

# Quality Audit Review Committee Charter

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## Introduction

This charter sets out the Quality Audit Review Committee's (QARC) objective, composition, roles and responsibilities, reporting and administrative arrangements.

## Objective

The Audit Office has established the QARC to:

- monitor the quality of products and provide it with reasonable assurance it complies with the requirements of [ASQM 1 'Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements'](#) and [ASA 220 'Quality Management for an Audit of a Financial Report and Other Historical Financial Information'](#)
- review the effectiveness and efficiency of the quality review process.

## Composition

The QARC comprises:

- an external member from the profession with the appropriate experience and qualifications to perform the role of the Chair. This position is appointed by the Auditor-General in writing. Prior to appointment or extension of an appointment, the Auditor-General will conduct employment, and any other relevant checks
- the Deputy Auditor-General.

The Chair will serve on the QARC for a maximum of eight years.

Two practitioner representatives with the appropriate experience and qualifications, one drawn from the Financial Audit Branch (FAB) and one drawn from the Performance Audit Branch (PAB), will be standing invitees to QARC meetings. Representatives from the Quality, Improvement and Performance (QIP) Branch will also be standing invitees to QARC meetings.

The practitioner and QIP representatives are not members of the QARC.

The Chair must present nominations for practitioner representatives to the Auditor-General for approval. The term of the practitioner representatives will be a maximum of three years.

## Roles and responsibilities

The QARC has no executive powers and is directly responsible and accountable to the Auditor-General. The Chair must ensure the quality review process, conclusions and actions are communicated to the Auditor-General on an annual basis and as requested by the Auditor-General.

Its responsibilities, which may be changed or expanded as required by or in consultation with the Auditor-General, are to:

- review and provide feedback on the Office policy 'Monitoring Activities'
- monitor the implementation of the triennial quality review program
- ensure the selection of engagements for review complies with the Office policy 'Monitoring Activities'
- act on allegations referred to it about non-compliance with the Office's SQM or the quality of work performed
- appoint independent quality reviewers, who are appropriately qualified and experienced practitioners to perform quality reviews in accordance with the Office policy 'Monitoring Activities'
- review and consider quality reviewer reports and proposed risk ratings

- make sufficient enquiries to support its assessment of:
  - the quality of the reviews
  - the accuracy and reasonableness of findings and risk ratings, including the overall finding on the overall quality of each completed engagement
  - how consistently the review criteria have been applied
- authorise the issue of QARC reports
- review and consider the 'root cause' analysis in accordance with Office policy 'Monitoring Activities'
- recommend remedial action for quality deficiencies
- request the Financial Audit Executive and Performance Audit Executive provide formal written responses to address systemic, repetitive or other significant deficiencies identified in QARC reports.

In order for the QARC to fulfil its responsibilities, the Executive Director, Quality, Improvement and Performance is responsible for providing the QARC with timely information on matters that may impact or affect the Office's risk landscape in relation to the quality of its audit and reports, including the actions taken by the Office to respond to these matters. Examples include, but not limited to:

- the Office's risk management framework, and reporting on any strategic risk(s) that relate to the quality of the Office's audits and reports
- notices where a corrigendum or erratum has been issued in relation to a published Auditor-General's Report
- matters (such as complaints media, or parliamentary activity) that may give rise to a serious risk that a previous audit or report was deficient
- the ability for the Office to access sufficiently qualified and competent resources, including external service providers.

## Reporting

The QARC must ensure the quality review process, conclusions and actions are communicated to the Auditor-General. At the request of the Auditor-General, the QARC Chair may be asked to brief the Audit and Risk Committee, the Office Executive, the Financial Audit Executive or the Performance Audit Executive (as applicable), the Leadership Team and/or Audit Service Providers on the efficiency and effectiveness of the quality review process and/or key findings and themes.

The QARC may, at any time, report other matters it deems important to the Auditor-General. At any time, individual QARC members may ask to meet with the Auditor-General.

### Reporting lines and relationships

The QARC must ensure it maintains a direct reporting line to and from the Auditor-General. The reporting lines are:



## Administrative arrangements

### Meetings

As a minimum, the QARC will meet at the end of each review cycle. The QARC will aim to meet quarterly to consider the Office's quality monitoring activities. The Chair must call a meeting if asked to by the Auditor-General or the Deputy Auditor-General.

### Attendance at meetings and quorums

A quorum comprises both QARC members. The Auditor-General may attend QARC meetings.

The QARC can hold meetings in person, by telephone or video conference. QARC members can hold in-camera discussions, if necessary.

Practitioner representatives are not eligible to attend a meeting (or part thereof) if the QARC is discussing quality review findings on an engagement where they were part of the engagement team. The Chair may request another suitably experienced and qualified practitioner to attend.

### Dispute resolution

Members of the QARC and relevant personnel of the Office should maintain effective working relationships and try to resolve differences through constructive conciliation.

Where there is an instance a QARC member or practitioner representative disagrees with the quality reviewer's decision on the rating for:

- overall file and/or
- individual identified deficiencies,

the Chair must consider all views and endorse a single view.

### Secretariat

The Auditor-General will appoint a person to provide secretarial support to the QARC. This will include:

- circulating an agenda and supporting papers for each meeting after approval by the Chair and at least one week before the meeting
- preparing and maintaining minutes of meetings

- preparing action items to address matters requiring attention
- ensuring minutes are approved by the Chair
- circulating minutes to each member, standing invitees, and observers within a reasonable time, generally within one week of a meeting.

Quality reviewer reports and reports from other reviews of the Office's operations within QARC areas of responsibility must be provided to QARC members.

### **Maintenance of records**

The Secretariat must maintain records of:

- all minutes and supporting papers
- QARC key functional and administrative arrangements
- any registers as requested by QARC (such as a register of recommendations)
- reviews of the QARC and its charter
- other material relevant to the conduct of the QARC or its meetings.

### **Conflicts of interest**

QARC members must declare conflicts of interest, if any, at the start of each meeting and/or before discussing relevant agenda items or topics. Details of conflicts of interest should be minuted.

Where a member, standing invitee, or observer at a QARC meeting has a real or perceived conflict of interest, they should be excused from deliberations on the issue.

### **Induction**

New members will receive information and briefings when appointed to the QARC to help them meet their responsibilities.

### **Assessment arrangements**

The Auditor-General, in consultation with the Chair, will establish a mechanism to annually review and report on the QARC's performance. The review can be a self-assessment with input from the Auditor-General, unless the Auditor-General determines otherwise.

### **Review of the charter**

The QARC will review this charter at least annually in consultation with the Auditor-General. The QARC must obtain formal approval for substantive changes to the charter from the Auditor-General.

### **Publication of the charter**

This charter must be published on the Office's intranet and website.