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Significant Research Discovery Relevant to the Auditing Profession - January 2012

Chris Skousen recently received word that his co-authored research article Haphazard Sampling: Selection Biases Induced by Control Listing Properties and the Estimation Consequences of these Biases has been accepted for publication in Behavioral Research in Accounting.

Haphazard sampling is a nonstatistical technique used by auditors to simulate a variety of random sampling techniques when testing the error status of accounting populations. In this study they compare the properties of haphazard samples selected from control listings with the properties of simple random samples. Examining the properties of haphazard samples selected by three participant groups, Dr. Skousen and his co-authors discover that haphazard sample properties differ from those of simple random sampling and include a lack of independence across sample selections and biased sample inclusion probabilities. They also develop models showing how biased sample inclusion probabilities influence error projections and discuss the estimation consequences of these biases. The findings from this study are significant to the auditing profession. The study shows that current audit sampling approaches are not representative of the transactions population, thereby resulting in biased samples. This paper has the potential to have real world impact on how audit samples are selected.