

# Performance Materiality Documentation Sheet

## Engagement Information

Client Name, Year End, Engagement Team

## Overall Materiality (OM)

e.g., \$500,000

## Performance Materiality (PM)

e.g., \$350,000

## Benchmark Used

e.g., 5% of Profit before Tax

## Rationale for Performance Materiality

Describe factors considered in determining performance materiality, e.g., assessed risk of material missta

## Other Factors Considered

e.g., nature and extent of misstatements identified in prior audits, quality of internal control, number and natu

## Sign-off

### Prepared by

Name

### Date

### Reviewed by

Name

### Date

## Important Notes

- Performance materiality is set at less than overall materiality to reduce the risk that aggregate uncorrected misstatements exceed materiality.
- Determination should consider both quantitative and qualitative factors, such as history of misstatements and complexity of transactions.

- Documenting rationale and benchmark selection is crucial for audit quality and review.
- Periodic reassessment may be needed if audit circumstances change.
- Maintain proper sign-offs for accountability and compliance.