

Analytical procedures of financial audit at Big Four audit firms in Vietnam

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[https://doi.org/10.35609/gcbssproceeding.2023.1\(90\)](https://doi.org/10.35609/gcbssproceeding.2023.1(90))

ABSTRACT

One of the methods that is highly appreciated for its effectiveness in auditing financial statements and also quite important and popular in audits is the application of analytical procedures in the audit process. In this article, the group of authors use qualitative methods to investigate the perception of Big Four auditors on the importance of analytical procedures in financial audit and how Big Four auditors apply analytical procedures in audit practice. The results indicate that analytical procedures were important and necessary in an audit engagement at Big Four. Big Four employees actively apply these procedures in all three phases of an audit. Managers mainly perform analytical procedures when planning and partners and seniors might involve. The auditors utilize trend analysis, ratio analysis and reasonable testing in planning state, however, trend analysis is the major technique preferred. During the stage of performing the audit, the application of analytical procedures performed depended on the auditors' experience, audit clients size and characteristics. Big Four auditors use simple analytical techniques such as trend analysis, ratios analysis, and reasonable analysis, but do not use advanced techniques such as regression analysis. The analysis at reviewing stage is performed by team leader, executives, partners. At this stage, the auditors apply the analytical procedures to gain the explanations related to the whole financial statement rather than those related to individual items.

Keywords: Big Four; auditors; analytical procedures; analytical techniques; audit work