awp 6.6

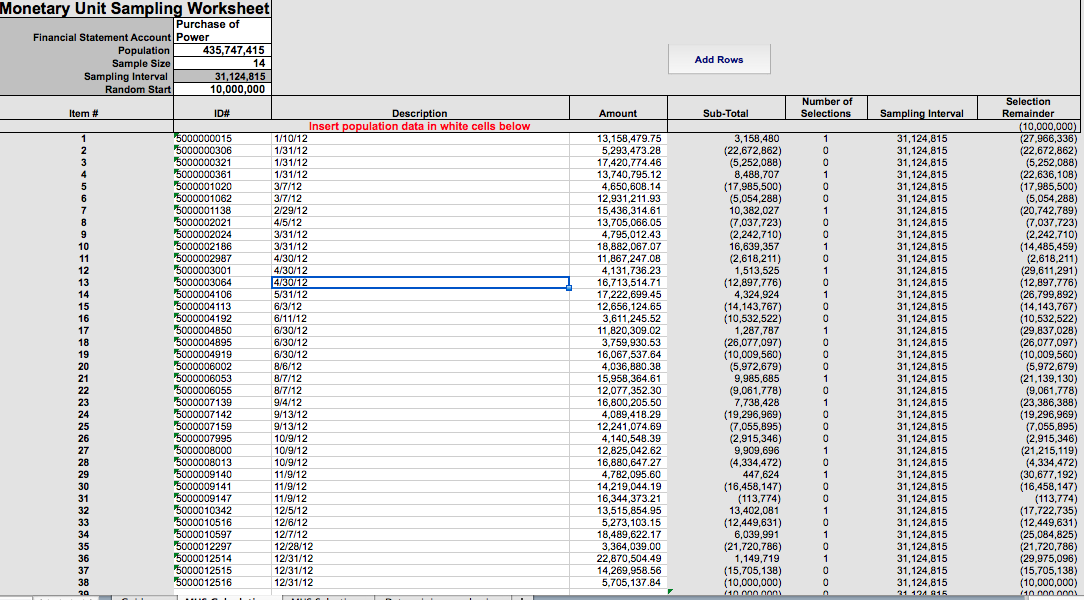
**Use of Monetary Unit Sampling Workbook**

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| **Steps in use of MUS**   1. Determine correct population value for selected items (the sample size determined should be sufficient 2. Consider performance materiality for the selected population or items for testing. 3. Select the multiple of population to performance materiality 4. Consider assessed risks (risk/significant risk). 5. Consider results of control testing (effective or not effective). 6. Determine number of samples to be tested using the following table. |

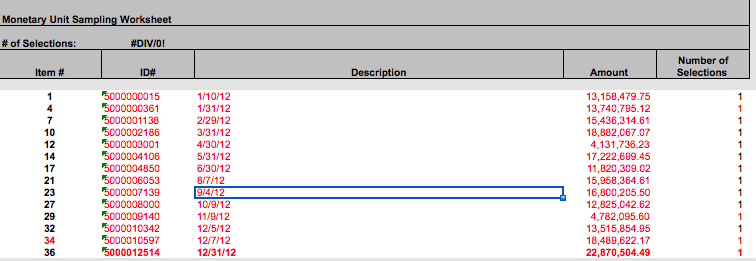
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| **Population size-multiples of performance materiality** | **Risk**  **(not significant) & reliance on controls—low extent of testing** | **Risk**  **(not significant) & reliance on controls—normal extent of testing** | **Significant risk & reliance on controls, or risk (not significant) & no reliance on controls** | **Significant risks & no reliance on controls** |
| 1x | 1 | 1 | 2 | 3 |
| 2x | 1 | 2 | 3 | 6 |
| 3x | 1 | 3 | 5 | 9 |
| 4x | 1 | 3 | 6 | 12 |
| 5x | 1 | 4 | 8 | 15 |
| 6x | 2 | 5 | 9 | 18 |
| 7x | 2 | 5 | 11 | 21 |
| 8x | 2 | 6 | 12 | 24 |
| 9x | 2 | 7 | 14 | 27 |
| 10x | 2 | 7 | 15 | 30 |
| 15x | 3 | 11 | 23 | 45 |
| 20x | 4 | 14 | 30 | 60 |
| 25x | 5 | 18 | 38 | 75 |
| 30x | 6 | 21 | 45 | 75(\*) |
| 40x | 8 | 28 | 60 | 75(\*) |
| 50x | 10 | 35 | 75 | 75(\*) |
| 100x | 20 | 70 | 75(\*) | 75(\*) |
| 200x(or greater) | 40(\*) | 75(\*) | 75(\*) | 75(\*) |
| \*The numbers indicate the situations that are impacted by the existence of a maximum sample size (i.e., if we didn’t have a maximum sample size, the required number selected would be greater in these situations).   * The sample sizes represent minimum sample sizes. The audit team may determine that, in some circumstances, it is appropriate to increase the sample sizes over those in the table. * For a population that contains a significant risk, we are required to perform substantive procedures that are specifically responsive to that risk. These specifically responsive substantive procedures frequently involve non-representative selection. | | | | |

**Note**: Suppose the multiple of population to performance materiality is 8, assessed risk is not a significant risk, and extent of reliance on control is normal, the sample size should be 6.

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| 1. Use MUS worksheet (fill up population size and sample size determined using above table). 2. Add rows depending on the number of items in the population as shown below. |



1. Generate sample; the final result should be as follows:

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**Notes:**

1. The data provided above is fictitious. The entity used is an energy company owned by the government, where the audit is carried out by the SAI of country X.
2. This sampling tool is provided in Microsoft Excel Sheet as a separate file for use by SAIs.

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| Evaluation of the Sampling   |  |  |  |  | | --- | --- | --- | --- | | **GUIDANCE ON** EVALUATION OF AUDIT TEST RESULTS | | |  | |  |  |  | **P** | | **Total account balance audited (A)** | |  | (A) | | **Total value of transactions tested (B)** | | | (B) | | **Total value of actual misstatements (C)** | | | (C) | | **Projected misstatements for the entire population D=(C/BxA)** | | | (D) | | **Tolerable misstatement (E)** | |  | (E) | | **Tolerable projected misstatements (F) = (E-D)** | | | (F) | | **Minimum recommended additional sample items to be selected (G):** | | | (G) |   G= F/(1-(E/n))= Number of items to be sampled  n=Sample size  When the figure for F is negative (F would be negative when projected misstatements exceeded tolerable misstatements), the auditor should perform the following:    **Step 1:** Confirm that the final control reliance is set at 'No reliance'. Restate control reliance where any medium or high reliance has been stated previously. Recalculate sample sizes where applicable and test additional items. If (F) above is now positive, you can stop here. If (F) is still negative, proceed to Step 2.    **Step 2:** Extend sample sizes further to identify actual misstatements and errors in the population. The minimum recommended additional sample items to be selected are indicated above as (G). Note that this number is merely a guideline suggesting the minimum number of items to be tested based on the projected rate of misstatements in the items initially tested.    Where extending sample sizes is not practical or preferred for any reason, the impact of the projected misstatement exceeding the tolerable misstatement should be considered in light of the audit report.  **Step 3**: Once the additional sample items have been tested, confirm whether the projected misstatement is now below the tolerable error/misstatement (G>0). If not, this means that the expected rate of misstatements in the population may have to be increased. For example, where the additional tests yielded higher errors than the initial projection, this means that there may be a need to perform even further tests. This may be due to the fact that the original sample items included significant items, which were found to be misstated. There may be a need to select transactions in addition to those stated above in (G). Some minor variation, however (for example, less than 5% of the tolerable misstatement), may be accepted by the auditors. |