Company ABC
Risk Assessment Results
Audit Committee Report

(Date)

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Source: www.summitcl.com Summit Consulting Ltd / summitRISK / prepared for uncertainties

Risk Assessment: Audit Universe

Revenues
- Sales/Lead Generation
- Software Pricing/Sales Discounts
- Credit Assessment/Monitoring
- Credit Memo Process
- Customer Fulfillment
- Customer Support
- Customer Support Pricing
- Order Entry/Billing
- Collections/Accounts Receivable
- Software License Tracking
- Revenue Recognition
- Product Upgrades
- Managing New Product Information
- Managing Product Lifecycle
- Professional Services Revenue

Expenditures
- Purchasing
- Accounts Payable
- Fixed Assets
- Capital/Operating Leases

Treasury
- Cash and Treasury Management
- Transfer Pricing
- Acquisitions/Alliances
- Foreign Currency Management

Payroll/Personnel
- Recruitment
- Performance Assessment
- Training
- Compensation/Benefits
- Employee Satisfaction Monitoring
- Payroll Processing

Financial Reporting
- Budgeting/Forecasting
- Management Reporting
- Tax Compliance
- Access to Company Policies
- Closing/Consolidation Process

Information Systems
- Systems & Technology Planning
- Data Access/Security
- Disaster Recovery Planning
- Source Code Security
- Resource Prioritization
- Key Business Application
- System Migration Management
- Electronic Product Distribution

Operating Expenses
- Travel & Entertainment
- Commissions & Bonus Plans
- Contract Negotiations/Management
- Business Partner/VAR/OEM Royalties
- Facilities Management
- Materials Management
- Overhead Cost Management

Other
- Remote Location Controls
- External Customer Satisfaction Monitoring
- Customer Complaint Tracking/Resolution
- Intellectual Property Protection
- Technological Developments/R&D
- Litigation Management
- Regulatory Compliance
- Business Partner Relationship Management
- Channels Distribution Management
- Software Piracy
- International Development Issues
- Partner/Royalty Controls
- Shareholder Relations

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Risk Assessment Participants

We would like to thank ABC management for assisting us with our risk assessment process.

We received input and assistance from the following people:

Finance

Chief Financial Officer

Corporate Controller

Treasurer

Director of Finance, CS&S

Controller, North America

Director of Finance, Europe

Finance, MEC
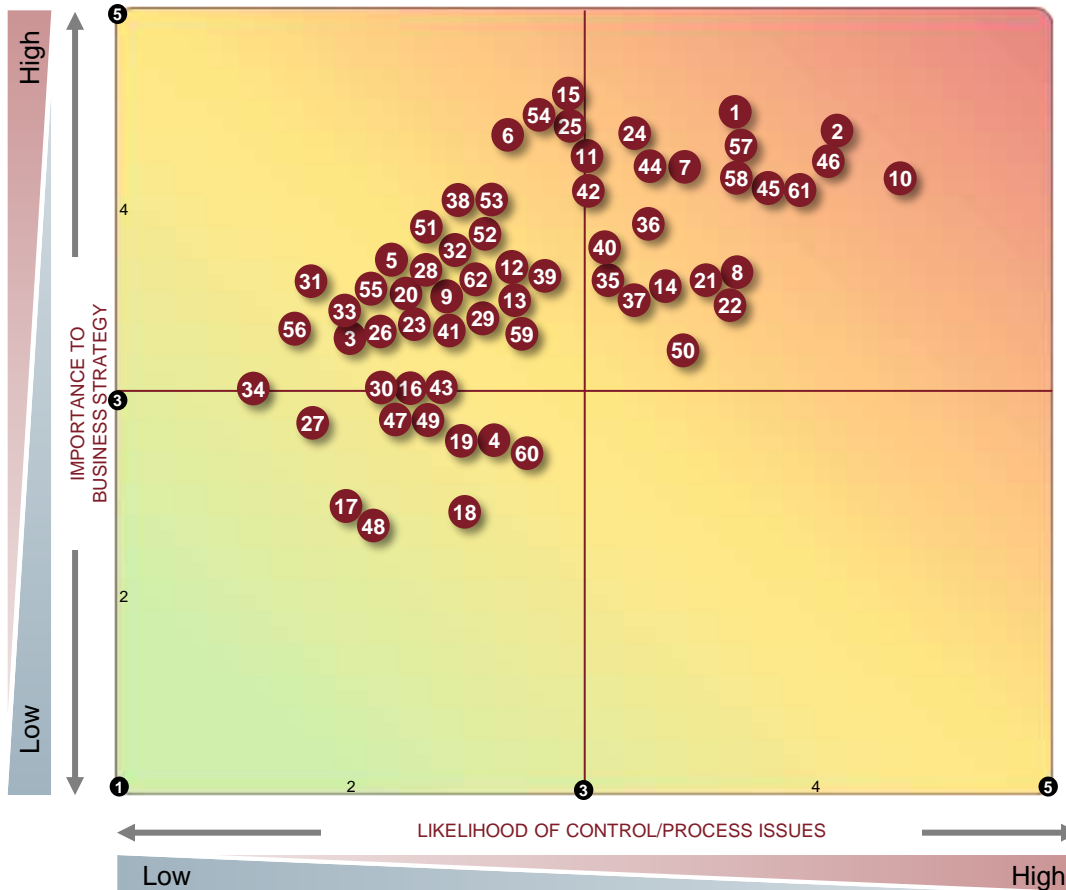
Finance, IAD

VP, Financial Planning & Analysis

Operations/Information Systems/Other

VP, Worldwide Field Operations

East Coast Operations

VP, Operations West

Chief Information Officer

VP, General Counsel & Secretary

Source: www.summitcl.com Summit Consulting Ltd / summitRISK / prepared for uncertainties

Risk Assessment Results

The matrix below summarizes the results of the risk assessment process. Each business cycle/process was evaluated by the risk assessment participants based on the importance to business strategy and the likelihood of control/process issues.
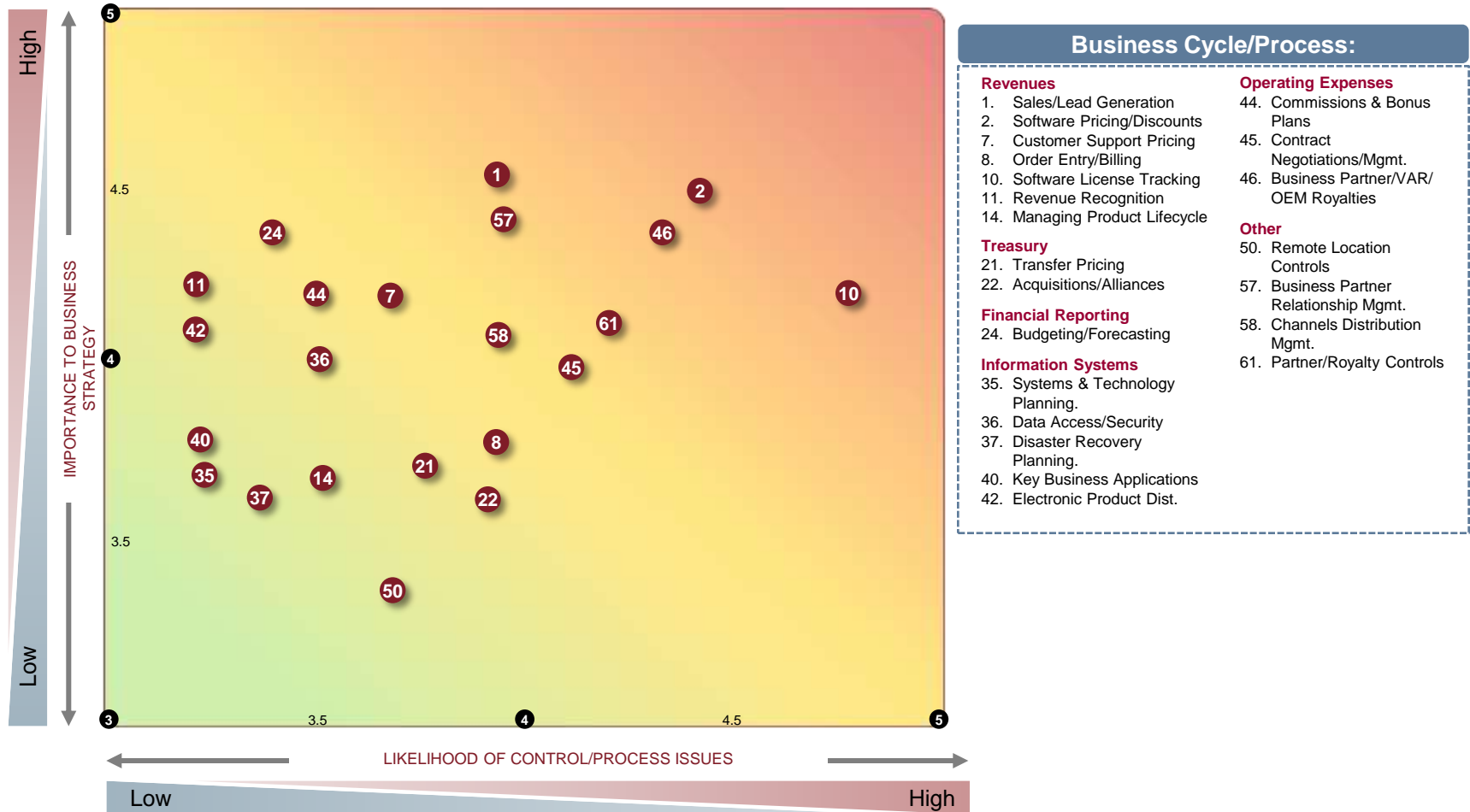

Business Cycle/Process:

Revenues
1. Sales/Lead Generation
2. Software Pricing/Discounts
3. Credit Assessment/Monitoring
4. Credit Memo Process
5. Customer Fulfillment
6. Customer Support
7. Customer Support Pricing
8. Order Entry/Billing
9. Collections/Accounts Rec.
10. Software License Tracking
11. Revenue Recognition
12. Product Upgrades
13. Managing New Product Info.
14. Managing Product Lifecycle
15. Prof. Services Revenue

Expenditures
16. Purchasing
17. Accounts Payable
18. Fixed Assets
19. Capital/Operating Leases

Treasury
20. Cash and Treasury Mgmt.
21. Transfer Pricing
22. Acquisitions/Alliances
23. Foreign Currency Mgmt.

Financial Reporting
24. Budgeting/Forecasting
25. Management Reporting
26. Tax Compliance
27. Access to Company Policies
28. Closing/Consolidation Process

Payroll/Personnel
29. Recruitment
30. Performance Assessment
31. Training
32. Compensation/Benefits
33. Employee Satisfaction
34. Payroll Processing

Information Systems
35. Systems & Technology Planning.
36. Data Access/Security
37. Disaster Recovery Planning.
38. Source Code Security
39. Resource Prioritization
40. Key Business Applications
41. System Migration Mgmt.
42. Electronic Product Distribution

Operating Expenses
43. Travel & Entertainment
44. Commissions & Bonus Plans
45. Contract Negotiations/Mgmt.
46. Business Partner/VAR/OEM Royalties
47. Facilities Mgmt.
48. Materials Mgmt.
49. Overhead Cost Mgmt.

Other
50. Remote Location Controls
51. External Customer Satisfaction
52. Customer Complaint Tracking/Resolution
53. Intellectual Property Protection
54. Technological Developments/R&D
55. Litigation Management
56. Regulatory Compliance
57. Business Partner Relationship Mgmt.
58. Channels Distribution Mgmt.
59. Software Piracy
60. International Development Issues
61. Partner/Royalty Controls
62. Shareholder Relations

Risk Assessment Results

The matrix below summarizes the results of the risk assessment process. Each business cycle/process was evaluated by the risk assessment participants based on the importance to business strategy and the likelihood of control/process issues.

Business Cycle/Process:

Revenues
1. Sales/Lead Generation
2. Software Pricing/Discounts
7. Customer Support Pricing
8. Order Entry/Billing
10. Software License Tracking
11. Revenue Recognition
14. Managing Product Lifecycle

Treasury
21. Transfer Pricing
22. Acquisitions/Alliances

Financial Reporting
24. Budgeting/Forecasting

Information Systems
35. Systems & Technology Planning.
36. Data Access/Security
37. Disaster Recovery Planning.
40. Key Business Applications
42. Electronic Product Dist.

Operating Expenses
44. Commissions & Bonus Plans
45. Contract Negotiations/Mgmt.
46. Business Partner/VAR/ OEM Royalties

Other
50. Remote Location Controls
57. Business Partner Relationship Mgmt.
58. Channels Distribution Mgmt.
61. Partner/Royalty Controls

Axis labels: IMPORTANCE TO BUSINESS STRATEGY (High / Low); LIKELIHOOD OF CONTROL/PROCESS ISSUES (Low / High)

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Proposed Internal Audit Plan

Proposed Project	Estimated Hours
Remote Locations • UK • France • Netherlands • Japan	(insert hours)
Operations Centers	(insert hours)
Internal Royalty Reporting	(insert hours)
Credit Memos	(insert hours)
Treasury/Foreign Exchange	(insert hours)
Electronic Commerce	(insert hours)
Disaster Recovery	(insert hours)
Information Systems Security/Access	(insert hours)
Follow-Ups on Prior Projects	(insert hours)
Quarterly Self-Assessment	(insert hours)
Meetings, Risk Assessment	(insert hours)
Total	*(insert total)*

Proposed Internal Audit Project Map

	Q1			Q2			Q3			Q4		
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
General Accounting												
Operations Center				■								
Internal Royalty Reporting						■						
Follow-Ups on Prior Projects		■										
Quarterly Self-Assessments							■			■		
Remote Location												
United Kingdom							■					
France										■		
Netherlands									■			
Japan			■									
Process Reviews												
Electronic Commerce					■							
Credit Memos								■				
Treasury/Foreign Exchange											■	
Corporate Information Systems												
Information Security/Access							■					
Disaster Recovery									■			
Planning and Risk Assessment		■									■	■