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# California Public Employees' Retirement System

Office of Audit Services  
Risk Assessment



# Risk Assessment

Quantitative and qualitative methods to assess the likelihood and potential impact of risk events and the current responses in place to address those risks.

# Risk Assessment

- Build on Prior Year
- Prepare by reviewing Strategic Plan, Division Mission, upcoming changes
- Conduct interviews with Management
- Risk Score and Ranking
- Internal Audit Discussion/Other Factors
- Apply Internal Audit Resources

# Resources for Risk Assessment

- Board of Administration
- Finance Committee
- Executive Management
- Senior Management
- External Auditors
- Internal Auditors

# Internal Audit Programs

- Assurance and Consulting
- CalPERS' Core Business Areas
  - Retirement
  - Health
  - Investments
- CalPERS Support Divisions
- Third Party Administrators

# Internal Risk Factors

- Adequacy and Effectiveness of Controls
- Character and Complexity of Business Activity
- Dollar Size or Transaction Volume
- Board or Management Interest
- Results and Time of Previous Audits
- Degree of Changes in Operations
- Sensitivity of Application Information

# Develop Audit Plan

- Rank High to Low
- Apply Judgment
- Some “Soft” factors
- Incorporate FISMA and other Mandatory
- Apply resources

# Internal Audit Program

## Auditable Activities/Entities

**Total = 169**

