

Auditor-General of Queensland

Auditing Standards

April 2007



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Preface

The statutory office of the Auditor-General provides Parliament and the Queensland community with an independent assessment of the financial management of public sector entities.

As required by s.97 of the *Financial Administration and Audit Act 1977*, these Standards set out —

- the general standards that are applied to the conduct of audits by the Auditor-General of Queensland, staff of the Queensland Audit Office and contract auditors;
- the general standards that are applied to the selection, engagement and quality control of the work of contract auditors; and
- the extent to which the general standards are in accordance with Auditing Standards issued by relevant professional bodies.

These Standards document the framework under which audits are undertaken and, together with the requirements in the *Financial Administration and Audit Act 1977*, promote openness and transparency in government so that trust and confidence can be maintained in our public institutions.

These Standards replace those tabled in the Legislative Assembly on 25 September 2003.



Glenn Poole
Auditor-General of Queensland

April 2007

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Application

The Auditor-General of Queensland Auditing Standards (Standards) apply to all audits performed by or on behalf of the Auditor-General pursuant to the requirements of the *Financial Administration and Audit Act 1977*, including by-arrangement audits.

These Standards express the minimum standard of audit work expected of authorised auditors undertaking work on behalf of the Auditor-General.

Application of these Standards is supported by supplementary instructions, procedural statements, policies and operational guidelines issued from time to time by the Auditor-General.

In addition to an attestation audit over information included in prescribed financial reports, public sector auditing also includes —

- reviewing the probity and propriety of matters associated with the management of public sector entities;
- assessing compliance with relevant acts, regulations, government policies and other prescribed requirements;
- determining whether performance management systems of public sector entities enable them to assess whether their objectives are being achieved economically, efficiently and effectively;
- reviewing performance measures adopted by public sector entities and assessing whether they are relevant and fairly represent entity performance; and
- reporting to Parliament on matters of significance arising from audits or relating to the Auditor-General's activities.

Audits of public sector entities established under the *Corporations Act 2001* are conducted in accordance with, but are not limited to, the requirements of that Act.

The Auditor-General will report to the Legislative Assembly about any occasion of significance where these Standards are not applied.

Australian Auditing Standards

The *Australian Auditing Standards* (ASAs), issued by the Auditing and Assurance Standards Board (AUASB), set out the basic principles and essential procedures to be applied to all financial report audits and, as far as possible, to all audits of other financial and non financial information and audit related services.

The ASAs are issued as legislative instruments and are legally enforceable for audits conducted under the *Corporations Act 2001* for financial reporting periods commencing on or after 1 July 2006. While the ASAs are also applicable to audits other than those conducted under the *Corporations Act 2001*, they are not legally enforceable for such audits.

Auditor-General of Queensland Auditing Standards

The Auditor-General adopts the *Australian Auditing Standards* (ASAs) for audits conducted under the *Corporations Act 2001*. The Auditor-General applies the ASAs to all other audits in the Queensland public sector to the extent that they are not inconsistent with the requirements of the *Financial Administration and Audit Act 1977* and other legislation that prescribes the Auditor-General's work.

An authorised auditor is expected to adhere to the highest standards of ethical behaviour, having regard to the *Public Sector Ethics Act 1994* and APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board (APESB).

In addition, authorised auditors shall comply with QAO's audit independence framework consisting of QAO's Code of Conduct and other internal policies approved by the Auditor-General.

QAO's quality control processes are aimed at ensuring that the delivery of audit services is of a professionally high and consistent quality. QAO's framework for quality assurance is guided by the requirements of APES 320 *Quality Control for Firms* issued by the APESB.

Contract auditors

The Auditor-General may appoint an appropriately qualified and experienced person who is not an employee of QAO to be a contract auditor. Contract auditors are “authorised auditors” for the purpose of the *Financial Administration and Audit Act 1977* and these Standards.

All audit work undertaken by contract auditors must be performed in accordance with the *QAO Contract for Auditing Services* and these Standards.

Contract auditors are appointed by the Auditor-General from a register of pre-qualified suppliers. Criteria for pre-qualification include whether the auditor —

- is a current member of a professional body and holds a public practice certificate;
- has adequate professional indemnity insurance;
- has the required audit experience and methodology including compliance with Australian Auditing Standards;
- can show evidence of compliance with quality assurance standards; and
- has a satisfactory reference check.

Contract auditors must not engage in the provision of other services of any nature to a public sector entity that they are engaged to audit during the period of the contract for auditing services without the prior written approval of the Auditor-General.

Appendix A — Relevant legislation

Financial Administration and Audit Act 1977

- Section 78 — By-arrangement audits
- Section 79 — Way in which audit is to be conducted
- Section 80 — Audit of performance management systems
- Section 82 — Appointment of contract auditors
- Section 85 — Access to documents and property
- Section 92 — Confidentiality
- Section 93 — Report on audit
- Section 97 — Reports on auditing standards
- Schedule 3 — Dictionary
 - Authorised auditor
 - Prescribed requirements
 - Public sector entity

