



# Updated guidance on sampling methods for audit authorities

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# Outline

1. Reasons for the update
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# 1. Reasons for the update

- Need for a more efficient use of the sampling methods available for current period and after 2014.
- Reduce audit works while achieving the same quality and level of assurance.
- Promote the use of statistical methods and clarifying conditions for its practical application.

## 2. Process

Exhaustive technical coordination process with:

- audit authorities of programmes financed by the Structural Funds (ERDF, ESF) and the Cohesion Fund;
- relevant Commission services (EMPL, MARE, AGRI).

## 3. Main changes

It is an update of the previous guidance on sampling (COCOF 08/0021/02-EN of 15/09/2008).

The main changes introduced by this update are the following:

- Specific methodologies allowing to use stratification with any of the possible sampling methods (mean-per-unit, ratio estimation, difference estimation and MUS);

## 3. Main changes

- Specific methodologies allowing to use sampling in several periods (typically two semesters) with any of the possible sampling methods (mean-per-unit, ratio estimation, difference estimation and MUS);
- In MUS, introduction of the new standard approach more tailored to the characteristics of each population and usually resulting in smaller sample sizes;

## 3. Main changes

- Specific methodology to use ratio estimation under simple random sampling (along with the already known mean-per-unit estimation);
- Possibility to calculate sample sizes for any method both for situations where expected error rate is below or above materiality;

## 3. Main changes

- Guidelines allowing the sub-sampling of operations (sampling payment claims or invoices);
- More clear guidelines regarding: concepts, anticipated errors, additional sampling, recalculation of confidence level and non-statistical sampling.



## 3. Main changes

The current guidance is not in essence different from version presented in November to audit authorities.

These clarifications concern mainly:

- treatment of systemic and known errors in relation to the projection of random errors and the calculation of the total projected error rate (cf. sections 4.1 and 4.4);

## 3. Main changes

- treatment of negative amounts in the population (cf. section 5.5);
- re-calculation of the confidence level as an alternative audit procedure when the upper limit of error is above 2% (cf. sections 5.11 and 8.7);

## 3. Main changes

- treatment of European Territorial Programmes (cf. section 6.3), reflecting the approach already present in the sampling guidance of 15/09/2008 (COCOF 08/0021/02-EN);
- clarifications on the use of non-statistical sampling (cf. section 7.4);
- clarifications on how to determine the anticipated error (cf. section 8.1);

## 3. Main changes

- clarifications on the sampling carried out during the year (cf. section 8.3);
- two-stage sampling (cf. section 8.6);
- sampling techniques applicable to systems audits (cf. section 8.8), reflecting the approach already present in the sampling guidance of 15/09/2008;

## 3. Main changes

- projection of random errors when systemic errors are identified (cf. appendix 1);
- glossary of technical terms used in the guidance (cf. appendix 5).

## 4. Conclusions

- Statistical sampling is the only approach that provides a framework for properly calculating sample size, sampling error and to control audit risk;
- Several methods can be used with statistical sampling to reduce sample size and/or audit workload (e.g. stratification, grouping of programmes, confidence level according to systems quality, sub-sampling and spread of auditing over several periods);

## 4. Conclusions

- In some cases the use of more tailored formulas may also allow to use smaller sample sizes and support more conclusive results;

## 4. Conclusions

The guidance is provided as a tool to help the audit authorities at the request of the audit authorities.

The tailored methods presented are not mandatory.

The Commission will continue the technical dialogue with audit authorities, monitoring implementation of the guidance, providing training and further tools.



*Thank you!*

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