



The Institute of Internal Auditors, Singapore

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3 August 2007

Dear Members

1 Day Seminar on

Statistical Sampling

23 October 2007 by Dr Dan Kneer & Mrs Kimberley Kneer

What you will gain from this seminar:

UPON COMPLETION OF THIS COURSE, YOU WILL BE ABLE TO...

- Distinguish among multiple sampling methodologies.
- Tie risk to sample size, at the individual assertion level.
- Discover statistical sample sizes SMALLER than judgment sample sizes.
- Examine the new kid ... stop & go sampling (when to go; when to stop!).
- Examine the thirteen easy steps of sampling (statistical and judgmental).
- Recognize the three key conditions which encourage judgment sampling.
- Better explain to the auditee what you are (and are not) saying in your results. (In effect, value is added to the audit as you quantify error results and probabilities.)
- Perform scientific projection of errors to the population.
- Satisfy of the COSO requirement for monitoring via Stop & Go sampling.
- Improve report adjudication (obtain a better management "buy-off" findings).
- Provide customers with understandable statistical measures of precision.
- Reduce audit testing by consideration of the audit risk equation and the power of 1) analytics and 2) Stop & Go sampling.

Course Description

Want to hear an amazing fact? It has been proven that, in many instances, auditors take JUDGMENT samples which are bigger than the STATISTICAL sample they could have taken! Why would you do this? Yes, learning statistics was likely painful (for most folks), but it doesn't have to be!

In this course you will utilize a proven freeware package (windows bases) which allows for click-and-drag sat sampling. We're not just talking stat selection here, but full-blown stat projections of your audit results to the population.

The advantage of stat sampling is to be able to start your audit report by saying..."I am 95% confident that..." WOW, what a powerful statement!

This course will provide several takeaways, including the 13 steps of (any) sampling, a decision tree to help select the best sampling method, discussions of Alpha and Beta risk, and multiple methods of how to "pull" your sample.

Note: if you plan on attending this course, please read the Course Requirements below.

Course Outline

Please refer to Appendix I.

Course Requirements

To maximize the effectiveness of this course, you should install the freeware software package called 'EZ-Quant'. To download the package please visit the website (<http://www.dcaa.mil/ezquant.htm>).

Participant Requirements

This course screams of being HANDS-On. The only way students will learn these concepts is to "press the keys". **It is really important that you bring your laptop to class. If you cannot ... it would "OK." We will "buddy" you with someone who has a laptop.** A basic working knowledge of Excel is preferable, but not required. It is assumed that you have little or no knowledge of Access.

Course Materials/Takeaways

Each participant will receive the following:

- Workbook complete with screen captures and (numbered) step-by-step instructions.
- CD with computerized cases so they may practice and replicate the classroom experience (that is, APPLY this knowledge on the job).

About the Speakers

Dan Kneer, PhD, CPA, CFE

"Dr. Dan" is internationally recognized as the "thought leader and innovator" in the teaching of "auditing smarter: not harder". From his national award-winning PhD thesis (AICPA), on audit risk, to his recognition for a "Lifetime Contribution in the Innovative Usage of Technology in Auditing" (AICPA), Dan has reflected a 25 year period of sustained excellence regarding audit efficiency and effectiveness.

He has taught audit efficiency concepts to all of the Big 4, over 75 Federal agencies, 17 State Auditor Offices and, over 200 internal audit shops. He has taught this course for the IIA, the AGA, the AICPA and the ISACA.

Dr. Dan served as the National Director of Research of the (then) EDP Auditors Association (now ISACA) and he initiated the Research Monograph Series.

A Fortune Top 10 CEO recently said that Dr. Dan "built the Holy Grail" of Continuous Controls Monitoring. He is the world leader in the design of real-time monitors.

His hands-on training and revolutionary audit strategies increase audit efficiency by over 33% while reducing cycle and travel time. A Fortune 500 Company now saves \$300,000,000 per year, via his techniques.

Dan has been requested to participate/comment on many auditing standards (AICPA, IIA, COSO, CobiT, SOX, and the Yellow Book).

A noted AICPA standards setter (and members of the PCAOB board) said "Dan's ideas are so revolutionary that he will obsolete many current standards".

Dr. Dan has been voted "Americas # 1 trainer of auditors" and the # 1 speaker at multiple IIA International Conferences. The President of the IIA remarked that "while others teach in black and white, Dr. Dan teaches in full color".

Kimberly Kneer

Kimberly Kneer graduated from the School of Accountancy at the University of Missouri and has recently passed the CPA exam. She specializes in end-user software support.

Kim started her career in the healthcare field as a liaison between computer users and hospital data processing and financial management. She was in charge of all the financial modules in the mainframe computer software conversion. Kim also assisted the Big 4 external auditors in the annual audit effort. Her specialty is laptop-based software tools that assist auditors, inspectors, and examiners in the review of compliance, performance, operations and financial data. A masters degree in statistics is on her current "to do" list.

Details of the administrative arrangements are as follows:

Date : 23 October 2007

Time : 9.00 am to 5.00 pm
(Lunch and refreshments provided)

Registration : 8.30 am

Venue : **Grand Plaza Park Hotel City Hall**
Ballroom II, Level 2
10 Coleman Street
Singapore 179809

CPE credit : 6 hours

Fee : S\$600 (IIA / ISACA Member)
S\$780 (Non-member)
*** NO GST payable**
****NO invoice will be issued**

Closing Date : 11 October 2007

Please return the reply slip together with your cheque made payable to "**The Institute of Internal Auditors Singapore**". **No invoice will be issued.**

Yours sincerely
Lena Kuok
for Education Committee

REPLY SLIP

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1 Day Seminar on

Statistical Sampling

23 October 2007 by Dr Dan Kneer & Mrs Kimberley Kneer

From: Mr/Mrs/Ms/Miss _____

Organisation: _____

Mailing Address: _____

Tel: _____ Fax: _____ Mobile: _____ Email: _____

Name of Attendee	Designation	IIA / ISACA Membership No. (where applicable)

Terms and Conditions:

1. Notification of withdrawal in writing received **seven working days or more before** the event will be processed for refund after deduction of \$100 processing fee.
2. No refund will be made for shorter notice but you are welcome to send a replacement.
3. Registration is only confirmed when full payment is received. An official receipt will be sent to you.
4. Payment must be received **before** commencement of the event.
5. No invoice will be issued.
6. Programme may be subject to change.
7. Request for special food arrangement must be made at time of registration.

Enclosed is cheque number _____ for S\$ _____ being payment for _____
IIA / ISACA member(s) @ S\$600 and _____ non-member(s) @ S\$780.

Participants will be awarded 6 CPE hours upon completion of the course.

[Cheque should be crossed and made payable to "The Institute of Internal Auditors Singapore"]

>>>> Complete and Fax to : (65) 6220 5972 for Reservation <<<<<

Course Outline

1. Risk Analysis: The Engine that Drives an Audit
 - a. Risk Assessment
 - AICPA SASs (47 & 39) and the Related Audit Guide
 - The AICPA's Ultimate Risk Model
 - b. Tying Risk to the Promulgated Standards
 - c. The Presidents Council on Integrity and Efficiency (1998): Statistical Sampling is Assumed Knowledge of Inspectors, Auditors and Evaluators
2. Statistics...A Primer
 - a. Sampling is Really is Easy
 - b. The AICPA on Sampling (SAS 39)
 - c. Judgment vs. Statistical Sampling
 - Arguments For Judgment Sampling in Certain Situations (Criteria Provided)
3. Basics of Sampling
 - a. Estimate of μ ("MU") ... the Mean is a Dangerous Number
 - b. Estimate of Dispersion and of Sampling Risk
 - c. "Representativeness"
 - d. Distributions: Normal, Binomial, Hypergeometric, Poisson
 - e. Alpha & Beta Risk
 - f. The Sampling Unit or "Frame" ... How to Know you Data ... Sub-populations
 - g. The 11 Steps in Sampling
 - h. Methods of Sample Selection: Random, Skip, Haphazard, and Block
4. Compliance Sampling (Attribute Sampling)
 - a. A Decision Tree to Select the Most Efficient Sampling Technique
 - b. AICPA Fixed-Sample Approach, with Tables
 - c. Stop-And-Go Approach, with Tables (the Most Efficient Technique of the 1990's)
 - d. Discovery Approach with Tables
 - e. Attribute Estimation Approach
 - f. Lots of Research on the Quantification of Alpha & Beta Risk and SAS 39
 - g. Scientific Sample Projection to Population
 - h. Life After Sampling
5. Dr. Dan's Most Commonly Asked Questions Regarding Attribute Sampling
 - a. What if a Sample Selection is Missing?
 - b. May I Test Multiple Attributes on One Document?
 - c. Is There an Acceptable Minimum Statistical Sample Size?
 - d. Must All Controls Be Tested at Same Risk Level?
 - e. What Can Go Wrong in Sampling?
 - f. Don't Use PPS to Select Compliance Items ... "Coverage!" Boo!
 - g. Can You Sample for Understatement?
6. How to Get a Buy-in From the Auditee
 - a. Pre-Audit Meeting and Parameter Discussion
7. Workpapers
8. Going Forward with an Implementation Plan
 - a. Your Policies
 - b. Your Audit Manuals