

## 2009 Audit Risk Assessment

Audit Entity	Nature of transactions	Nature of operating environment	Internal controls, security, and MIS	Human Resources	Senior Management Oversight	Past Performance	Average	Add 5 if audit required	Required by	Total Risk Assessment Score
Accounts Payable	3	3	3	2	3	3	2.83	3	Audit skepticism	5.83
Allowance for Loan and Lease Loss	4	3	3	2	2	2	2.67	3	Management Request	5.67
ATM Cash & ATM/Debit Card Settlement	4	3	3	1	2	2	2.50			2.50
Automated Clearing House (ACH)	3	3	3	3	3	2	2.83	5	ACH rules & OCC BB 2006-39	7.83
Bank Secrecy Act / Anti-Money Laundering	3	3	3	2	1	1	2.17	5	OCC Regulatory Compliance	7.17
BSA - Customer Information Program (CIP)	3	3	3	3	2	2	2.67	5	OCC Regulatory Compliance	7.67
BSA - High Risk Account testing	3	3	3	3	2	3	2.83	5	OCC Regulatory Compliance	7.83
BSA - Office of Foreign Assets Control (OFAC)	2	3	3	2	2	2	2.33	5	OCC Exam Guidance and Bank Policy (OFAC)	7.33
Branch Visits -										
Cash Audits	4	3	3	3	2	2	2.83	3	Management Request	5.83
Facility Security Reviews	2	3	3	3	2	3	2.67	5	Regulation	7.67
Call Report Schedules	2	3	3	2	3	2	2.50	5	OCC Recommendation	7.50
Capital, Surplus, Undivided Profits	1	2	2	1	1	1	1.33			1.33
Cash Items	2	2	2	2	2	2	2.00			2.00
Clearing/Settlement Accounts	2	2	2	2	2	2	2.00			2.00
Collections	1	1	2	1	1	1	1.17			1.17
Compliance Monitoring Review and follow-up	2	3	2	1	1	2	1.83	3	Management Request	4.83
Community Reinvestment Act	3	3	3	3	2	4	3.00	3	Management Request	6.00
Credit Administration ARM Loans	2	2	2	2	2	2	2.00			2.00
Demand Deposits	3	2	3	2	2	2	2.33			2.33
Document Imaging (Deposits/Loans)	4	4	4	3	4	3	3.67			3.67
Due From Banks	2	2	2	2	2	2	2.00			2.00
Electronic Funds Transfer (EFT) / FED wire	3	3	2	1	1	2	2.00			2.00
Employee Account Review	2	2	2	2	2	2	2.00	5	Kansas Banker Surety Bond	7.00
FHLB Collateral Review	3	3	3	3	3	5	3.33			3.33
Fixed Assets Review	2	1	2	2	2	3	2.00			2.00
Flood Insurance	3	3	3	2	3	4	3.00	5	The OCC states that this area must be perfect	8.00
Home Mtg Disclosure Act (HMDA) / LAR	3	3	2	2	2	2	2.33	3	Management Request	5.33
Human Resources (Payroll/Personnel)	1	3	2	1	2	1	1.67			1.67
Insurance Services	2	2	3	2	2	2	2.17			2.17

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Internal Bank Use Accounts	2	3	3	2	2	2	2.33	3	Audit skepticism	5.33
Investment Securities	3	2	2	2	1	1	1.83	5	Bank Policy (A/L Mgmt)	6.83
Kite Suspect Review	3	3	3	3	3	3	3.00			3.00
Loan and Deposit Reconciliation Review	2	2	2	2	2	2	2.00			2.00
Loan Review Systems	3	3	2	1	1	2	2.00			2.00
Official Checks	2	3	2	2	2	3	2.33			2.33
Online Banking / Bill Pay	3	3	3	3	3	2	2.83		A separate audit of E-Banking Products and Services is being considered	2.83
Other Assets	2	2	2	2	1	2	1.83			1.83
Other Income/Other Expenses	2	2	2	2	1	1	1.67			1.67
Other Liabilities	2	2	2	2	2	2	2.00			2.00
Power Proof and CAR (includes Deposit Direct and Branch Capture)	3	3	3	3	3	3	3.00			3.00
Profit Star Model Validation	3	3	3	2	3	3	2.83			2.83
Reg O - Insider Transactions	1	1	1	1	1	2	1.17	5	Bank Policy (Lending)	6.17
Safe Deposit Boxes	2	2	2	2	2	2	2.00			2.00
Savings and Time Deposits	2	2	2	2	2	2	2.00			2.00
SBA Loan Program	2	2	2	2	2	2	2.00			2.00
Unclaimed Property review (November)	2	2	2	2	2	3	2.17	5	Bank Policy (Deposit)	7.17
<b>Information Systems</b>									FFIEC (Page 2-2)	
Review and follow-up of GFM Audit Information Technology (IT) Systems										
LAN/WAN Security	4	4	2	3	2	2	2.83	5	OCC	7.83
Management / Organization	2	2	2	4	2	3	2.50	5	OCC	7.50
Physical Security / Contingency Planning	2	2	2	2	2	2	2.00	5	OCC	7.00
Computer Operations	2	3	2	2	1	2	2.00	5	OCC	7.00
Data Integrity (Input/Output)	3	2	1	1	1	2	1.67	5	OCC	6.67
Data Security / Network Controls	4	2	2	3	1	2	2.33	5	OCC	7.33
Programming / Change Control	1	1	1	1	1	1	1.00	5	OCC	6.00

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End User Computing (PC, LAN's, WAN's, Client Server)	4	3	3	3	3	3	3.17	5	OCC	8.17
Internet Banking	3	3	3	2	2	3	2.67	5	OCC	7.67
Electronic Banking Systems (ATM, ACH, Wire Transfer, etc.)	4	3	2	1	1	2	2.17	5	OCC	7.17
Computer Hardware/Software	2	3	2	1	3	2	2.17	5	OCC	7.17
<b>Mortgage Banking</b>										
MBD Quality Control Review (TENA Rpts)	2	2	3	1	1	2	1.83	5	Bank Policy (MB QC Policy)	6.83
MBD Cash Management	2	2	1	1	2	1	1.50			1.50
MBD Investor Account and Reporting	3	3	2	1	2	2	2.17			2.17
MBD Escrow Account Administration	2	2	1	1	1	1	1.33			1.33
MBD Collections (Delinquent Loans)	2	3	3	1	2	2	2.17	5	Bank Policy (MB C Policy)	7.17
MBD Loan Setup and Payoff	2	2	2	1	2	1	1.67			1.67
MBD Handling of Adjustable Rate Loans	2	2	1	1	1	1	1.33			1.33
MBD Documentation and Delivery	2	2	2	2	2	2	2.00			2.00
Insurance Distribution Accounts	1	1	1	1	2	2	1.33			1.33
Mortgage Servicing Rights Valuation	5	5	3	3	4	4	4.00			4.00
Mortgage Servicing Rights Hedging	5	5	4	3	4	5	4.33			4.33
<b>Trust Department</b>										
Trust Administrative Review	3	4	3	2	2	2	2.67	5	OCC 12 CFR 9	7.67
Operations, Management, & Internal Controls	3	3	3	3	3	4	3.17	5	OCC 12 CFR 9	8.17
Trust Asset Verification - Investments	3	2	2	1	1	1	1.67	5	OCC 12 CFR 9	6.67
Corporate Trusts	3	3	3	3	3	3	3.00	5	OCC 12 CFR 9	
Brokerage Services (Non-deposit/Non-retail)	4	4	3	2	3	2	3.00	5	OCC 12 CFR 9	8.00
Escrow Services	1	1	1	1	1	1	1.00	5	OCC 12 CFR 9	6.00
Trust IT Support Systems	2	2	3	2	2	2	2.17	5	FFIEC	7.17
Farm Management Services	2	2	2	1	2	2	1.83	5	OCC	6.83