

**THE USAGE OF ANALYTICAL PROCEDURES BY YEMENI
AUDITORS: A DESCRIPTIVE ANALYSIS**

BY

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ABSTRACT

This study sets out to investigate the extent to which Yemeni auditors use analytical review procedures through different audit firms' size. It also examines the stage of auditing procedure in which analytical review procedures are implemented by Yemeni auditors. Moreover, the study determines the relationships between the importance's factors and the use of analytical review procedures. The findings of the study have indicated that the analytical procedures were utilized on high percentage by audits in larger and high experienced audit firms compared to small and low experienced audit firms where the results have shown low percentage. Nevertheless, the role of auditors' perception towards analytical procedures has proved to have a significant effect of usage of analytical procedures.

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List of Abbreviations

| | |
|------|---|
| APs | Analytical Procedures |
| IFAC | International Federation of Accountants |

CHAPTER 1

INTRODUCTION

1.1 Background of study

Auditors utilize many types of audit procedures to collect audit evidence such as inspection, observation, inquiry, confirmation, recalculation, re-performance, and analytical procedures. Analytical procedures refer to analysis of significant ratios and trends including the resulting investigations of fluctuations and relationships that are inconsistent with other relevant information or which deviate from predicted amounts (Chow, 2009).

The international standard in auditing No. 520 “Analytical procedures”, define the analytical procedures” the term “*analytical procedures*” as *evaluations of financial information through analysis of plausible relationships among both financial and non-financial data. Analytical procedures also encompass such investigation as is necessary of identified fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount*”(IFAC, 2009).

Substantive analytical procedures are widely used in practice and are an increasingly important source of audit evidence. (Asare and Wright, 2001). For example, Kreutzfeldt and Wallace (1986) report that 40% of the errors encountered during an audit engagement were detected by use analytical procedures.

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