

Audit Materiality Evaluation Justification Form

Client Name

Enter client name

Period Ended

Engagement Partner

Enter partner name

Audit Team

Enter team members

1. Basis for Determination of Materiality

Select basis used for materiality determination:

E.g., Profit before tax, Revenue, Total assets

Justification for selected basis:

Explain why the above basis is appropriate for the audit

2. Quantitative Calculation

Key Figures:

| Item | Amount | Percentage/Benchmark |
|-------------------------|--------|----------------------|
| E.g., Profit before tax | | E.g., 5% |
| Other basis (if any) | | E.g., 1% |

Calculation and reasoning:

Show calculation and reasoning for percentage(s) applied, with references if needed

3. Qualitative Considerations

Qualitative factors influencing materiality (e.g., regulatory requirements, user needs, entity circumstances):

Describe any qualitative aspects considered

4. Determination of Performance and Specific Materiality

Performance Materiality:

Enter amount and percentage

Justification for performance materiality applied:

Provide justification

Specific Materiality (if applicable):

Enter details or N/A

5. Approval and Review

Prepared by

Name

Date

Reviewed by

Name

Date

Important Notes

- This form must be completed at the planning stage of the audit and updated if circumstances change.
- The selection of basis and benchmarks for materiality should be justified with reference to the specific entity and relevant audit standards.
- Qualitative factors may require materiality to be set lower than the calculated amount.
- Approval by both preparer and reviewer is required to ensure compliance and documentation quality.
- Retain this form as part of the audit working papers for regulatory and internal review.