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Description of content of ISSAI 1530

Audit Sampling

Reading this description is not a substitute for reading the ISA or ISSAI itself.

ISSAI 1530 is comprised of International Standard on Auditing (ISA) 530 – Audit Sampling, and a corresponding Practice Note. The ISA and the Practice Note are read together.

Authority

Public Sector auditors using the ISAs or ISSAIs as the authoritative standard shall comply with all ISAs or ISSAIs relevant to the audit. An ISA or ISSAI is relevant to the audit when the ISA or ISSAI is in effect and the circumstances addressed by the ISA or ISSAI exist. The auditor shall not represent compliance with ISAs or ISSAIs in the auditor's report unless the auditor has complied with the requirements of all ISAs or ISSAIs relevant to the audit.

Description of the ISA

ISA 530 applies when the auditor has decided to use audit sampling in performing audit procedures. It deals with the auditor's use of statistical and non-statistical sampling when designing and selecting the audit sample, performing tests of controls and tests of details, and evaluating the results from the sample.

ISA 530 complements ISA 500¹, which deals with the auditor's responsibility to design and perform audit procedures to obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base the auditor's opinion. ISA 500 provides guidance on the means available to the auditor for selecting items for testing, of which audit sampling is one means.

Objective of the auditor in terms of the ISA

The objective of the auditor, when using audit sampling, is to provide a reasonable basis for the auditor to draw conclusions about the population from which the sample is selected.

¹ ISA 500, Considering the Relevance and Reliability of Audit Evidence.

Among other matters, the requirements in this ISA deal with:

- a. Sample design, sample size and selection of items for testing.
- b. The need to, having selected the items for testing, perform audit procedures on each item selected, unless the procedure is not applicable to the selected item, in which case the auditor shall perform the procedure on a replacement item.
- c. The need to investigate the nature and cause of any deviations or misstatements identified and evaluate their possible effect on the purpose of the audit procedure and on other areas of the audit.
- d. The need to project misstatements found in the sample to the population when performing tests of details.
- e. The need to evaluate the results of the sample and whether the use of audit sampling has provided a reasonable basis for conclusions about the population that has been tested.

Description of the Practice Note

The Practice Notes provides supplementary guidance for auditors applying ISA 530 when conducting financial audits of public sector entities.

Content of the Practice Note

The Practice Note provides additional guidance for public sector auditors related to:

- a. Overall considerations on the use of audit sampling in relation to additional considerations or public expectations concerning non-compliance with authorities and/or reporting on the effectiveness of internal control.
- b. Sample design, size and selection of items for testing.
- c. Nature and cause of deviations and misstatements.
- d. Projecting misstatements.
- e. Evaluating results of audit sampling.