

# Summary

This report supports transparency about how we manage audit quality at the Queensland Audit Office. It outlines our approach to quality management practices and how we assess risks to audit quality. We report on areas of strength and where we can improve, supporting confidence in our work.

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.

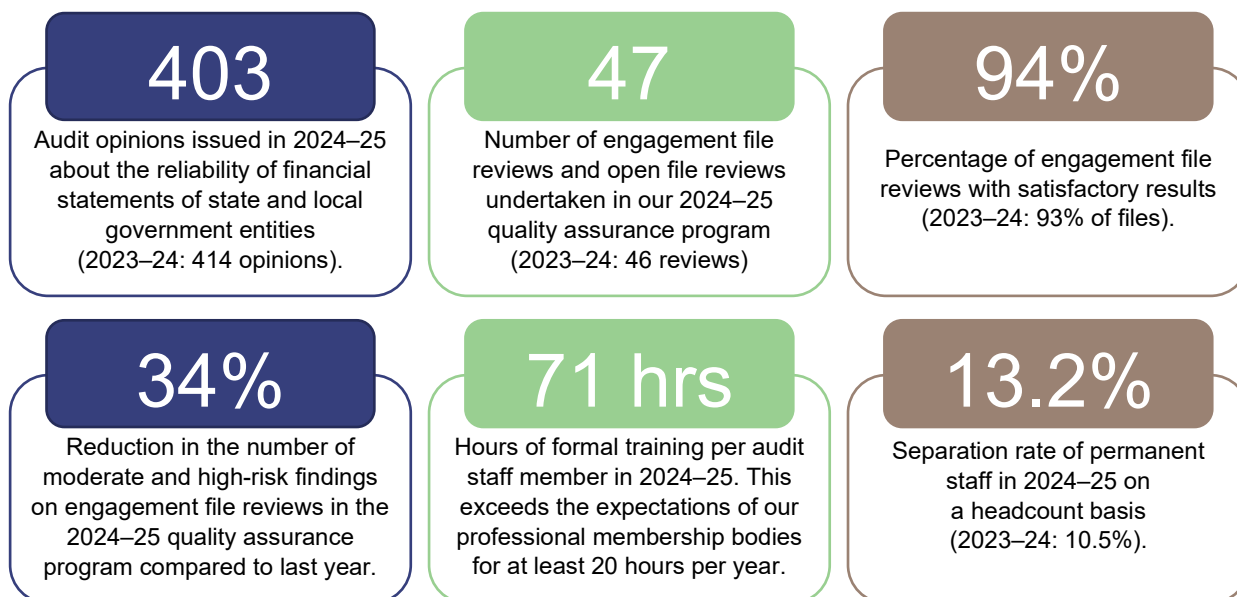
We apply the *Auditor-General Auditing Standards* and other relevant auditing standards to our work. We deliver more than just a financial or performance audit. Our work goes to the heart of delivering better public services; and focuses on value-for-money, probity and propriety of decision-making, and accountability to the public.

The transparency report covers our audit quality program for the year ended 30 June 2025. 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 of this transparency report is guided by the *Corporations Act 2001* for auditors of listed entities. We have voluntarily adopted these requirements in the public sector to demonstrate and support transparency of our audit practices.

## Transparency at a glance



## Our system of quality management

Our system of quality management is designed to support consistent quality in all audits and assurance engagements. In line 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* (ASQM 1), we apply a risk-based approach to identify and address risks to achieving quality.

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. We perform reviews of systems of quality management, finalised engagement files and in-progress engagement file reviews, known as open file reviews.

The results of our monitoring include:



**Engagement file reviews** – All 15 audits performed by in-house staff met our quality expectations, while 14 of 16 audits by audit service providers were satisfactory, with 2 requiring improvement and scheduled for further review in 2025–26.



**Open file reviews** – We completed 16 open file reviews. For audits performed by in-house staff, there was an average compliance of 79 per cent across quality indicators. All audit service provider files reviewed were assessed as satisfactory with minor findings.



**Firm reviews** – We assessed aspects of quality management systems at 14 audit service providers (ASPs). We found no significant issues at 13 ASPs, made improvement recommendations to most, and identified one firm requiring significant improvements in oversight and supervision.

## Focus areas

Quality management is part of everything we do and reflects our commitment to delivering reliable and independent audits. It gives us confidence that our work supports better public services and sound financial management.

Through our quality reviews, we support our people to grow their professional skills and make informed judgements. By focusing on quality, we ensure trust in our reports and the advice we give to parliament and the public sector.

Our focus areas include:



**Accountability and governance** – We continue to strengthen our systems and practices to support transparency, clear decision-making, and quality outcomes across all audit activities.



**Growing our staff** – We continue to grow our staff by refining training, on-the-job learning, and methodology and guidance, while promoting skills and capability through strong leadership and clear frameworks.



**Commitment to quality** – Engagement leaders and staff continue to meet high professional standards, demonstrating our commitment to quality. This includes providing them with contemporary, up-to-date methodologies, our teams applying it consistently and taking responsibility for the outcomes of each engagement.

## Sustainability assurance engagements

Mandated sustainability reporting on climate-related disclosures comes into effect for the Queensland public sector's larger government companies in 2025–26.

Entities within scope will be required to prepare a sustainability report that complies with Australian Sustainability Reporting Standards issued by the Australian Accounting Standards Board. They will also be required to obtain independent assurance of their climate-related financial disclosures.

QAO has been preparing to audit the new disclosures and reports by developing a specific sustainability methodology and training our staff. We have also worked with our in-scope clients to prepare for the first reports and audit process.

We will undertake quality reviews over sustainability audits as we provide them. This will support our continuous improvement.

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

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The Australian Securities and Investments Commission (ASIC) Information Sheet 184 summarises the audit transparency report requirements under sections 322 to 332G of the *Corporations Act 2001*. These requirements do not apply to QAO. However, as a public sector equivalent of an audit firm, we choose to adopt them voluntarily where relevant and appropriate to our role.

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 2024–25
- 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*, we are achieving our quality management objectives, as described in this transparency report.

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



Rachel Vagg  
Auditor-General

September 2025

