



# Gathering audit evidence

## Introduction

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Gathering evidence is vital to all audits that the Queensland Audit Office (QAO) conducts.

We perform financial, assurance and performance audits of Queensland public sector entities and local governments. These audits must adhere to the *Auditor-General Auditing Standards*, which incorporate Australian auditing and assurance standards. The standards require auditors to design and perform procedures to obtain sufficient and appropriate audit evidence. We draw conclusions from this evidence to form the basis of the auditor's opinion for financial statement audits and for our reports to parliament.

This fact sheet explains what audit evidence is, why we need it and how we use it.

## What is audit evidence?

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Audit evidence is information that auditors gather and assess – on which they make judgements, base their opinion, draw conclusions, and make recommendations. It can include information from financial and non-financial records and systems, and other relevant information such as:

- invoices, contracts and tender documents
- general and subsidiary ledgers
- journal entries and bank statements
- policies, procedures, and documentation on information technology systems
- reports and outputs providing evidence of key internal controls
- work sheets supporting cost allocations and calculations
- reconciliations of key accounts and balances
- strategic plans, business cases and project management frameworks
- governance outputs, such as meeting minutes and performance data
- expert's reports or legal opinions
- cabinet submissions, such as approval for major projects or expenditure
- performance data from operational systems
- management reporting or governance minutes.

Fact sheet

Audit evidence is cumulative and is also gathered to corroborate an entity's management assertions or representations. This means we may need to make multiple requests for evidence as new management representations are made to us during an audit.

## What is sufficient and appropriate audit evidence?

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Australian auditing standards require sufficient and appropriate evidence to form an audit conclusion.

*Sufficiency* is a measure of the quantity of audit evidence. The auditor's assessment of the key risks and the quality of such audit evidence both affect the quantity of the audit evidence needed. In assessing sufficiency, we consider whether we have obtained enough evidence to support our audit opinion and conclusions.

*Appropriateness* is a measure of the quality of evidence. This is the relevance and reliability in proving support for the conclusions on which the auditor's opinion is based.

The information's source, nature, and how it is obtained influences its reliability. For example, a bank statement we obtain directly from the bank is more reliable than a verbal representation from entity management, and an original bank statement is more reliable than a photocopy of a bank statement.

## What audit procedures are used to obtain audit evidence?

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We use a combination of audit procedures to obtain audit evidence, including:

- enquiry – seeking financial and non-financial information from knowledgeable people, both within and outside the entity, that ranges from formal written enquiries to informal discussions
- inspection – examining records or documents in paper, electronic, or other media forms, or physically examining an asset
- observation – looking at a process or procedure being performed by others
- external confirmation – obtaining a written confirmation directly from a third party, such as a bank or debtor
- recalculation – checking the mathematical accuracy of documents or records
- re-performance – independently re-performing procedures or controls that were originally performed as part of the entity's internal controls
- analytical procedures – evaluating financial information made by a study of plausible relationships among both financial and non-financial data, surveys, and data analysis.

While enquiry may provide important audit evidence, it alone may not provide sufficient audit evidence upon which to form a conclusion. Auditors are required to corroborate evidence obtained via enquiry through other means, such as inspecting relevant documents or confirming the information with an independent third party (for example, a bank).

## What evidence can the Auditor-General obtain?

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The Auditor-General and authorised auditors have broad powers for gathering the evidence they need to form an audit opinion, reach a conclusion, or make recommendations. This is supported by sections 46–48 of the [Auditor-General Act 2009](#) (the Act).

If authorised auditors are otherwise unable to obtain the required evidence during the course of an audit, they may issue a formal notice requiring a person subjected to an audit to:

- provide us with documents and information, or access thereto
- attend an examination to answer questions and provide reasonable assistance.

If necessary, the Auditor-General may require answers to questions to be verified or given under oath, either orally or in writing. We rarely use this power and seek first to obtain information through collaboration.

We may request access to official cabinet records, including cabinet submissions, attachments and decisions via the Cabinet Secretary in accordance with section 4.15.6 of the [Cabinet Handbook](#).

Where the request is for cabinet working papers, for example documents created to support or to assist with the preparation of official cabinet records, but which do not form part of official cabinet submissions, chief executive officers must consult with the Cabinet Secretary before providing electronic copies to us.

## Will sensitive information remain confidential?

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Once we gather audit evidence from our audit clients, the Auditor-General and authorised auditors are required to maintain its confidentiality, unless it is otherwise publicly available. This is protected under s.53 of the Act.

We may disclose such information in a report to parliament if the information is relevant to the subject matter of the report and its inclusion in the report is in the public interest.



The Auditor-General will assess the public interest against the sensitivity of the evidence gathered, to mitigate against any detrimental impacts. Our audit clients cannot restrict access to sensitive information, but can provide supporting information to assist us in assessing its sensitivity. The Auditor-General has the discretion to report privately to a parliamentary committee when it is against the public interest, under s.66 of the Act.

We may also disclose information to certain public officials on a confidential basis under s.53(3) of the Act, if that matter warrants urgent investigation or attention. For example, under the *Crime and Corruption Act 2001* QAO will notify the Crime and Corruption Commission (CCC) of suspected corrupt conduct (s.38), which overrides the requirement for confidentiality (s.39).

## Providing evidence to auditors

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The provision of complete, accurate and timely evidence to us is essential to our ability to reach robust findings and conclusions.

To prepare for requests from auditors, consider:

- preparing early, by gathering relevant information and sources based on the audit's lines of enquiry
- making sure all relevant staff and business units of the entity are aware of the audit and the need to provide information
- providing sufficient time for the liaison officer or key contact to gather information requested by auditors.

Where evidence gaps exist, we make conclusions based on the available evidence as required by the Australian auditing standards. If our clients ever dispute QAO findings, this is sometimes because the entity has failed to provide:

- evidence of impacts or evaluation
- sufficient, corroborative evidence for auditors to make a strong finding
- necessary evidence due to internal delays, or failure to identify or locate available evidence
- reliable or relevant material, for example, a solitary case study presented to show the outcomes of a program, or out-of-date data.

Gathering audit evidence can be an iterative process, particularly given the need to corroborate management assertions, representations, or test lines of inquiries. We recognise that this can translate to effort for our clients. Given the importance of providing a balanced and fair assessment or opinion, we endeavour to provide sufficient time for our clients to gather evidence. If the evidence does not exist, then it is appropriate to advise us rather than attempt to construct information specifically for our purposes.





[qao.qld.gov.au/audit-program](https://qao.qld.gov.au/audit-program)

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