

How To Identify a Risk

How to Identify a Risk from a [Working Paper](#)

1. Select the working paper and do one of the following actions:

- Right click on the working paper and from the [context menu](#) select **Identified risks**
- Click the **Identified risks** button located on the toolbar

2. Click **Add risk**.

Add risk

Risk
Cash on hand

Likelihood 5 - Almost certain **Impact** 4 - Major **Score** 20 **Risk level** Very high Significant

Fraud risk
 Affect statements
 Affect materiality

Description
The dealership may receive cash for down payments or the entire vehicle purchase. There may be a significant amount of cash on hand at the dealership. A risk exists related to the misappropriation of cash.
Controls:

Items **Control activities**

Management assertions

Code	Name	
A	Accuracy	<input type="checkbox"/>
C	Completeness	<input type="checkbox"/>
CO	CutOff	<input type="checkbox"/>
Cl	Classification	<input type="checkbox"/>
E	Existence	<input checked="" type="checkbox"/>
E/O	Existence/Occurance	<input type="checkbox"/>
F	Fraud	<input type="checkbox"/>

Statement of financial position items **Income statement items**

Name

- BALANCE SHEET
 - PROPERTY, PLANT AND EQUIPMENT
 - Land and building
 - Plant and machinery
 - Motor vehicles

Search...

Save Cancel

3. Enter a short description of the identified risk in the **Risk** field.

4. By default, the **Likelihood** and **Impact** options are set to **0-Undefined**. It's not obligatory to select their values in initial risk identification. When you select the values, AuditDesktop will automatically assess the **Risk level**.

5. Mark whether the risk is **Significant** or not. If you set a **High** or **Very high** risk level, the program will automatically mark it as **Significant**. Uncheck the box if you do not wish the risk to be marked as such.

Info

The **Fraud risk** option carries only informational purpose for now.

6. In the **Affect statements** box, mark whether the risk affects the entire statement, i.e. all statement items.

7. In the **Affect materiality** box, mark whether the risk affects the [determining of materiality](#).

8. Enter a more detailed description of the identified risk in the **Description** field (optional).

9. In the **Items** section, select which **Management assertions** are affected by the risk and mark the respective Statement of financial position and Income statement items.

10. In the **Control activities** section, select the control activities, if any. Define whether the specified control activity affects the entire statement.

11. Click the **Save** button.