

**ABC College
Fraud Risk Assessment
Date**

Identified Fraud Risk	Likelihood ¹	Significance ²	Actions to Manage Risk/ Control Activities ³	Responsible Parties/Department	Control Effectiveness Assessment ⁴	Remaining Risks?	Fraud Risk Response
Example 1: Inappropriate manual journal entries may be made. There is no independent review of entries made by the Controller.	High	High	Entries made by all personnel except the Controller must be reviewed and entered by another person who would be knowledgeable enough to question the entry were it in appropriate. The CFO reviews the monthly internal financial statements and inquires about unusual fluctuations (detective control).	Finance/Controller/CFO	Not sufficient	Numerous small entries may be made that could go unnoticed from a financial statement level review. Also, entries may be made to make trends look normal and go unnoticed in a financial statement trend analysis.	The CFO will begin reviewing manual entries made by the Controller on a monthly basis.
Example 2: Employee expense reimbursements may be for nonbusiness purposes.	High	Moderate	Employees enter their expenses in their timesheets and are reimbursed on the following payroll. Employees must submit receipts for all expenses \$25 or greater. If an employee does not submit receipts within one month after the expense being entered, the reimbursement will be reversed on his/her next paycheck.	Finance Department / Employees	Sufficient	n/a	n/a
Example 3: Bookstore merchandise may be stolen by personnel.	Moderate	Low	Security cameras are in place in the store and storage room. Inventory is counted periodically and all variances reconciled. There are always at least two people present at the bookstore. Background checks are completed before employees are hired.	Bookstore management/ Human Resources	Sufficient	n/a	n/a

¹ High, moderate, or low assessment that a fraud would occur absent any controls.

² High, moderate, or low based on how material a financial reporting error likely would be and qualitatively how the error would impact the organization.

³ What is the organization currently doing to prevent or detect this fraud?

⁴ Sufficient or Not sufficient. Are the current preventative and detective controls in place sufficient to mitigate this risk?