9-23 (Detection risk and audit evidence) Shown below are five situations in which the auditor wishes to determine planned acceptable levels of detection risk and the planned levels of evidence needed for specific financial statement assertions. The auditor has used judgment in arriving at the nonquantitative expressions for various risk factors.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Situation | | | | | |
|  | A | B | C | D | E |
| Desired audit risk | Very low | Very low | Very low | Very low | Very low |
| Assessed inherent risk | Maximum | High | Moderate | Low | Maximum |
| Planned assessed level of control risk | Low | High | High | Moderate | High |
| Planned assessed level of analytical procedures | Moderate | Moderate | Low | Low | High |
| Planned assessed level  of tests of details risk |  |  |  |  |  |
| Planned evidence |  |  |  |  |  |

**Required**

1. Using the risk components matrix in Figure 9-4, determine the acceptable level of tests of details risk for each situation.
2. b. Rank the five situations from the most evidence required from substantive tests (1) to the least evidence required from substantive tests (5). You may have ties.
3. c. Explain your ranking of situation D.