



**FINANCE AND BUDGET COMMITTEE
JANUARY 18, 2006**

SUBJECT: RESULTS OF AGENCY WIDE RISK ASSESSMENT

ACTION: RECEIVE AND FILE

RECOMMENDATION

Receive and file the results of the Agency Wide Risk Assessment.

ISSUE

In January 2005, the Board approved the FY06 Financial Standards requiring that we develop a risk assessment annually. This report presents the results of the first formal agency wide risk assessment.

DISCUSSION

At the direction of the Chief Executive Officer, Management Audit Services (MAS) initiated a competitive procurement process and selected KPMG, LLP (KPMG) to perform the agency wide risk assessment. This is the first time the agency has undergone a formal comprehensive risk assessment of its processes and functions.

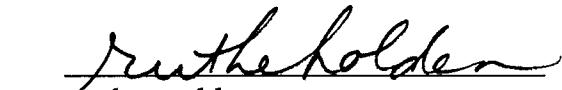
A risk assessment is the process of understanding an organization's strategic, operational, compliance and financial objectives and identifying and prioritizing potential threats/risks that could inhibit successful completion of these objectives. Risk assessments provide management with meaningful information needed to understand factors that can negatively influence operations and outcomes.

This report summarizes management's view of the risks the agency faces, which can be mitigated by management. Because security and safety have been reviewed by Federal and State agencies recently, these areas were not included in the scope of this risk assessment review. In addition, risks posed by external factors, such as loss of funding on a major project at the federal or state level, are also not included in this report because management has minimal influence over these types of factors.

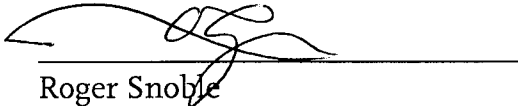
The purpose of the risk assessment is to formulate a risk profile for the agency to use in developing a risk based audit plan as part of an overall business risk management process. The information from KPMG's final report will be incorporated in MAS' draft FY07 annual audit plan.

NEXT STEPS

The Agency Wide Risk Assessment will be incorporated into MAS' proposed FY07 audit plan, which will be presented to the Board prior to the adoption of the FY07 budget.



Ruthe Holden
Managing Director, Management Audit Services



Roger Snoble
Chief Executive Officer

