

G. 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 G1 reports the results of our audit quality indicators for 2021–22 and 2020–21, measuring our performance against targets formulated from past ACAG benchmarking survey results as well as our internal performance measures and policy requirements.



Figure G1
Audit quality indicators – 2021–22

Audit quality indicator	Unit of measure	2020–21 actual	2021–22 actual	Target	2021–22 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.	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	0.08	0.09	0.08–0.1	-
Percentage of time charged to audits by senior staff – financial audits. This indicates appropriate supervision and review of audits. Note 1	Per cent	16%	19%	15–20%	-
Percentage of time charged to audits by senior staff – performance audits. This indicates appropriate supervision and review of audits. Note 1	Per cent	23%	40%	20–30%	10% ^(a)
Training hours per FTE audit professional – financial and performance audit. This indicates staff are provided with sufficient training to undertake their work. Note 2	Hours	96	70	60	10
Staff workload – average chargeable hours per FTE professional. This indicates an appropriate level of work being undertaken by staff to encourage audit quality.	Hours	1,361	1,297	1,250	47
Post-audit and assurance quality review program – audit files with no material deficiencies.	Per cent	93%	87%	100%	-13% ^(b)
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	14%	18%	<15%	3% ^(c)
Independent survey of audit clients' overall satisfaction.	Index points	81	82	80	2

Notes:

FTE – full-time equivalent.

Note 1: Senior staff are engagement leaders, engagement quality control reviewers and senior managers.

Note 2: 2020–21 hours included approximately 30 hours of training on our new toolset. We exceeded targeted training hours due to an increase in new staff and staff catching up on missed training opportunities in 2020–21.

^{a, b, c} See following page for explanation of negative/adverse variances against targets in 2021–22.

Source: Queensland Audit Office.



Explanation for negative/adverse variances against targets in 2021–22:

- (a) *Percentage of time charged to audits by senior staff – performance audits.* The percentage was higher than usual this year due to higher attrition of lower-level staff, greater complexity of audit topics requiring increased client engagement, and greater supervision and review by engagement leaders.
- (b) *Post-audit and assurance quality review program – audit files with no material deficiencies.* Refer to [Page 5](#) for common findings made in relation to audit file weaknesses, and action we are taking to improve audit quality in 2022–23.
- (c) *Attrition of permanent employees as a percentage of total FTE permanent employees.* The increase in attrition reflects retirements and the continued challenges of a highly competitive labour market. We undertake regular staff satisfaction surveys that help inform our response to higher turnover.

