

Discussion questions assignment



**ASSIGN
BUSTER**

The acceptable audit risk helps the auditor to determine the scope and how much evidence to gather during the audit. Inherent risk is the risk of material misstatement in an account before considering the effectiveness of internal control. The assessment of inherent risk in the planning phase is to help the auditor plan the audit by deciding which parts of the audit to emphasize and the extent of testing. The performance materiality and preliminary judgment about materiality determine the nature, timing and extent of further audit procedures.

Therefore, to better perform further audit procedures, these should be made in the early phase of the audit. 2. Explain how the level of acceptable audit risk and materiality you selected in this assignment might affect the remainder of the audit. Specially, what effect would lower of acceptable audit risk and materiality have on audit compared to the levels you selected. In this case, the acceptable audit risk we select is moderate and preliminary materiality is 72709. The level of acceptable audit risk determines the overall materiality of the company.

And the materiality determines the nature, timing and extent of the audit procedure. If the auditor set the acceptable audit risk lower than the current level, the materiality will be decrease, which will in turn change the scope of the audit work. The lower acceptable audit risk entails a high level of audit assurance. For example, the auditor has to collect more appropriate evidence in the risk assessment process, and more substantive test of controls, as well as more extensive audit procedures should be conducted.