BELGIAN AUDIT OVERSIGHT BOARD

Insights

Monday, 17 November 2025

BAOB suggests 10 Audit Quality Indicators (AQI) for the audit sector's ongoing quality monitoring

The BAOB seeks to guide audit firms that wish voluntarily to use the Audit Quality Indicators (AQI).

Audit Quality Indicators (AQI) do not in themselves measure audit quality but are benchmarks whose results may directly or indirectly affect the audit quality of an audit firm. The ISQM 1 standard requires audit firms to develop a dynamic system of quality management with ongoing quality monitoring. Well chosen AQI can contribute to monitoring and continually improving the quality of the firm's organization and its engagements.

In 2024, the Belgian Audit Oversight Board (BAOB), in collaboration with the FSMA's Central Inspection Team, conducted a study of AQI with a view to gaining insight into their use and usefulness for various stakeholders. For purposes of the above-mentioned study, the BAOB relied on information from a representative sample of audit firms and publications by various supervisors and professional organizations. The BAOB held a round-table discussion[1] on 28 April 2025 with a group of audit firms and consulted the Institute of Registered Auditors (IBR-IRE); it wishes to thank the Institute and the sector for their valuable and open input.

Looking to the future, the BAOB will also take into account the results of the AQI working group established by the CEAOB[2] at the beginning of 2025 and in which the BAOB plays an active role.

To date, there is no legal obligation to introduce AQI at audit firms, or how they are to be calculated. The BAOB's study has led to a selection of 10 relevant AQI that are frequently used in practice. This publication describes them and their practical implementation.

Every audit firm decides for itself which AQI are the most suitable, bearing in mind its activities, the time needed and the data available. Proportionality is the rule at all times. Nor are the selected AQI unique: other AQI or other methods of calculation are possible, in line with each audit firm's own insights. The calculation methods set out below are the methods most commonly used in the sector.

1 Round table discussion of Audit Quality Indicators (AQI) | BAOB

2 Committee of European Auditing Oversight Bodies.

The AQI do not always provide ‘mathematical’ certainty; some AQI rely on data that are in part subjective.

Those who introduce AQI need to have a bit of patience: the use of these indicators over time will make it possible to observe patterns, and deviations therefrom, in the normal course of affairs at a given audit firm. That is when things really become interesting.

1. Added value of AQI

ISQM 1[3] requires audit firms to set up, implement and operate a dynamic system of quality management (hereafter: ‘SOQM’), in order to manage the quality of the firm and its engagements proactively[4]. Quality management requires **good monitoring processes**[5] that deliver relevant, timely and reliable information about the SOQM. Audit quality indicators (AQI) can serve as a resource in this regard.

AQI are quantitative or qualitative indicators that provide information on the quality of the audit firm’s organization and the way it carries out its engagements. These can include both measurements at an aggregated audit firm level as well as at the level of individual engagements. In addition, the AQI can be both ‘lagging’ and ‘leading: a lagging indicator measures the actual quality determined, while a leading indicator measures quality topics that can be good predictors of the future quality of the firm and its engagements.

A frequent measurement and analysis of the results of the AQI over time can support firms in identifying temporary deficiencies and to remedy them or measure the steps taken to improve quality. A negative trend can thus point to new quality risks or to a deficiency in the system of quality management. A positive trend can highlight the efforts at quality improvement made by the firm.

In addition to the timely detection of deficiencies, AQI also help emphasize the staff’s responsibility for quality. Formulating clear objectives for each indicator, allocating responsibilities and following up on them all contribute to **a culture that is attentive to quality and to ongoing internal improvement**.

[3] The International Auditing and Assurance Standards Board adopted International Standard on Quality Management (ISQM) 1 in December 2020. The standard was transposed into Belgian law by the publication in the Belgian Official Gazette of the “Standard implementing ISQM 1 and 2 and of ISA 220 (Revised)”. It is available (in French and Dutch only) from the IBR-BRE. This standard entered into force: a) as regards the design and implementation of a quality management system for audit engagements in accordance with ISQM 1, at the latest by 15 December 2023; the evaluation of the system of quality management required under paragraphs 53 and 54 of ISQM 1 must be carried out within one year of 15 December 2023; b) for the application of ISQM 2 regarding audit engagements covering periods commencing on or after 15 December 2023; c) for the application of ISA 220 (Revised) to audits of financial statements for financial years commencing on or after 15 December 2023.

[4] ISQM 1.7.

[5] ISQM 1.36, 1.37, A139.

2. Stepwise plan for implementing AQI

Every firm will determine for itself whether AQI are useful, and if so, which AQIs may be useful and whether the data needed for their calculation are available (now or in the near future).
The choice will always take into account the nature and activities of the firm: a profusion of instruments of measurement whose results are not useful or cannot be followed up on would be of no avail.

If a firm opts to introduce AQI, the following **tips** may prove useful.

AQI are best suited to measuring topics that are closely correlated with the quality of the firm and its engagements: **the first step** is thus to identify **relevant quality topics**.
Our study has shown that there are **five topics** that both the representative sample of firms and foreign supervisors often measure using AQI:

1. the involvement and supervision of the dossier by the engagement partner, as well as by the engagement-oriented quality reviewer;
2. personnel workload;
3. personnel turnover at the firm;
4. staff training;
5. the results of internal and external monitoring.

These topics are **linked to the quality objectives of the following components[6]:** 'Resources', 'Engagement performance' and 'Monitoring and remediation'. Pursuant to ISQM 1, a firm must meet additional quality objectives as well, and can also decide on its own initiative to set out additional quality objectives specific to that firm.
A firm can decide to monitor all those quality objectives by means of AQI.

The second step is selecting the most suitable AQI for measuring the quality objectives established.

A good AQI generates consistent and reliable information. This requires, as a **third step**, a **clear definition and calculation method**, and a calculation based on **quantitative and verifiable data**. It is helpful to opt for **relative, rather than absolute indicators**, because relative indicators make possible a comparison of the AQI results over time, including if a firm changes in size[7].

This of course requires that **the data** needed to calculate the selected AQI are available now or within reasonable time. This requires, as a **fourth step**, the analysis of the data available and may require adjustments to the internal data system or the collection of new data.

The final step is to determine an appropriate frequency for the measurement and reporting of AQI.

---

6 ISQM 1.6.

7 To help select the most suitable AQI, the BAOB drew up an AQI survey and gave it to a representative sample of Belgian audit firms. The firms evaluated a list of potential AQI on the basis of their 'usefulness' and 'correlation with quality'.

Frequent measurement of AQI ensures timely and ongoing information about quality. An analysis of the AQI results over time confirms certain trends or reveals sudden deviations from the trend. That in turn requires further research into the underlying causes thereof.

A dashboard can provide practical support for the analysis and reporting of AQI. It can also be useful to further supplement the analysis with relevant contextual information about the firm or its engagements[8]. Lastly, **monitoring the audit process in terms of the attainment of milestones** is particularly useful: there is certainly a demonstrable link between deficiencies and an audit process that is started, carried out and monitored late.

3. 10 AQI for ongoing quality monitoring

Based on its study, the BAOB selected 10 relevant AQI to serve as inspiration for the sector; these AQI provide for ongoing, relevant, reliable and timely information on the quality of audit firms and their engagements[9].

The calculation method of the measurement provided below for each of these AQI is indicative, and describes the most frequently used method.

As mentioned above, there are other possible methods, and each firm can best work out for itself what it wishes to measure and how and what available data it has or wishes to obtain.

These concern the following AQI:

1. Involvement and supervision
2. Experience of the auditor who signs the engagement report
3. Specialized audit resources
4. Monitoring
5. Archiving
6. Personnel turnover
7. Training
8. Workload
9. Quality resources
10. Culture

3.1 Involvement and supervision

The AQI on ‘Involvement and supervision’ measures the involvement and the supervision of the signing engagement partner and the engagement-oriented quality reviewer throughout the engagement.

8 Thus a strategic change in the client portfolio can have an impact on the AQI on ‘Involvement and supervision’.
9 There are, of course, many other AQI or variants on the AQI selected.

Details of the indicative measurement:
- *Involvement and supervision of the signing engagement partner for PIE and non-PIE engagements.*
- *Involvement and supervision for the engagement-oriented quality reviewer for PIE and non-PIE engagements.*

The signing engagement partner is responsible for the quality of the engagement. He or she must be sufficiently and appropriately involved throughout the engagement[10]. The engagement-oriented quality reviewer also plays an important role in the quality of the engagement. He or she reviews the evaluation of significant judgements and the conclusions about them reached by the engagement team[11].

A higher level of involvement and supervision has a positive effect on the quality of the engagement. This means that more time is taken to evaluate the significant judgements and the activities carried out to support appropriate conclusions. Involvement and supervision always depend on the nature and circumstances of the engagement and the composition of the engagement team: **risky engagements or inexperienced teams require a higher level of involvement and supervision.**

3.2 Experience of the signing engagement leader

The AQI on 'Experience of the signing engagement leader' measures the weighted average number of years of audit experience of the signing engagement partners.

Details of the indicative measurement:
Weighted average years of experience of the signing engagement parties for PIE and non-PIE engagements

The engagement team, led by the signing engagement partner, must have sufficient competence and capabilities to perform the engagement[12]. ISQM 1 specifies that the engagement team must exercise **professional judgement** and demonstrate professional scepticism[13]. That attitude supports the quality of the judgements made in the course of the engagement.

More experienced partners are likely to understand the risks associated with the engagements better and may thus formulate better responses to the risks. It is therefore useful **for a firm to take into account the risk profile of the engagement when assigning engagement partners**.

3.3 Specialized audit resources

The AQI on 'Specialized audit resources' measures the involvement of specialized resources for the performance of the engagement.

10 ISQM 1.31 b.
11 ISQM 2.24, 2.25, 2.26.
12 ISQM 1.32 a.
13 ISQM 1.31 a, c.

Details of the indicative measurement:
- *Involvement via consultations for PIE and non-PIE engagements;*
- *Involvement of specialists for PIE and non-PIE engagements;*
- *Involvement of service delivery centres for PIE and non-PIE engagements.*

Additional information:
- *Number of consultations for PIE and non-PIE engagements.*

The engagement team, led by the signing engagement partner, must have the necessary competence and capabilities to perform quality engagements[14]. The engagement team must, moreover, provide for consultation on difficult or contentious matters[15]. Consultation generally includes being able to discuss difficult or contentious questions at an appropriate professional level with people within or outside the firm who have the requisite specialized expertise,

The degree to which a firm has access to and uses specialized expertise has a positive impact on the quality of the engagements. The need for specialized knowledge is thus dependent on the nature and circumstances of the engagement.

3.4 Monitoring

The AQI on 'Monitoring' measures:
- **the coverage of internal monitoring activities;**
- **the results of internal and external monitoring activities.**

Details of the indicative measurement:
- *The percentage of the signing engagement partners for whom the firm has carried out internal monitoring activities in the previous year;*
- *The number of deficiencies in the design, implementation or operating effectiveness of the system of quality management (for the last monitoring cycle completed);*
- *The percentage of the monitored engagement files with deficiencies and significant deficiencies;*
- *The number of measures imposed in the course of external inspections conducted by the BAOB, in the form of a reprimand, compliance deadline or referral to the Sanctions Committee of the FSMA for the past three/six years.*

The firm's system of quality management consists of eight components, including the monitoring and remediation process[16]. **The monitoring process provides relevant, timely and reliable information on the SOQM**[17].

The more internal monitoring activities, the greater the firm's quality focus. More monitoring means that the engagement partners and their teams receive more frequent feedback about the quality of

[14] ISQM 1.32 a.
[15] ISQM 1.31.d, A79.
[16] ISQM 1.6.
[17] ISQM 1.35.

the engagements. As a result, they can also remedy any deficiencies more quickly and can prevent similar deficiencies in the future.

Firms with a high-quality monitoring process are able to identify and remedy any deficiencies in the SOQM before the (external) inspections. The results of external monitoring activities thus provide useful insights into the quality of the firm's internal monitoring process.

3.5 Archiving

The AQI on 'Archiving' measures the number of engagements that were archived in a timely manner out of the total number of engagements to be archived within the statutory deadline of 60 days and/or at an earlier date.

Example:
Accelerated archiving measures the volume of archived engagements within, for instance, 10 or 15 days (or any other number of days) of the signature of the engagement report instead of the statutory deadline of 60 days.

This indicator thus shows not only the degree to which the firm complies with the legislation and regulations, but also reflects the maturity of the archiving process.
The firm must assemble the engagement documentation internally on a timely basis after the date of the engagement report, must maintain it appropriately and retain it in compliance with the legislation and regulations[18].

Measuring the extent to which the firm fulfils the legal obligation to archive its documentation within 60 days can, for example, be linked with the potential introduction of an internal obligation to achieve certain milestones, such as (1) assembling the engagement documents faster and (2) archiving them sooner than required by law.

Experience shows, after all, that the more time lapses after the signing of the auditor's statement, the more effort the archiving process will require and the greater the risk that the statutory deadline of 60 days will be missed.

3.6 Personnel turnover

The AQI on 'Personnel turnover' measures both voluntary and involuntary departures of audit professionals.

Details of the indicative measurement:
Personnel turnover by grade of audit professionals

[18] ISQM 1.31, f and article 17 of the Law of 7 December 2016 on the organization of the profession and the public supervision of auditors.

Each firm must plan, obtain and allocate resources, including human resources, in a manner that is consistent with the firm's commitment to quality[19]. **It must assign to each engagement a team and a signing engagement partner who collectively have the necessary competence and capabilities, including sufficient time, to carry out the activities**[20].

The firm must plan or budget for staff needs on the basis of the requirements of the engagements and set aside a certain percentage thereof for personnel turnover. If **personnel turnover at the firm is higher than expected**, this can present a **risk to quality**:

- The firm has fewer staff to assign to the engagements, resulting in a higher workload for the remaining staff.
- The firm may lose relevant experience and expertise that are necessary to carry out specific engagements.

A **sudden increase in personnel turnover can also indicate a change in the firm's culture**: staff who no longer identify with the firm's values and principles opt to move to another firm.

3.7 Training

The AQI on 'Training' measures the average number of successfully completed training hours per FTE[21] audit professional, including professional development required by law.

Details of the indicative measurement:
Average number of successfully completed training hours per FTE audit professional

Example:
Ethics training measures the average number of successfully completed training hours in the area of ethics and independence, per FTE audit professional

The firm must hire staff and ensure that they have the necessary competence and capabilities to perform high-quality engagements[22]. Belgian lawmakers also require auditors who are natural persons to maintain their theoretical knowledge, professional skills and professional ethics by means of **continuing education**[23]. **A thorough knowledge of the relevant legislation, regulations and standards are the foundation of high-quality work.**

Competence is the ability of an individual to perform a role, and goes beyond knowledge of principles, standards, concepts, facts and procedures; it is the integration and application of technical competence, professional skills, and professional ethics, values and attitudes[24]. Firms develop competence in their staff through a variety of methods: these include mandatory continuing

[19] ISQM 1.28.e, Governance and leadership.
[20] ISQM 1.32.d, Resources.
[21] Full-time equivalent (FTE).
[22] ISQM 1.32.a
[23] Art. 27 of the Law of 7 December 2016 on the organization of the profession and the public supervision of auditors.
[24] ISQM 1.A88.

professional development, on-the-job training or coaching of less experienced engagement team members by more experienced ones.

The average number of successfully completed training hours per FTE audit professional reflects the intensity with which the firm invests in technical and ethics[25] training for staff. **More high-quality and efficient training programs result in better knowledge and competence on the part of the staff.**

3.8 Workload

The AQI on 'Workload' measures the average number of hours worked per FTE audit professional for various periods of the year.

Details of the indicative measurement:
Average weekly hours worked, by grade of audit professional

Example:
Budget overrun: the number of engagements with a budget overrun of >25%

The firm must assign engagement team members, including an engagement partner, who have the necessary capabilities, including sufficient time, to consistently perform high-quality engagements[26].

An **excessive workload on staff can pose a risk to quality** because the engagement team **may have insufficient time to perform (and document) adequate and appropriate audit activities.** Moreover, an excessive workload may be an **impediment to the exercise of professional scepticism**.

Given that the workload in the sector varies over the course of the year, it is interesting to measure the workload during different times of the year, for example, rather than on a year-to-date basis. The firm can then ensure that staff have sufficient capacity even in the busier periods to carry out quality engagements.

3.9 Quality resources

The AQI on 'Quality resources' measures the allocation of human resources to quality control, support and monitoring at the local firm level.

Examples:
- *Assignment of signing engagement partners to quality control, support and monitoring*
- *Assignment of external workers to quality control, support and monitoring.*

In accordance with ISQM 1, each firm must set up an organizational structure and assign responsibilities to enable the design, implementation and operation of the firm's SOQM[27]. The

[25] The AQI do not take into account training in soft skills.
[26] ISQM 1.32.d.
[27] ISQM 1.28.d, Governance and leadership.

individuals responsible for the SOQM must have the appropriate experience, knowledge, influence and authority within the firm[28]. Signing engagement partners usually have these characteristics and can exercise sufficient influence. If a firm does not have sufficient or suitable staff, it can use external workers[29].

The allocation of human resources to various quality-related roles signals the investment in resources in the interests of improving quality. More resources mean better support for the staff, a higher coverage of the monitoring activities, more time for investigating the causes of deficiencies in the SOQM and more time to set up appropriate and effective remedial measures.

3.10 Culture

The AQI on 'Culture' measures the positive responses to a selection of culture survey questions (per audit professional of the local firm), including the response level of the survey.

Details of the indicative measurement for the following questions in the survey:
- *Sufficient time to perform high-quality engagements;*
- *Availability of appropriate resources (intellectual, technological, etc.) to perform high-quality engagements;*
- *Sufficient training, competence and capabilities to perform high-quality engagements;*
- *Tone at the top, commitment to quality on the part of the leadership.*

Additional indicative measurement:
Response level of the culture survey

The firm's culture is, according to the ISQM standard, an important factor in influencing staff behaviour. The firm shows commitment to quality with a culture that permeates the entire firm[30]. Although leaders set the tone at the top by their actions and behaviour, clear, consistent and frequent actions and communication at every level of the firm contribute to the firm's culture[31].

Culture determines how staff behave, and how they react in certain situations. The firms and their networks recognize the importance of culture and its correlation with quality.

They therefore try to measure the **less visible elements of culture, such as values, norms and conviction via culture surveys**. These are anonymous surveys in which the staff give a score to the various aspects such as the tone at the top and the leadership's commitment to quality, the workload, and the intellectual and technological resources.

Trends in the proportion of positive replies to selected questions on culture can provide useful insights. A downward trend calls for additional research into the causes thereof, and can provide input for a cultural action plan in order to achieve the desired culture. **The analysis of culture surveys is, of**

[28] ISQM 1.21.
[29] ISQM 1.32.c.
[30] ISQM 1.28.a, c.
[31] ISQM 1.A58.

course, useful only where the response level is sufficiently high. It is also interesting to align the types of questions with the various target groups in the organization, according to their experience and tasks. Good communication by the firm’s leadership about the importance of participating in such surveys will encourage the staff to do so.

***

Annex: Guide to the voluntary implementation of selected AQI[32]

The calculation methods are indicative and are the most frequently used on the market, based on a study conducted by the BAOB.

<table>
<tr><th colspan="2">Involvement and supervision</th></tr>
<tr><td colspan="2">Description</td></tr>
<tr><td colspan="2">This AQI measures the involvement and supervision of signing engagement leaders and engagement quality reviewers throughout the engagements.</td></tr>
<tr><td colspan="2">AQI considerations</td></tr>
<tr><td>Indicator</td><td>Number of registered hours for involvement and supervision of signing engagement leaders (SEL) and engagement quality reviewers (EQR) throughout the engagements as a percentage of the total registered hours for engagements (for the reporting period)</td></tr>
<tr><td>Level of measurement</td><td>Involvement and supervision at firm level

Measurement details:
Per SEL and per EQR</td></tr>
<tr><td>Segmentation</td><td>- PIE[33] engagements
- NPIE engagements (or Non-PIE engagements)</td></tr>
<tr><td>Reporting period</td><td>12 months</td></tr>
<tr><td>Source data</td><td>Timesheets of engagements with signed engagement reports dated in the reporting period</td></tr>
<tr><td colspan="2">Calculation method</td></tr>
<tr><td colspan="2">$$\frac{\text{Total registered hours for supervision and involvement of SEL and EQR}}{\text{Total registered hours for engagements}} * 100$$
Measurement details:
Details per SEL and EQR
$$\frac{\text{Total registered hours for supervision and involvement of SEL}}{\text{Total registered hours for engagements}} * 100$$</td></tr>
</table>

32 Every audit firm decides for itself which AQI are the most suitable, bearing in mind its activities, the time needed and the data available. Proportionality is the rule at all times.

33 Article 1.12 Belgian Code on Companies and Associations.

$$\frac{\text{Total registered hours for supervision and involvement of EQR}}{\text{Total registered hours for engagements}} * 100$$

Details per type of engagement

$$\frac{\text{Total registered hours for supervision and involvement of SEL and EQR, PIE engagements}}{\text{Total registered hours for PIE engagements}} * 100$$

$$\frac{\text{Total registered hours for supervision and involvement of SEL and EQR, NPIE engagements}}{\text{Total registered hours for NPIE engagements}} * 100$$

Experience of signing engagement leader

Description

This AQI measures the weighted[34] average years of experience of signing engagement leaders within the audit profession.

AQI considerations

Indicator	The sum of, the number of years of experience times the number of signed engagement reports for each signing engagement leader, divided by the total number of signed engagement reports within the audit firm
Level of measurement	Average experience of signing engagement level at firm level
Segmentation	- PIE engagements - NPIE engagements (or Non-PIE engagements)
Population	All signing engagement leaders
Reporting period	12 months
Source data	- HR data: number of years of experience within the audit profession (at the end of the reporting period) - Number of engagements with signed engagement reports dated in the reporting period

Calculation method

$$\frac{\sum(\text{\# signed reports SEL 1* \# years of experience SEL 1 +... + \# signed reports SEL X * \# years of experience SEL X})}{\text{Total number of signed engagement reports}}$$

Measurement details:

$$\frac{\text{For PIE engagements, } \sum(\text{\# signed reports SEL 1* \# years of experience SEL 1 +... + \# signed t reports SEL X * \# years of experience SEL X})}{\text{Total number of signed engagement reports, PIE engagements}}$$

$$\frac{\text{For NPIE engagements, } \sum(\text{\# signed reports SEL 1* \# years of experience SEL 1 +... + \# signed reports SEL X * \# years of experience SEL X})}{\text{Total number of signed engagement reports, NPIE engagements}}$$

[34] The weight is the number of signed engagement reports per signing engagement leader.

Specialized audit resources

Description

This AQI measures the involvement of specialized resources throughout the engagements.

AQI considerations

Indicator	Number of registered hours for involvement of specialized resources as a percentage of the total registered hours for engagements. Types of specialized resources: consultation, involvement of specialists or experts and service delivery centres (SDC) *Additional information:* Number of engagements with formal consultations as a percentage of the total number of engagements, for PIE and NPIE engagements
Level of measurement	Involvement of specialized resource at firm level *Measurement details*: Per type of specialization (consultation, other specialists or experts, service delivery centres)
Segmentation	- PIE engagements - NPIE engagements (or Non-PIE engagement)
Reporting period	12 months
Source data	- Timesheets of engagements with signed engagement reports dated in the reporting period - Consultation tool (depending on what the local audit firm has available for reporting purposes)

Calculation method

$$\frac{\text{Total registered hours for involvement of specialized resources}}{\text{Total registered hours for engagements}} * 100$$

Additional information:

$$\frac{\text{Total number of engagements with consultations}}{\text{Total number of engagements}} * 100$$

Details per type of specialized resource:

$$\frac{\text{Total registered hours for involvement of specialized resources, consultations}}{\text{Total registered hours for engagements}} * 100$$

$$\frac{\text{Total registered hours for involvement of specialized resources, specialist or expert}}{\text{Total registered hours for engagements}} * 100$$

$$\frac{\text{Total registered hours for involvement of specialized resources, SDC}}{\text{Total registered hours for engagements}} * 100$$

Details per type of engagement:

$$\frac{\text{Total registered hours for involvement of specialized resources, PIE engagements}}{\text{Total registered hours for PIE engagements}} * 100$$

$$\frac{\text{Total registered hours for involvement of specialized resources, NPIE engagements}}{\text{Total registered hours for NPIE engagements}} * 100$$

$$\frac{\text{Total number of consultations for PIE engagements}}{\text{Total number of PIE engagements}} * 100$$

$$\frac{\text{Total number of consultations for NPIE engagements}}{\text{Total number of NPIE engagements}} * 100$$

Monitoring

Description

This AQI measures:

- The coverage of internal engagement quality monitoring activities;
- The results of internal and external quality monitoring activities.

AQI considerations

Indicators	**Coverage internal quality monitoring:** Number of signing engagement leaders subjected to internal monitoring (for one or more engagements) as a percentage of the total number of signing engagement leaders **Results internal and external quality monitoring:** - Results internal monitoring ISQM 1: Number of deficiencies in the design, implementation or operating effectiveness of the system of quality management (for the last completed ISQM 1 monitoring cycle) - Results internal monitoring engagements: Number of engagement files with deficiencies and/or significant deficiencies, as a percentage of the total number of engagement files subjected to internal monitoring (for the reporting period) - Results external monitoring: Number of measures of the 'reprimand', 'compliance deadline' and 'referral' type (for the last 3/6 years)
Level of measurement	Monitoring activities at firm level
Segmentation	/
Reporting period	- Internal monitoring coverage: 12 months - Internal monitoring results engagements: 12 months - Internal monitoring results for ISQM 1: last completed cycle - External monitoring results: last 3/6 years

Source data	Information on internal monitoring results from the audit firm's quality department:
	(*) Categories of internal inspection results (engagement):
	- *Exception:*
	  - *Insufficient documentation in non-risky areas*
	- *Finding:*
	  - *Non-compliance with internal methodology*
	  - *Insufficient documentation in risky areas*

	- *Deficiency:*
	    - *Non-compliance with ISAs, laws, regulations*
	    - *Insufficient audit procedures*
	    - *Engagement files with > 5 exceptions or findings are also categorized as deficient*
	- *Significant deficiency:*
	    - *Audit opinion not sufficiently supported*
	
	(*) Categories of internal inspection results (ISQM 1):
	- *Finding:*
	    - *Information about SOQM resulting from monitoring activities, external inspections or other sources that indicate that one or more deficiencies may exist. The firm evaluated that the finding is not a deficiency.*
	- *Deficiency:*
	    - *Finding with a severe and/or pervasive effect on the design, implementation and operation of SOQM*
	
	(*) Categories of external inspection results (engagement)
	- *Reprimand*[35]
	- *Compliance deadline*[36]
	- *Injunction*[37]
	- *Recommendation*[38]
	- *Referrals to the Sanctions Committee of the FSMA*[39]

Calculation method

Coverage of internal monitoring:

$$\frac{\text{Total number of signing engagement leaders subjected to internal monitoring}}{\text{Total number of signing engagement leaders}} * 100$$

Results of internal and external monitoring:

Total number of deficiencies and significant deficiencies in the design, implementation or operating effectiveness of the system of quality management (for last completed ISQM1 monitoring cycle)

$$\frac{\text{Total number of engagement files with deficiencies and/or significant deficiencies}}{\text{Total number of engagement files subjected to internal monitoring}} * 100$$

Total number measures of type ‘reprimand’, ‘compliance deadline’ and ‘instruction’ (for last 3 years)

[35] Under Article 57, §5 of the Law of 7 December 2016, the BAOB may reprimand the auditor in cases where it is established that the auditor has committed the breaches, but these do not justify the imposition of a compliance deadline.

[36] If the BAOB imposes a compliance deadline on the auditor under Article 57, §1, first paragraph of the Law of 7 December 2016, the auditor must take the necessary measures to remedy the identified deficiencies and ensure compliance with the relevant provisions.

[37] If the BAOB imposes an injunction on the auditor under Article 116/2, §1 of the AML Law, the auditor must take the necessary measures to remedy the identified deficiencies and ensure compliance with the relevant provisions.

[38] If the BAOB issues a recommendation under Article 52, §6, second paragraph of the Law of 7 December 2016, the auditor must take the necessary measures to remedy the identified deficiencies and ensure compliance with the relevant provisions.

[39] For serious deficiencies, the BAOB may also decide to refer the matter to the Sanctions Committee of the FSMA and initiate a procedure that may lead to the imposition of administrative measures and pecuniary sanctions.

Archiving

Description

This AQI measures the timely archiving of engagements.

AQI considerations

Indicator	Number of timely archived engagements, as a percentage of the total number of engagements *Additional information:* Number of engagements archived within 15 days of the reporting date as a percentage of the total number of engagements
Level of measurement	Archiving at firm level
Segmentation	/
Reporting period	12 months
Source data	Archiving details of the engagements with signed engagement reports dated in the reporting period *(*) Definition engagements:* - *All types of engagements with one archiving per signed report or opinion*

Calculation method

$$\frac{\text{Total number of timely archived engagements}}{\text{Total number of engagements}} *100$$

Additional information:

$$\frac{\text{Total number of engagements archived within 15 days after the reporting date}}{\text{Total number of engagements}} *100$$

Personnel turnover

Description

This AQI measures the voluntary and involuntary departures of audit professionals.

AQI consideration

Indicator	Number of FTE audit professionals leaving the audit firm voluntarily and involuntarily (including transfers to other departments) as a percentage of the average FTE audit professionals[40]
Level of measurement	Personnel turnover at firm level *Measurement details*: Per grade (staff, manager, signing engagement leader)
Population	Audit professionals of the local firm, involved in the delivery of audits, excluding administrative and supporting personnel
Reporting period	12 months
Source data	HR data: yearly average FTE audit professionals per grade, overview of leavers and transfers per grade for the reporting period

Calculation method

$$\frac{\text{Total FTE audit professionals leaving (voluntary and involuntary)}}{\text{Average FTE audit professionals}} * 100$$

Measurement details:

$$\frac{\text{Total FTE staff leaving (voluntary and involuntary)}}{\text{Average FTE staff}} * 100$$

$$\frac{\text{Total FTE managers leaving (voluntary and involuntary)}}{\text{Average FTE managers}} * 100$$

$$\frac{\text{Total FTE signing engagement leaders (voluntary and involuntary)}}{\text{Average FTE signing engagement leaders}} * 100$$

40 The yearly average since the reporting period is 12 months. The average of the opening headcount at the start of the reporting period and the closing headcount at the end of the reporting period.

Training

Description

This AQI measures the average successfully completed training hours per FTE audit professional, including professional development required by law.

AQI considerations

Indicator	Number of successfully completed training hours, including the professional development required by law, divided by the average number of FTE audit professionals[41] *Additional information:* Number of successfully completed training hours for ethics and independence, divided by the average FTE audit professionals (detailed per grade)
Level of measurement	Average training hours, at firm level *Measurement details*: Per grade (staff, manager, signing engagement leader)
Population	Audit professionals of the local firm, involved in the delivery of audits, excluding administrative and supporting personnel
Reporting period	12 months
Source data	HR data: yearly average FTE audit professionals per grade, overview of successfully completed training hours per grade for the reporting period *(*) Training includes internal and external training:* - *Continuing development* - *Technical training (ISA, legal, regulations,…)* - *Ethical & independence training*

Calculation method

$$\boxed{\frac{\text{Total successfully completed training hours, for all grades of audit professionals}}{\text{Average FTE audit professionals}}}$$

Additional information:

41 The yearly average number of FTE audit professionals since the reporting period is 12 months. The average number of FTE audit professionals is based on the opening headcount at the start of the reporting period and the closing headcount at the end of the reporting period.

$$\frac{\text{Total successfully completed ethics training hours, for all grades of audit professionals}}{\text{Average FTE audit professionals}}$$

Measurement details (example for all types of training):

$$\frac{\text{Total successfully completed training hours, for staff}}{\text{Average FTE staff}}$$

$$\frac{\text{Total successfully completed training hours, for managers}}{\text{Average FTE managers}}$$

$$\frac{\text{Total successfully completed training hours, for signing engagement leaders}}{\text{Average FTE signing engagement leaders}}$$

Workload

Description

This AQI measures the average weekly hours worked (chargeable and non-chargeable time) per FTE audit professional for different periods throughout the year.

AQI considerations

Indicator	Number of registered chargeable and non-chargeable hours by audit professionals for the reporting period, divided by the number of weeks for the reporting period, divided by the period's average number of FTE audit professionals[42] *Additional information:* Number of engagements with a budget overrun of > 25%, as a percentage of the total number of engagements

Level of measurement	Average weekly hours worked at firm level
	
	Measurement details:
	- Per grade of audit professional (staff, manager, signing engagement leader)
	- Per sub-reporting period
	  - Period 1: January-March (e.g. week 1-13)
	  - Period 2: April-June
	  - Period 3: July-September
	  - Period 4: October-December

Population	Audit professionals of the local firm, involved in the delivery of audits, excluding administrative and supporting personnel
Reporting period	12 months
Source data	- Timesheets, including all chargeable and non-chargeable hours per grade of audit professional (*) Non-chargeable hours include training, annual leave, sick-leave administration, or other absence - HR data: Average FTE audit professionals (per grade) for different periods throughout the year (P1, P2, P3, P4 and full year)

Calculation method

$$\frac{\text{Total registered chargeable and non-chargeable time, for all grades of audit professionals / \# weeks}}{\text{Average FTE audit professionals}}$$

42 The average number of FTE audit professionals refers to the average headcount in the selected reporting period (we refer you to the AQI considerations) and considers the opening headcount at the start of the selected reporting period and the closing headcount at the end of the selected reporting period.

Additional information:

$$\frac{\text{Number of engagements with budget overrun >25\%}}{\text{Total number of engagements}}*100$$

Measurement details (example for period 1= P1)[43]:

$$\frac{\text{Total registered chargeable and non-chargeable time, for all grades of audit professionals in P1/ \# weeks}}{\text{Average FTE audit professionals in P1}}$$

$$\frac{\text{Total registered chargeable and non-chargeable time, for staff in P1/ \# weeks in P1}}{\text{Average number FTE staff in P1}}$$

$$\frac{\text{Total registered chargeable and non-chargeable time, for managers in P1/ \# weeks in P1}}{\text{Average number FTE managers in P1}}$$

$$\frac{\text{Total registered chargeable and non-chargeable time, for SEL in P1/ \# weeks in PE}}{\text{Average number FTE SEL in P1}}$$

[43] SEL or signing engagement leader.

Quality resources

Description

This AQI measures the allocation of human resources to quality control, support and monitoring at local firm level.

AQI considerations

Indicator	Average number[44] of FTE audit professionals at local firm level working in quality control, support and monitoring as a percentage of the average number[45] of FTE audit professionals
Level of measurement	Quality resources at local firm level *Measurement details:* - Average number of local FTE signing engagement leaders of the local firm working in quality control, support and monitoring, as a percentage of the average number of FTE audit professionals - Average number of external (to the firm or its network) FTE working in quality control, support and monitoring, as a percentage of the average number of FTE audit professionals
Population	Audit professionals of the local audit firm
Reporting period	12 months
Source data	HR data: description and allocation of roles

Calculation method

$$\frac{\text{Average FTE with a role in quality support, control and monitoring}}{\text{Average FTE audit professionals}} * 100$$

Measurement details:

$$\frac{\text{Average FTE signing engagement leaders with a role in quality support, control and monitoring}}{\text{Average FTE audit professionals}} * 100$$

$$\frac{\text{Average FTE external to the firm or its network with a role in quality support, control and monitoring}}{\text{Average FTE audit professionals}} * 100$$

[44] The average number of FTE audit professionals refers to the average headcount in the reporting period (we refer you to the AQI considerations) and considers the opening headcount at the start of the reporting period and the closing headcount at the end of the reporting period.

[45] The yearly average number of FTE audit professionals since the reporting period is 12 months.

Culture

Description

This AQI measures the positive responses to a selection of culture survey questions (by audit professionals of the local firm), including the survey response rate.

AQI considerations

Indicator	Number of positive responses to a selection of culture survey questions as a percentage of the total responses to the selected questions. The selected culture survey questions cover the following topics: - Sufficient time to consistently perform quality engagements; - Appropriate resources (technological, intellectual and human) to consistently perform quality engagements; - Sufficient training, competence and capabilities to consistently perform quality engagements; - Leadership demonstrating their commitment to quality through their actions and behaviour (tone at the top) *Additional information:* Total respondents to the culture survey, as a percentage of the total targeted respondents
Level of measurement	Survey response at local firm level
Population	Audit professionals of the local firm, involved in the delivery of audits, excluding administrative and supporting personnel
Reporting period	Results of the most recent culture survey
Source data	Results survey questions. The firm should map the questions in the survey with the topics described above *(*) Categories of responses* - *Positive responses = strongly agree, agree* - *Neutral* - *Negative respones = not agree, strongly disagree*

Calculation method

$$\frac{\text{Total number of positive responses per topic}}{\text{Total number of responses per topic}} * 100$$

Additional information:

$$\frac{\text{Total number of respondents}}{\text{Total number of targeted respondents}} * 100$$

Sources

- Audit quality indicators: a global overview of initiatives – factsheet *(2022 Accountancy Europe)*
- Audit quality indicators: the journey and path ahead *(2016 CAQ)*
- Audit quality indicators disclosure framework *(2023 CAQ)*
- 2022 survey report: audit quality indicators *(IRBA)*
- Audit quality indicators *(2022, CMVM Portugal)*
- Audit quality indicators *(2018, CPAB Canada)*
- Audit quality indicators *(2022, Netherlands, CEAOB Inspection Subgroup)*
- Aanbieding audit quality indicators *(2021, Kwartiermakers toekomst accountancysector)*
- Druk en tegendruk: slotrapportage kwartiermakers toekomst accountancy) *(2023, Kwartiermakers Netherlands)*
- Audit quality indicators in the Netherlands: perspectives from audit personnel *(2023, student Nijmegen, https://theses.ubn.ru.nl/server/api/core/bitstreams/42e51fcd-1f77-4cf7-a353-caf9cff2b858/content)*
- Firm-level AQI reporting – definitions note *(2023, FRC UK)*
- Vorschläge für einen strukturierten Dialog über Prüfungsqualität unter Berücksichtigung von Audit Quality Indicators *(2021, IDW, Instituut der Wirtschaftsprüfer)*
- 2024-002 firm-and-engagement metrics *(2024, PCOAB US)*
- Guidance to audit firms on ACRA's audit quality indicators disclosure framework *(2020, ACRA, Singapore)*
- Audit quality maturity model *(2021, CAQ India)*
- 2023 survey report: audit quality indicators *(2023, IRBA South Africa)*
- Annual report 2021- Audit quality indicators *(2021, FAOA, Switzerland)*
- Global assurance alert 2017-07 Audit Quality Indicators *(2017, Grant Thornton)*
- Audit quality indicators Europe *(2024, Grant Thornton, CEAOB Inspections Subgroup)*
- Information from ISQM1 thematic inspections *(2024, Big Four audit firms)*
- Information from AQI survey results *(2024, Big Four audit firms)*

***