

Gathering audit evidence

Introduction

Audits conducted by the Queensland Audit Office (QAO) adhere to the [Auditor-General of Queensland Auditing Standards](#). These standards incorporate Australian auditing and assurance standards and are available on our website.

These standards require auditors to design and perform procedures to obtain sufficient and appropriate audit evidence ([Auditing Standard ASA 500 Audit Evidence](#)). We draw conclusions from this evidence to form the basis of the auditor's opinion for financial statement audits and for reports to parliament.

Financial and performance audits

Gathering evidence is vital to all audits that QAO conducts. We audit the financial statements of all Queensland public sector entities, and the auditor-general must express a written opinion on those statements. Performance audits assess whether entities are managing their program objectives effectively, economically, and efficiently and are complying with relevant acts.

What is audit evidence

Audit evidence is information an auditor uses to arrive at the conclusions on which they base their opinion, conclusions and recommendations. It can include information from financial and non-financial records and systems, and other relevant information.

- invoices, contracts and tender documents
- general and subsidiary ledgers
- journal entries and details of electronic fund transfers
- policies, procedures, and documentation of information technology systems
- reports and outputs from application controls
- work sheets supporting cost allocations, computation
- reconciliations, and disclosures
- strategic plans, business cases and project management frameworks
- governance outputs such as meeting minutes
- consultant's reports or legal opinions
- cabinet submissions that approve major projects or expenditure
- performance data from operational systems and management reporting cabinet submissions or governance minutes.

Audit evidence is cumulative and is also gathered to corroborate management's assertions or representations. This means we may need to make multiple requests for evidence as new management representations are made to us during an audit.

Fact sheet

What is sufficient and appropriate audit evidence?

Australian auditing standards require sufficient and appropriate evidence to form an audit conclusion for both performance and financial audits. We are required to comply with these standards.

Sufficiency is a measure of the quantity of audit evidence. The auditor's assessment of the risks of material misstatement and the quality of such audit evidence both affect the quantity of the audit evidence needed. In assessing sufficiency, we consider whether we have obtained enough evidence to support our audit opinion and conclusions.

Appropriateness is a measure of the quality of evidence. This is the relevance and reliability in proving support for the conclusions on which the auditor's opinion is based.

The information's source, nature, and how it is obtained influences its reliability. For example, a bank statement obtained directly from the bank is more reliable than a verbal representation from management of the entity being audited, and an original bank statement is more reliable than a photocopy of a bank statement.

What audit procedures are used to obtain audit evidence?

We use a combination of audit procedures to obtain audit evidence during the conduct of both financial and performance audits. These include:

- enquiry—seeking information from knowledgeable people, both financial and non-financial and within and outside the entity, that ranges from formal written enquiries to informal discussions. This may also include seeking independent expert opinions
- inspection—examining records or documents in paper, electronic, or other media forms, or physically examining an asset
- observation—looking at a process or procedure being performed by others
- external confirmation—obtaining a written confirmation directly from a third party, such as a bank or debtor
- recalculation—checking the mathematical accuracy of documents or records
- re-performance—independently re-performing procedures or controls that were originally performed as part of the entity's internal controls
- analytical procedures—evaluating financial information made by a study of plausible relationships among both financial and non-financial data, surveys, and data analysis.

While enquiry may provide important audit evidence, it alone may not provide sufficient audit evidence upon which to form a conclusion. Auditors are required to corroborate evidence obtained via enquiry through other means, such as inspecting relevant documents or confirming the information with an independent third party (for example, a bank).

What evidence can the auditor-general obtain?

The auditor-general or authorised auditors can gather whatever evidence they need to form an audit opinion, reach a conclusion or make recommendations. This is supported by a broad range of compulsory information-gathering powers under sections 46–48 of the [Auditor General Act 2009](#) (the Act). This enables QAO's authorised auditors to require a person subjected to an audit to:

- provide us with documents and information, or access thereof
- attend an examination to answer questions and provide reasonable assistance.

If necessary, the auditor-general may require answers to questions to be verified or given under oath, either orally or in writing.

Will sensitive information remain sensitive?

Once audit evidence is gathered from those subjected to audit, the auditor-general and authorised auditors are required to maintain its confidentiality. This is protected under s.53 of the Act.

We may disclose such information in a report to parliament if the information is relevant to the subject matter of the report and its inclusion in the report is in the public interest.

The auditor-general will assess the public interest against the sensitivity of the evidence gathered, to mitigate against any detrimental impacts. Those subjected to audit cannot restrict access to sensitive information, but can provide supporting information to assist us in assessing its sensitivity. The auditor-general has the discretion to report privately to the parliamentary committee when it is against the public interest, under s.66 of the Act.

We may also disclose information to certain public officials on a confidential basis under s.53(3) of the Act, if that matter warrants urgent investigation or attention. For example, under the [Crime and Corruption Act 2001](#) QAO will notify the Crime and Corruption Commission (CCC) of suspected corrupt conduct (s.38), which overrides the requirement for confidentiality (s.39).



Providing evidence to audit

The provision of complete, accurate and timely evidence to us is essential to our ability to reach robust findings and conclusions.

To prepare for requests from auditors, consider:

- preparing early, by gathering relevant information and sources based on the audit's lines of enquiry
- making sure all relevant staff and business units of the entity are aware of the audit and the need to provide information
- providing sufficient time for the liaison officer or key contact to gather information requested by auditors.

Where evidence gaps exist, we make conclusions based on the available evidence as required by the Australian auditing standards. Where those subjected to audit dispute QAO findings, this is sometimes because the entity has failed to provide:

- evidence of impacts or evaluation
- sufficient, corroborative evidence for auditors to make a strong finding
- necessary evidence due to internal delays, or failure to identify or locate available evidence
- reliable or relevant material, for example, a solitary case study presented to show the outcomes of a program, or out-of-date data.

Gathering audit evidence can be an iterative process, particularly given the need to corroborate management assertions, representations or test lines of inquiries. We recognise that this can translate to effort for those subjected to audit. Given the importance of providing a balanced and fair assessment or opinion, it is appropriate to provide sufficient time to those subjected to audit to enable evidence gathering. If the evidence does not exist, then it is appropriate to advise us rather than attempt to construct information specifically for our purposes.



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