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| **Article: PPS Sampling Tables 1 & 2** |
| **Probability Proportional to Size (PPS) Sampling Tables** **Table 1: Reliability Factors for Misstatements of Overstatement**

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| **Number of Overstatement Misstatements** | **Risk of Incorrect Acceptance** |
| **1%** | **5%** | **10%** | **15%** | **20%** | **25%** | **30%** | **37%** | **50%** |
| 0\* | 4.61 | 3.00 | 2.31 | 1.90 | 1.61 | 1.39 | 1.21 | 1.00 | 0.70 |
| 1 | 6.64 | 4.75 | 3.89 | 3.38 | 3.00 | 2.70 | 2.44 | 2.14 | 1.68 |
| 2 | 8.41 | 6.30 | 5.33 | 4.72 | 4.28 | 3.93 | 3.62 | 3.25 | 2.68 |
| 3 | 10.05 | 7.76 | 6.69 | 6.02 | 5.52 | 5.11 | 4.77 | 4.34 | 3.68 |
| 4 | 11.61 | 9.16 | 8.00 | 7.27 | 6.73 | 6.28 | 5.90 | 5.43 | 4.68 |
| 5 | 13.11 | 10.52 | 9.28 | 8.50 | 7.91 | 7.43 | 7.01 | 6.49 | 5.68 |
| 6 | 14.57 | 11.85 | 10.54 | 9.71 | 9.08 | 8.56 | 8.12 | 7.56 | 6.67 |
| 7 | 16.00 | 13.15 | 11.78 | 10.90 | 10.24 | 9.69 | 9.21 | 8.63 | 7.67 |
| 8 | 17.41 | 14.44 | 13.00 | 12.08 | 11.38 | 10.81 | 10.31 | 9.68 | 8.67 |
| 9 | 18.79 | 15.71 | 14.21 | 13.25 | 12.52 | 11.92 | 11.39 | 10.74 | 9.67 |
| 10 | 20.15 | 16.97 | 15.41 | 14.42 | 13.66 | 13.02 | 12.47 | 11.79 | 10.67 |
| \*The 0 row is always used for the reliability factor in the sample size formula and for basic precision. |

From the American Institute of Certified Public Accountants: *Auditing Practice Release, Audit Sampling*, 1999(as cited in Whittington & Pany, 2006)**Table 2: Expansion Factors for Expected Misstatement**

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|  | **Risk of Incorrect Acceptance** |
| **1%** | **5%** | **10%** | **15%** | **20%** | **25%** | **30%** | **37%** | **50%** |
| Factor | 1.9 | 1.6 | 1.5 | 1.4 | 1.3 | 1.25 | 1.2 | 1.15 | 1.0 |

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Use the following company data and the **PPS Sampling Tables 1 & 2**:

* The recorded book value of these accounts is $3,460,000.
* The company has a tolerable error of $63,460.
* The anticipated error is $13,000.
* The risk of incorrect acceptance is 5%.
* The acceptable number of overstatements of misstatements is 2.

Use probability proportional to size (PPS) sampling to do the following:

1. Determine the reliability factor.
2. Determine the correct expansion factor.
3. Determine the sample size you should use.
4. Determine the sampling interval you should use.