

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.