

E. Quality review ratings and criteria

We assign a rating at the conclusion of our quality reviews on closed engagement files.

Since 2021, we have adopted a binary rating scale of satisfactory or unsatisfactory. The reviewer considers the nature and impact of all identified matters the engagement team has not appropriately addressed (if any), including any mitigating factors, and decides on the overall rating. The cumulative effect of the deficiencies identified is considered to determine whether they collectively result in an overall quality assessment of unsatisfactory. The Quality Management Group arbitrates any disputed findings.

We apply professional judgement in arriving at the engagement rating, and matters that are insignificant are not considered. Our process affords natural justice to the engagement leader.

The overall evaluation ratings and (non-exhaustive) criteria are explained in the following table.

Rating/description
<p>Satisfactory (either with no or minor findings, or with findings that are more than minor but less than materially deficient)</p> <p>Both (i) the audit work performed and (ii) the audit evidence is sufficient to enable an experienced auditor to understand:</p> <ul style="list-style-type: none"> the nature, timing, and extent of the audit procedures performed to comply with QAO policy, applicable auditing standards, and legal and regulatory requirements the results of the audit procedures performed, and the audit evidence obtained significant matters arising during the audit, the conclusions reached, and significant professional judgements made in reaching those conclusions that there has been sufficient and timely engagement leader/engagement manager input and review. <p>Furthermore, the reviewer can conclude that:</p> <ul style="list-style-type: none"> key judgements and conclusions regarding significant auditing, accounting, and disclosure matters are appropriate sufficient appropriate audit evidence was obtained in accordance with QAO policies, professional standards, and applicable legal and regulatory requirements, including compliance with QAO's audit methodology the opinion issued is appropriate and supported.
<p>Unsatisfactory</p> <p>The reviewer concluded the engagement was not performed in accordance with <i>Auditor-General Auditing Standards</i> (that incorporate Australian auditing standards, or other relevant statutory or regulatory frameworks), in that one or more of the following significant deficiencies exists:</p> <ul style="list-style-type: none"> The engagement team did not obtain significant audit evidence and/or perform significant audit procedures that would be expected for relevant assertions at risk related to significant class of transactions, account balances and disclosures (COTABDs) and key audit matters. The deficiencies in audit evidence are so extensive the reviewer believes a satisfactory rating is inappropriate. There are numerous instances where the audit was not performed in all material respects in accordance with the applicable auditing standards and with QAO policy, including independence requirements and applicable legal and regulatory requirements. There is insufficient evidence of engagement leader and engagement manager input into the audit approach and conclusions over material COTABDs and key audit matters. There is insufficient evidence of timely review by the engagement leader and engagement manager; the lack of timely review is systemic. The financial statements do not conform with the specified financial reporting framework/s in all material respects.

