Agenda Item 10-E

MAPPING DOCUMENT

PROPOSED INTERNATIONAL STANDARD ON AUDITING 530

AUDIT SAMPLING ~~AND OTHER MEANS OF TESTING~~

This mapping document demonstrates how the material in the extant ISA 530 has been reflected in the proposed redrafted ISA 530. Highlighted material identifies material that is proposed to be eliminated or repositioned to another ISA (as needed) as a result of redrafting. An explanation of any proposed deletions and other comments are provided, where appropriate.

Introduction	**New Para. Ref.**	**Comment on proposed deletion of highlighted material, significant edits, and other notes.**
1. The purpose of this International Standard on Auditing (ISA) is to establish standards and provide guidance on the use of audit sampling and other means of selecting items for testing when designing audit procedures to gather audit evidence.	1	Reworded as scope of this ISA in line with current clarity conventions and expanded to clarify the scope of the standard.
2. When designing audit procedures, the auditor should determine appropriate means for selecting items for testing so as to gather sufficient appropriate audit evidence to meet the objectives of the audit procedures.	4	Basis for the objective, but reworded.
Definitions		
3. "Audit sampling" (sampling) involves the application of audit procedures to less than 100% of items within a class of transactions or account balance such that all sampling units have a chance of selection. This will enable the auditor to obtain and evaluate audit evidence about some characteristic of the items selected in order to form or assist in forming a conclusion concerning the population from which the sample is drawn. Audit sampling can use either a statistical or a non-statistical approach.	5(a) A5	
4. For purposes of this ISA, "error" means either control deviations, when	Definition not	Use of "error" deleted from this

performing tests of controls, or misstatements, when performing tests of details. Similarly, total error is used to mean either the rate of deviation or total misstatement.	required	ISA as the definition is inconsistent with ISA 450 - Replaced with misstatement and rate of deviation.
5. "Anomalous error" means an error that arises from an isolated event that has not recurred other than on specifically identifiable occasions and is therefore not representative of errors in the population.	Definition not required	Definition deleted – use of error is inconsistent with ISA 450.
6. "Population" means the entire set of data from which a sample is selected and about which the auditor wishes to draw conclusions. For example, all of the items in a class of transactions or account balance constitute a population. A population may be divided into strata, or sub-populations, with each stratum being examined separately. The term population is used to include the term stratum.	5(b)	Deleted – repetitive of previous sentence.
7. "Sampling risk" arises from the possibility that the auditor's conclusion, based on a sample may be different from the conclusion reached if the entire population were subjected to the same audit procedure. There are two types of sampling risk:	5(c)	
(a) The risk the auditor will conclude, in the case of a test of controls, that controls are more effective than they actually are, or in the case of a test of details, that a material error does not exist when in fact it does. This type of risk affects audit effectiveness and is more likely to lead to an inappropriate audit opinion; and	5(c)(i)	
(b) The risk the auditor will conclude, in the case of a test of controls, that controls are less effective than they actually are, or in the case of a test of details, that a material error exists when in fact it does not. This type of risk affects audit efficiency as it would usually lead to additional work to establish that initial conclusions were incorrect.	5(c)(ii)	
The mathematical complements of these risks are termed confidence	5(c)(i)	Incorporated into 5(c)(i)

levels.		
8. "Non-sampling risk" arises from factors that cause the auditor to reach an erroneous conclusion for any reason not related to the size of the sample. For example, ordinarily the auditor finds it necessary to rely on audit evidence that is persuasive rather than conclusive, the auditor might use inappropriate audit procedures, or the auditor might misinterpret audit evidence and fail to recognize an error.	5(d)	Redrafted Deleted – not needed with revised definition.
9. "Sampling unit" means the individual items constituting a population, for example checks listed on deposit slips, credit entries on bank statements, sales invoices or debtors' balances, or a monetary unit.	5(e) A14	 Example moved from definition to A14.
10. "Statistical sampling" means any approach to sampling that has the following characteristics: (a) Random selection of a sample; and (b) Use of probability theory to evaluate sample results, including measurement of sampling risk. A sampling approach that does not have characteristics (a) and (b) is considered non-statistical sampling	5(f)	
11. "Stratification" is the process of dividing a population into subpopulations, each of which is a group of sampling units which have similar characteristics (often monetary value).	5(g)	
12. "Tolerable error" means the maximum error in a population that the auditor is willing to accept.	4(h) and 4(i)	Replaced with *tolerable rate of deviation* with respect to tests of controls and *tolerable misstatement* with respect to tests of details and redrafted.
Audit Evidence		
13. In accordance with ISA 500, "Audit Evidence" audit evidence is obtained		Deleted – repetitive of ISA 500,

by performing risk assessment procedures, tests of controls and substantive procedures. The type of audit procedure to be performed is important to an understanding of the application of audit sampling in gathering audit evidence.		not essential to understanding audit sampling.
Risk Assessment Procedures		
13a. In accordance with ISA 315, "Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement," the auditor performs risk assessment procedures to obtain an understanding of the entity and its environment, including its internal control. Ordinarily, risk assessment procedures do not involve the use of audit sampling. However, the auditor often plans and performs tests of controls concurrently with obtaining an understanding of the design of controls and determining whether they have been implemented. In such cases, the following discussion of tests of controls is relevant.	Deleted	Repetitive of ISA 315, not specific to audit sampling
Tests of Control		
14. In accordance with ISA 330, "The Auditor's Procedures in Response to Assessed Risks" tests of controls are performed when the auditor's risk assessment includes an expectation of the operating effectiveness of controls.	Deleted	Repetitive of ISA 330, not specific to audit sampling.
15. Based on the auditor's understanding of internal control, the auditor identifies the characteristics or attributes that indicate performance of a control, as well as possible deviation conditions which indicate departures from adequate performance. The presence or absence of attributes can then be tested by the auditor.	Moved to ISA 500	Not specific to audit sampling.
16. Audit sampling for tests of controls is generally appropriate when application of the control leaves audit evidence of performance (for example, initials of the credit manager on a sales invoice indicating credit approval, or evidence of authorization of data input to a microcomputer based data processing system).	Deleted	About appropriateness applying sampling to tests of controls rather than about designing and evaluating an audit sample.
Substantive Procedures		
17. Substantive procedures are concerned with amounts and are of two types:	Moved to ISA	Not specific to audit sampling.

tests of details of classes of transactions, account balances, and disclosures and substantive analytical procedures. The purpose of substantive procedures is to obtain audit evidence to detect material misstatements at the assertion level. In the context of substantive procedures, audit sampling and other means of selecting items for testing, as discussed in this ISA, relate only to tests of details. When performing tests of details, audit sampling and other means of selecting items for testing and gathering audit evidence may be used to verify one or more assertions about a financial statement amount (for example, the existence of accounts receivable), or to make an independent estimate of some amount (for example, the value of obsolete inventories).	500 Deleted Deleted	Not necessary to state as this ISA refers specifically to tests of details Not specific to audit sampling. ISA 315 addresses the assertions.
Risk Considerations in Obtaining Audit Evidence		
18. In obtaining audit evidence, the auditor should use professional judgment to assess the risk of material misstatement (which includes inherent and control risk) and design further audit procedures to ensure this risk is reduced to an acceptably low level.	Deleted	Required by ISA 315 paragraphs 23, 25.
19. Paragraph 19 was deleted when the *Audit Risk Standards*[1] became effective.		
20. Sampling risk and non-sampling risk can affect the components of the risk of material misstatement. For example, when performing tests of controls, the auditor may find no errors in a sample and conclude that controls are operating effectively, when the rate of error in the population is, in fact, unacceptably high (sampling risk). Or there may be errors in the sample which the auditor fails to recognize (non-sampling risk). With respect to substantive procedures, the auditor	Deleted	Generic discussion about risks. Differences between sampling risk and non-sampling risk are covered in the definitions – see paragraph 5.

[1] The *Audit Risk Standards* comprise ISA 315, "Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement," ISA 330, "The Auditor's Procedures in Response to Assessed Risks," and ISA 500, "Audit Evidence." The *Audit Risk Standards* gave rise to conforming amendments to this and other ISAs.

may use a variety of methods to reduce detection risk to an acceptable level. Depending on their nature, these methods will be subject to sampling and/or non-sampling risks. For example, the auditor may choose an inappropriate substantive analytical procedure (non-sampling risk) or may find only minor misstatements in a test of details when, in fact, the population misstatement is greater than the tolerable amount (sampling risk). For both tests of controls and substantive tests of details, sampling risk can be reduced by increasing sample size, while non-sampling risk can be reduced by proper engagement planning supervision and review.		
Audit Procedures for Obtaining Audit Evidence		
21. Audit procedures for obtaining audit evidence include inspection, observation, inquiry and confirmation, recalculation, reperformance and analytical procedures. The choice of appropriate audit procedures is a matter of professional judgment in the circumstances. Application of these audit procedures will often involve the selection of items for testing from a population. Paragraphs 19-38 of ISA 500 contain additional discussion on audit procedures for obtaining audit evidence.	Deleted	Repetitive of ISA 500 and not specific to audit sampling.
Selecting Items for Testing to Gather Audit Evidence		
22. When designing audit procedures, the auditor should determine appropriate means of selecting items for testing. The means available to the auditor are: (c) Selecting all items (100% examination); (d) Selecting specific items, and (e) Audit sampling.	Moved to ISA 500	
23. The decision as to which approach to use will depend on the circumstances, and the application of any one or combination of the above means may be appropriate in particular circumstances. While the decision as to which means, or combination of means, to use is made on the basis of the risk of	Moved to ISA 500	

material misstatement related to the assertion being tested and audit efficiency, the auditor needs to be satisfied that methods used are effective in providing sufficient appropriate audit evidence to meet the objectives of the audit procedure.		
Selecting All Items		
24. The auditor may decide that it will be most appropriate to examine the entire population of items that make up a class of transactions or account balance (or a stratum within that population). 100% examination is unlikely in the case of tests of controls; however, it is more common for tests of details. For example, 100% examination may be appropriate when the population constitutes a small number of large value items, when there is a significant risk and other means do not provide sufficient appropriate audit evidence, or when the repetitive nature of a calculation or other process performed automatically by an information system makes a 100% examination cost effective, for example, through the use of computer-assisted audit techniques (CAATs).	Moved to ISA 500	

Selecting Specific Items		
25. The auditor may decide to select specific items from a population based on such factors as the auditor's understanding of the entity, the assessed risk of material misstatement, and the characteristics of the population being tested. The judgmental selection of specific items is subject to non-sampling risk. Specific items selected may include: • *High value or key items*. The auditor may decide to select specific items within a population because they are of high value, or exhibit some other characteristic, for example items that are suspicious, unusual, particularly risk-prone or that have a history of error. • *All items over a certain amount*. The auditor may decide to examine items whose values exceed a certain amount so as to verify a large proportion of the total amount of class of transactions or account balance. • *Items to obtain information*. The auditor may examine items to obtain information about matters such as the nature of the entity, the nature of transactions, and internal control. • *Items to test control activities*. The auditor may use judgment to select and examine specific items to determine whether or not a particular control activity is being performed.	Moved to ISA 500	
26. While selective examination of specific items from a class of transactions or account balance will often be an efficient means of gathering audit evidence, it does not constitute audit sampling. The results of audit procedures applied to items selected in this way cannot be projected to the entire population. The auditor considers the need to obtain sufficient appropriate audit evidence regarding the remainder of the population when that remainder is material.	Moved to ISA 500	
Audit Sampling		
27. The auditor may decide to apply audit sampling to a class of transactions	Deleted	

or account balance. Audit sampling can be applied using either non-statistical or statistical sampling methods. Audit sampling is discussed in detail in paragraphs 31-56.	A5 Deleted	Not necessary – the focus of the ISA is on audit sampling.
Statistical versus Non-Statistical sampling Approaches		
28. The decision whether to use a statistical or non-statistical sampling approach is a matter for the auditor's judgment regarding the most efficient manner to obtain sufficient appropriate audit evidence in the particular circumstances. For example, in the case of tests of controls the auditor's analysis of the nature and cause of errors will often be more important than the statistical analysis of the mere presence or absence (that is, the count) of errors. In such a situation, non-statistical sampling may be most appropriate.	A9	
29. When applying statistical sampling, the sample size can be determined using either probability theory or professional judgment. Moreover, sample size is not a valid criterion to distinguish between statistical and non-statistical approaches. Sample size is a function of factors such as those identified in Appendices 1 and 2. When circumstances are similar, the effect on sample size of factors such as those identified in Appendices 1 and 2 will be similar regardless of whether a statistical or non-statistical approach is chosen.	5(f)(ii) A9 A13	 Now appendices 2 and 3.
30. Often, while the approach adopted does not meet the definition of statistical sampling, elements of a statistical approach are used, for example the use of random selection using computer generated random numbers. However, only when the approach adopted has the characteristics of statistical sampling are statistical measurements of sampling risk valid.	A10	
Design of the Sample		
31. When designing an audit sample, the auditor should consider the objectives of the audit procedure and the attributes of the population from which the sample will be drawn.	6	

32. The auditor first considers the specific objectives to be achieved and the combination of audit procedures which is likely to best achieve those objectives. Consideration of the nature of the audit evidence sought and possible error conditions or other characteristics relating to that audit evidence will assist the auditor in defining what constitutes an error and what population to use for sampling.	A6	
33. The auditor considers what conditions constitute an error by reference to the objectives of the audit procedure. A clear understanding of what constitutes an error is important to ensure that all, and only, those conditions that are relevant to the objectives of the audit procedure are included in the projection of errors. For example, in a test of details relating to the existence of accounts receivable, such as confirmation, payments made by the customer before the confirmation date but received shortly after that date by the client are not considered an error. Also, a misposting between customer accounts does not affect the total accounts receivable balance. Therefore, it is not appropriate to consider this an error in evaluating the sample results of this particular audit procedure, even though it may have an important effect on other areas of the audit, such as the assessment of the likelihood of fraud or the adequacy of the allowance for doubtful accounts .	A7	
34. When performing tests of controls, the auditor generally makes an assessment of the rate of error the auditor expects to find in the population to be tested. This assessment is based on the auditor's understanding of the design of the relevant controls and whether they have been implemented or the examination of a small number of items from the population. Similarly, for tests of details, the auditor generally makes an assessment of the expected amount of error in the population. These assessments are useful for designing an audit sample and in determining sample size. For example, if the expected rate of error is unacceptably high, tests of controls will normally not be performed. However, when performing tests of details, if the expected amount of error is high, 100% examination or the use of a large sample size may be appropriate.	A8	Some redrafting.

Population		
35. It is important for the auditor to ensure that the population is: (f) *Appropriate* to the objective of the audit procedure, which will include consideration of the direction of testing. For example, if the auditor's objective is to test for overstatement of accounts payable, the population could be defined as the accounts payable listing. On the other hand, when testing for understatement of accounts payable, the population is not the accounts payable listing but rather subsequent disbursements, unpaid invoices, suppliers' statements, unmatched receiving reports or other populations that provide audit evidence of understatement of accounts payable; and (g) *Complete*. For example, if the auditor intends to select payment vouchers from a file, conclusions cannot be drawn about all vouchers for the period unless the auditor is satisfied that all vouchers have in fact been filed. Similarly, if the auditor intends to use the sample to draw conclusions about whether a control activity operated effectively during the financial reporting period, the population needs to include all relevant items from throughout the entire period. A different approach may be to stratify the population and use sampling only to draw conclusions about the control activity during, say, the first 10 months of a year, and to use alternative audit procedures or a separate sample regarding the remaining two months. ISA 330 contains additional guidance on performing audit procedures at an interim period.	Moved to ISA 500	
35a. The auditor is required to obtain audit evidence about the accuracy and completeness of information produced by the entity's information system when that information is used in performing audit procedures. When performing audit sampling, the auditor performs audit procedures to ensure that the information upon which the audit sampling is performed is sufficiently complete and accurate.	Deleted	Repetitive of material in paragraph 35 above moved ISA 500 and not specific audit sampling.

ISA 500 paragraph 11, contains additional guidance on the audit procedures to perform regarding the accuracy and completeness of such information.		
Stratification		
36. Audit efficiency may be improved if the auditor stratifies a population by dividing it into discrete sub-populations which have an identifying characteristic. The objective of stratification is to reduce the variability of items within each stratum and therefore allow sample size to be reduced without a proportional increase in sampling risk. Sub-populations need to be carefully defined such that any sampling unit can only belong to one stratum.	A11	Moved to appendix 1
37. When performing tests of details, a class of transaction or account balance or is often stratified by monetary value. This allows greater audit effort to be directed to the larger value items which may contain the greatest potential monetary error in terms of overstatement. Similarly, a population may be stratified according to a particular characteristic that indicates a higher risk of error, for example, when testing the valuation of accounts receivable, balances may be stratified by age.	A11	Moved to appendix 1.
38. The results of audit procedures applied to a sample of items within a stratum can only be projected to the items that make up that stratum. To draw a conclusion on the entire population, the auditor will need to consider the risk of material misstatement in relation to whatever other strata make up the entire population. For example, 20% of the items in a population may make up 90% of the value of an account balance. The auditor may decide to examine a sample of these items. The auditor evaluates the results of this sample and reaches a conclusion on the 90% of value separately from the remaining 10% (on which a further sample or other means of gathering audit evidence will be used, or which may be considered immaterial).	Deleted	Statement not accurate. The point of stratified sampling is to draw a conclusion about the total population, but to so do more efficiently. The results of all strata are combined to achieve an overall evaluation.
Value Weighted Selection		
39. It will often be efficient in performing tests of details, particularly when testing for overstatements, to identify the sampling unit as the individual	A11	Moved to appendix 1

monetary units (for example, dollars) that make up a class of transactions or account balance. Having selected specific monetary units from within the population, for example, the accounts receivable balance, the auditor then examines the particular items, for example, individual balances, that contain those monetary units. This approach to defining the sampling unit ensures that audit effort is directed to the larger value items because they have a greater chance of selection, and can result in smaller sample sizes. This approach is ordinarily used in conjunction with the systematic method of sample selection (described in Appendix 3) and is most efficient when selecting items using CAATs.		Redrafted to remove ensures.
Sample Size		
40. In determining the sample size, the auditor should consider whether sampling risk is reduced to an acceptably low level. Sample size is affected by the level of sampling risk that the auditor is willing to accept. The lower the risk the auditor is willing to accept, the greater the sample size will need to be.	7 A12	Redrafted
41. The sample size can be determined by the application of a statistically-based formula or through the exercise of professional judgment objectively applied to the circumstances. Appendices 1 and 2 indicate the influences that various factors typically have on the determination of sample size, and hence the level of sampling risk.	A13	
Selecting the Sample		
42. The auditor should select items for the sample with the expectation that all sampling units in the population have a chance of selection. Statistical sampling requires that sample items are selected at random so that each sampling unit has a known chance of being selected. The sampling units might be physical items (such as invoices) or monetary units. With non-statistical sampling, an auditor uses professional judgment	8 A14	

to select the items for a sample. Because the purpose of sampling is to draw conclusions about the entire population, the auditor endeavors to select a representative sample by choosing sample items which have characteristics typical of the population, and the sample needs to be selected so that bias is avoided.		
43. The principal methods of selecting samples are the use of random number tables or CAATs, systematic selection and haphazard selection. Each of these methods is discussed in Appendix 3.	A15	Some redrafting.
Performing the Audit Procedure		
44. The auditor should perform audit procedures appropriate to the particular audit objective on each item selected.	9	
45. If a selected item is not appropriate for the application of the audit procedure, the audit procedure is ordinarily performed on a replacement item. For example, a voided check may be selected when testing for evidence of payment authorization. If the auditor is satisfied that the check had been properly voided such that it does not constitute an error, an appropriately chosen replacement is examined.	9 A16	Present tense elevated to requirement
46. Sometimes however, the auditor is unable to apply the designed audit procedures to a selected item because, for instance, documentation relating to that item has been lost. If suitable alternative audit procedures cannot be performed on that item, the auditor ordinarily considers that item to be in error. An example of a suitable alternative audit procedure might be the examination of subsequent receipts when no reply has been received in response to a positive confirmation request.	A17 9 Deleted	 Present tense elevated to requirement Example not considered necessary. It is not consistent with the example provided in the first sentence.

Nature and Cause of Errors		
47. The auditor should consider the sample results, the nature and cause of any errors identified, and their possible effect on the particular audit objective and on other areas of the audit.	10	
48. When performing tests of controls, the auditor is primarily concerned with obtaining audit evidence that controls operated effectively throughout the period of reliance. This includes obtaining audit evidence about how controls were applied at relevant times during the period under audit, the consistency with which they were applied, and by whom or by what means they were applied. The concept of effectiveness of the operation of controls recognizes that some errors in the way controls are applied by the entity may occur. However, when such errors are identified, the auditor makes specific inquiries to understand these matters and also needs to consider matters such as: (h) The direct effect of identified errors on the financial statements; and (i) The effectiveness of internal control and their effect on the audit approach when, for example, the errors result from management override of a control. In these cases, the auditor determines whether the tests of controls performed provide an appropriate basis for use as audit evidence, whether additional tests of controls are necessary, or whether the potential risks of misstatement need to be addressed using substantive procedures.	Deleted	Repetitive of ISA 330 and not specific to audit sampling
49. In analyzing the errors discovered, the auditor may observe that many have a common feature, for example, type of transaction, location, product line or period of time. In such circumstances, the auditor may decide to identify all items in the population that possess the common feature, and extend audit procedures in that stratum. In addition, such errors may be intentional, and may indicate the possibility of fraud.	A18	
50. Sometimes, the auditor may be able to establish that an error arises from	Deleted –	Discussion on projection of

an isolated event that has not recurred other than on specifically identifiable occasions and is therefore not representative of similar errors in the population (an anomalous error). To be considered an anomalous error, the auditor has to have a high degree of certainty that such error is not representative of the population. The auditor obtains this certainty by performing additional audit procedures. The additional audit procedures depend on the situation, but are adequate to provide the auditor with sufficient appropriate audit evidence that the error does not affect the remaining part of the population. One example is an error caused by a computer breakdown that is known to have occurred on only one day during the period. In that case, the auditor assesses the effect of the breakdown, for example by examining specific transactions processed on that day, and considers the effect of the cause of the breakdown on audit procedures and conclusions. Another example is an error that is found to be caused by use of an incorrect formula in calculating all inventory values at one particular branch. To establish that this is an anomalous error, the auditor needs to ensure the correct formula has been used at other branches.	replaced by paragraphs 11-14	errors has been redrafted and references to anomalies and isolated incidents have been removed. ISA is now silent on the treatment of anomalies.
Projecting Errors		
51. For tests of details, the auditor should project monetary errors found in the sample to the population, and should consider the effect of the projected error on the particular audit objective and on other areas of the audit. The auditor projects the total error for the population to obtain a broad view of the scale of errors, and to compare this to the tolerable error. For tests of details, tolerable error is the tolerable misstatement, and will be an amount less than or equal to the auditor's materiality used for the individual class of transactions or account balances being audited.	11,12 5(h) and A1	Redrafted to require the auditor to determine both projected misstatement and estimated maximum misstatement or projected rate of deviation and estimated maximum rate of deviation. Redrafted definition and provided guidance to explain.
52. When an error has been established as an anomalous error, it may be excluded when projecting sample errors to the population. The effect of any such error, if uncorrected, still needs to be considered in addition to the projection of the non-anomalous errors. If a class of transactions or account balance has been	Deleted - replaced by paragraphs 11-14	Discussion on projection of errors has been redrafted and references to anomalies and isolated incidents have been

divided into strata, the error is projected for each stratum separately. Projected errors plus anomalous errors for each stratum are then combined when considering the possible effect of errors on the total class of transactions or account balance.		removed. ISA is now silent on the treatment of anomalies.
53. For tests of controls, no explicit projection of errors is necessary since the sample error rate is also the projected rate of error for the population as a whole.	Deleted	
Evaluating the Sample Results		
54. The auditor should evaluate the sample results to determine whether the assessment of the relevant characteristic of the population is confirmed or needs to be revised. In the case of tests of controls, an unexpectedly high sample error rate may lead to an increase in the assessed risk of material misstatement, unless further audit evidence substantiating the initial assessment is obtained. In the case of tests of details, an unexpectedly high error amount in a sample may cause the auditor to believe that a class of transactions or account balance is materially misstated, in the absence of further audit evidence that no material misstatement exists.	10 Deleted	 Superseded by new material added to paragraphs 11-12 and related application material.
55. If the total amount of projected error plus anomalous error is less than but close to that which the auditor deems tolerable, the auditor considers the persuasiveness of the sample results in the light of other audit procedures, and may consider it appropriate to obtain additional audit evidence. The total of projected error plus anomalous error is the auditor's best estimate of error in the population. However, sampling results are affected by sampling risk. Thus when the best estimate of error is close to the tolerable error, the auditor recognizes the risk that a different sample would result in a different best estimate that could exceed the tolerable error. Considering the results of other audit procedures helps the auditor to assess this risk, while the risk is reduced if additional audit evidence is obtained.	13,14	Redrafted based on changes described above (paras 50 and 52)

56. If the evaluation of sample results indicates that the assessment of the relevant characteristic of the population needs to be revised, the auditor may: (a) Request management to investigate identified errors and the potential for further errors, and to make any necessary adjustments; and/or (b) Modify the nature, timing and extent of further audit procedures. For example, in the case of tests of controls, the auditor might extend the sample size, test an alternative control or modify related substantive procedures; and/or (c) Consider the effect on the audit report.	A20 Deleted	Not considered an appropriate action at this point in the audit.
Effective Date		
57. This ISA is effective for audits of financial statements for periods beginning on or after December 15, 2004.	3	
Appendix 3		Moved to appendix 4
(d) Block selection involves selecting a block(s) of contiguous items from within the population. Block selection cannot ordinarily be used in audit sampling because most populations are structured such that items in a sequence can be expected to have similar characteristics to each other, but different characteristics from items elsewhere in the population. Although in some circumstances it may be an appropriate audit procedure to examine a block of items, it would rarely be an appropriate sample selection technique when the auditor intends to draw valid inferences about the entire population based on the sample.	Deleted	Appendix presents the principal methods of selecting samples. Block selection is not a "principal" method. Question whether block selection is a sampling technique.