



1. Statistical sampling.	Which sampling technique should be used when the probability of error must be objectively quantified?
2. Statistical sampling.	How can sampling risk be mitigated?
3. Attribute sampling.	Which sampling method is most useful when testing for compliance?
4. The confidence coefficient/sampling size may be lowered.	In the case of a strong internal control, could the confidence coefficient/sample size be increased or lowered?
5. Discovery sampling.	Which sampling method would best assist auditors when there is concerns of fraud?
6. The objective of compliance testing is to test the presence of controls, whereas the objective of substantive testing is to test individual transactions. Let's take the example of asset inventory: • To verify whether control exists for inward/outward of the assets is compliance testing • To verify the count of physical assets and comparing it with records is substantive testing	How can you differentiate between compliance testing and substantive testing?
7.	



Sampling Methodology

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• To verify the configuration of a router for controls. • To verify the change management process to ensure controls are effective. • Review of system access rights. • Review of firewall settings. • Review of compliance with the password policy. • Give an example of compliance testing.

8. • Physical inventory of the tapes at the location of the offsite processing. • Confirm the validity of the inventory valuation calculations. • Conduct a bank confirmation to test the cash balances. • Examining the trial balance. • Examining other financial statements. • Give an example of substantive testing.

9. Internal control is strong/the control risk is within the acceptable limits. • In what scenario can the substantive test procedure be reduced?
