

**AUDIT AUTHORITY**

**Verification of the Managing Authority's  
compliance with article 125.4 c) regarding**

**Fraud risk assessment and effective and proportionate anti-fraud  
measures for 2014-2020**

		<b>Prepared</b>	<b>Reviewed</b>
<b>C.0</b>	Issues Log		
<b>C1.1</b>	Assessment Process		
<b>C1.2</b>	Gross Risk		
<b>C.1.3</b>	Existing Controls & Net Risk		
<b>C.1.4</b>	Action Plan and Target Risk		



C1.1	Assessment Process	Y/N/ n/a	Comments
	<b>Review the process for conducting the fraud risk assessment process and consider the following questions:</b>		
1.	Did the assessment team contain people with appropriate knowledge and experience of: fraud risks and associated responses, the design and operating effectiveness of controls, risk assessments?		
2.	Was an adequate amount of time and resource spent on the exercise for it to be a meaningful and credible exercise?		
3.	Is there evidence that sources of information such as audit reports, fraud reports and control self-assessments were taken into account during the risk assessment process?		
4.	Was the self-assessment process clearly documented, allowing for clear review of the conclusion reached?		
5.	Is there evidence that senior management had adequate oversight and/or involvement in the process and that approved the net level of risk exposure?		

C1.2	Gross Risks	Y/N/ n/a	Comments
	<p><b>Sample selection:</b>  <b>Select a sample of Risk References from the fraud risk assessment tool. This sample should:</b></p> <ul style="list-style-type: none"> <li>- cover all processes ( 1) selection of applicants, 2) implementation of programme, 3) certification and payments and 4) direct procurement by MA (when applicable))</li> <li>- include risks across all categories of gross risk scores (tolerable, significant and critical).</li> </ul> <p><b>For each of these risks, complete the following tests:</b></p>		
1	<p>Review the Risk Impact (GROSS) score against the scoring scales in the ‘Guidance Note on Fraud Risk Assessment’. Is the score consistent with:</p> <ul style="list-style-type: none"> <li>- explanations provided by the assessment team;</li> <li>- supporting evidence provided by the assessment team;</li> <li>- your knowledge of the GROSS risk environment.</li> </ul>		
2	<p>Review the Risk Likelihood (GROSS) score against the scoring scales in the ‘Guidance Note on Fraud Risk Assessment’. Is the score consistent with:</p> <ul style="list-style-type: none"> <li>- explanations provided by the assessment team;</li> <li>- supporting evidence provided by the assessment team;</li> <li>- your knowledge of the GROSS risk environment.</li> </ul>		
3	<p>Has the total GROSS risk been calculated correctly and has it been correctly graded (tolerable, significant, critical)?</p>		

C.1.3	Existing Controls and Net Risk	Y/N/ n/a	Comments
	<p><b>Sample selection:</b>  <b>Select a sample of risks from the fraud risk assessment tool. This sample should:</b></p> <ul style="list-style-type: none"> <li>- cover all processes ( 1) selection of applicants, 2) implementation of programme, 3) certification and payments and 4) direct procurement by MA (when applicable))</li> <li>- include risks across the significant and critical GROSS risk scores.</li> </ul> <p><b>For each of these risks, complete the following tests:</b></p>		
1	Review the details of the existing controls that the assessment team have documented. For each, confirm the following:		
a.	Do these controls exist?		
b.	Do you agree with the assessment team's response regarding whether the operation of these controls is documented? Is there documentary evidence to support this?		
c.	Do you agree with the assessment team's response regarding whether the controls are regularly tested? Is there documentary evidence to support this?		

C.1.3	Existing Controls and Net Risk	Y/N/ n/a	Comments
2.	<p>Review the score given for the effect of the combined controls on the gross risk IMPACT. Is the score consistent with:</p> <ul style="list-style-type: none"> <li>- your knowledge of the effectiveness of the design of the controls in mitigating the specific risk;</li> <li>- supporting evidence confirming that the controls are operating effectively (from testing carried out by the MA, the AA, IA or other audit body).</li> </ul>		
3.	<p>Review the score given for the effect of the combined controls on the gross risk LIKELIHOOD. Is the score consistent with:</p> <ul style="list-style-type: none"> <li>- your knowledge of the effectiveness of the design of the controls in mitigating the specific risk;</li> <li>- supporting evidence confirming that the controls are operating effectively (from testing carried out by the MA, the AA, IA or other audit body).</li> </ul>		
4.	<p>Has the total NET risk been calculated correctly and has it been correctly graded (tolerable, significant, critical)?</p>		

C.1.4	Action Plan and Target Risk	Y/N/ n/a	Comments
	<p><b>Sample selection:</b>  <b>Select a sample of risks from the fraud risk assessment tool. This sample should:</b></p> <ul style="list-style-type: none"> <li>- cover all processes ( 1) selection of applicants, 2) implementation of programme, 3) certification and payments and 4) direct procurement by MA (when applicable))</li> <li>- includes risks across the significant and critical NET risk scores.</li> </ul> <p><b>For each of these risks, complete the following tests:</b></p>		
1	<p>Review the score given for the effect of the planned new controls on the net risk IMPACT. Is the score consistent with:</p> <ul style="list-style-type: none"> <li>- your knowledge of the effectiveness of the design of the controls in mitigating the specific risk;</li> </ul>		
2	<p>Review the score given for the effect of the planned new controls on the net risk LIKELIHOOD. Is the score consistent with:</p> <ul style="list-style-type: none"> <li>- your knowledge of the effectiveness of the design of the controls in mitigating the specific risk;</li> </ul>		
3	<p>Has the total TARGET risk been calculated correctly and has it been correctly graded (tolerable, significant, critical)?</p>		

<b>C.1.4</b>	<b>Action Plan and Target Risk</b>	<b>Y/N/ n/a</b>	<b>Comments</b>
<b>4</b>	Do the planned additional controls appear to be optimal and well-considered?		