

Audit Sampling Methodology for Inventory Verification

Date: [Insert Date]

To: [Recipient's Name]

From: [Your Name]

Subject: Audit Sampling Methodology for Inventory Verification

Dear [Recipient's Name],

This letter outlines the sampling methodology that will be used for the inventory verification audit for the fiscal year [Insert Year]. Our objective is to provide reasonable assurance that the inventory reported in the financial statements is free from material misstatement.

1. Sampling Approach

We will employ a stratified random sampling approach to ensure that various inventory categories are adequately represented. The inventory will be divided into different strata based on value, turnover rate, and risk.

2. Sample Size Determination

The sample size will be determined using a confidence level of [Insert Percentage]% and an acceptable margin of error of [Insert Percentage]% to ensure the results are statistically valid.

3. Selection Technique

Samples will be selected randomly from each stratum, utilizing a random number generator to avoid any selection bias.

4. Data Collection

Audit team members will physically verify the selected inventory items, documenting discrepancies and conditions observed during the verification process.

5. Reporting

The findings from the inventory verification will be compiled into a report, detailing the sample methodology, results, and any recommendations for improvement.

We appreciate your cooperation and support during this audit process. Please feel free to contact me if you have any questions or require further information.

Best regards,

[Your Name]

[Your Position]

[Your Company Name]

[Your Contact Information]