IA Policy 2.2 - RISK ASSESSMENT AND LONG RANGE AUDIT PLAN

Responsible Officer:  Director of Internal Audit  
Responsible Unit:  Internal Audit Department  
Effective Date:  July 01, 1996  
Last Revised on:  November 20, 2008

Purpose Statement

Risk Assessment

The Internal Audit Department uses a comprehensive risk assessment model to develop a long-range audit plan. This model allows all areas of the University to be evaluated using uniform criteria. Factors and weights used to assess and score each potential audit area include such items as financial statistics; complexity of operations; interaction with other areas of the University or outside parties; consequences of errors or omissions; and the impact of negative publicity. A risk assessment and development of a new long-range plan is done once every five years; the long-range plan is reviewed annually and, if necessary, revised based on changes in university operations.

Audit Plan

The results of the risk assessment, audit staff resources available, and management input are used to develop a long-range audit plan and annual work schedules. The long-range plan covers a five-year time frame and includes blocks of time for routine audits, special projects (those requested by management or involving allegations of misuse), and administrative functions such as staff training and development. Our goal is to provide the most comprehensive, beneficial audit services to the University. However, since staff resources are limited, we cannot provide coverage to all areas. Therefore, hours for routine audits will be allotted first to areas determined to have the greatest significance to the University. Routine audits will be
scheduled for lower risk areas as time permits or may be addressed through special projects. Work schedules will be updated annually to allow for changes in the University's operating environment. To the extent possible, the timing of routine audits and special projects will accommodate daily operations as well as "busy seasons" in departments that have variable workloads.

Contacts

Questions and concerns can be submitted using the Internal Audit Staff Directory.

Revision History

<table>
<thead>
<tr>
<th>Prior Revisions:</th>
<th>The policies in the Internal Audit Department Policies and Procedures Manual supercede any IA policies, procedures, appendices and information previously included in the University Business Manual, a publication of UNC Chapel Hill's Division of Finance.</th>
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<tbody>
<tr>
<td>July 01, 1996</td>
<td>Changes by Director of Internal Audit. Changes to wording in the Audit Plan section.</td>
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<tr>
<td>February 10, 1997</td>
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<td>November 20, 2008</td>
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