

Audit Risk Assessment Guidelines

- Nature of transactions
 - Volume
 - Size
 - Liquidity
- Nature of the operating environment
 - Complexity of transactions
 - Changes in volume
 - Degree of system and reporting centralization
 - Economic and regulatory environment
- Internal Controls, security, and management information systems
 - Safeguarding of assets
 - Compliance with laws and regulations
 - Reliable financial and regulatory reporting
 - Compliance with bank policies and procedures
 - Accuracy and completeness of transactions
 - Proper authority for transactions
- Human Resources
 - Experience of management and staff
 - Turnover
 - Competence
 - Degree of delegation
- Senior management oversight
- Past performance
 - Prior audit findings
 - Concerns mentioned by external auditors/regulators

Each auditable entity will be rated according to each of these guidelines as follows:

- 1) Low risk
- 2) Low-moderate risk
- 3) Moderate risk
- 4) Moderate-high risk
- 5) High risk

The risk assessment score will be the average of the scores for each of the five guidelines.

Maximum risk in all areas would result in a risk assessment score of 5.

Audits required by regulation or bank policy will automatically add 5 points to the risk assessment for related auditable entities to identify them as a mandatory part of the audit plan.