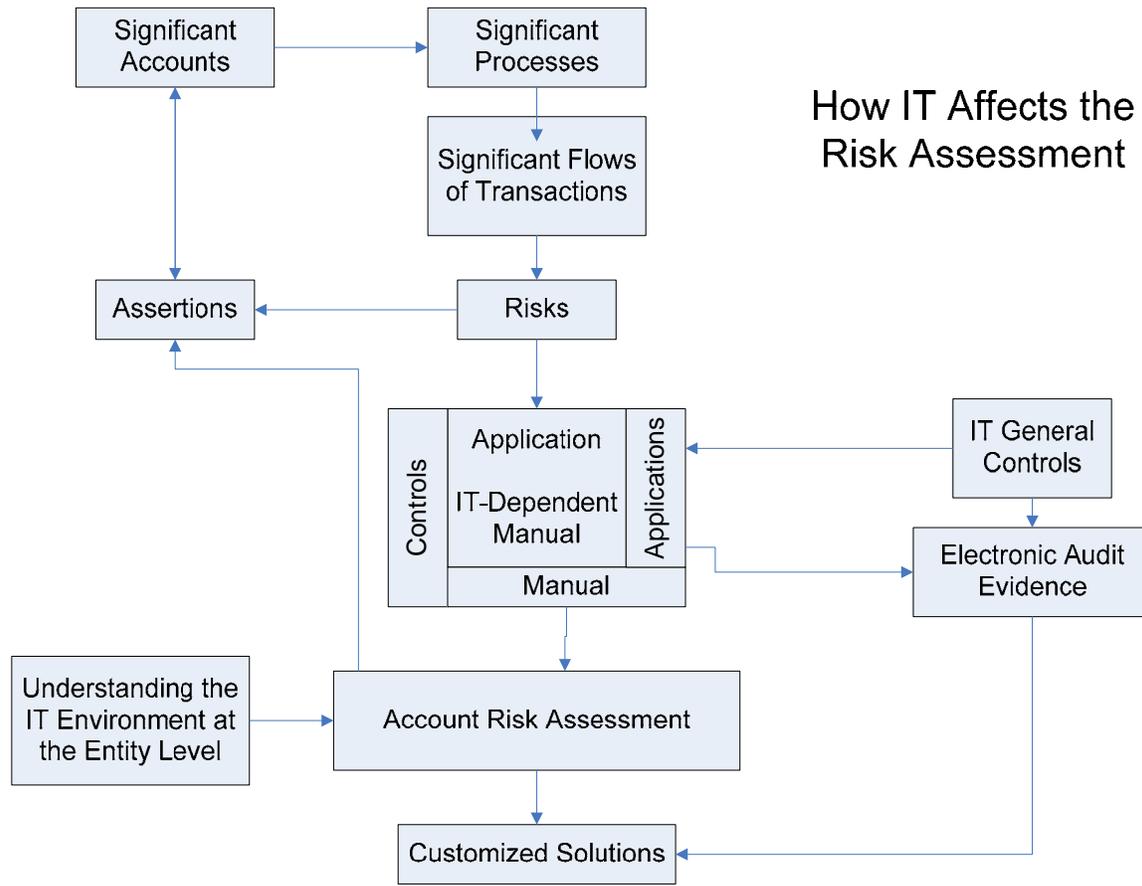


Module 4 – Identifying Risk

Handout 4 – Role of IT in the Risk Assessment

Below is a diagram of the impact of Information Technology (IT) in the Risk Assessment process. As the diagram depicts, IT is embedded throughout the entire risk assessment process.



- The IT Environment at the Entity Level serves as input into the risk assessment process, as IT is considered when risk ranking accounts and significant processes.
- Application scoping is an output of the risk assessment process.
- IT general controls serve as the basis for reliance on IT application controls and IT dependent manual controls. Without effective IT general controls, the agency cannot assume that controls will be operating consistently over time.
- IT application controls and IT dependent manual controls serve as a large part of an agency's control environment, as these controls allow the agency to reduce its reliance on fully manual controls.
- IT is a key consideration throughout this process because ultimately, the end goal is reliance on IT controls and electronic audit evidence as part of the internal control environment.