

Good sample size for control testing (auditing) case study example

[Sociology](#), [Population](#)



The relationship between the sample size for controls testing and each of the following factors:

- The likely effectiveness of a control

Controls are categorized differently when it comes to control-testing, but they all operate in a methodical manner that enables the sample size for control testing to take place. They as well enable the auditors to carry out a comparison of the upper deviation rates something that results to the acceptable rates in the sampling size for control testing. As a result, they might be termed as advisory tools that might be valuable and expedient for the management personnel.

- The acceptable rate of deviation

Rate of deviation denotes the miscalculations and inaccuracies that might be detected during the sampling testing. Consequently, the accountants bear the directive of determining the proportion of nonconformity that they would deem satisfactory during an accounting procedure. Worth mentioning is the fact that they do differ as per the auditor's liking. It is doubtless that any financial statements would have errors Whittington & Delaney 2007.

However, there are certain levels that would not be conventional, and that turns to be the responsibility of the auditors to demand an explanation in case the tolerable level of deviation was exceeded. Imperatively, the deviations that might be deduced would not directly signify that errors exist thanks to the fact that there are certain rates of deviations that are acceptable Rittenberg, Johnstone & Gramling 2012.

- The expected rate of deviation

Likewise, the sample size for controls testing has the provision of expected

rate of deviations similar to the one expounded exceeding. That, therefore, designates the relationship between the expected rate of deviation and the sample size for controls testing. In other words, the testing of controls would be deemed miscalculated in case the expected rate of deviancy matches or exceeds the adequate rate of deviation that was given further details exceeding Rittenberg, Johnstone & Gramling 2012. Evidently, the sample size under use ought to match the population size something that would enable the assumption that the acceptable rate of deviations expected by the auditors would be more than the anticipated inaccuracy proportion.

- The required level of confidence in the effectiveness of the client's system of internal controls

There is a relationship that would be deduced between the sample size for controls testing and the level confidence in the effectiveness of the client's system of internal controls. That were the outcomes that are generated by the internal assessors do offer the statistical basis for a conclusion of whether the controls applied were functional as initially intended or not. By so doing, they would be signifying that they were control compliance or they were not complying. As a result, the testing of the sample size enables the clients to build and develop confidence on the systems that were applied on the internal controls Whittington & Delaney 2007. Moreover, such a situation offers protection against the deviations that might take place without detection.

- The number of units in the population

Comparable to the other elements and features expounded exceeding, there exists a bond between the sample size for controls testing and the number of

units in the population. That would be attributed to the fact that the population selected by the inspectors would contain all the required items to be considered for analysis. For sound outcomes, they ought to contain an unprejudiced and balanced opportunity to be selected. By so doing, the final sample would accurately designate or represent the population being considered for control testing Rittenberg, Johnstone & Gramling 2012. Because there are always numerous items in the populations, the size of it would result to less impact on total sample size something that would not be of importance while scheduling for an analysis.

Reference List

WHITTINGTON, R., & DELANEY, P. R. (2007). *Wiley CPA exam review 2008*. Hoboken, N. J., Wiley.

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