

Human Resources

FAA, Inc. Risk Assessment Questionnaire

GENERAL RISK ASSESSMENT Risk Assessment Questionnaire - Summary

AGENCY	Town of Nantucket Human Resources Department		
CYCLE	Initial Assessment	SYSTEM	Fraud Risk
PREPARED BY	FAA, Inc	DATE: 11/28/2012	

Given the results of the risk assessment guideline and other factors I have considered, in my opinion, the system being assessed has the following risk to the agency:

	HIGH RISK (41 – 70)	Internal control evaluation required
18 Points =	MEDIUM RISK (18 – 40)	Internal control evaluation recommended on a cyclical basis.
	LOW RISK (0 – 17)	Internal control evaluation not required.

Please read the explanation of each risk category and evaluation factor on the following pages. Then **assign a rating value in the box provided below**. The rating should be from 0 to 5, with 0 being the lowest or no risk and 5 being the highest or maximum risk.

ASSIGNED RISK CATEGORY	EVALUATION FACTOR	NO.	RATING
General	Outside Interest	1	1.00
	Regulatory/Contractual	2	2.00
	Employee Turnover	3	0.00
Other Reviews and Audits	Audit Coverage	4	1.00
	Results of Prior Reviews	5	0.00
Specific Financial Risk Areas	Account Balance Size	6	0.00
	General Fund State	7	5.00
	Federal Assistance Programs	8	0.00
	Cash	9	0.00
	Merchandise	10	0.00
	Fixed Assets	11	0.00
System	Automation	12	3.00
	Decentralization	13	1.00
	Sensitive Data	14	5.00
		TOTAL	18.00

**FAA, Inc. Control Environment
General Control Policies and Procedures Questionnaire**

Municipality: Nantucket

Department: Human Resources

Fiscal Year: 2013

A. Integrity and Ethical Values

Yes No N/A

1. Does the agency have a code of ethical conduct that has been made available to all employees?
2. Does the code of conduct address policy for potential conflicts of interest?
3. Is there a procedure in place for employees to report fraudulent or dishonest acts?
4. Does Management take appropriate disciplinary action when necessary to enforce the code of conduct?

B. Commitment to Competence

Yes No N/A

5. Does management understand the knowledge and skills required to accomplish tasks?
6. Does the entity provide for applicable training of its employees?
7. Do accounting personnel appear to have sufficient expertise in selecting and applying applicable accounting principles?
8. Do accounting supervisors appear to have sufficient expertise to review accounting transactions for accuracy and compliance with rules and regulations?
9. Are sufficient training opportunities to improve competency and update employees on new policies and procedures available?

C. Management's Philosophy and Operating Style

Yes No N/A

10. Are principal accounting records and accounting employees at all locations under the supervision of the principal accounting officer?
11. Are management and operating decisions determined at appropriate levels?
12. Are policies and procedures consistent with statutory authority?
13. Does management review audit recommendations and take appropriate corrective action?
14. Is the internal control structure supervised and reviewed by management to determine if it is operating as intended?

D. Organizational Structure

Yes No N/A

15. Is there an organization chart clearly defining the lines of management authority and responsibility?
16. Is the organization chart current and accurate?
17. Are policies and procedures for authorizations established at a reasonably high level?
18. Have specific line of authority and responsibility been established to ensure compliance with federal and state laws and regulations?
19. Are all the agency's operations centralized or decentralized?
20. If decentralized, is monitoring of the areas adequate?

E. Assignment of Authority and Responsibility

Yes No N/A

21. Has management provided resources to ensure compliance with grant requirements and federal and state laws?
22. Is management actively involved in supervision of the various functions?
23. Has fiscal authority been formally delegated to specific management personnel?
24. Are responsibilities divided so that no single employee controls all phases of a transaction?

F. Human Resource Policies and Practices

Yes No N/A

25. Are competent personnel recruited?
26. Are accurate, up-to-date-position descriptions available?
27. Are managers and employees held accountable for satisfactory completion of performance elements?
28. Do all supervisors and managers have at least a working knowledge of the State's personnel policies and procedures?
29. Does each supervisor and manager have a copy or access to a copy of the State's personnel policies and procedures?
30. Does management ensure compliance with the department's personnel policies and procedures manual concerning hiring, training, promoting, and compensating employees?
31. Has management established backup plans for sudden or significant changes in personnel?
32. Are supervisors readily available to help personnel with non-routine problems?
33. Are external audits performed on a periodic basis?
34. Are background checks performed on certain people who have access to personal information, positions of accounting and financial oversight, and positions of trust?

**FAA, Inc. Computer Security
Control Policies and Procedures Questionnaire**

Municipality: Nantucket

Department: Human Resources

Fiscal Year: 2013

A. Control Activities / Information and Communication:

Yes No N/A

1. Does management determine the type of access a new employee should be given and communicate it to the appropriate personnel?
2. Once roles have been established for a new employee by the appropriate personnel are roles given back to management to confirm that appropriate access was granted?
3. Does management approve all changes made to roles?
4. Are terminated employees removed from the roles on the last day of service?
5. Are responsibilities segregated to assure that no one individual has entry and approval roles?
6. Does every user have a unique user-id/password?
- a. Are user passwords kept secret from other users?
- b. Are user passwords changed periodically?
- c. Are users aware of the confidential nature of their passwords?
7. Does management restrict users' access to the minimum level needed to perform their job?

FAA, Inc. Fraud Risk Assessment Form

Fiscal Year: 2013

Department: Human Resources Department

Municipality: Town of Nantucket

	1. IDENTIFIED FRAUD RISKS AND SCHEMES	2. LIKELIHOOD	3. SIGNIFICANCE	4. PEOPLE AND/OR DEPARTMENT	5. EXISTING ANTI-FRAUD CONTROLS	6. CONTROLS EFFECTIVENESS ASSESSMENT	7. RESIDUAL RISKS	8. FRAUD RISK RESPONSE
Financial Reporting:								
Revenue Recognition:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Expenditures:								
Departmental Budget	FY Payments Timing	Remote	Insignificant	Human Resources	A/P Processing	Adequate	N/A	N/A
Health Insurance Trust	FY Payments Timing	Remote	Material	Human Resources	A/P Processing	Adequate	N/A	N/A
Workers' Compensation	FY Payments Timing	Remote	Significant	Human Resources	A/P Processing	Adequate	N/A	N/A
Balance Sheet/Management Estimates:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Disclosures:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other Reporting:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

FAA, Inc. Fraud Risk Assessment Form

Municipality: Town of Nantucket

Department: Human Resources Department

Fiscal Year: 2013

	1. IDENTIFIED FRAUD RISKS AND SCHEMES	2. LIKELIHOOD	3. SIGNIFICANCE	4. PEOPLE AND/OR DEPARTMENT	5. EXISTING ANTI-FRAUD CONTROLS	6. CONTROLS EFFECTIVENESS ASSESSMENT	7. RESIDUAL RISKS	8. FRAUD RISK RESPONSE
Misappropriation of Assets:								
Cash/Checks/Credit Cards:								
A. Point of Sales	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
B. Accounts Receivable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
C. Disbursement/Vendor	False Payments	Remote	Material	Human Resources	Vendor Controls Multiple Reviews	Adequate	Management Override	Periodic Testing By Accounting
D. Payroll	Falsified Employee Attendance Reports	Remote	Insignificant	Human Resources	Multiple Reviews	Inadequate – See Narrative	Management Override	Periodic Testing By Accounting
E. Other	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Inventory:								
A. Tangible:								
Fuel	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Equipment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Small Tools	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
B. Intangible:								
Personal Information	Improper Storage or Accidental Disclosure	Reasonably Possible	Significant	Human Resources	Internal Department Controls	Inadequate	Loss of Personal Data	Increase Security of Record Storage
Other Assets:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

FAA, Inc. Fraud Risk Assessment Form

Fiscal Year: 2013

Department: Human Resources Department

Municipality: Town of Nantucket

	1. IDENTIFIED FRAUD RISKS AND SCHEMES	2. LIKELIHOOD	3. SIGNIFICANCE	4. PEOPLE AND/OR DEPARTMENT	5. EXISTING ANTI-FRAUD CONTROLS	6. CONTROLS EFFECTIVENESS ASSESSMENT	7. RESIDUAL RISKS	8. FRAUD RISK RESPONSE
Corruption:								
Bribery:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Embezzlement:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Aiding and Abetting:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Conflicts Of Interest:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other Risks:								
None	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A