



HOW TO PRESENT THE ANALYTICAL PROCEDURES REPORT FOR AUDITS AND REVIEWS

The Analytical Procedures report is used for audits and reviews. With its ability to automate expected values, and set threshold values, the focus can be directed towards the analysis of the audit or review. It applied standard documentation, which results in fewer opportunities for data errors, and complies with audit and review guidelines.

The expected values generated in Analytical Procedures are based on using the historical periods of financial data to create a one-year projection based on a sales growth driven model. The historical trends used in the model are calculated using a statistical regression formula known as Holts-Winters Exponential Smoothing. This form of regression places heavier emphasis on whether or not a particular financial statement line item or ratio appears to trend in a certain direction over time or if it tends to fluctuate up and down from period to period. In cases where trending is consistent from year to year, more weight is applied to that trend when projecting the current year's expected value. In cases where the account balance oscillates up and down from period to period, very little weight is applied to any trend identified and, therefore, the expected value will conform to a value within a 'corridor' of high and low values.

PRESENTING TIPS

- Allot risk assessment based on inherent and control risks, and different assertion levels
- Structure pre-audit planning by way of the fully-editable threshold values
- Detail internal audit process by report's documentation capabilities
- Comply with audit and review guidelines using automated calculations



	12/31/2018	12/31/2019	Actual 12/31/2020	Expected 12/31/2020	% Diff	Notes
Income Statement Data						
Sales (Income)	\$4,504,407	\$4,209,868	\$4,438,458	\$3,915,329	13%	1
Cost of Sales (COGS)	\$2,773,629	\$2,556,399	\$2,340,063	\$2,344,188	0%	
Subcontractor Expense	\$17,000	\$20,000	\$25,000	\$22,425	11%	
Cost of Sales	\$2,756,629	\$2,536,399	\$2,315,063	\$2,321,763	0%	
Gross Profit	\$1,730,778	\$1,653,469	\$2,098,395	\$1,571,141	34%	
Gross Profit Margin	38.42%	39.28%	47.28%	40.13%	18%	
Depreciation	\$16,910	\$15,777	\$27,532	\$14,658	88%	2
Amortization	\$0	\$0	\$0	\$0	0%	
Overhead or S,G,& A Expenses	\$1,048,656	\$1,122,713	\$926,222	\$1,196,770	-23%	
Other Overhead Expenses	\$1,048,656	\$1,122,713	\$926,222	\$1,196,770	-23%	
Other Operating Income	\$0	\$0	\$0	\$0	0%	
Other Operating Expenses	\$0	\$0	\$0	\$0	0%	
Operating Profit	\$665,212	\$514,979	\$1,144,641	\$359,713	218%	
Interest Expense	\$10,250	\$2,772	\$445	\$695	-36%	
Other Income	\$18,911	\$8,029	\$1,620	\$4,014	-60%	
Other Expenses	\$0	\$0	\$6,666	\$0	N/A	
Net Profit Before Taxes	\$673,873	\$520,236	\$1,139,150	\$363,032	214%	

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