

F. Audit quality indicators

Our transparency report measures 11 audit quality indicators, providing useful quantitative insights into our engagement processes. Seven of these are derived from the Australasian Council of Auditors-General (ACAG) annual benchmarking survey and therefore provide, to the extent practicable, comparable information to offices across Australia. We supplement these with 4 other indicators identified from our performance measures and policy requirements.

In the absence of any single set of widely accepted indicators, we acknowledge the inherent limitations of the indicators we have chosen and analysed, namely that:

- some measures do not directly measure the quality of the audits performed
- a measure typically provides information relating to only one aspect of the inputs to achieving quality audits, and there are many factors affecting audit quality
- different quantitative results for a particular measure may be appropriate in different circumstances (for example, different engagement leader-to-staff ratios of hours charged may be appropriate, depending on factors such as the nature, size, and complexity of audit engagements).

Figure F1 reports the results of our audit quality indicators for 2023–24 and 2022–23, measuring our performance against targets formulated from past ACAG benchmarking survey results and our internal performance measures and policy requirements.



Figure F1
Audit quality indicators – 2023–24

Audit quality indicator	Unit of measure	2022–23 actual	2023–24 actual	Target	2023–24 variance	
Percentage of auditors who completed annual independence declarations. This helps us ensure we are independent from our clients.	Per cent	100%	100%	100%	–	✓
Instances of non-compliance with our independence policy. Note 1	Number	Nil	Nil	Nil	–	✓
Ratio of engagement leader hours to lower-level audit staff hours charged to in-house financial audit work. This indicates appropriate supervision and review of audits.	Ratio	0.10	0.10	0.08–0.10	–	✓
Percentage of time charged to audits by senior staff – financial audits. This indicates appropriate supervision and review of audits. Note 2	Per cent	18%	18%	15–25%	–	✓
Percentage of time charged to audits by senior staff – performance audits. This indicates appropriate supervision and review of audits. Note 2	Per cent	38%	41%	20–30%	11% ^(a)	⚠
Training and professional development hours per FTE audit professional – financial and performance audit. This indicates staff are provided with sufficient training to undertake their work. Note 3	Hours	89	129	60	69	✓
Staff workload – average chargeable hours per FTE professional. This indicates an appropriate level of work being undertaken by staff to encourage audit quality.	Hours	1,253	1,238	1,250	-12 ^(b)	⚠
Post-audit and assurance quality review program – audit files with no material deficiencies. Note 1	Per cent	89%	93%	100%	-7% ^(c)	⚠
Percentage of FTE staff allocated to audit standards/quality assurance/methods. This indicates appropriate resources are available to support audit teams to assess technical matters.	Per cent	3%	3%	2–5%	–	✓
Attrition of permanent employees as a percentage of total FTE permanent employees. Low turnover allows us to build a strong culture, retain knowledge, and improve our client experiences.	Per cent	21%	13%	<15%	-	✓
Independent survey of audit clients' overall satisfaction. Note 1	Index points	83ip	82ip	80ip	2ip	✓

Notes:

FTE – full-time equivalent.

Note 1: These 3 measures incorporate our audit service providers and the audits they perform on our behalf. All other measures relate only to QAO and QAO's workforce.

Note 2: Senior staff, in the ACAG benchmarking survey, includes engagement leaders, engagement quality reviewers, and senior managers.

Note 3: This year, ACAG commenced capturing the on-the-job training hours with this metric, as well as training development and delivery time, and study leave. The 2023 result has been recast on a similar basis.

^{a, b, c} See following page for explanation of negative/adverse variances against targets in 2023–24.

Source: Queensland Audit Office.





Explanation for unfavourable variances against targets in 2023–24:

- (a) *Percentage of time charged to audits by senior staff – performance audits.* The percentage was higher than usual in both years due to less junior auditors being assigned to audit teams, increased client engagement and greater supervision and review by engagement leaders.
- (b) *Staff workload – average chargeable hours per FTE professional.* The variance below target was less than one per cent in 2023–24. This was due to the number of new audit staff employed and being trained in QAO methodologies. This formal training time is not counted as chargeable hours. We also provided staff with greater opportunities each week for coaching and mentoring conversations, and other professional development activities.
- (c) *Post-audit and assurance quality review program – audit files with no material deficiencies.* Refer to [Page 4](#) for common findings made in relation to audit file weaknesses and action we are taking to improve audit quality in 2024–25.

