

SAMPLE
RISK IDENTIFICATION & ASSESSMENT CHART¹
[Date]

This document should be reviewed in addition to the IAA’s “Conducting a Risk Assessment” article and “Risk Identification Questionnaire.” This is not an exhaustive chart. It is merely a suggested format with a few examples of how an adviser might utilize a chart to inventory and track a firm’s material risk matters. As discussed in the article, many firms question whether to include in their risk assessment documentation any indication of the level of risk or priority associated with a certain risk matter. An adviser might wish to refrain, therefore, from using columns 5 (“Inherent Risk Level”) and 8 (“Firm Priority”) below. If an adviser does utilize these categorizations, please note that (i) the inherent risk level correlates to the probability of occurrence and the impact to firm and/or client interests; and (ii) firm priority correlates to a firm’s control factors. For example, if there are no mitigating control factors for an identified risk, then the firm priority may likely be high.

Business Area		Responsible Person(s) ²	Reporting Frequency to CCO	Identified Risk	Inherent Risk Level	Corresponding Policies/Procedures	Control Factors	Firm Priority	Next Steps	Additional or Revised Disclosure Needed	Resolution
Advertising Marketing		Jane Doe	Quarterly	Possible use of inflated performance results or other misleading information.	High	See Compliance Manual, Section(s) – <i>[other materials]</i>	<ul style="list-style-type: none"> • All ads and marketing materials are reviewed by senior marketing staff, legal staff, and general counsel. • Outside legal counsel reviews materials periodically. 	Low	Continue to monitor	No	Review/examination of key personnel policies, procedures and firm operations completed on <i>[date]</i> .

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							<ul style="list-style-type: none"> Compliance personnel spot check advertising and marketing materials monthly. Advertising materials claim AIMR compliance and such compliance has been verified. <p>Third party review of performance numbers.</p>				
Business Continuity		John Doe Jill Jones	Quarterly	Possible failure to continue operations in the event	High	See Compliance Manual, Section(s) – [<i>other materials</i>]	Policies and procedures are not clear since they do not include a	High	Designate backup location.	No.	Completed on [date]. Policies and Procedures

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				of business disruption or disaster			backup location for key personnel to assemble and continue working.				updated accordingly on [date].
Business Continuity		Jack Jones	Quarterly	Potential loss of key personnel	Medium - High	See Compliance Manual, Section(s)— [other materials]	Policies, procedures and firm operations provide for backup and cross training for essential staff (e.g., portfolio managers). Policies are clear and employees understand their backup duties.	Low	Continue to monitor	No.	Review/examination of key personnel policies, procedures and firm operations completed on [date].
Fees											
Form ADV											

¹ The Investment Adviser Association does not intend for this document and/or any corresponding documents to be a (i) comprehensive treatment of each issue that an adviser may need to address in its risk assessment process, or (ii) substitute for legal advice. Each advisory firm must tailor its risk assessment process to the firm's own operations and business. The Investment Adviser Association undertakes no responsibility to update this document.

² If possible, this person(s) should be different from the person responsible for the day-to-day management of the risk area identified.