

Queensland Audit Office

How to prepare for an audit

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Better public services

The **Auditor-General** together with **QAO** provides independent scrutiny of public sector entities

External auditor of the public sector

Promotes **transparency and accountability**

Governed by ***Auditor-General Act 2009***

**Vital part of Queensland's
public integrity system**



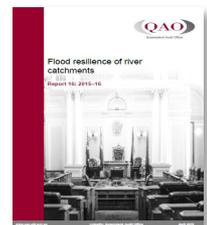
Services

- **Financial audits** of state and local government entities
- **Performance audits** of government service delivery
- **Investigations** of financial waste or mismanagement
- **Advising and assisting** parliamentarians and committees

Outputs

- **Reports** to the parliament
- **Reports** to the public sector
- **Strategic audit plan** of our audit activities for the next three years

Our reports identify ways the public sector can improve efficiency, effectiveness and value-for-money



Preparing for a performance audit



Better public services



Planning: QAO makes contact to obtain background information; objective and scope is drafted



Conduct: detailed audit testing, discuss findings, and proposed recommendations



Reporting: draft report to parliament, provide to entity for formal comment, table in parliament

Selecting what we audit

We scan the environment and consult widely

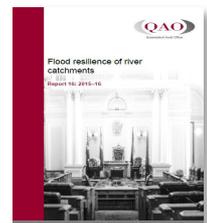
We consider the key issues facing government service delivery

We select a program where we can add most value

We publish our program in our **Strategic audit plan**

Is your department in the current plan?

qao.qld.gov.au/audits/program



Understand the objective, scope, focus, and timing of the audit

Ensure documents, records, and data are **up-to-date and available**

Consider **self-assessment**

- compile documentation on **how you monitor and measure** the effectiveness, economy, and efficiency of the activity

Provide a thorough induction for the QAO audit team and provide on-site working space

Engage with QAO early

Each audit is led by a QAO engagement leader

We ask entities to nominate an executive liaison officer as their **primary point of contact**. They:

- ✓ must have access to the chief executive
- ✓ be available
- ✓ have appropriate seniority.

Open, reliable, transparent communication is key to maximising value and minimising impact on you

The Auditor-General Act 2009 provides us with **full access** to any documents and information needed to conduct the audit

- includes strong confidentiality provision that safeguard the information we collect



Be aware of restrictions on the release of information we provide in the proposed or draft versions of the report to parliament (i.e. before it is tabled)

Preparing for a financial audit



Better public services

We ensure an entity's financial statements are free from material misstatement, and that they comply with relevant legislation

Assures those entities and users of their published statement that the information can be relied upon

- Financial statement audits must comply with standards issued by the Australian Auditing and Assurance Standards Board
- Funded by a fee we charge the audited entity for the service we provide

Three interrelated elements:

Risk assessment

Our understanding of material misstatement
Develop a strategy for an efficient and effective audit

Controls and balances

Focus our attention on those elements we perceive
have a higher risk
May validate the effectiveness of internal controls

Forming an opinion

If we cannot be satisfied the statements are free from
material misstatement, we consider if we need to
modify our independent audit report

We need to work efficiently together

Each audit is led by QAO engagement leader

We ask the CFO and Audit Committee to be actively involved

We provide the External audit plan at the beginning of each audit, and regular updates on the results of our control testing

- ✓ **Year end close process**
- ✓ **Timeliness of preparation of financial statements**
- ✓ **Quality of financial statements**

Year end close process

- Non-current asset valuations by 31 March
- Pro forma financial statements by 30 April
- Resolving accounting issues by 30 April
- Completing hard or soft close processes
- Concluding all asset stocktakes by 30 June

Our rating	Year end close process assessment
● Effective	All five key processes were completed by the planned date
● Generally effective	Three of the five key processes were completed within two weeks of the planned date
● Ineffective	Less than three of the five key processes were completed within two weeks of the planned date

Our rating	Timeliness of draft financial statements assessment
● Effective	Acceptable draft financial statements were received on or prior to the planned date
● Generally effective	Acceptable draft financial statements were received within two days after the planned date
● Ineffective	Acceptable draft financial statements were received greater than two days after the planned date

- Total revenue
- Total expenditure
- Net assets

Our Rating	Quality of draft financial statements assessment
● Effective	No adjustments were required
● Generally effective	Adjustments for any of the three key financial statement components were less than 5 per cent
● Ineffective	Adjustments for any of the three key financial statement components were greater than 5 per cent

Each report is referred to the relevant parliamentary committee and QAO staff will often brief each member

- If enquiry is called, entity staff may need to appear before the committee in public

Follow up

We ask for an update on the entity's progress on fulfilling recommendations. We may schedule a follow-up audit report to parliament

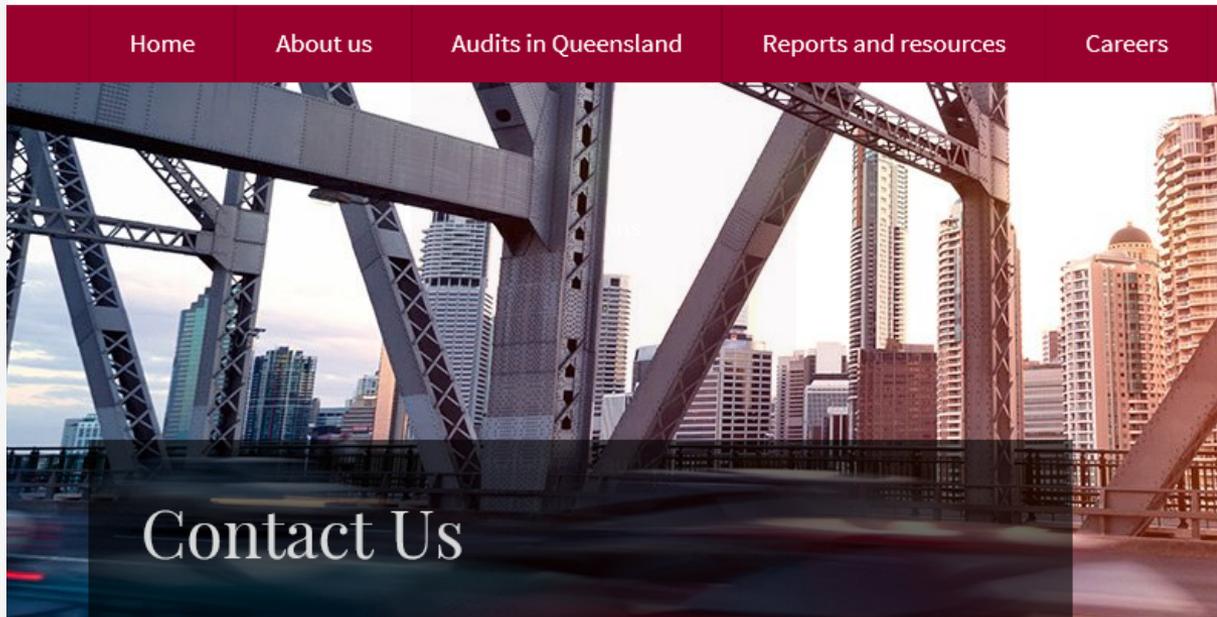
Feedback

We send a survey to hear the client's views of the audit process and the report

Other ways to connect

[qao.qld.gov.au/contact us](http://qao.qld.gov.au/contact-us)

- Suggest a performance audit topic
- Contribute to a performance audit
- Raise an issue about financial waste and mismanagement
- Subscribe to QAO



Q&A

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