



Office of the Information Commissioner
Queensland

Assurance Engagements Methodology

Policy and guidance

Audit and Evaluation

September 2019

Introduction

The Queensland Parliament recognised that openness and transparency in government enhances accountability. Government agencies should release information as a matter of course, unless there is a good reason not to. The parliament also provided safeguards for handling personal information and accessing, and amending personal information.

The Information Commissioner has the authority¹ to monitor, audit and report on government agencies' operation of the *Right to Information Act 2009* and the *Information Privacy Act 2009*. Government agencies include government departments, hospital and health services, statutory authorities, local governments and other agencies.

We perform this function by auditing, reviewing and surveying government agencies and stakeholders. These activities are known collectively as assurance engagements.

Where appropriate and practical, we adopt standards from the Australian Assurance Standards Board, in particular *ASAE 3000 Assurance Engagements Other than Audits or Review of Historical Financial Information*.

This document outlines our methodology on how we plan, conduct and report on assurance engagements.

Assurance engagements

The Australian Auditing and Assurance Standards Board defines an assurance engagement as:

...an engagement in which an assurance practitioner aims to obtain sufficient appropriate evidence in order to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the outcome of the measurement or evaluation of an underlying subject matter against criteria.²

We conduct different types of assurance engagements depending on the topic, the engagement risk and the desired level of assurance.

In a **reasonable** assurance engagement, we aim to reduce the engagement risk to a low level in the circumstances of the engagement. Reasonable assurance means a high, but not absolute, level of assurance. In these engagements, we gather sufficient appropriate evidence to form a conclusion on how the subject matter meets suitable criteria in all material aspects. A reasonable assurance engagement is commonly referred to as an audit.

In a **limited** assurance engagement, we aim to reduce the engagement risk to a level that is acceptable to express a conclusion whether the subject matter is plausible in the circumstances. While we perform fewer audit procedures and gather less evidence than in a reasonable assurance engagement, we still collect sufficient appropriate evidence to form an 'indirect' conclusion.

¹ Sections 125, 126, 128 and 131 of the *Right to Information Act 2009* and sections 134 and 135 of the *Information Privacy Act 2009*

² Framework for Assurance Engagements

An 'indirect' conclusion is usually stated in the negative form, for example:

- we found no evidence that the agency's policies do not conform with the legislative requirements
- nothing has come to our attention that causes us to believe the register is incorrect or incomplete.

A limited assurance engagement is commonly referred to as a review.

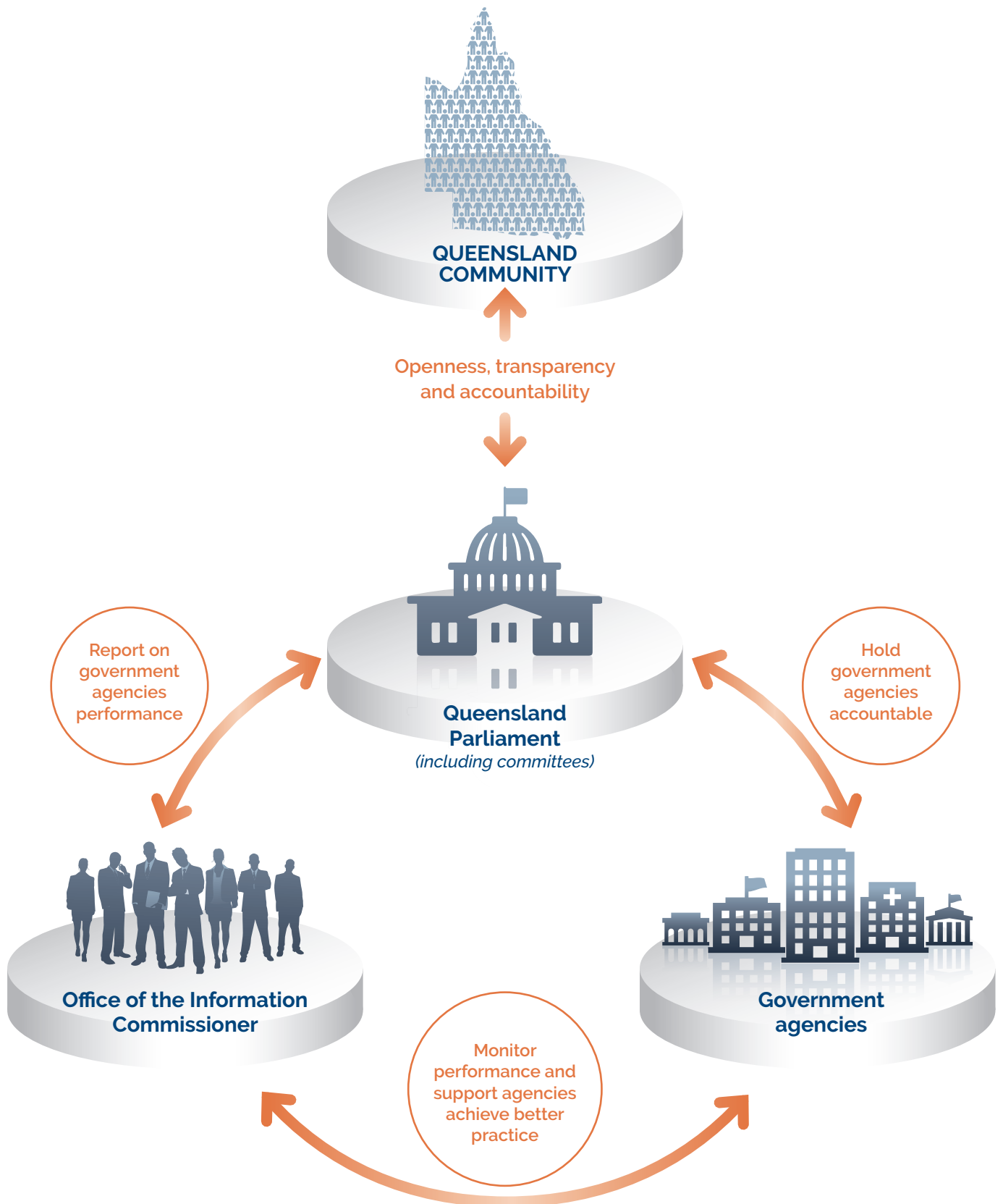
Figure 1 describes the types of assurance engagements we undertake regularly and their levels of assurance.

Figure 1
Types of engagements

| Type of engagement | Description | Entities in scope | Level of assurance |
|----------------------|--|---|-----------------------|
| Research and surveys | Respondents outline their opinions, experience and awareness of specific right to information or information privacy elements. | Community, stakeholders, agencies | Limited |
| Self-assessment | Agencies self-assess how they meet detailed requirements. | All or selected agencies | Limited |
| Desktop review | We review parts of an agency's website or specific documents. | Selected agencies or government sector(s) | Limited |
| Compliance audit | We undertake a compliance audit of a specific agency (full compliance audit or selected key elements). | Selected agencies | Reasonable |
| Topic audit | We examine a specific topic, for which we develop an audit test program. | Selected agencies | Limited or reasonable |
| Follow up audit | We follow up on past reports to assess how agencies have implemented our recommendations. | Agencies subject to specific previous reports | Limited or reasonable |

All assurance engagements have at least three separate parties: the assurance practitioner (us), the responsible party (government agencies) and the intended users (the Queensland Parliament).

Figure 2 illustrates the relationships between the parties.



The policy statements reflect the applicable assurance engagement and auditing standards. They represent the minimum requirements we must follow where applicable. The nature of the engagement will dictate which statements are relevant in individual circumstances. The policy statements also include legislative requirements specific to our function, for instance the tabling requirements.

The guidance expands on the policy statements. It explains how to apply the policies and associated standards. It includes links to detailed procedures and templates.

The detailed procedures, tools and templates support us in carrying out the engagements efficiently and according to the methodology.

We revise the methodology when there are relevant changes to the legislative requirements, the applicable assurance engagement and auditing standards, or other obligations.

The Information Commissioner approved the initial methodology in October 2017 and the revised methodology in XXX 2019.

Summary of the sections

Section 100 covers **key principles** such as professional judgment and quality control. Most of this material is applicable to all engagements.

Section 300 covers the **planning** phase for assurance engagements, including assessing risk and developing an audit program.

Section 500 covers the **conduct** phase, including the concept of sufficient appropriate evidence and the documentation requirements.

Section 700 describes the **reporting** phase for assurance engagements up to tabling the report.

Section 800 covers the **finalisation** phase, including evaluating the engagement.

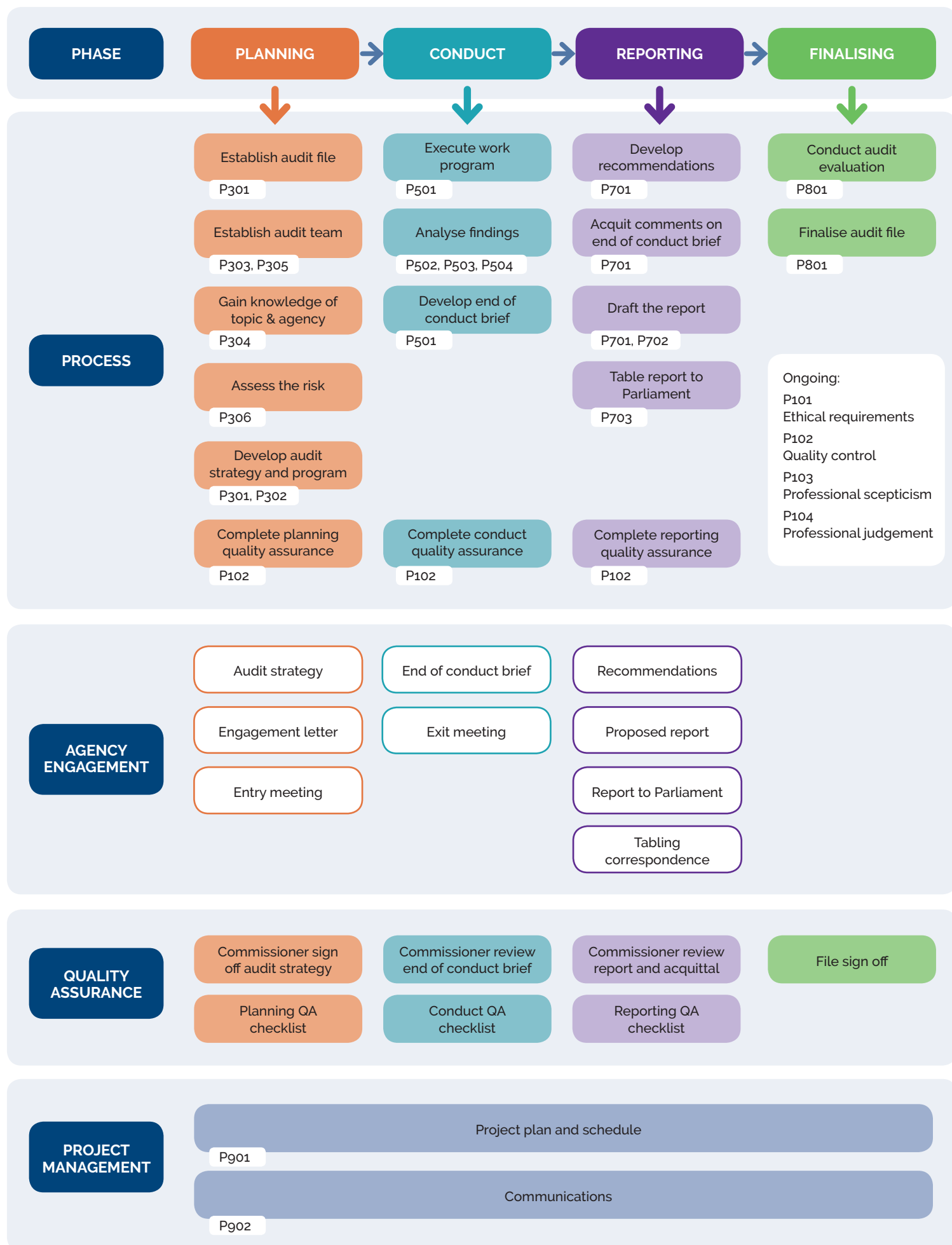
Section 900 addresses overall **engagement management** considerations, including managing an engagement as a project, and ongoing communication with the agency.

Process

Our process is flexible to fit all engagements. It consists of four phases: planning, conduct, reporting and finalisation.

We report to Parliament the results of our engagements, including recommendations to improve agencies' practices. The reports are available on our website (www.oic.qld.gov.au) once tabled in Parliament.

Figure 3 gives an overview of the audit process in most cases.



Summary of policy statements

| Policy reference | Statement |
|---|--|
| P101 Ethical requirements | We shall comply with the relevant legislative and ethical requirements, including those about independence, and organisational policies, when performing assurance engagements. <i>ASAE 3000.20.1, ASA 102.6</i> |
| P102 Quality control | We shall implement and apply quality control procedures about: <ul style="list-style-type: none"> • leadership responsibilities for quality • ethical requirements • team assignment • conduct of the engagement and supervision • monitoring. <i>ASAE 3000.31-35</i> |
| P103 Professional scepticism | We shall plan and perform an engagement with professional scepticism. <i>ASAE 3000.37</i> |
| P104 Professional judgement | We shall exercise professional judgement in planning and performing an engagement, including determining the nature, timing and extent of procedures. <i>ASAE 3000.38</i> |
| P301 Planning the engagement | We shall plan the engagement so that the team will perform the engagement effectively. This includes setting the objective, scope, timing and direction of the engagement, and determining the nature, timing and extent of procedures required to achieve the objective. <i>ASAE 3000.40</i> |
| P302 Audit program and criteria | We shall prepare an audit program for the engagement. We shall identify criteria for evaluating the subject matter. We shall determine whether the criteria are suitable for the engagement circumstances. <i>ASAE 3000.24 (b), 41, 43 and A10</i> |
| P303 Audit team | The Engagement Leader shall ensure that collectively, the audit team has the appropriate competencies and capabilities to perform the engagement. <i>ASAE 3000.32</i> |
| P304 Understanding the subject matter and the agency | We shall obtain a sufficient knowledge and understanding of the topic, the audited agency and other engagement circumstances. <i>ASAE 3000.45-47, ASAE 3100.32, ASAE 3500.32-33</i> |

| | |
|---|---|
| <p>P305</p> <p>Work performed by internal audit and experts</p> | <p>We shall have sole responsibility for the engagement. Our use of the work of internal audit or experts does not diminish that responsibility. We shall make all significant judgements in the engagement.</p> <p>We shall exercise professional judgement to:</p> <ul style="list-style-type: none"> • assess the nature and scope of the work of internal audit or experts • evaluate the competence, capabilities and objectivity of internal audit or experts • evaluate the appropriateness of internal audit or experts' work as evidence and its relevance to the overall engagement and audit program. <p><i>ASAE 3000.52-55, ASAE 3100.34-38, ASA 610 and 620</i></p> |
| <p>P306</p> <p>Risk</p> | <p>We shall consider the engagement risk, and its potential effect on the level of assurance provided, when planning and conducting an engagement. We shall reduce engagement risk to an acceptable level in the circumstances of the engagement.</p> <p>We shall identify and manage the operational risk.</p> <p>We shall document the risks and the mitigation strategies adopted. We shall monitor risk throughout the engagement.</p> <p><i>ASAE 3000.12 (a) and (f), ASAE 3100.17 (o) and (v)</i></p> |
| <p>P501</p> <p>Conducting the engagement</p> | <p>We shall perform the audit procedures diligently and in accordance with our methodology, standards and procedures.</p> |
| <p>P502</p> <p>Evidence</p> | <p>We shall obtain sufficient appropriate evidence to draw reasonable conclusions.</p> <p>We shall evaluate the sufficiency and appropriateness of the evidence obtained in the context of the engagement and, if necessary, attempt to obtain further evidence.</p> <p><i>ASAE 3000.12 (i), 48-50 and 64-65, ASAE 3100.39-46 and 49-50</i></p> |
| <p>P503</p> <p>Documentation</p> | <p>We shall prepare on a timely basis engagement documentation that supports the report. The documentation shall be sufficient and appropriate to enable an experienced auditor, who has no previous connection with the engagement, to understand:</p> <ul style="list-style-type: none"> • the nature, timing and extent of the procedures we performed to comply with the relevant auditing standards and applicable prescribed requirements • the results of the procedures we performed and the evidence we obtained • the significant matters arising during the engagement, the conclusions we reached and significant professional judgements we made in reaching those conclusions. <p><i>ASAE 3000.33 and 79-83, ASAE 3100.66-67</i></p> |

| | |
|----------------------------|--|
| P504 Materiality | <p>We shall consider materiality when:</p> <ul style="list-style-type: none"> • planning and performing the engagement, including when determining the nature, timing and extent of procedures • evaluating the evidence against the audit criteria. <p>We shall form a conclusion on the basis of the relevant evidence obtained.</p> <p><i>ASAE 3000.44, Framework for Assurance Engagements AASB</i></p> |
| P701 Reporting | <p>We shall prepare a written report on the assurance engagement and clearly express a conclusion.</p> <p>We shall tailor the report to the circumstances of the engagement.</p> <p><i>ASAE 3000.67, ASAE 3500.43-44</i></p> |
| P702 Subsequent events | <p>When relevant to the engagement, we shall:</p> <ul style="list-style-type: none"> • consider the effect on the information, and on the report, of events up to the date we issue the report for formal comments • respond appropriately to facts that become known to us after the date we issue the report if they may have caused us to change the report. <p><i>ASAE 3000.61</i></p> |
| P703 Tabling | <p>We shall comply with the prescribed requirements about reporting the results of our assurance engagements.</p> <p><i>RTI Act sections 131(2) and 184(5)</i></p> <p><i>IP Act sections 135(1) and 193(5)</i></p> |
| P801 Finalisation | <p>We shall assemble the documentation for the engagement in a file and complete the administrative process of finalising the engagement within six weeks of tabling the report.</p> <p><i>ASAE 3000.81</i></p> |
| P901 Project management | <p>We shall develop a project plan for each assurance engagement, including timeframes and milestones.</p> <p>We shall monitor, and regularly report on, progress against the project plan and the project schedule.</p> |
| P902 Communications | <p>We shall maintain a professional relationship with the audited agency throughout the engagement.</p> <p>We shall communicate significant matters, such as material deficiencies in systems and controls, variations from the criteria or compliance breaches, to the audited agency promptly.</p> <p>Where required by law, regulation or relevant ethical requirement, we shall refer significant matters to an appropriate authority outside the agency.</p> <p><i>ASAE 3000.78, ASAE 3100.62-64, ASAE 3500.49-51</i></p> |

| POLICY | | | |
|-----------------|------------------------------------|--------|----------------------|
| Title | <i>Ethical requirements</i> | | |
| Effective date: | 6 October 2017 | Number | P101 |
| Approved date: | 6 October 2017 | Owner: | Audit and Evaluation |

Policy statement

We shall comply with the relevant legislative and ethical requirements, including those about independence, and organisational policies, when performing assurance engagements.

ASAE 3000.20.1, ASA 102.6

Audit phase(s)

All

Guidance

The *Right to Information Act 2009*, the *Information Privacy Act 2009*, auditing standards, and OIC's values and code of conduct set out the relevant ethical requirements.

These include the following fundamental principles:

- integrity
- objectivity
- professional competence and due care
- confidentiality
- professional behaviour
- independence.

The code contains the ethics principles and values prescribed in the Public Sector Ethics Act 1994:

- integrity and impartiality
- promoting the public good
- commitment to the system of government
- accountability and transparency.

OIC's values are to be respectful, collaborative, focused and innovative.

The *Right to Information Act 2009* section 179 and the *Information Privacy Act 2009* section 188 provide that staff of OIC must not disclose information obtained through the audit unless authorised by the acts and must not take advantage of such information to benefit themselves or another person.

We may have additional responsibilities under law or regulation, for example, the *Crime and Corruption Act 2001*, to report identified or suspected non-compliance, misconduct or corruption. When a team member identifies or suspects such issue, they will raise the matter with the Engagement Leader who will assess it and decide whether to forward it with the Information Commissioner.

When assigning an audit team, the Engagement Leader must evaluate compliance with ethical requirements, including considering any independence implications.

ASAE 3000 A30-A33, A60, A102 and A195-A199, ASA 102

OIC Code of Conduct

| POLICY | | | |
|-----------------|------------------------|--------|----------------------|
| Title | Quality control | | |
| Effective date: | 6 October 2017 | Number | P102 |
| Approved date: | 6 October 2017 | Owner: | Audit and Evaluation |

Policy statement

We shall implement and apply quality control procedures about:

- leadership responsibilities for quality
- ethical requirements
- team assignment
- conduct of the engagement and supervision
- monitoring.

ASAE 3000.31-35

Audit phase(s)

All

Guidance

All auditors are responsible for the quality of their own work.

The Engagement Leader is responsible for the overall quality of the engagement. This includes responsibility for:

- planning and performing the engagement in accordance with professional standards, OIC's policies and procedures and applicable legal and regulatory requirements
- ensuring the team performs appropriate procedures and maintains appropriate documentation
- reviewing documentation on or before the date of the assurance report
- undertaking appropriate consultation on difficult or contentious matters.

ASAE 3000.33

| POLICY | | | |
|-----------------|---------------------------------------|--------|----------------------|
| Title | <i>Professional scepticism</i> | | |
| Effective date: | 6 October 2017 | Number | P103 |
| Approved date: | 6 October 2007 | Owner: | Audit and Evaluation |

Policy statement

We shall plan and perform an engagement with professional scepticism.

ASAE 3000.37

Audit phase(s)

All

Guidance

Professional scepticism is an attitude that includes being alert, critically assessing and questioning, for example when:

- The evidence is inconsistent with or, contradicts, other evidence obtained.
- The information calls into question the reliability of other evidence including responses to enquiries or other information obtained from management.
- The circumstances suggest the need for additional audit procedures.

Maintaining professional scepticism throughout the engagement is necessary if we need, for instance, to reduce the risks of:

- overlooking unusual circumstances
- overgeneralising when drawing conclusions from observations
- using inappropriate assumptions in determining the nature, timing, and extent of the audit procedures, and evaluating the results thereof.

Professional scepticism is necessary to the critical assessment of evidence. It includes consideration of the sufficiency, quality and appropriateness of evidence obtained in the light of the circumstances.

ASAE 3000.12 (u) and A76-A80

| POLICY | | | |
|-----------------|--------------------------------------|--------|----------------------|
| Title | <i>Professional judgement</i> | | |
| Effective date: | 6 October 2017 | Number | P104 |
| Approved date: | 6 October 2017 | Owner: | Audit and Evaluation |

Policy statement

We shall exercise professional judgement in planning and performing an engagement, including determining the nature, timing and extent of procedures.

ASAE 3000.38

Audit phase(s)

All

Guidance

Professional judgement is the application of relevant training, knowledge and experience, within the context provided by assurance and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the engagement.

Professional judgement is necessary in particular regarding decisions about:

- materiality and engagement risk
- the nature, timing, and extent of procedures we use to meet the requirements of relevant auditing standards and obtain evidence
- evaluating whether we have obtained sufficient appropriate evidence, and whether we need to do more to meet the requirement of the relevant auditing standards and our methodology
- the appropriate conclusions to draw based on the evidence obtained.

The exercise of professional judgement in any particular case is based on the facts and circumstances the auditors know. We need to exercise professional judgement throughout the engagement. This includes recognising when to seek professional or specialist advice.

We also need to prepare documentation sufficient to enable an experienced auditor, having no previous connection with the engagement, to understand the significant professional judgements made in reaching conclusions on significant matters. We must not use professional judgement as the justification for decisions that are not otherwise supported by the facts and circumstances of the engagement or sufficient appropriate evidence.

ASAE 3000.12 (t) and A81-A85

| POLICY | | | |
|-----------------|---------------------------------------|--------|----------------------|
| Title | <i>Planning the engagement</i> | | |
| Effective date: | 6 October 2017 | Number | P301 |
| Approved date: | 6 October 2017 | Owner: | Audit and Evaluation |

Policy statement

We shall plan the engagement so that the team will perform the engagement effectively. This includes setting the objective, scope, timing and direction of the engagement, and determining the nature, timing and extent of procedures required to achieve the objective.

ASAE 3000.40

Audit phase(s)

Planning

Guidance

Planning is not a discrete phase, but rather a continual and iterative process throughout the engagement. Because of unexpected events, changes in conditions, or evidence obtained, we may need to revise the engagement plan, potentially affecting the timing and extent of procedures.

Understanding the topic and the audited agency is an essential part of planning and conducting an engagement.

Planning involves the Engagement Leader, key members of the engagement team, and any key experts developing an overall strategy for the scope, objective, timing and conduct of the engagement.

Adequate planning helps to:

- devote appropriate attention to risk and important areas of the engagement
- organise and manage the engagement to perform it effectively and efficiently
- assign work to team members

We need to communicate to the agency any changes we make to the audit scope or program, during the conduct phase.

ASAE 3000.A86-A89, ASAE 3100.A22-A23, ASAE 3500.A22-A25

| POLICY | | | |
|-----------------|--|--------|----------------------|
| Title | <i>Audit program and criteria</i> | | |
| Effective date: | 6 October 2017 | Number | P302 |
| Approved date: | 6 October 2017 | Owner: | Audit and Evaluation |

Policy statement

We shall prepare an audit program for the engagement.

We shall identify criteria for evaluating the subject matter. We shall determine whether the criteria are suitable for the engagement circumstances.

ASAE 3000.24 (b), 41, 43 and A10

Audit phase(s)

Planning, conduct

Guidance

Audit program

An audit program contains detailed information about the audit work we will perform to assess performance against the audit criteria. Generally, we develop one audit program for each line of enquiry (area to audit). An audit program is essentially a “map” of how we will obtain evidence to assess agencies against the criteria and conclude against the objective.

Each audit program includes

- the overall audit objective(s)
- the relevant line(s) of inquiry, criteria, and audit questions
- the approach and methodology we will use for gathering evidence (e.g., sampling, reliance on internal audit)
- the information we will request from agencies.

While audit programs should be of sufficient detail to clearly communicate the nature of the work to be done, we must balance the level of detail with ethical and efficiency requirements. Audit programs should be flexible, since additional information may become available during the audit. We evaluate such information in terms of its impact on the audit program and amend the program when appropriate.

Objective

When completing an engagement, we **express a conclusion** against the objective.

The audit objective forms the basis of the audit. It states the subject matter under examination and the performance expectation. Once we have determined the objective, we can develop the scope, criteria, and approach.

An audit objective reflects the conclusion the audit will draw. It is based on the question(s) that the audit seeks to answer about the performance of an activity or program. The objective may cover a single program area or range of responsibilities, and it may fall under the mandate of a single agency or multiple agencies. An audit objective should be realistic and achievable, and give sufficient information to the agency and other stakeholders about the focus of the audit. At its broadest, it should focus on the results rather than on systems and practices.

Ideally, each audit would have one audit objective that provides a clear focus for the audit. Complex audits may need several objectives, but these should be limited to a small number. Presenting audit objectives as clearly and concisely as possible prevents the auditor from undertaking unnecessary or overly ambitious audit work.

Better practice is to present the audit objective as a statement in the following format: “The objective of the audit is to determine if/whether the agency has . . .” When the objective is phrased in an inconclusive manner, such as “. . . assess the extent to which . . .,” it does not lead to a clear conclusion in a pass or fail format.

Sub objective and lines of inquiry

Usually, audit objectives are a maximum of 20 to 30 words and do not contain sub-objectives, criteria, jargon, program objectives, or any other unnecessary elements. They often include a modifier (e.g., adequately managed) that we need to define in the criteria. The shorter the objectives, the better and clearer they are. However, when the audit objective is very concise, it is necessary to define it further in sub-objective, lines of inquiry and criteria.

Lines of inquiry are areas to audit within the scope. They should address the issues that parliamentarians would expect us to examine within the given scope.

The number of lines of inquiry may depend on the nature, scope, and complexity of the audit issues and the value that each line of inquiry will add. A good audit program organises the lines of inquiry depending on the subject matter under examination and the audit approach. Lines of inquiry can be audit issues, subject areas, or stages in a process. For example, for an audit on privacy and mobile apps, there could be lines of inquiry for developing the app, releasing it and managing it.

Criteria and key questions

We need a way to assess whether an agency’s performance in the areas subject to audit meets the audit objective. Criteria are the benchmarks we use to evaluate the subject matter or performance. Suitable criteria are reasonable and acceptable standards of performance against which we evaluate or measure performance. In a compliance audit, criteria will reflect the relevant legislative requirements and an agency’s performance includes its compliance.

We should develop criteria for each line of inquiry. The criteria focus, wherever possible, on the results that the program, operation, system, or control is expected to achieve. The assessment of whether or not the agency meets the criteria results in audit observations/findings. Taken together, the findings should be sufficient to allow the audit team to form a conclusion against each audit (sub) objective or line of inquiry.

The audit program documents the sources of the criteria. The sources include:

- law or regulation
- standards issued by authorised or recognised bodies of experts
- policies and standards that are mandatory for the audited agency.

When using laws or regulations as criteria, we need to ensure that they directly relate to the audit objective. The same is true of central agency or agency policies.

Criteria developed specifically for the audit include criteria based on performance data from other organisations, inside or outside of government, such as best practice principles. Directives, guidelines, plans, tools, and measures developed by central agencies or government departments and agencies are less authoritative. However, we can use them as criteria if we can validate their suitability.

When assessing the criteria’s suitability for the engagement, we should consider how we selected or developed them. Suitable criteria are:

- relevant
- complete
- reliable
- neutral
- understandable.

Criteria can be qualitative or quantitative.

While we should discuss the criteria with the audited agency, it is ultimately our responsibility to select suitable criteria.

ASAE 3000.A45-52, ASAE 3100.A12-A15

Evidence

Evidence is information that we collect and use to provide a factual basis for developing findings and for concluding against audit objectives. Evidence provides grounds for believing that a particular thing is true by providing persuasive support for a fact or a point in question. Evidence must support the contents of the report to Parliament, including any descriptive material, all findings leading to recommendations, and the audit conclusions.

We can collect audit evidence in a number of ways. Questions about the best way to gather the right kind of information for analysis begin when the audit team is developing the audit program. The audit objectives and criteria determine the kind of evidence we need to gather, the appropriate tests, and the type of analysis we will perform.

For more guidance about Evidence, refer to policy statement P502 – Evidence.

| POLICY | | | |
|-----------------|--------------------------|--------|----------------------|
| Title | <i>Audit team</i> | | |
| Effective date: | 6 October 2017 | Number | P303 |
| Approved date: | 6 October 2017 | Owner: | Audit and Evaluation |

Policy statement

The Engagement Leader shall ensure that collectively, the audit team has the appropriate competencies and capabilities to perform the engagement.

ASAE 3000.32

Audit phase(s)

Planning, conduct

Guidance

To assess the collective competencies and capabilities, the Engagement Leader should consider the team members' profile, expertise and experience, and their ability to comply with the relevant ethical requirements. The Engagement Leader should also consider the profile of the audited agencies and the complexity of the subject matter.

Points to consider include

- Team members have sound knowledge of auditing
- Team members have knowledge of relevant industries or subject matters
- Team members have experience with relevant regulatory or reporting requirements, or the ability to gain the necessary skills and knowledge effectively
- Team members have sufficient capacity to undertake the engagement efficiently and effectively.

The Engagement Leader should allocate staff so that appropriate skills and levels of expertise are available for the conduct of the engagement.

Where there are any deficiencies in the skills, experience or capacity of the assigned audit team, the Engagement Leader should consider whether existing team members could acquire the skills, or consider using an expert or contractor.

ASAE 3000.A69-A73, ASAE 3500.A7-A8

| POLICY | | | |
|-----------------|---|--------|----------------------|
| Title | <i>Understand the topic and the agency</i> | | |
| Effective date: | 6 October 2017 | Number | P304 |
| Approved date: | 6 October 2017 | Owner: | Audit and Evaluation |

Policy statement

We shall obtain a sufficient knowledge and understanding of the topic, the audited agency and other engagement circumstances.

ASAE 3000.45-47, ASAE 3100.32, ASAE 3500.32-33

Audit phase(s)

Planning, conduct

Guidance

Understanding the topic, the audited agency and other engagement circumstances is an essential part of planning and conducting an engagement. That understanding ordinarily provides a frame of reference for exercising professional judgement throughout the engagement, for example when:

- determining the audit objective, scope and criteria
- designing the audit program
- assessing the suitability of criteria
- analysing the evidence
- evaluating the sufficiency and appropriateness of evidence
- identifying and managing engagement risk.

ASAE 3000.A103-A108, ASAE 3500.32-33

Our understanding extends to:

- legislative, compliance and policy framework
- industry, regulatory and other external factors
- nature of the agency and management culture
- internal controls
- objectives, strategies and related business risks
- roles and responsibilities
- relevant datasets.

ASAE 3100.32, ASAE 3100.A30-A32

This translates into questions, including:

- What are the business objectives and business processes related to the topic?
- Who (what agencies and/or what parts of the agencies) are involved and what are their respective responsibilities and accountabilities?
- What is the environment in which the agency operates (legislative, economic, social, technological)?
- What is the organisational structure of relevant parts of the agency?
- Who are the stakeholders (e.g., community, advocacy groups, media, private sector, community organisations, unions, other government agencies)?

We use several techniques to gather the necessary information, including

- review of previous audits and studies, and audits conducted by others
- interviews with the agency's management
- review of agency's policies, directives, minutes, and other relevant documents
- review of the agency's management and accountability reports and risk assessments
- data analysis.

The depth of the research required to gain a sufficient and appropriate knowledge of the topic and the agency varies depending on:

- our knowledge and expertise
- the scope and complexity of the topic.

Engagements such as compliance audits of application handling practices or follow up audits require limited research. Engagements about issues or emerging risks require preliminary planning before we have sufficient knowledge to set the scope and objectives of the engagement.

| POLICY | | | |
|-----------------|--|--------|----------------------|
| Title | <i>Work performed by internal audit and experts</i> | | |
| Effective date: | 6 October 2017 | Number | P305 |
| Approved date: | 6 October 2017 | Owner: | Audit and Evaluation |

Policy statement

We shall have sole responsibility for the engagement. Our use of the work of internal audit or experts does not diminish that responsibility. We shall make all significant judgements in the engagement.

We shall exercise professional judgement to:

- assess the nature and scope of the work of internal audit or experts
- evaluate the competence, capabilities and objectivity of internal audit or experts
- evaluate the appropriateness of internal audit or experts' work as evidence and its relevance to the overall engagement and audit program.

ASAE 3000.52-55, ASAE 3100.34-38, ASA 610, ASA 620

Audit phase(s)

Planning, conduct

Guidance

Internal audit

Although they may perform audit procedures similar to ours, neither the internal audit function nor the internal auditors are independent of the entity.

If we plan to use the work of the internal audit function, we should determine whether we can use it for the purposes of the engagement. We should consider:

- the extent to which the internal audit function's organisational status and relevant policies and procedures support the objectivity of the internal auditors
- the level of competence of the internal audit function
- whether the internal audit function applies a systematic and disciplined approach, including quality control
- whether the work of the internal audit function is adequate for the purposes of the engagement.

Once we have determined that we can use the work of the internal audit function for our engagement, we should consider whether the nature and scope of the work the internal audit function has performed, or plans to perform, is relevant to the engagement and audit program.

Experts

If we plan to use an expert either as an advisor/subject matter expert or as a contractor, we should evaluate the significance of potential threats to the expert's objectivity. We should establish safeguards appropriate to the role of the expert and the significance of the expert's work in the context of the engagement.

If, having followed this policy, we conclude that the work of that expert is adequate for the purpose of the engagement, we may accept that expert's findings or conclusions in the expert's field as appropriate audit evidence

The following matters may be relevant when evaluating the adequacy of the expert's work for the purpose of the engagement:

- the relevance and reasonableness of that expert's findings or conclusions, and their consistency with other evidence
- if that expert's work involves use of significant assumptions and methods, the relevance and reasonableness of those assumptions and methods in the circumstances

- if that expert's work involves the use of source data that is significant to that expert's work, the relevance, completeness, and accuracy of that source data.

We should document the matters considered and the evaluation.

ASAE 3000.A121-A136, ASAE 3100.A41-A44, ASA 610, ASA 620

| POLICY | | | |
|-----------------|----------------|--------|----------------------|
| Title | Risk | | |
| Effective date: | 6 October 2017 | Number | P306 |
| Approved date: | 6 October 2017 | Owner: | Audit and Evaluation |

Policy statement

We shall consider the **engagement risk**, and its potential effect on the level of assurance provided, when planning and conducting an engagement. We shall reduce engagement risk to an acceptable level in the circumstances of the engagement.

We shall identify and manage the **operational risk**.

We shall document the risks and the mitigation strategies adopted. We shall monitor risk throughout the engagement.

ASAE 3000.12 (a) and (f), ASAE 3100.17 (o) and (v)

Audit phase(s)

Planning, conduct, reporting

Guidance

Engagement risk is the risk that we express an inappropriate conclusion. It arises when we base the conclusion on unsound evidence or evidence that is improper or incomplete due to inadequacies in evidence gathering and analysis.

We need to consider materiality and engagement risk together when:

- (a) determining the nature, timing and extent of evidence gathering procedures; and
- (b) evaluating whether the assertion or information is free of misstatement.

Reducing engagement risk to zero is very rarely attainable or cost beneficial and, therefore, “reasonable assurance” is less than absolute assurance.

Operational risk refers to the risk that we will not complete an engagement in accordance with the project plan or to the required quality. The Team Leader manages operational risk and plans for contingencies as part of their day-to-day project management.

ASAE 3000.A11-A14

| POLICY | | | |
|-----------------|---|--------|----------------------|
| Title | <i>Conducting the engagement</i> | | |
| Effective date: | 6 October 2017 | Number | P501 |
| Approved date: | 6 October 2017 | Owner: | Audit and Evaluation |

Policy statement

We shall perform the audit procedures diligently and in accordance with our methodology, standards and procedures.

Audit phase(s)

Conduct

Guidance

As we gather and analyse audit evidence, we communicate emerging findings to the agency. We seek confirmation and validation of facts to ensure the evidence is accurate and complete. It is important that we do this before providing the report to the agency.

We need to identify, and appropriately document and resolve significant matters. Both the Engagement Leader and the Commissioner review these matters.

We shall document discussions and communications of significant matters, including the nature of the significant matters discussed and when and with whom the discussions took place.

It is not unusual to amend an audit program during the conduct phase, for example due to unforeseen difficulties in gathering sufficient evidence of appropriate quality. We have to be alert to any signs that the evidence may not achieve the level of assurance required for the audit engagement and take appropriate corrective action.

If there are potential amendments to the audit program, the Team Leader needs to raise this issue with the Engagement Leader and outline how this affects the nature, timing, and extent of audit procedures we perform. Upon approval, the Engagement Leader needs to communicate these changes to the audited agency.

At the completion of the conduct phase, we prepare an end of conduct brief for the agency. The brief documents the key findings for each line of inquiry. It does not include our conclusions and recommendations. The purpose of the end of conduct brief is to identify the material facts that will form the basis for the report to Parliament.

We issue the brief to the audited agency and invite its comments on the accuracy of the facts and findings. The Team Leader and Engagement Leader consider all comments and additional evidence received from the agency and determine if we need to change our findings and conclusions.

A person who receives a brief, or part of brief, must not disclose information contained in the brief unless it is to liaise within the agency for making submissions or comments to us.

| POLICY | | | |
|-----------------|-----------------|--------|----------------------|
| Title | Evidence | | |
| Effective date: | 6 October 2017 | Number | P502 |
| Approved date: | 6 October 2017 | Owner: | Audit and Evaluation |

Policy statement

We shall obtain **sufficient appropriate** evidence to draw reasonable conclusions.

We shall evaluate the sufficiency and appropriateness of the evidence obtained in the context of the engagement and, if necessary, attempt to obtain further evidence.

ASAE 3000.12 (i), 48-50 and 64-65, ASAE 3100.39-46 and 49-50

Audit phase(s)

Conduct

Guidance

Obtaining evidence

We select a combination of procedures to obtain reasonable assurance or limited assurance, as appropriate. We may use the procedures listed below, for example for planning or performing the engagement, depending on the context in which they are applied:

- analytical procedures
- confirmation
- enquiry
- inspection
- observation
- re-calculation
- re-performance.

Primary evidence, which we obtain through direct physical examination, observation, computation, and inspection is generally more reliable than evidence obtained indirectly from secondary sources.

Secondary evidence is information gathered by the audited agency and third parties, such as that found in reports and databases. We need to devote considerably more effort when verifying the quality of secondary evidence that we will use to support findings and conclusions, than we do when verifying secondary evidence that provides contextual information.

Although we may gather important audit evidence through enquiry, enquiry alone ordinarily does not provide sufficient audit evidence.

Assessing evidence

We will apply professional judgement to assess the sufficiency and appropriateness of evidence in light of the level of assurance sought and the engagement risk. Sufficiency of evidence is the measure of the quantity of evidence; appropriateness of evidence is the measure of the quality of evidence.

The sufficiency and appropriateness of audit evidence are interrelated. The higher our assessment of the engagement risk, the more audit evidence we are likely to require. The quality of such audit evidence (the higher the quality, the less may be required) will affect the quantity of audit evidence we need. Obtaining more audit evidence, however, may not compensate for its poor quality.

We need to assess the relevance and reliability of the evidence, as well as its accuracy and completeness. The following are characteristics of reliability

- auditor's direct knowledge
- degree of objectivity

- effectiveness of client's internal controls
- independence of provider
- qualification of individuals providing the information
- timeliness.

In terms of completeness, we need to assess whether we have addressed all the required audit procedures and obtained evidence regarding all relevant assertions and/or criteria. We need to gather more evidence on material or high risk issues when the evidence to date is inconsistent or unreliable, or we may be unable to form a conclusion against criteria.

If we do not find evidence in an area where one expects to find it, this could be a finding in itself. We first need to confirm that the evidence should exist. If we request a copy of the document and the agency cannot provide it, we need to document this.

If the audit team is unable to gather sufficient appropriate evidence, it needs to raise this with the Engagement Leader to re-evaluate the audit program, including the audit scope, or amend the level of assurance we seek to give.

ASAE 3000 A109-120 and A147-A158

ASAE 3100.A37-A39 and A45-A46

| POLICY | | | |
|-----------------|----------------------|--------|----------------------|
| Title | Documentation | | |
| Effective date: | 6 October 2017 | Number | P503 |
| Approved date: | 6 October 2017 | Owner: | Audit and Evaluation |

Policy statement

We shall prepare on a timely basis engagement documentation that supports the report. The documentation shall be sufficient and appropriate to enable an experienced auditor, who has no previous connection with the engagement, to understand:

- the nature, timing and extent of the procedures we performed to comply with the relevant auditing standards and applicable prescribed requirements
- the results of the procedures we performed and the evidence we obtained
- the significant matters arising during the engagement, the conclusions we reached and significant professional judgements we made in reaching those conclusions.

ASAE 3000.33 and 79-83, ASAE 3100.66-67

Audit phase(s)

Planning, conduct, reporting

Guidance

Documentation includes a record of our reasoning on all significant matters that require the exercise of professional judgement, and related conclusions.

It is neither necessary nor practical to document every matter considered, or professional judgement made, during an engagement.

We shall apply professional judgement to determine what documentation we need to prepare and retain. We may consider what is necessary so that another auditor, who has no previous experience with the engagement, can understand what procedures we performed and how we reached our conclusions.

ASAE 3000.A200-A204

| POLICY | | | |
|-----------------|--------------------|--------|----------------------|
| Title | Materiality | | |
| Effective date: | 6 October 2017 | Number | P504 |
| Approved date: | 6 October 2017 | Owner: | Audit and Evaluation |

Policy statement

We shall consider materiality when:

- planning and performing the engagement, including when determining the nature, timing and extent of procedures
- evaluating the evidence against the audit criteria.

We shall form a conclusion on the basis of the relevant evidence obtained.

ASAE 3000.44, Framework for Assurance Engagements AASB

Audit phase(s)

Planning, conduct, reporting

Guidance

Our consideration of materiality is a matter of professional judgement. In considering materiality, we need to understand and assess any deficiencies against the criteria and how they might influence the decisions of the intended users.

Professional judgements about materiality are not affected by the level of assurance. For the same intended users and purpose, materiality for a reasonable assurance engagement is the same as for a limited assurance engagement.

Quantitative and qualitative factors we may consider when assessing materiality include:

- the magnitude of the impacts
- the relative importance of the matter to achieving the agency's objectives
- the extent of interest shown in particular aspects of the subject matter by, for example, the legislature or other governing body, regulatory authorities or the public.

Concluding on the materiality of the deficiencies requires professional judgement. For example, in a compliance engagement, an entity may have complied with nine provisions of the relevant law or regulation, but did not comply with one provision. We need to apply professional judgement to conclude whether the entity complied with the relevant law or regulation as a whole.

When forming a conclusion, we need to consider all relevant evidence, regardless of whether it appears to corroborate or contradict other evidence.

ASAE 3000.A92-100, ASAE 3100.17 (q) and A24-A29, ASAE 3500.29-31

| POLICY | | | |
|-----------------|------------------|--------|----------------------|
| Title | Reporting | | |
| Effective date: | 6 October 2017 | Number | P701 |
| Approved date: | 6 October 2017 | Owner: | Audit and Evaluation |

Policy statement

We shall prepare a written report on the assurance engagement and clearly express a conclusion.

We shall tailor the report to the circumstances of the engagement.

ASAE 3000.67, ASAE 3500.43-44

Audit phase(s)

Reporting

Guidance

Our reports are our main communication with Parliament. We should communicate the results of our work clearly, accurately and concisely so that our reports support our strategic objectives - improving agencies' practices and promoting greater awareness of right to information and information privacy.

Our reports to Parliament should be:

- accurate
- balanced
- clear
- coherent
- complete
- concise.

To be convincing, our reports should be structured logically and adapted to the content.

Our reports should present a clear relationship between the audit objective, criteria, findings, conclusions and recommendations. They should include all the information needed to address the audit objective and sufficient detail for the reader to understand the subject matter, the findings and the conclusions.

Unlike the end of conduct briefs, reports to parliament include conclusions and recommendations.

Reports to parliament are **confidential until tabled**. This includes all drafts or early versions of the reports. This confidentiality also applies to non OIC staff, for example audited agencies staff we may consult with while drafting the reports.

A person who receives a proposed audit report, or part of an audit report, before it is tabled must not disclose any information contained in the report unless it is for making submissions or comments to the Information Commissioner or obtaining legal advice about matters raised in the report.

ASAE 3000.A2 and A159-A160

| POLICY | | | |
|-----------------|---------------------------------|--------|----------------------|
| Title | <i>Subsequent events</i> | | |
| Effective date: | 6 October 2017 | Number | P702 |
| Approved date: | 6 October 2017 | Owner: | Audit and Evaluation |

Policy statement

When relevant to the engagement, we shall:

- consider the effect on the information, and on the report, of events up to the date we issue the report for formal comments
- respond appropriately to facts that become known to us after the date we issue the report if they may have caused us to change the report.

ASAE 3000.61

Audit phase(s)

Reporting

Guidance

We have no responsibility to perform any procedure about the information after the date we issue the report for formal comments.

If a fact comes to light after we issue the report, and had we known this fact at the time we may have amended the report, we may need to discuss the matter with the appropriate party(ies) or take other action as appropriate.

ASAE 3000.61 and A141-A142

| POLICY | | | |
|-----------------|-----------------------|--------|----------------------|
| Title | <i>Tabling</i> | | |
| Effective date: | 6 October 2017 | Number | P703 |
| Approved date: | 6 October 2017 | Owner: | Audit and Evaluation |

| Policy statement |
|--|
| <p>We shall comply with the prescribed requirements about reporting the results of our assurance engagements.</p> <p><i>Right to Information Act 2009</i> (Qld), section 131(2), section 184(5) <i>Information Privacy Act 2009</i> (Qld), section 135(1), section 193(5)</p> |

| Audit phase(s) |
|----------------|
| Reporting |

| Guidance |
|---|
| <p>The <i>Right to Information Act 2009</i> and the <i>Information Privacy Act 2009</i> prescribe how the Information Commissioner reports on the results of assurance engagements.</p> <p>Tabled reports are available on the OIC's website.</p> |

| POLICY | | | |
|-----------------|----------------------------|--------|----------------------|
| Title | <i>Finalisation</i> | | |
| Effective date: | 6 October 2017 | Number | P801 |
| Approved date: | 6 October 2017 | Owner: | Audit and Evaluation |

Policy statement

We shall assemble the documentation for the engagement in a file and complete the administrative process of finalising the engagement within six weeks of tabling the report.

ASAE 3000.81

Audit phase(s)

Finalisation

Guidance

The finalisation of the engagement file after tabling the report is an administrative process. It does not involve performing new procedures or drawing new conclusions.

We may change the documentation in the file if these changes are administrative, such as:

- deleting or discarding superseded documentation
- sorting, collating and cross-referencing work papers
- signing off on completion checklists.

After finalisation, we will not delete or discard engagement documentation of any nature before the end of the relevant retention period.

If we find it necessary to amend existing documentation or add new documentation after finalisation, we will document the specific reasons for amendments or additions, their dates and the persons involved.

The team will complete a debrief to reflect on the engagement. This is the opportunity to identify good practice and areas where we could improve.

ASAE 3000.82-83 and A205-A206

| POLICY | | | |
|-----------------|----------------------------------|--------|----------------------|
| Title | <i>Project management</i> | | |
| Effective date: | 6 October 2017 | Number | P901 |
| Approved date: | 6 October 2017 | Owner: | Audit and Evaluation |

Policy statement

We shall develop a project plan for each assurance engagement, including timeframes and milestones.
We shall monitor, and regularly report on, progress against the project plan and the project schedule.

Audit phase(s)

Planning, conduct, reporting

Guidance

We consider that an assurance engagement is a project with specific goals. Managing the engagement as a project means we plan and monitor the work so that we complete the engagement on time, while producing a high-quality report.

In addition to completing the engagement on time, effective project management involves:

- ensuring appropriate resources are available
- breaking down the audit work into tasks and assigning these tasks to team members with clear timeframes
- allocating work to team members so that they are not under utilised or overloaded
- allocating work to team members to help them develop expertise, or to benefit from their expertise, as required
- coaching team members, and keeping them focused and aware of progress
- encouraging team members to bring concerns forward so that we can discuss and solve problems in a timely manner
- planning for contingencies so that if a step does not go as expected, there is an alternative plan
- anticipating potential bottlenecks or roadblocks in the audit process and planning for this
- addressing and/or escalating issues early to mitigate their impact
- being aware of how decisions on one aspect of the audit could affect other aspects (for example, taking more time on one audit step could reduce the time available for other steps).

Elements of the project plan are in the audit strategy (PRO301.1 under Planning the engagement) and in our annual program of work, in particular:

- engagement risks and operational risks
- value proposition
- scope of the engagement
- stakeholders and communication.

We monitor these elements, resolve issues and report on them when required.

At a lower level, the Team Leader develops and maintains a project schedule. The schedule lists the engagement's tasks/activities, milestones and deliverables with intended and actual start and finish dates. It also assigns resources and identifies dependencies between the tasks.

At the early stages of complex engagements, it is likely that the Team Leader has to develop the schedule on estimates. The Team Leader refines the schedule as the engagement progresses.

The Team Leader regularly monitors progress against the schedule and validates the forecast. The Team Leader also anticipates issues or roadblocks and develops contingency plans.

When it looks like the engagement will significantly diverge from the schedule, the Team Leader identifies options to deal with the delay or disruption. The Team Leader assesses how these options minimise the

impact on the engagement, any resource implications and possible flow on effects on the program of work. Seeking to amend the approved schedule is only one option and the Team Leader should consider other approaches to deal with issues and delays.

| POLICY | | | |
|-----------------|------------------------------|--------|----------------------|
| Title | <i>Communications</i> | | |
| Effective date: | 6 October 2017 | Number | P902 |
| Approved date: | 6 October 2017 | Owner: | Audit and Evaluation |

Policy statement

We shall maintain a professional relationship with the audited agency throughout the engagement.

We shall communicate significant matters, such as material deficiencies in systems and controls, variations from the criteria or compliance breaches, to the audited agency promptly.

Where required by law, regulation or relevant ethical requirement, we shall refer significant matters to an appropriate authority outside the agency.

ASAE 3000.78, ASAE 3100.62-64, ASAE 3500.49-51

Audit phase(s)

Planning, conduct, reporting

Guidance

We aim to conduct audits openly and transparently. This means that we will adopt a 'no surprises' approach and regularly consult and communicate with the audited agency. The process will depend on the nature of the engagement and the agencies.

During the course of the audit, we seek input from the agency on:

- the audit strategy
- the issues identified
- the preliminary facts and findings
- the draft conclusions and recommendations
- the contextual information.

We will agree on communication protocols with the audited agency. This includes formal and informal meetings, interviews, progress reports, emails and correspondence.

Generally, the Engagement Leader:

- discusses significant audit issues with executive management as they arise and resolves them quickly
- is the primary point of contact for senior executives at the audited agency.

The Team Leader:

- organises moderation sessions and input meetings when required
- maintains an effective working relationship with auditees at officer level
- discusses significant issues as they arise and resolves them in a timely manner.

We will also communicate to the audited agency changes in audit scope or program, if any.

When a team member identifies or suspects that we are required to refer a significant matter to an appropriate authority, they will raise the matter with the Engagement Leader who will assess it and discuss it with the Information Commissioner.

ASAE 3000.A193-A199, ASAE 3100.62-64, ASAE 3500.49-51