ED-ISA 520

Proposed Paragraph 8: Designing & Performing Substantive Analytical Procedures

Proposed para. 8(a): DETERMINE SUITABILITY

Match procedure to the assessed assertion-level risk.

Proposed para. 8(b): DEVELOP EXPECTATION

NEW

Use plausible & predictable relationships.

Proposed para. 8(b)(i) – Evaluate the information's reliability.

Proposed para. 8(b)(ii) – Make the expectation precise.

Proposed para. 8(c): SET THRESHOLD

NEW

Set amount for evaluating differences not exceeding performance materiality.

Proposed para. 8(d): INVESTIGATE DIFFERENCES

Investigate differences exceeding the set threshold to determine whether a misstatement exists.

- inquire
- corroborate
- perform other procedures, as necessary in the circumstances.

AASB