

# Summary

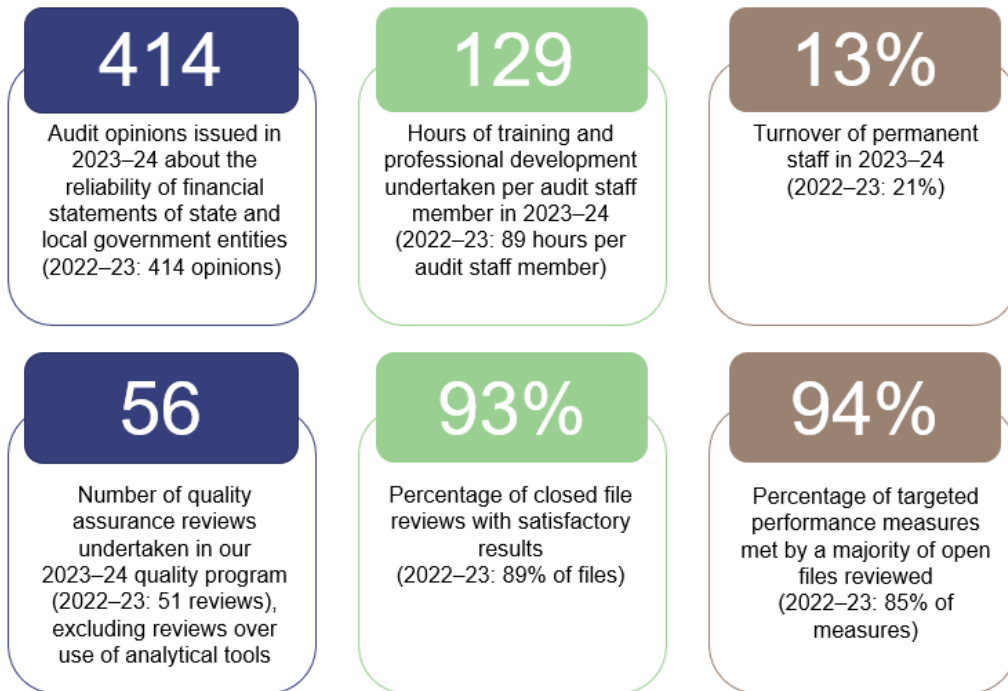
The Queensland Audit Office (QAO) is accountable to the Queensland Parliament as its independent auditor of all public sector and local government entities. We provide financial and performance audits, and report results and insights to parliament.

Our fifth transparency report covers our audit quality program for the year ended 30 June 2024. We choose to provide this report to:

- explain our quality program and results
- show how we seek to improve our audit and assurance practices
- describe our system of quality management.

The content is guided by the *Corporations Act 2001* where we have considered the requirements applicable to auditors of listed entities, to apply to the public sector.

## Snapshot



## Our quality results and what we learnt

Our audit quality program monitors all financial audits, performance audits, and assurance reviews. The results support our conclusion that our system of quality management is functioning effectively.

### Our 2023–24 quality program



We reviewed one audit from each of our engagement leaders (senior staff responsible for audits) and a selection delivered by the partners from our audit service providers (ASPs). Our reviewers are experienced auditors who are independent from the audit being reviewed.



We undertook 30 closed file (post-audit) and 13 open file quality reviews, and a further 15 closed file reviews that focused on how well 7 of our new analytical tools and templates were being used. We also reviewed 13 of our ASPs' systems of quality management.





28 of 30 files had satisfactory results, with 2 ASP files not meeting expected quality standards.

In our open file reviews of financial audits, 32 out of 34 targeted performance measures were met by a majority of files.

We assessed that the ASP firms we reviewed had satisfactory systems of quality management in place. We made recommendations to some firms to improve policies, procedures, and oversight of audits. We concluded that the weaknesses were not pervasive to our system of quality management.



We work with our audit teams to identify and address the root causes of material prior-period errors and any significant findings from our quality program. This includes providing training for individuals or relevant levels, changing staff composition on an audit, improving audit guidance, and sharing quality results with audit teams to address common themes.

Our quality reviews informed us that, while we have improved, we can still improve in the following areas:

- ensuring appropriate supervision of audit teams and timely review of their work
- planning and executing our test program for IT general controls in a timely manner
- ensuring we perform tests of controls and tests of detail in accordance with our methodology
- appropriately testing significant judgements and assumptions in high-risk balances
- documenting how information obtained from our clients is complete and accurate for our testing.

## Our quality frameworks

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The external 2023 strategic review of QAO highlighted that our internal systems of quality management are sound. We continue to build year on year by refining our training, on-the-job learning frameworks, methodology, and guidance. We value skills and capability, and promote them with strong leadership and clear frameworks. While engagement leaders are responsible for quality on their audits, all staff contribute to ensuring audit quality remains high. Our engagement quality reviewers, Quality Management Group, and the independent members of our Audit and Risk Management Committee and Audit Quality Sub-Committee provide support and oversight.

## Statement on the effectiveness of our system of quality management

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I have evaluated our system of quality management, and the results provide me with reasonable assurance to conclude that:

- our system of quality management functioned effectively in 2023–24
- in accordance with ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, our quality management objectives, as described in this transparency report, are being achieved.

The audits we deliver are supported by an effective internal quality management system.

This report describes the quality management framework and the controls that enable our staff and audit service providers to perform audits in accordance with the *Auditor-General Auditing Standards*. Our staff are required to adopt the standards issued by the Australian Auditing and Assurance Standards Board to the extent they are consistent with the requirements of the *Auditor-General Act 2009*.

Rachel Vagg  
Auditor-General

September 2024

