

B. Audit quality indicators

Our transparency report measures 10 audit quality indicators, providing useful quantitative insights into our engagement processes. Six 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).

This year, QAO contributed to ACAG's thought leadership paper titled *Audit quality in the public sector*. It discusses audit quality in the public sector, how quality is measured and managed, and strengths and weaknesses of systems of quality management. It is available [here](#).

ACAG will expand its annual benchmarking survey next year to gain further insights into audit quality. This should allow us to expand the measures of audit quality we report in next year's transparency report to include:

1. the percentage of audited statements disclosing material prior period errors and percentage of audited statements required to be reissued to correct material errors
2. relevant audit experiences as measured by years by engagement leaders, team leaders, and audit seniors.

Figure B1 reports the results of our audit quality indicators for 2025–26 and 2024–25, measuring our performance against targets formulated from past ACAG benchmarking survey results and our internal performance measures and policy requirements. We have provided an explanation for variances where measures have not met the 2025–26 target by 10 per cent.

Figure B1
Audit quality indicators – 2025–26

Key	 Measure met the target	 Measure did not meet the target by less than 10 per cent	 Measure did not meet the target by 10 per cent or more
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Audit quality indicator		2024–25 actual	2025–26 actual	Target	2025–26 result	Variance to target
ACAG indicators						
Percentage of engagement leader hours charged to in-house financial audit work. This indicates appropriate supervision and review of audits. <i>Note 1</i>		8.8%	8.9%	9–11%		0.1%
Percentage of time charged to audits by senior staff . This indicates appropriate supervision and review of audits while being efficient in delivery and growing our staff. <i>Note 2</i>	Financial audit	21%	25.9%	15–25%		0.9%
	Performance audit	42%	44.2%	40–50%		–
Training and professional development hours per FTE audit professional – financial and performance audits. This indicates staff are provided with sufficient training to undertake their work.		71 hrs	66 hrs	60 hrs		6 hrs
Average chargeable hours per FTE professional. This indicates an appropriate use of professional staff to encourage audit quality. <i>Note 3</i>	Financial audit	1,198 hrs	1,312 hrs	1,250–1,350 hrs		–
	Performance audit	954 hrs	1,255 hrs	1,170–1,270 hrs		–
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.		2.5%	2.44%	2–5%		–
Separation rate of permanent employees as a percentage of total permanent employees on a headcount basis. A low separation rate allows us to build a strong culture, retain knowledge, and improve our client experiences. <i>Note 4</i>		13.2%	10.7%	<15%		–
Non-ACAG indicators						
Post-audit and assurance quality review program – percentage of audit files with no material deficiencies. <i>Note 5</i>		94%	97%	100%		-3.4%
Percentage of auditors who completed annual independence declarations . This helps us ensure we manage conflicts of interest.		100%	99%	100%		-1.0%
Instances where we have breached our independence with our clients. <i>Note 5 and 6</i>		1	-	Nil		-
Independent survey of audit clients' overall satisfaction (index points) <i>Note 5</i>		82ip	83ip	80ip		3ip

Notes:

FTE – full-time equivalent.

Note 1: This measure was changed in 2025–26 from a ratio to a percentage to improve understandability of the measure.

- Note 2: In the ACAG benchmarking survey, senior staff includes engagement leaders, engagement quality reviewers, and engagement managers.
- Note 3: These measures are based on a similar definition of chargeable hours as we use in our internal management reporting. This includes work performed on audits and other work such as our [forward work plan](#) that is funded by our appropriation. In the prior year this was reported as one consolidated figure. It has been separated due to the different team structures and different expectations on each team.
- Note 4: This measure is calculated in the same way as for our annual report, based on headcount and Minimum Obligatory Human Resource Information (MOHRI). The formula differs slightly from the methodology used for ACAG reporting.
- Note 5: 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 6: This measure was retitled to better reflect its intent.

Source: Queensland Audit Office.

