact** dropdown menu. The inherent impact score is weighted and will affect the Inherent Impact Score card. The inherent impact score represents the severity of the risk before implementing a control.

The screenshot shows the 'Risk Assessment' section of the Resolver software. On the left is a navigation tree with 'Operations Audit 2024 Q1' selected. The main panel is titled 'Risk Assessment' and contains instructions for performing an independent assessment. It features three main input sections: 'Inherent Impact', 'Inherent Likelihood', and 'Residual Risk'. The 'Inherent Impact' dropdown menu is highlighted with a red box, showing options: High (selected), Low, Moderate, High, Significant, and Critical. To the right of these inputs are three score cards: 'Inherent Risk Score' (12, Significant), 'Control Effectiveness' (2, Weak), and 'Residual Risk Score' (12, Significant).

Inherent Impact Dropdown Menu

7. Select an inherent likelihood score from the **Inherent Likelihood** dropdown menu. The inherent impact score is weighted and will affect the Inherent Impact Score card. The inherent likelihood score represents the chance of the risk reoccurring if no controls are put in place.

This screenshot shows the same 'Risk Assessment' interface as the previous one, but with the 'Inherent Likelihood' dropdown menu highlighted by a red box. The dropdown menu is open, showing options: Remote (selected), Rare, Unlikely, Possible, and Probable. The 'Inherent Impact' is still set to 'High'. The score cards on the right remain the same: 'Inherent Risk Score' (12, Significant), 'Control Effectiveness' (2, Weak), and 'Residual Risk Score' (12, Significant).

Inherent Likelihood Dropdown Menu

8. The **Inherent Risk Score** card will appear to the right of the **Inherent Impact** and **Inherent Likelihood** fields. The Inherent Risk Score card will reflect the choices made in the **Inherent Impact** and **Inherent Likelihood** fields.

The screenshot displays the 'Risk Assessment' section of the Resolver software. On the left, a tree view shows the audit plan for 'Operations Audit 2024 Q1', with 'Concentration Risk' selected. The main panel shows the risk assessment steps. Step 1: Inherent risk assessment. Inherent Impact is set to 'High' and Inherent Likelihood is set to 'Possible'. The Inherent Risk Score is 12, labeled 'Significant'. Step 2: Overall effectiveness of the controls. Control Effectiveness is set to 'Weak'. The Control Effectiveness Score is 2, labeled 'Weak'. Step 3: Residual risk assessment. Residual Impact is set to 'High' and Residual Likelihood is set to 'Possible'. The Residual Risk Score is 12, labeled 'Significant'.

Inherent Risk Score Card

- Select a control effectiveness score from the **Control Effectiveness** dropdown menu. The control effectiveness score is weighted and will affect the Control Effectiveness Score card. The control effective score represents how effective the control is at preventing the risk from reoccurring.

This screenshot shows the same 'Risk Assessment' interface as the previous one, but with the 'Control Effectiveness' dropdown menu open. The menu lists several options: 'Weak', 'N/A', 'Non Existent', 'Weak', 'Medium', 'Strong', 'Excellent', and 'High'. The 'Weak' option is currently selected. The other score cards (Inherent Risk Score 12, Control Effectiveness Score 2, Residual Risk Score 12) remain visible on the right side of the panel.

Control Effectiveness Dropdown Menu

- The **Control Effectiveness Score** card will appear to the right of the **Control Effectiveness** field.

The screenshot displays the 'Risk Assessment' section of the Resolver software. On the left, a tree view shows the audit structure, with 'Concentration Risk' selected. The main panel shows the assessment steps: Step 1 (Inherent risk) with Inherent Impact set to 'High' and Inherent Likelihood set to 'Possible', resulting in an Inherent Risk Score of 12 (Significant). Step 2 (Overall effectiveness of controls) shows Control Effectiveness set to 'Strong', resulting in a Control Effectiveness Score of 4 (Strong). Step 3 (Residual risk) shows Residual Impact set to 'High' and Residual Likelihood set to 'Possible', resulting in a Residual Risk Score of 12 (Significant). The Control Effectiveness Score Card is highlighted with a red box.

Control Effectiveness Score Card

11. Select a residual impact score from the **Residual Impact** dropdown menu. The residual impact score is weighted and will affect the Residual Impact Score card. The residual impact score represents the impact of the risk when controls are in place.

This screenshot shows the same Risk Assessment interface as the previous one, but with the 'Residual Impact' dropdown menu open. The menu lists five options: High (selected), Low, Moderate, High, and Critical. The 'Residual Impact' dropdown is highlighted with a red box. The other elements of the interface, including the Control Effectiveness Score Card and the Residual Risk Score Card, remain the same.

Residual Impact Dropdown Menu

12. Select a residual likelihood score from the **Residual Likelihood** dropdown menu. The residual likelihood score is weighted and will affect the Residual Risk Score card. The residual Likelihood score represents the probability of the risk reoccurring when a control is implemented.

The screenshot shows the 'Risk Assessment' section of the Resolver application. On the left is a tree view of audit tasks. The main panel displays three steps of risk assessment:

- Step 1:** Inherent risk reflects any risk to the organization before considering risk management activities that the organization puts in place to mitigate risk.
 - Inherent Impact:** High
 - Inherent Likelihood:** Possible
 - Inherent Risk Score:** 12 (Significant)
- Step 2:** Overall effectiveness of the controls in place to mitigate this risk.
 - Control Effectiveness:** Strong
 - Control Effectiveness Score:** 4 (Strong)
- Step 3:** Residual risk refers to the remaining level of risk once risk management activities have been put in place.
 - Residual Impact:** Moderate
 - Residual Likelihood:** A dropdown menu is open, showing options: Possible (selected), Remote, Rare, Unlikely, Possible, and Probable.
 - Residual Risk Score:** 8 (High)

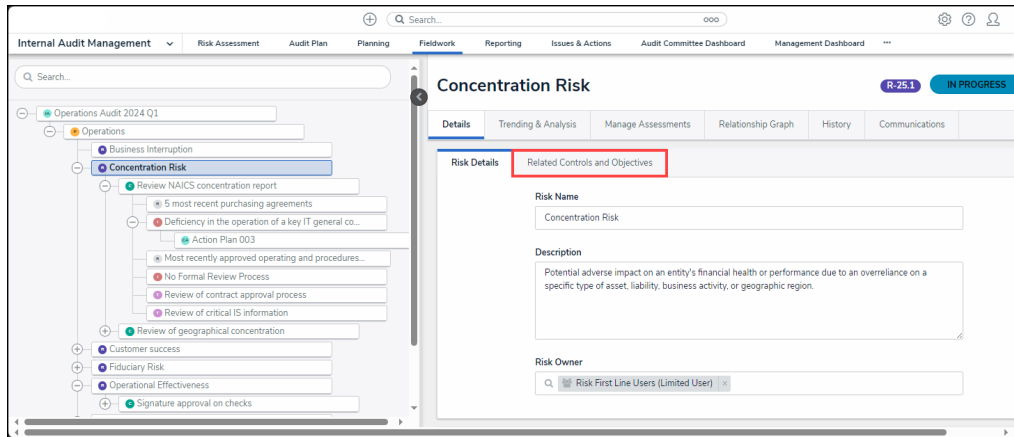
Residual Likelihood Dropdown Menu

13. The **Residual Risk Score** card will appear to the right of the **Residual Impact** and **Residual Likelihood** fields. The Residual Risk Score card will reflect the choices made in the **Residual Impact** and **Residual Likelihood** fields.

This screenshot is identical to the previous one, but with a red box highlighting the **Residual Risk Score** card. The card displays a score of 8, categorized as 'High'.

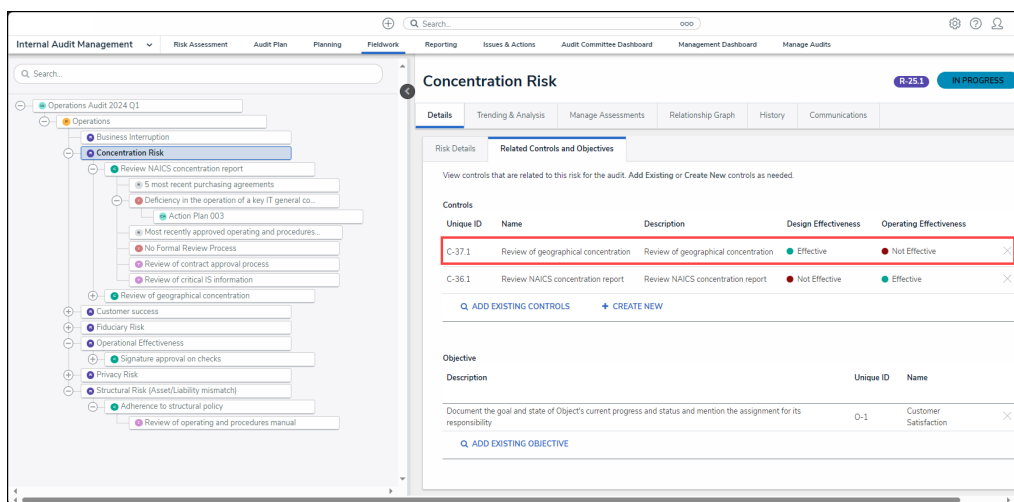
Residual Risk Score Card

14. **(Optional)** Click the **Related Controls and Objectives** tab to view related controls and objectives.



Related Controls and Objectives Tab

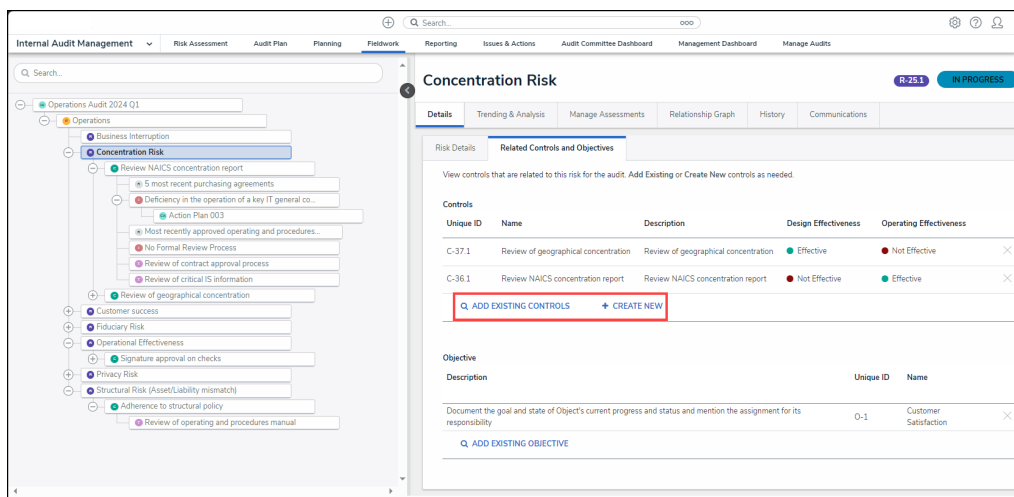
15. Click on a **Control** from the **Control** table to view further details.



Control

16. Click the **Add Existing Controls** link to add an existing control to the risk.

17. Click the **+ Create New** link to create a new control to add to the risk.



Adding Control Links

18. Click on an **Objective** from the **Objective** table to view further details.

Concentration Risk R 25.1 IN PROGRESS

Related Controls and Objectives

View controls that are related to this risk for the audit. Add Existing or Create New controls as needed.

Unique ID	Name	Description	Design Effectiveness	Operating Effectiveness
C-37.1	Review of geographical concentration	Review of geographical concentration	Effective	Not Effective
C-36.1	Review NAICS concentration report	Review NAICS concentration report	Not Effective	Effective

[ADD EXISTING CONTROLS](#) [CREATE NEW](#)

Description	Unique ID	Name
Document the goal and state of Object's current progress and status and mention the assignment for its responsibility	O-1	Customer Satisfaction

[ADD EXISTING OBJECTIVE](#)

Objective

19. Click the **Add Existing Objective** link to add an existing objective to the risk.

Concentration Risk R 25.1 IN PROGRESS

Related Controls and Objectives

View controls that are related to this risk for the audit. Add Existing or Create New controls as needed.

Unique ID	Name	Description	Design Effectiveness	Operating Effectiveness
C-37.1	Review of geographical concentration	Review of geographical concentration	Effective	Not Effective
C-36.1	Review NAICS concentration report	Review NAICS concentration report	Not Effective	Effective

[ADD EXISTING CONTROLS](#) [CREATE NEW](#)

Description	Unique ID	Name
Document the goal and state of Object's current progress and status and mention the assignment for its responsibility	O-1	Customer Satisfaction

[ADD EXISTING OBJECTIVE](#)

Add Existing Objective Link

20. Click the **X** icon next to a control or an object to delete a control or an object from the risk.

Internal Audit Management

Search...

Operations Audit 2024 Q1

Operations

Concentration Risk

Review NAICS concentration report

5 most recent purchasing agreements

Deficiency in the operation of a key IT general co...

Action Plan 003

Most recently approved operating and procedures...

No Formal Review Process

Review of contract approval process

Review of critical IS information

Review of geographical concentration

Customer success

Fiduciary Risk

Operational Effectiveness

Signature approval on checks

Privacy Risk

Structural Risk (Asset/Liability mismatch)

Adherence to structural policy

Review of operating and procedures manual

Concentration Risk

R-25.1

In Progress

Details

Trending & Analysis

Manage Assessments

Relationship Graph

History

Communications

Risk Details

Related Controls and Objectives

View controls that are related to this risk for the audit. Add Existing or Create New controls as needed.

Controls

Unique ID	Name	Description	Design Effectiveness	Operating Effectiveness	
C-37.1	Review of geographical concentration	Review of geographical concentration	Effective	Not Effective	
C-36.1	Review NAICS concentration report	Review NAICS concentration report	Not Effective	Effective	

ADD EXISTING CONTROLS

CREATE NEW

Objective

Description	Unique ID	Name	
Document the goal and state of Object's current progress and status and mention the assignment for its responsibility	O-1	Customer Satisfaction	

ADD EXISTING OBJECTIVE

X Icon